



Interim Report  
January - March 2004

6<sup>th</sup> May 2004

Stockholm

# Agenda

## Information meeting

- |                          |                                  |
|--------------------------|----------------------------------|
| □ Introduction           | Henrik Brehmer                   |
| □ Group Summary          | Thomas Berglund                  |
| □ Divisional Performance | Thomas Berglund                  |
| □ Financial Review       | Håkan Winberg                    |
| □ Long-term Focus        | Thomas Berglund                  |
| □ Q&A                    | Thomas Berglund<br>Håkan Winberg |
| □ Closing                | Henrik Brehmer                   |



# Group Summary

# Group Summary

- ❑ Organic sales growth is back in positive numbers with 2% confirming the turnaround from the downward trend in Q1 2003
- ❑ Operating margin of 6.1% is back to the level of Q1 2003 in spite of slow performance in Security Services USA
- ❑ Free cash flow adjusted for the planned WELO payment is on track for Group target 75 - 80% for the full year
- ❑ PBT 2004 is expected to increase 15-20% ex. currency effects. Strong development in Services Europe, Systems, Direct and Cash Handling more than compensate for weak Services USA

# Financial Highlights

MSEK	Q1 2004	Q1 2003	Total Change, %	Where of: Real Change, % <sup>2</sup>
Sales	14,453	14,819	-2	2
<i>Organic sales growth, %</i>	2	-3		
Operating income	877	901	-3	3
<i>Operating margin, %</i>	6.1	6.1		
Income before taxes	464	472	-2	0
Net income	290	295		
Free cash flow	13	245		
<i>% of adjusted income</i>	2 <sup>1</sup>	43		
<i>Return on capital employed, %</i>	18	20		
<i>Earnings per share (after full taxes), SEK</i>	0.80	0.83	-4	

<sup>1</sup> Including non-recurring payment of MSEK 184

<sup>2</sup> Adjusted for changes in exchange rates, acquisitions and divestitures

# Short Term Focus 2004

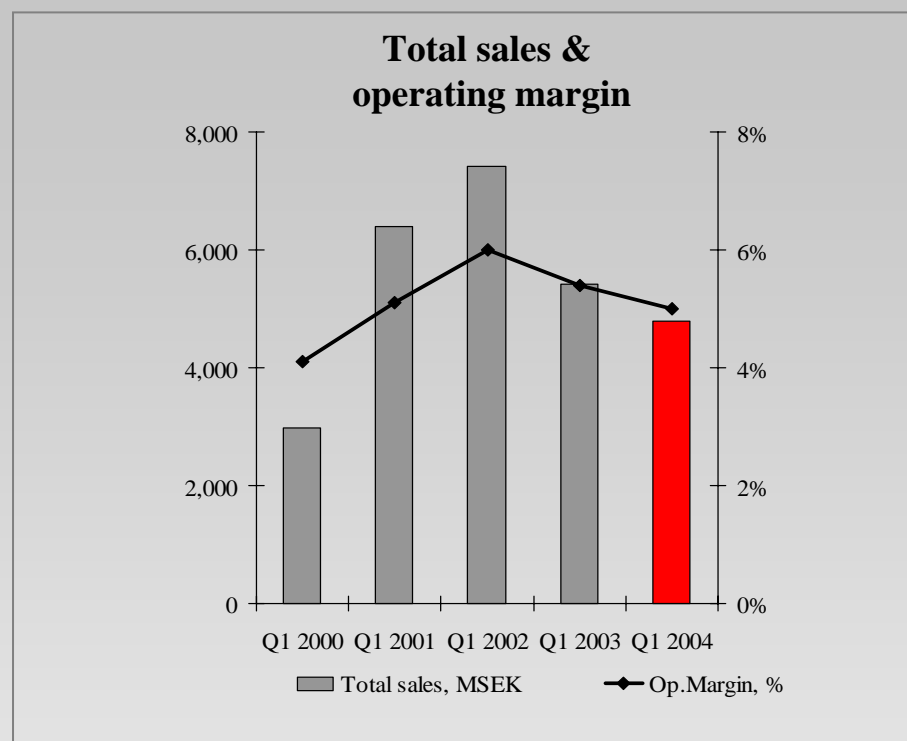
- ❑ Services USA needs more time - activities are right but the effects are slow
  - ❑ Services Europe
  - ❑ Systems
  - ❑ Direct
- } Maintain momentum in organic sales growth and margin improvements
- ❑ Cash Handling Services - bring the German operation and Cash Management in UK into profit and continue to control costs in the U.S. business



## Divisional Performance

# Security Services USA

MSEK	Q1 2004	Q1 2003
<b>Total sales</b>	<b>4,781</b>	<b>5,427</b>
<i>Organic sales growth, %</i>	0	-10
<b>Operating income</b>	<b>237</b>	<b>295</b>
<i>Operating margin, %</i>	5.0	5.4
<i>Op. cap. employed as % of sales</i>	5	5
<b>Capital employed</b>	<b>7,637</b>	<b>8,987</b>
<i>ROCE, %</i>	15	18



- ❑ Organic sales growth improved over previous quarters but still too slow
- ❑ Price pressure and employment related costs put pressure on operating margin, -0.4 pp in Q1
- ❑ Continued focus on strengthening the branch organization

## Key Drivers: (annualized)

- ❑ Contract portfolio growth 0 %
- ❑ Wages and prices up 1-1.5%
- ❑ Client retention 87% (89)
- ❑ Employee turnover 58%



