



Securitas AB

Interim Report
January – March 1999

*Sales increased by 55 percent to MSEK 4,449 (2,869),
of which 9 percent is organic growth.*

Income before taxes increased by 26 percent to MSEK 202 (160).

*Earnings per share after standard taxes increased by
18 percent to SEK 0.45 (0.38)*

Acquisition of Pinkerton in the United States completed

Equity offering of over SEK 3 billion completed

These materials are not an offer for sale of Securitas' shares in the United States. The Shares may not be sold in the United States absent registration or an exemption from registration under The Securities Act of 1933, as amended. There is no intention to register any of the shares in the US or to conduct a public offering of such shares in the United States.

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Interim Report January-March 1999

Sales and result

Consolidated sales of the Securitas Group amounted to MSEK 4,449 (2,869). This is an increase of 55 percent. In local currencies, the increase is 53 percent compared to the similar period one year ago. Organic growth was 9 percent (9). The acquisitions, including Proteg and Raab Karcher, have increased sales by 44 percent.

Operating income before amortization of goodwill was MSEK 292 (209), which is an increase of 40 percent. The increase is equivalent to 39 percent in local currencies. The operating margin was 6.6 percent (7.3). Adjusted for the acquisitions of Proteg and Raab Karcher, the underlying operating margin is gradually improving according to plan.

Income before taxes amounted to MSEK 202 (160). This is an increase of 26 percent compared to the similar period last year. In local currencies, the increase is 25 percent.

Development in the business areas

Services in Guard Services continue to be refined and specialized. Organic growth, despite integration work in France and Germany, has been 6 percent. Business area Alarm Systems is focusing on small alarm systems which displays very good growth. Overall,

Alarm Systems grew organically by 16 percent. Outsourcing in the banking sector brought good growth to the Cash In Transit operations, which is growing organically by 7 percent.

In the Securitas Direct division volume is growing and earnings performance continued to be positive. The number of installed units was about 6,600 during the first quarter, which is an increase by about 50 percent compared to the similar period last year. The total installed base is now about 106,000 units. Sales increased organically by 30 percent.

All business areas increased their operating income.

Development in the countries of operation

The *Nordic countries* posted good organic growth for all products. This is particularly true in Guard Services and Cash In Transit Services. The integration of TeleLarm completed during 1998 has created a strong platform for future expansion and this business now enjoys good order booking volume.

In *Germany* and *France*, the integration of Raab Karcher and Proteg is proceeding according to plan. In *Spain*, Guard Services and Alarm Systems operations record very good and profitable growth. The Spanish Cash In Transit business is again starting to post volume gains. In *Great Britain*, the positive trend

Sales by country and division

Country	Jan-Mar 1999		Jan-Mar 1999	Jan-Mar 1998	Change in %	
	MSEK	Share of total	M(local)	M(local)	organic	total
Sweden	729	16	729	712	5	3
Norway	305	7	292	259	13	13
Denmark	83	2	70	55	11	28
Finland	188	4	126	109	9	15
Germany	912	20	200	93	2	115
France	1,055	24	776	190	1	309
Great Britain	259	6	20	18	9	9
Spain	396	9	7,384	6,174	9	20
Switzerland	79	2	14	12	13	18
Austria	67	1	103	50	8	109
Portugal	207	5	4,645	4,147	12	12
Hungary	23	1	661	544	20	22
Poland	20	0	10	6	61	61
Estonia	11	0	19	5	271	297
Czech Republic	11	0	47	-	-	-
Latvia	1	0	0	-	-	-
Securitas Direct	121	3	121	92	30	32
TeleLarm Care	-	-	-	66	-	-
Elimination	-18		-18	-26		
Totalt (MSEK)	4,449	100	4,449	2,869	9	55

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in volume and earnings performance continues.

Portugal shows continued good growth, especially in Cash In Transit Services, and continues to be the Group's most profitable unit.

Cash flow

Adjusted income amounted to MSEK 215 (161). The cash flow effect of changes in working capital amounted to MSEK -293. The change in working capital is mostly attributable to normal seasonal variations and the organic growth.

Investments in operating assets amounted to MSEK 218 (151). The increase is caused by organic growth and acquisitions.