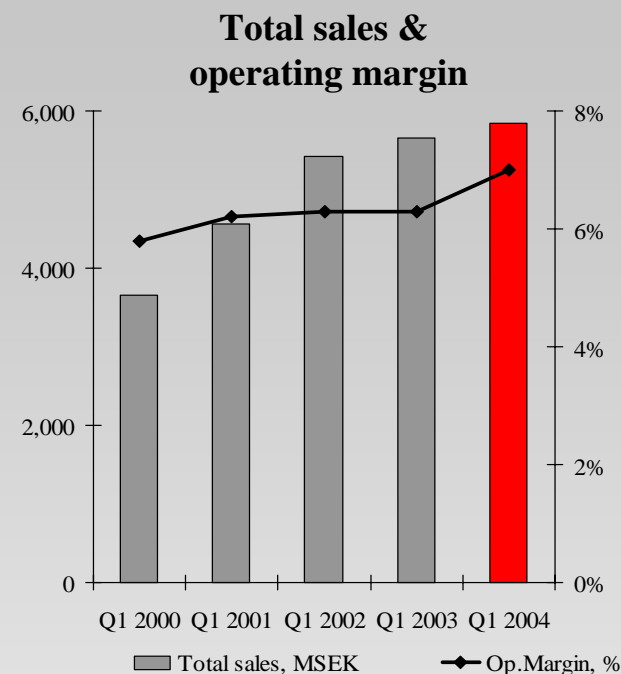
# Security Services USA



- ❑ Tough trading conditions - lagging effects on the whole service industry
- ❑ No signs of short term recovery
- ❑ Internal efficiency and cost control support profitability
- ❑ Continued focus on customer relations to increase sales and client retention
- ❑ Long term market outlook 6-8 % growth - unchanged

# Security Services Europe

MSEK	Q1 2004	Q1 2003
<b>Total sales</b>	<b>5,848</b>	<b>5,773</b>
<i>Organic sales growth, %</i>	3	5
<b>Operating income</b>	<b>407</b>	<b>382</b>
<i>Operating margin, %</i>	7.0	6.6
<i>Op. cap. employed as % of sales</i>	7	10
<b>Capital employed</b>	<b>6,162</b>	<b>6,595</b>
<i>ROCE, %</i>	28	25



- ❑ Organic sales growth in still slow economy
- ❑ Cost control and refinement lift margin by 0.4 pp in Q1
- ❑ Increased importance of time-sharing and combined solutions

## Key Drivers: (annualized)

- ❑ Contract portfolio growth 4%
- ❑ Wages and prices up 3%
- ❑ Client retention above 90%
- ❑ Employee turnover 32%

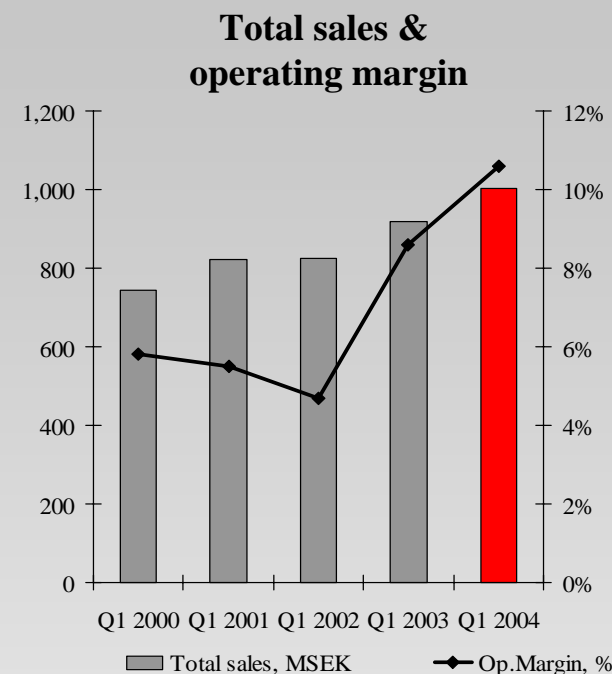
# Security Services Europe



- ❑ Slow economy still affecting performance mainly in Germany and France
- ❑ Some indications of recovery
- ❑ Increased portion of time-sharing contracts with higher than average margins
- ❑ Combined solutions grow faster than average
- ❑ Cost control and refinement continues in all countries to support margin development

# Security Systems

MSEK	Q1 2004	Q1 2003
<b>Total sales</b>	<b>1,004</b>	<b>934</b>
<i>Organic sales growth, %</i>	3	6
<b>Operating income</b>	<b>106</b>	<b>83</b>
<i>Operating margin, %</i>	10.6	8.9
<i>Op. cap. employed as % of sales</i>	13	19
<b>Capital employed</b>	<b>1,431</b>	<b>1,349</b>
<i>ROCE, %</i>	32	25



- ❑ Growth still outpacing the market with strong order intake in March 2004
- ❑ Margin continues to improve - up 1.7 p.p. in Q1
- ❑ Spain, Sweden and Norway top performers

# Security Systems

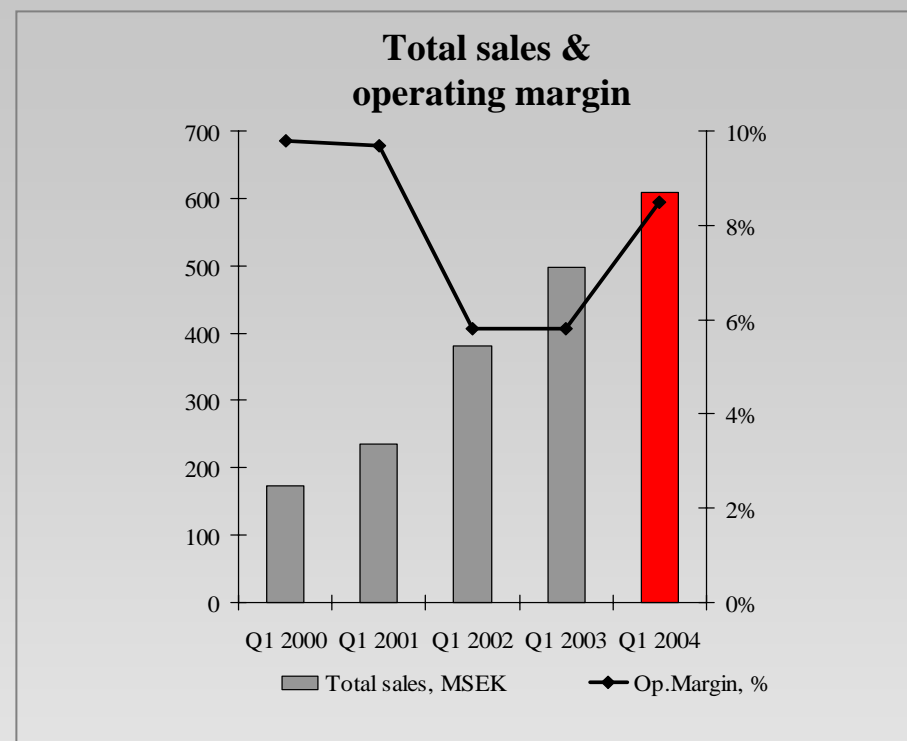


- ❑ Refined organization pays off in all countries
- ❑ Separate focus on installation and maintenance, customer segmentation and sourcing of products
- ❑ Integration of new volume in Germany and the Netherlands continues
- ❑ Market leader in France with the acquisition of Eurotelis Valiance - to be closed in May
- ❑ Ready for next step



# Direct

MSEK	Q1 2004	Q1 2003
<b>Total sales</b>	<b>608</b>	<b>508</b>
<i>Organic sales growth, %</i>	21	20
<b>Operating income</b>	<b>52</b>	<b>32</b>
<i>Operating margin, %</i>	8.6	6.3
<i>Op. cap. employed as % of sales</i>	28	27
<b>Capital employed</b>	<b>1,255</b>	<b>1,145</b>
<i>ROCE, %</i>	17	14



- ❑ Back to 21% organic sales growth
- ❑ Improved margins +2.3 pp in Q1
- ❑ Close to 600,000 installations
- ❑ ROCE improves towards Group target of 20%

## Key Drivers:

- ❑ 34,259 new alarms installed in traditional Direct - up 35%
- ❑ Portfolio growth in traditional Direct 29% to 461,758 connected alarms

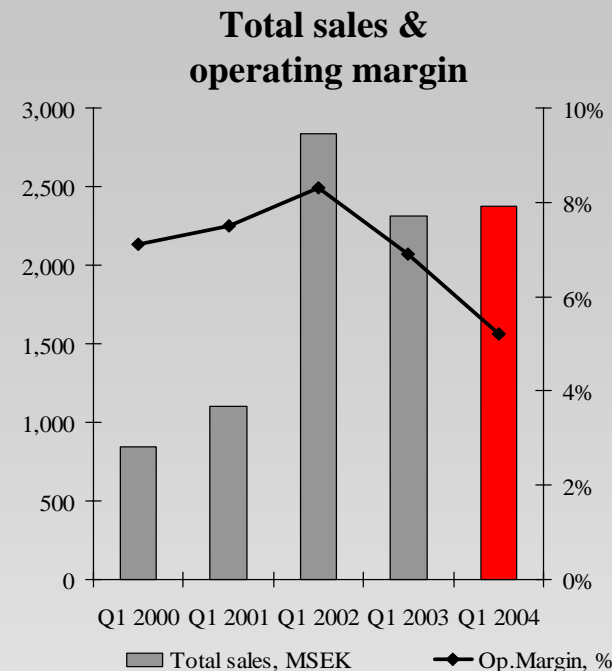
# Direct



- ❑ Consumer concept successfully introduced in Sweden, Norway, Finland, Netherlands, Spain and Portugal
- ❑ Consumer concept generates 75% of new sales
- ❑ Advanced internal sales training supports growth
- ❑ New countries on shortlist for organic startups

# Cash Handling Services

MSEK	Q1 2004	Q1 2003
<b>Total sales</b>	<b>2,376</b>	<b>2,343</b>
<i>Organic sales growth, %</i>	2	-10
<b>Operating income</b>	<b>123</b>	<b>162</b>
<i>Operating margin, %</i>	5.2	6.9
<i>Op. cap. employed as % of sales</i>	27	22
<b>Capital employed</b>	<b>5,334</b>	<b>5,043</b>
<i>ROCE, %</i>	9	16



- ❑ Return to positive organic sales growth in Q1 but still slow (burdened by tough comparables in Germany and Portugal)
- ❑ 2% impact on operating margin from comparative effects in Q1 2003 from the German and UK Cash Management operations
- ❑ Operational improvements in the German operation on the way
- ❑ Positive U.S. organic sales growth, margins affected by high cost structure



# Cash Handling Services



Short term focus:

- ❑ Bring the German and UK Cash Management business back into profit
- ❑ Drive cost efficiency of U.S. operations
- ❑ Get initial synergies out of the combined U.S. and European platform

Long term focus:

- ❑ End-to-end cash handling solutions
- ❑ Leverage strong market positions and nation wide infrastructures