Free cash flow amounted to MSEK -135 (4). For the full year, cash flow as a percentage of adjusted income is expected to be at a level similar to that of prior years, i.e. about 75 percent.

Capital employed, net indebtedness and shareholders' equity

The Group's operating capital employed amounted to MSEK 2,100 (2,948 as of December 31, 1998), which is equivalent to 11.8 percent (16.7) of sales, adjusted for full-year sales of acquired entities.

Proceeds of the sale of fire alarm operations in France and TeleLarm Care have affected net debt positively by MSEK 1,044. Conversion of subordinated convertible debentures has affected net debt positively by MSEK 5, increasing shareholders' equity by the same amount. A strengthening of the Swedish krona during the quarter entailed a positive effect by MSEK 110 on the Group's net indebtedness expressed in Swedish kronor.

The Group's net debt amounted to MSEK 1,393 (2,419 as of December 31, 1998). The net debt equity ratio was 0.27 (0.45). Shareholders' equity amounted to MSEK 5,248 (5,351 as of December 31, 1998).

Pinkerton

Pinkerton's Inc., the second largest guard services company in the United States with annual sales of about USD 1 billion and 48,000 employees, was acquired March 31, 1999. Pinkerton, which was listed on NYSE, was acquired in a cash offer of USD 29 per share or a total cost of MUSD 384.

This merger creates a world leader in security with operations in more than 30 countries and 114,000 employees. The Group's annual sales are expected to reach about SEK 27 billion on an annualized basis, equivalent to about USD 3.5 billion.

Together with Securitas' market share of 9 percent in Europe, the new Securitas is expected to have a market share of about 5 percent of the global security market. The largest operation will be in the United States, with about 24 percent of consolidated sales, followed by France with 17 percent, Germany with 15 percent and Sweden with 11 percent.

Synergy gains are expected to materialize as Pinkerton's European operations in Germany, Great Britain, Portugal and the Czech Republic are integrated with Securitas' existing operations, and in the form of a reduction in head office expenses. The acquisition is expected to have a positive effect on income as well as free cash flow during 1999. Pinkerton is consolidated in Securitas as of April 1, 1999.

Business Area - Overview					
	Guarding	Alarm	Cash In Transit	Direct	Total
	March	March	March	March	March
	1999	1999	1999	1999	1999
Sales, MSEK	2,957	669	702	121	4,449
<i>Organic growth, %</i>	6	16	7	30	9%
Operating income, MSEK	182	64	35	11	292
<i>Operating margin, %</i>	6	10	5	9	6.6%
<i>Operating capital employed in % of sales</i>	8	21	45	24	11.8

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Financing

Equity offering

On April 21, 1999, the Board of Directors resolved to issue 24,347,826 new Series B shares in accordance with the resolution of the Annual General Meeting held April 15, 1999. The price of the new shares was SEK 124 per share, which was paid in cash on April 26, 1999. The offering of about SEK 3 billion was placed with institutional investors in Sweden, other European countries and the United States. The offering broadens Securitas' ownership base significantly, while strengthening the capital base for the Group's future expansion.

The equity offering was consummated pursuant to Rule 144 A of the US Securities Act 1933 with respect to qualified institutional investors in the United States and pursuant to Regulation S of the same legislation outside the United States.

The Board of Directors has also granted an option to the syndicate of banks, led by Deutsche Bank, to subscribe for an additional 3,652,174 new Series B shares not later than May 20, 1999.