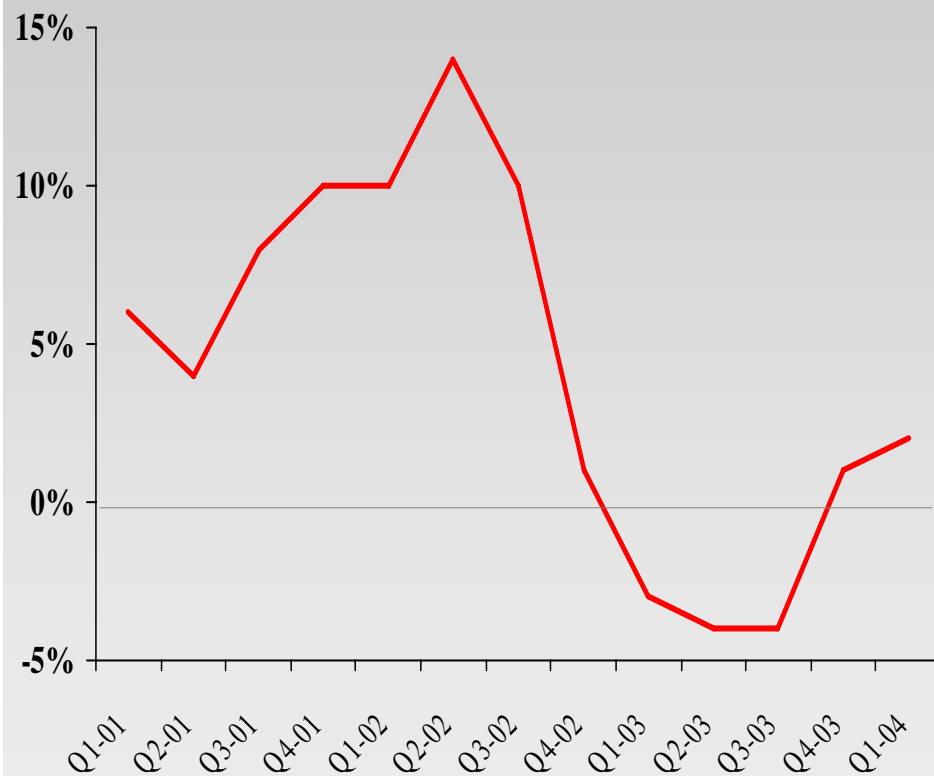
# Financial Review

# Rolling 12 Months Trend

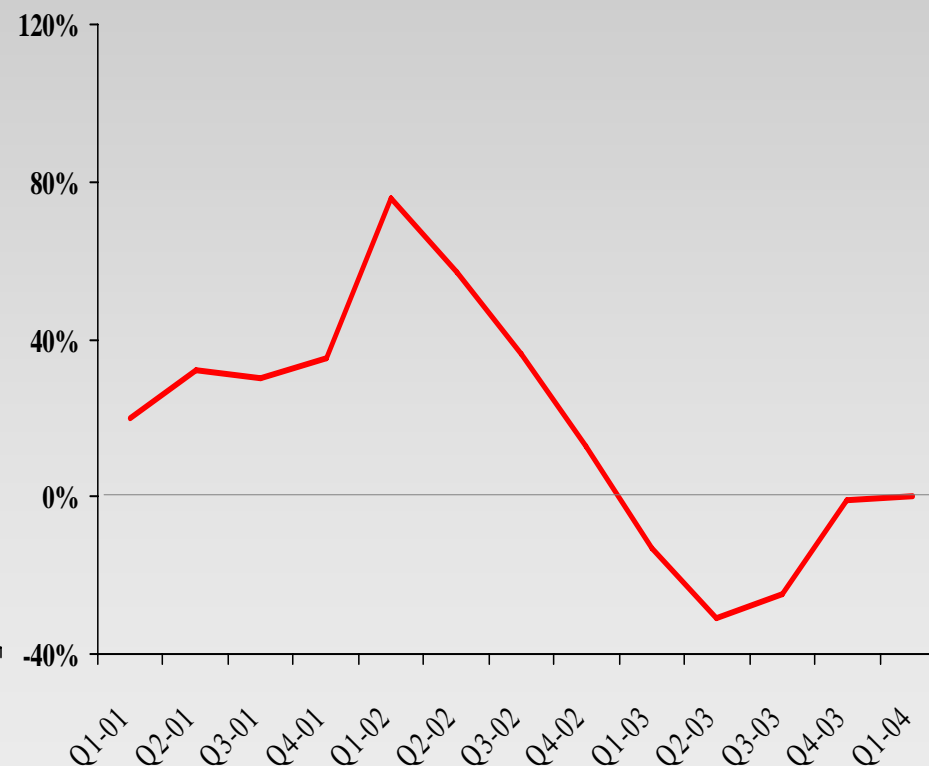


# Quarterly Year-on-Year Trends

Organic sales growth, %, 2001-2004



Income before taxes, real change, %, 2001 - 2004



# Sales and Organic Sales Growth

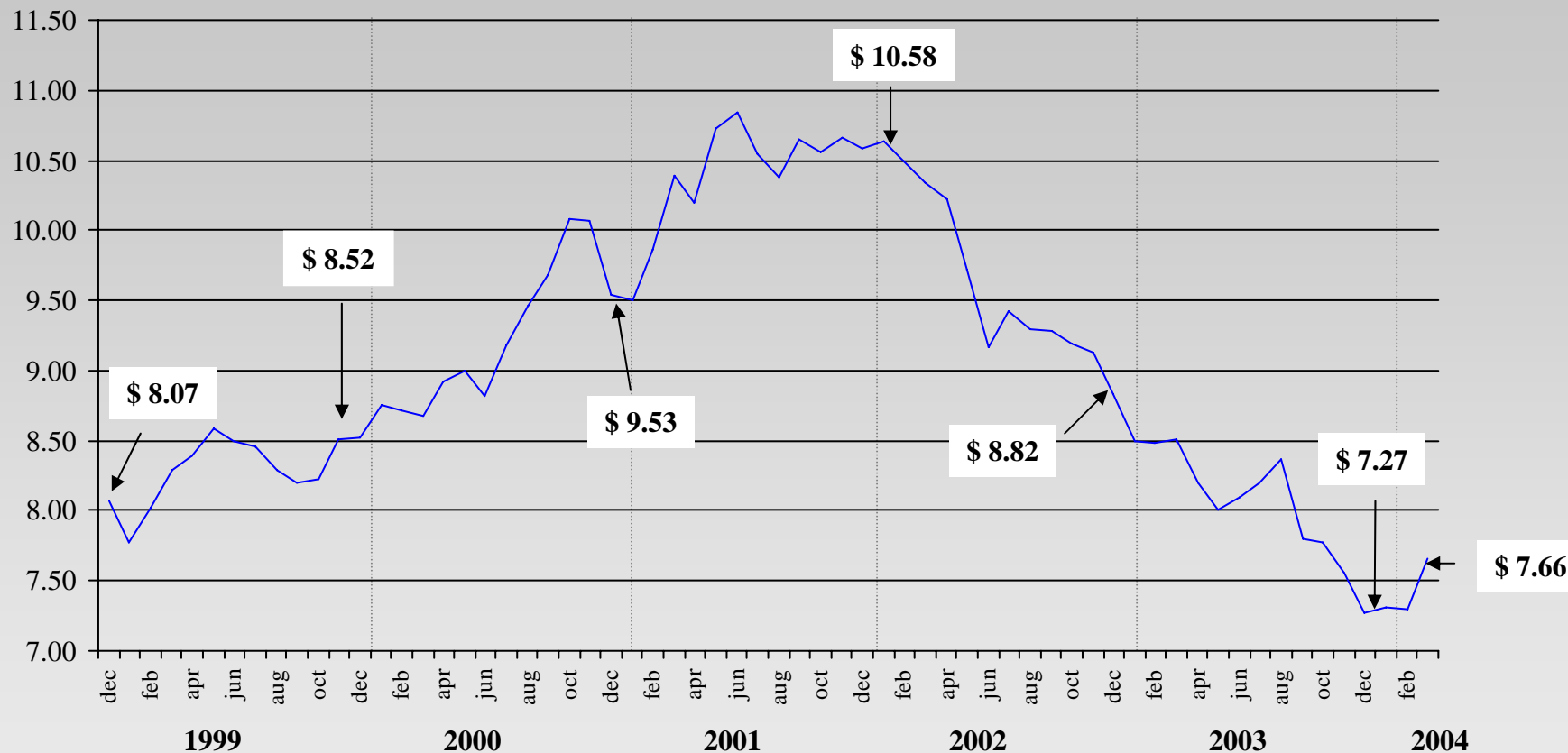
	Quarter 1			Full year		
	2004	2003	Growth, %	2003	2002	Growth, %
<b>Total sales</b>	<b>14,453</b>	<b>14,819</b>	<b>-2</b>	<b>58,850</b>	<b>65,685</b>	<b>-10</b>
Acquisitions /Divestitures	-257	-91		-964	-354	
Currency change from 2003/2002	881			5,791	-	
<b>Organic sales</b>	<b>15,077</b>	<b>14,728</b>	<b>2</b>	<b>63,677</b>	<b>65,331</b>	<b>-3</b>
Euro introduction	-	-		-	-270	
Federalized airport operations	-	-		-	-1,735	
<b>Underlying organic sales</b>	<b>15,077</b>	<b>14,728</b>	<b>2</b>	<b>63,677</b>	<b>63,326</b>	<b>1</b>

# Income Before Taxes and Growth, %

	Quarter 1			Full year		
	2004	2003	Growth, %	2003	2002	Growth, %
<b>Income before taxes</b>	<b>464</b>	<b>472</b>	<b>-2</b>	<b>1,998</b>	<b>2,512</b>	<b>-20</b>
Currency change from 2003/2002	8			95	-	
<b>Organic income</b>	<b>472</b>	<b>472</b>	<b>0</b>	<b>2,093</b>	<b>2,512</b>	<b>-17</b>
Euro introduction	-	-		-	-25	
Federalized airport operations	-	-		-	-125	
<b>Underlying income</b>	<b>472</b>	<b>472</b>	<b>0</b>	<b>2,093</b>	<b>2,362</b>	<b>-11</b>

# SEK/USD exch. rate 1999 - 2004

SEK/USD



If current exchange rates prevail - no currency effects for full year compared to last year

# Cash Flow

	Quarter 1		Full Year					5 year
	2004	2003	2003	2002	2001	2000	1999	
<b>Operating income before amort. of goodwill</b>	<b>877</b>	<b>901</b>	<b>3,732</b>	<b>4,458</b>	<b>3,855</b>	<b>2,560</b>	<b>1,631</b>	<b>16,236</b>
Investments in fixed assets (excl. goodwill)	-418	-479	-1,719	-1,746	-1,764	-1,202	-1,044	
Depreciation (excl. amort. of goodwill)	390	376	1,564	1,494	1,377	942	754	
Changes in other op.capital employed	-701	-481	-650	982	-164	-122	-80	
<b>Cash flow from operating activities</b>	<b>148</b>	<b>317</b>	<b>2,927</b>	<b>5,188</b>	<b>3,304</b>	<b>2,178</b>	<b>1,261</b>	<b>14,858</b>
<i>Cash flow, %</i>	<i>17</i>	<i>35</i>	<i>78</i>	<i>116</i>	<i>86</i>	<i>85</i>	<i>77</i>	<i>92</i>
Net financial items paid	-85	-125	-615	-795	-775	-503	-118	
Income taxes paid	-50	53	-511	-678	-576	-586	-341	
<b>Free cash flow</b>	<b>13</b>	<b>245</b>	<b>1,801</b>	<b>3,715</b>	<b>1,953</b>	<b>1,089</b>	<b>802</b>	<b>9,360</b>
<i>Free cash flow, % of adjusted income</i>	<i>2</i>	<i>43</i>	<i>73</i>	<i>122</i>	<i>80</i>	<i>64</i>	<i>68</i>	<i>86</i>

Free cash flow as a % of adjusted income, excluding the non-recurring payment of 184 MSEK, is for the full year expected to be in line with Group target of 75-80%