Loan facilities

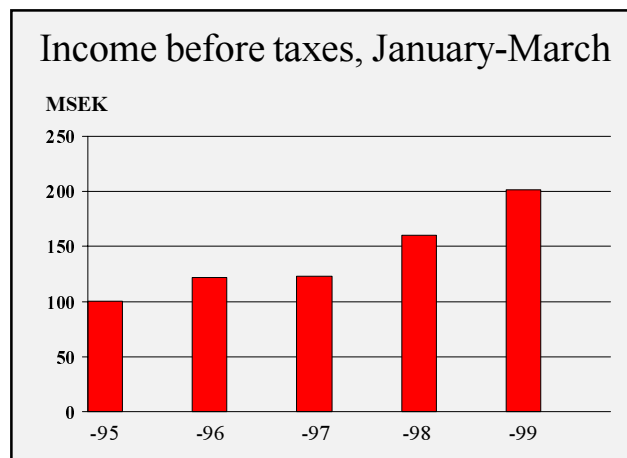
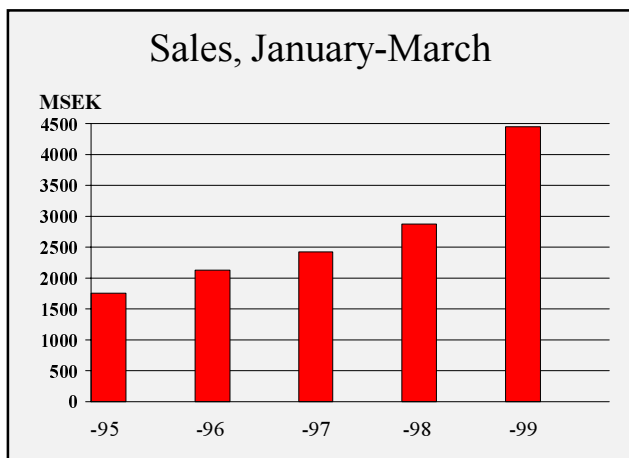
Financing of up to a maximum amount of MUS\$ 440 obtained in connection with the acquisition of Pinkerton's Inc. from a syndicate of banks has been repaid in its entirety on April 26, 1999.

Management and Board of Directors

Group Management has been enlarged by Denis R. Brown, Chief Executive Officer of Pinkerton's Inc., and by Don Walker, responsible for U.S. operations, and consists of twelve persons. Denis R. Brown was also elected to be a member of the Board of Directors of Securitas at the regularly scheduled Annual General Meeting held April 15, 1999.

Development in 1999

Earnings per share are expected to rise by about 25 percent in 1999.



STOCKHOLM, MAY 6, 1999

Thomas Berglund
President and Chief Executive Officer

For further information please contact Mr. Thomas Berglund, President and Chief Executive Officer, or Mr. Håkan Winberg, Executive Vice President and Chief Financial Officer telephone +46 8 657 74 00.

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Income

MSEK	Jan-Mar 1999	Jan-Mar 1998	Jan-Dec 1998	Jan-Dec 1997
Sales, continuing operations	3,167.1	2,620.4	11,875.4	9,760.3
Sales, acquired businesses	1,281.9	248.3	1,834.7	1,002.6
Total sales	4,449.0	2,868.7	13,710.1	10,762.9
Production expenses	-3,685.0	-2,278.9	-10,981.5	-8,665.5
Gross income	764.0	589.8	2,728.6	2,097.4
Selling and administrative expense	-472.4	-380.6	-1,725.8	-1,319.6
Operating income before amortization of goodwill	291.6	209.2	1,002.8	777.8
<i>Operating margin, %</i>	6.6	7.3	7.3	7.2
Amortization of goodwill	-68.8	-32.5	-171.4	-115.5
Operating income after amortization of goodwill	222.8	176.7	831.4	662.3
Net financial items	-21.0	-16.6	-65.3	-48.2
Income before taxes	201.8	160.1	766.1	614.1
<i>Net margin, %</i>	4.5	5.6	5.6	5.7
Taxes paid	-55.8	-31.9	-183.7	-114.4
Deferred taxes	-6.3	-10.5	-60.4	-54.7
Minority interest	-0.2	-0.5	-0.5	0.9
Net income for the period	139.5	117.2	521.5	445.9

Cash Flow

MSEK	Jan-Mar 1999	Jan-Mar 1998	Jan-Dec 1998	Jan-Dec 1997
Operating income before amortization of goodwill	291.6	209.2	1,002.8	777.8
Net financial items	-21.0	-16.6	-65.3	-48.2
Taxes paid	-55.8	-31.9	-183.7	-114.4
Adjusted income	214.8	160.7	753.8	615.2
Change in working capital	-292.6	-129.7	-41.7	-57.3
Capital expenditures	-217.7	-150.7	-699.0	-557.4
Depreciation	160.7	123.9	569.6	450.5
Free cash flow	-134.8	4.2	582.7	451.0