# ROCE and Net Debt to Equity Ratio

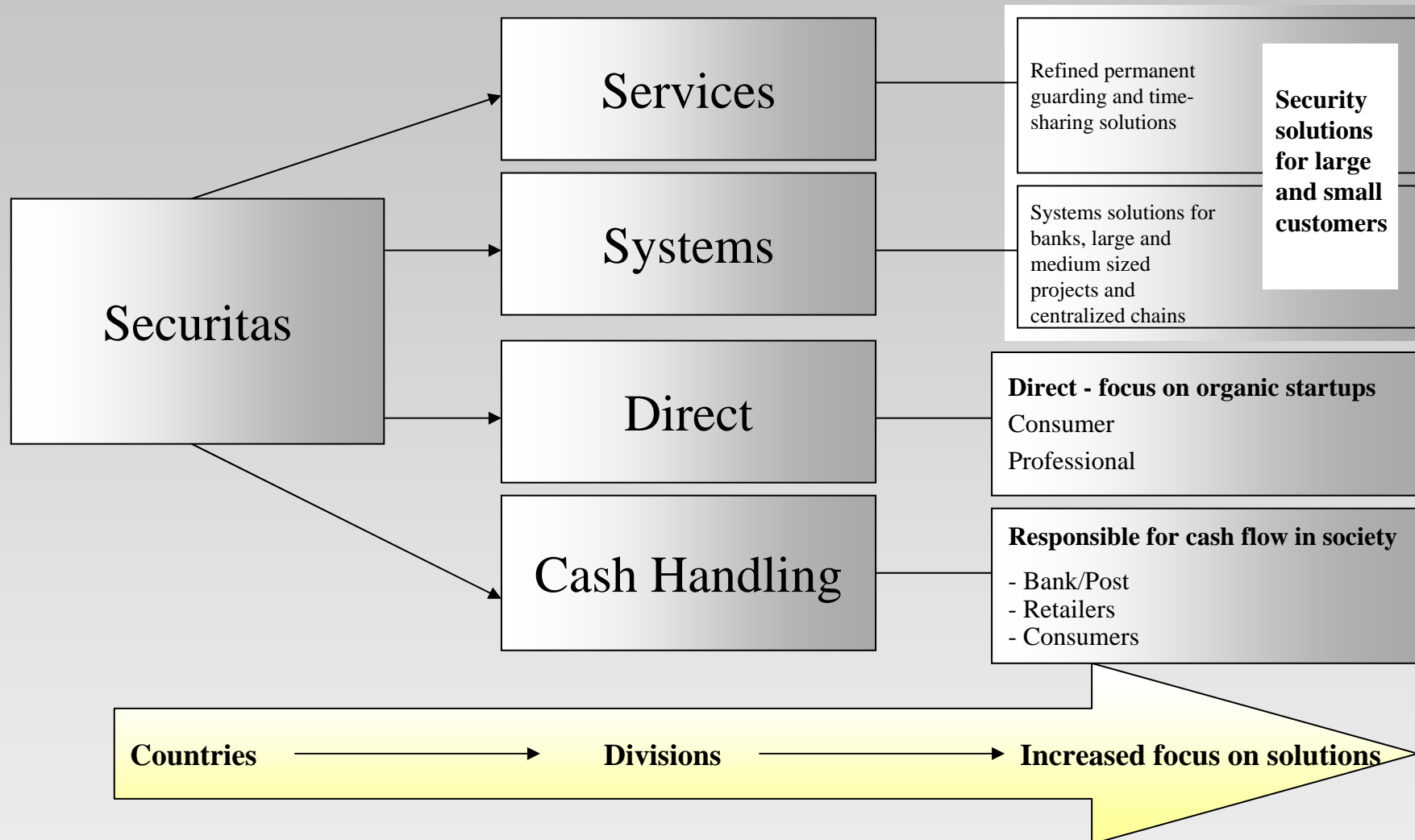
	2004	2003				2002
	Mar	Dec	Sep	Jun	Mar	Dec
Operating capital employed	5,554	5,521	5,723	5,781	5,317	4,891
<i>Operating capital employed as % of sales</i>	<i>9</i>	<i>9</i>	<i>10</i>	<i>10</i>	<i>9</i>	<i>7</i>
Goodwill and shares in associated companies	15,088	14,778	15,352	16,143	16,214	16,672
Capital employed	20,642	20,299	21,075	21,924	21,531	21,563
<i>Return on capital employed, % *</i>	<i>18</i>	<i>18</i>	<i>18</i>	<i>19</i>	<i>20</i>	<i>21</i>
<i>Net debt / equity / ratio</i>	<i>0.83</i>	<i>0.81</i>	<i>0.92</i>	<i>0.97</i>	<i>0.81</i>	<i>0.85</i>

\*Operating income before amortization of goodwill (rolling 12 months) as percent of closing balance capital employed (excluding shares in associated companies)



Long Term Focus

# Our Strategy





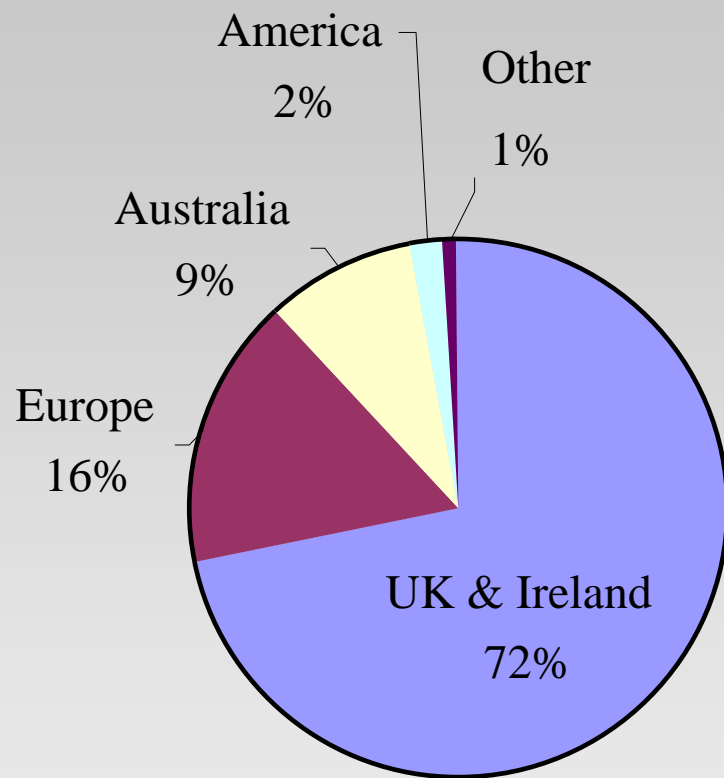
Offer for  
Bell Group plc.

# Bell Overview

- ❑ Securitas has today offered to acquire Bell Group for a consideration of approximately 97 MGBP (1,300 MSEK)
- ❑ The company designs, installs and maintains security systems, and is particularly well represented in the UK financial services market
- ❑ Co-Founded in 1985 by CEO Patrick Curran and listed on the London Stock Exchange in 1999
- ❑ 2003 sales of 70 MGBP and EBITA of 5 MGBP primarily in the UK and Ireland
- ❑ 807 employees

A strong platform for organic sales growth and refinement

# Bell - Geographic Coverage

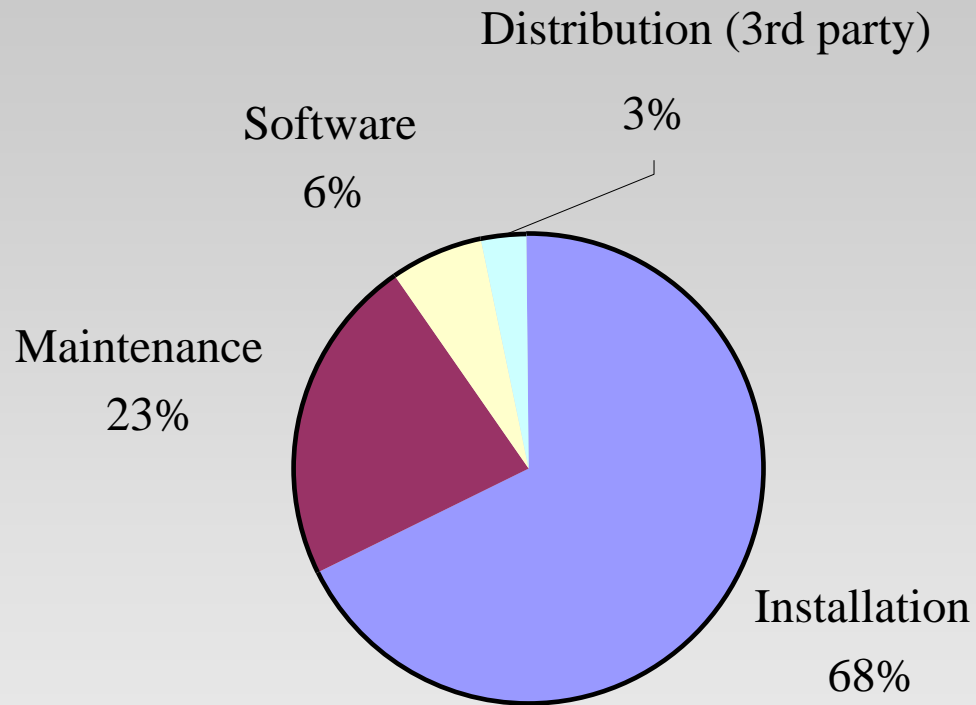


Bell has operations in:

- UK
- Ireland
- Sweden
- Switzerland
- France
- Netherlands
- Australia
- Hong Kong
- USA

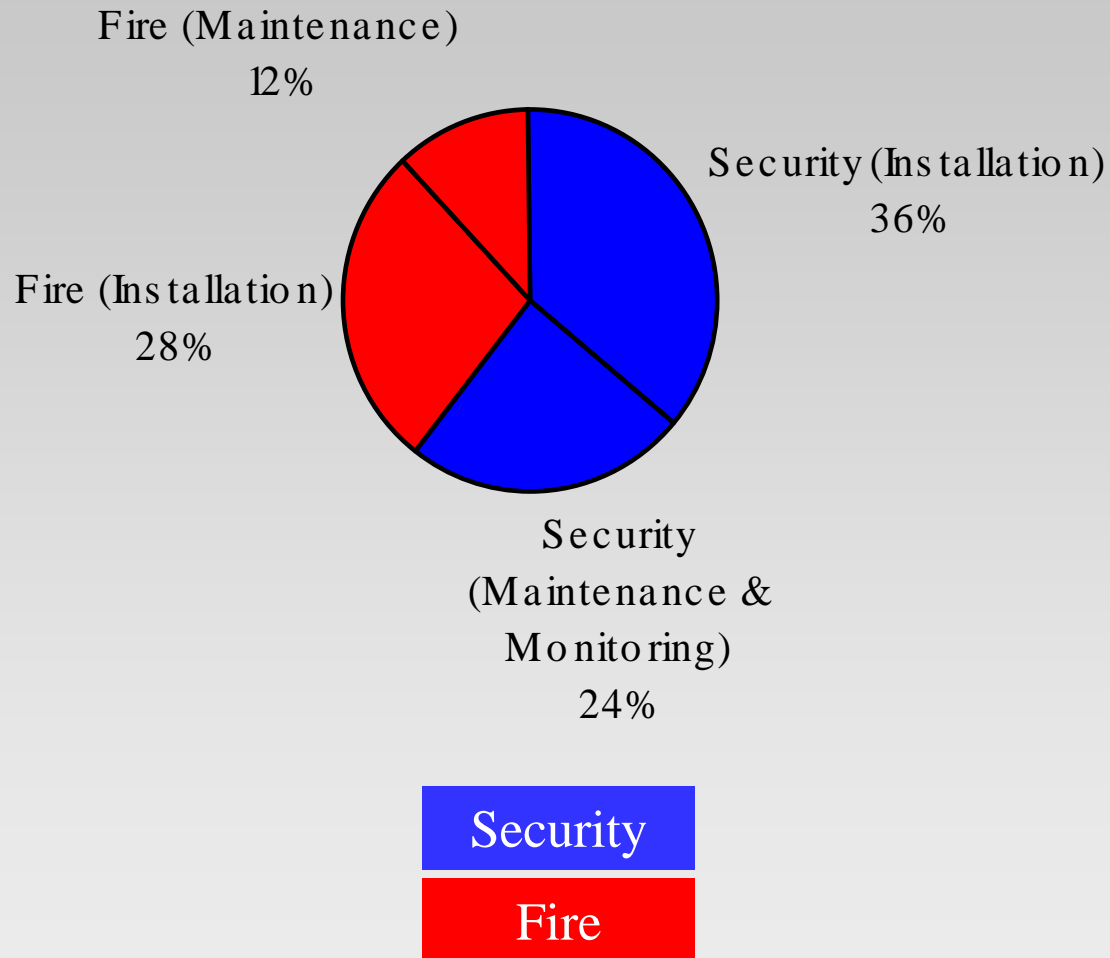
≈ 90% in Securitas' core markets

# Bell - Revenue Split by Activity



Significant proportion of recurring business

# UK Security Systems Market



- Total market for electronic security in the UK amounts to 1.6 - 1.8 bln £
- An estimated 5,700 companies operate in the industry
- Major competitors include
  - Chubb
  - Tyco/ADT
  - Rentokil
  - Secom
  - Group4 Falck