Balance Sheet

MSEK	March 1999	Dec. 1998	March 1998	Dec. 1997
Operating capital employed	2,100.2	2,948.5	2,324.5	2,182.1
<i>Return on operating capital employed, %</i>	55.5	34.0	39.9	35.6
<i>Operating capital employed as a % of sales¹⁾</i>	11.8	16.7	19.5	18.8
Goodwill	4,282.1	4,564.0	1,415.2	1,457.4
Shares in associated companies	263.4	261.0	258.4	258.4
Net debt	-1,393.2	-2,418.6	-1,531.8	-1,532.5
Minority interest	4.1	3.9	1.0	0.3
Shareholder's equity	5,248.4	5,351.0	2,465.4	2,365.1
<i>Equity ratio, %</i>	38.0	34.6	32.2	29.9

Data per share

SEK	March 1999	Dec. 1998	March 1998	Dec. 1997
Stock price, end of period	130.00	126.00	68.00	60.00
Earnings after taxes paid ²⁾	0.45	1.92	0.42	1.70
Earnings after 28 % standard taxes ²⁾	0.45	1.82	0.38	1.50
Earnings after full taxes ²⁾	0.43	1.73	0.39	1.51
Dividend	-	0.85	-	0.69
P/E-ratio ²⁾	76	73	44	40
Number of shares (1,000's) ²⁾	337,125	337,125	305,772	296,972
Average number of shares	337,125	313,605	305,772	296,972
Number of shares outstanding (1,000's)	325,358	325,122	292,860	292,824

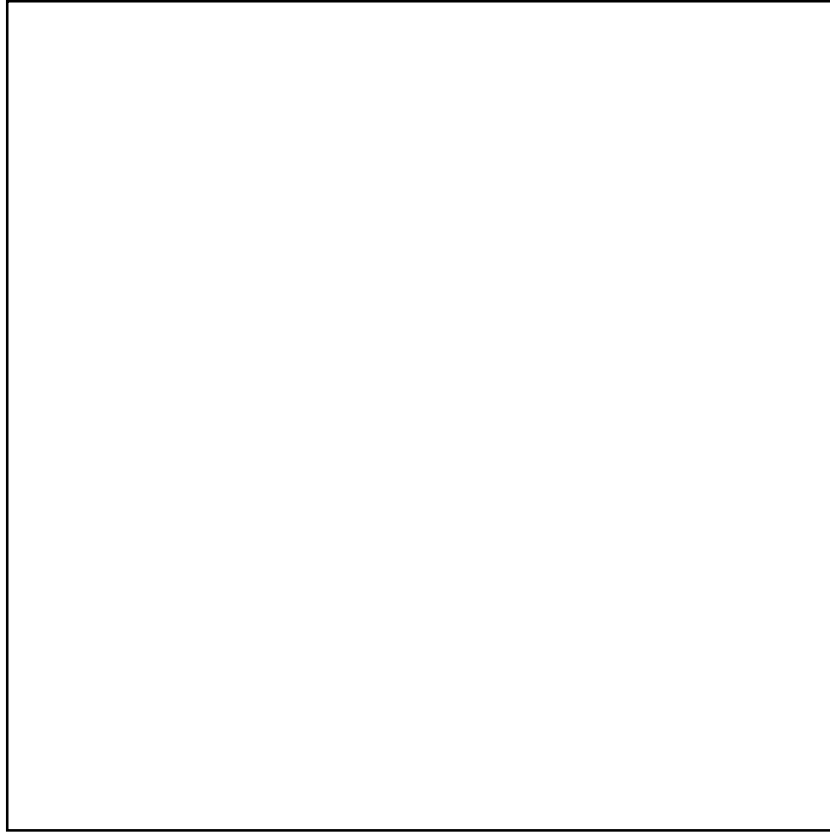
1) Adjusted for full year's sales of acquired entities

2) After full conversion

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Securitas – a World Leader in Security

Securitas is a world leader in security with operations in thirty countries within Guard Services, Alarm Systems and Cash In Transit Services. The number of employees is more than 114,000.



Financial information from Securitas

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Integrity Vigilance Helpfulness

Securitas AB P.O. Box 12307 SE-102 28 Stockholm
Tel+46 8 657 74 00 Fax +46 8 657 70 72
www.securitasgroup.com
Visiting address Lindhagensplan 70

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