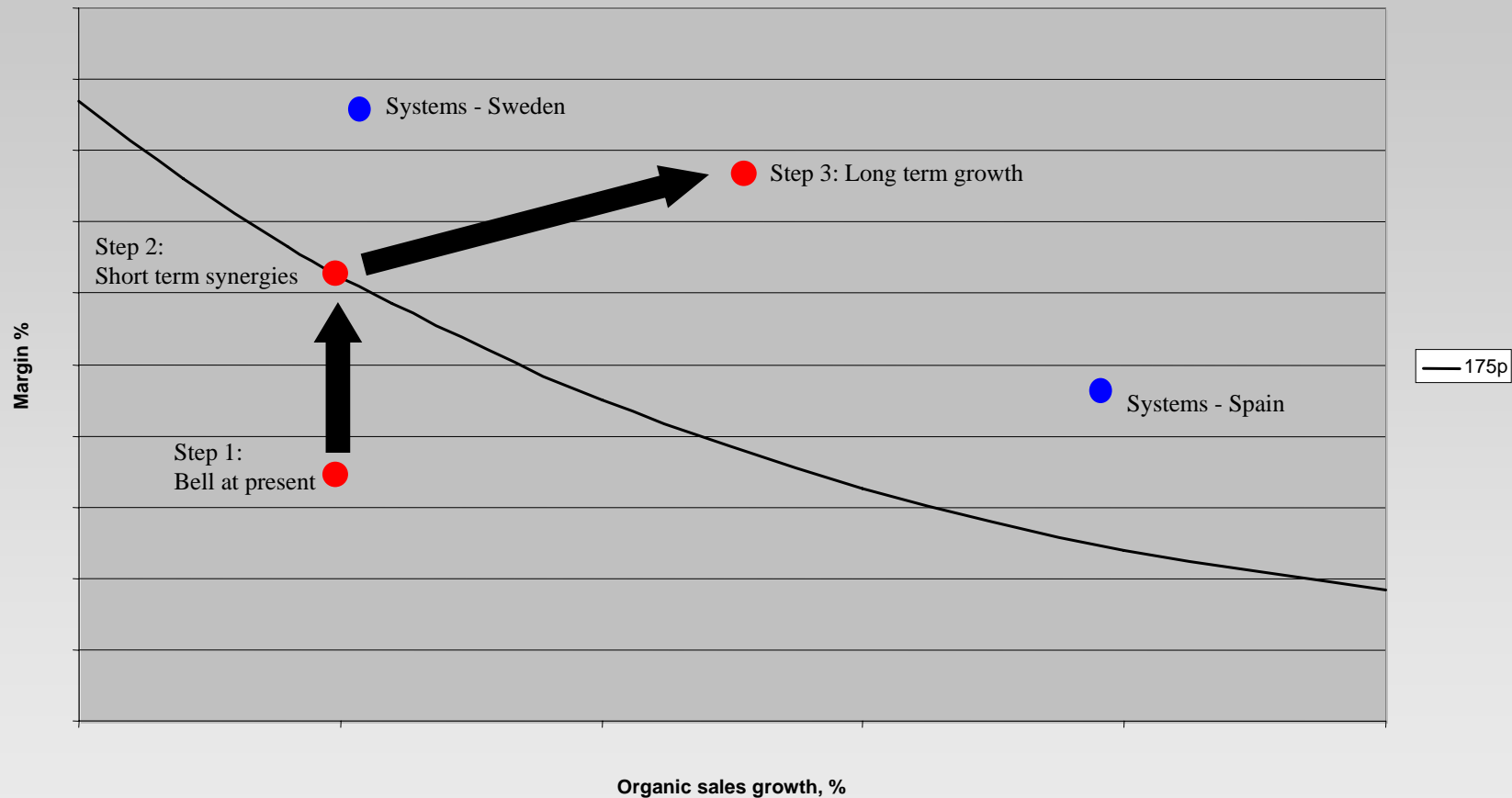
Source: MSI & Securitas





# Rationale For The Acquisition

Valuation Indifference Curve

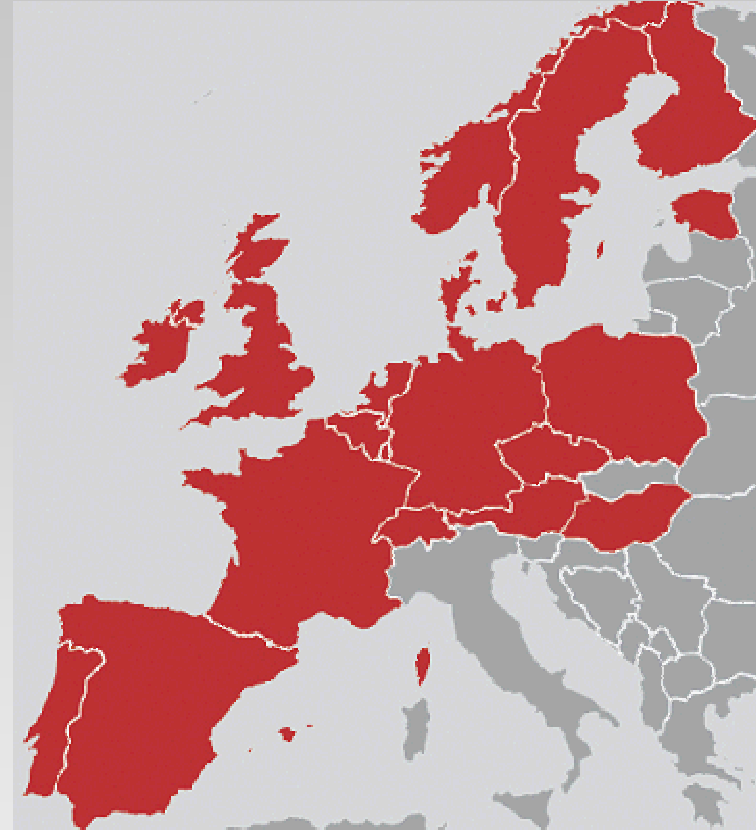


Long term platform for future growth

# Timetable

- ❑ Full offer announcement released to the London Stock Exchange today
- ❑ Offer documents posted to Bell shareholders by 20th of May
- ❑ First closing date for offer expected in mid June

# A World Leader in Security



Local presence in 75% of the world market



*Integrity Vigilance Helpfulness*