



Interim Report
January - June 2005

12th August 2005

Stockholm

Agenda

Information meeting

□ Introduction

Henrik Brehmer

□ Group Summary

Thomas Berglund

□ Divisional Performance

Thomas Berglund

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Håkan Winberg

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Thomas Berglund

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Thomas Berglund

Håkan Winberg

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Henrik Brehmer



Group Summary

2005 – Second Quarter Highlights

Group

	<u>Q2 - 05</u>	<u>Q2 - 04</u>
❑ Organic sales growth improving	5%	2%
❑ Stable operating margin	6.4%	6.4%

Divisions

- ❑ Turnaround in Security Services USA confirmed: 3% organic sales growth and improving operating margin to continue in H2
- ❑ Security Services Europe set for continued growth and margin improvement
- ❑ Group full year forecast maintained: 10-15% improvement in income before tax

Key Financial Data

MSEK	Q2 - 2005	Q2 - 2004³	Total Change %	H1 - 2005	H1 - 2004³	Total Change %
Sales	16,234	14,830	9	31,429	29,283	7
<i>Organic sales growth, %¹</i>	5	2		4	2	
Operating income	1,032	955	8	1,969	1,840	7
<i>Real Change, %²</i>	7	15		8	9	
<i>Operating margin, %</i>	6.4	6.4		6.3	6.3	
Income before taxes	847	804	5	1,664	1,527	9
<i>Real Change, %²</i>	4	38		9	17	
Free cash flow	274	987		540	1,000	
<i>% of adjusted income</i>	40	150		42	80	-
<i>Return on capital employed, %</i>	-	-	-	16	16	-

¹ Adjusted for changes in exchange rates, acquisitions and divestitures

² Adjusted for changes in exchange rates

³ Adjusted for changes in accounting principles according to IFRS

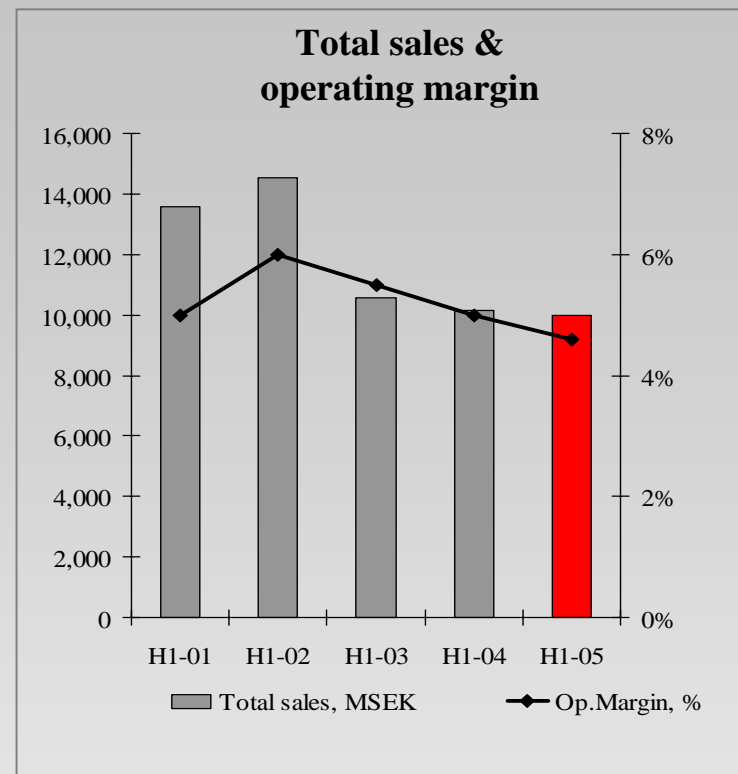


Divisional Performance

Security Services USA

MSEK	Q2 2005	Q2 2004	H1 2005	H1 2004
Total sales	5,207	5,079	9,981	10,152
<i>Organic sales growth, %</i>	3	-2	2	-1
Operating income	247	260	464	509
<i>Operating margin, %</i>	4.7	5.1	4.6	5.0
<i>Real change, %</i>	-4	-7	-6	-8
Operating capital employed	-	-	1,209	966
<i>Op. cap employed as % of sales</i>	-	-	6	5
Capital employed	-	-	8,154	7,768
<i>ROCE, %¹</i>	-	-	11	14

Numbers adjusted to include the transfer of Canada and Mexico from Security Services Europe
¹ Calculation is based on end rates for balance sheet and average rates for the statement of income



- ❑ Client retention drives organic sales growth
- ❑ Operating margin improving over Q1- to continue in H2
- ❑ IT platform roll-out and training initiative increase internal efficiency

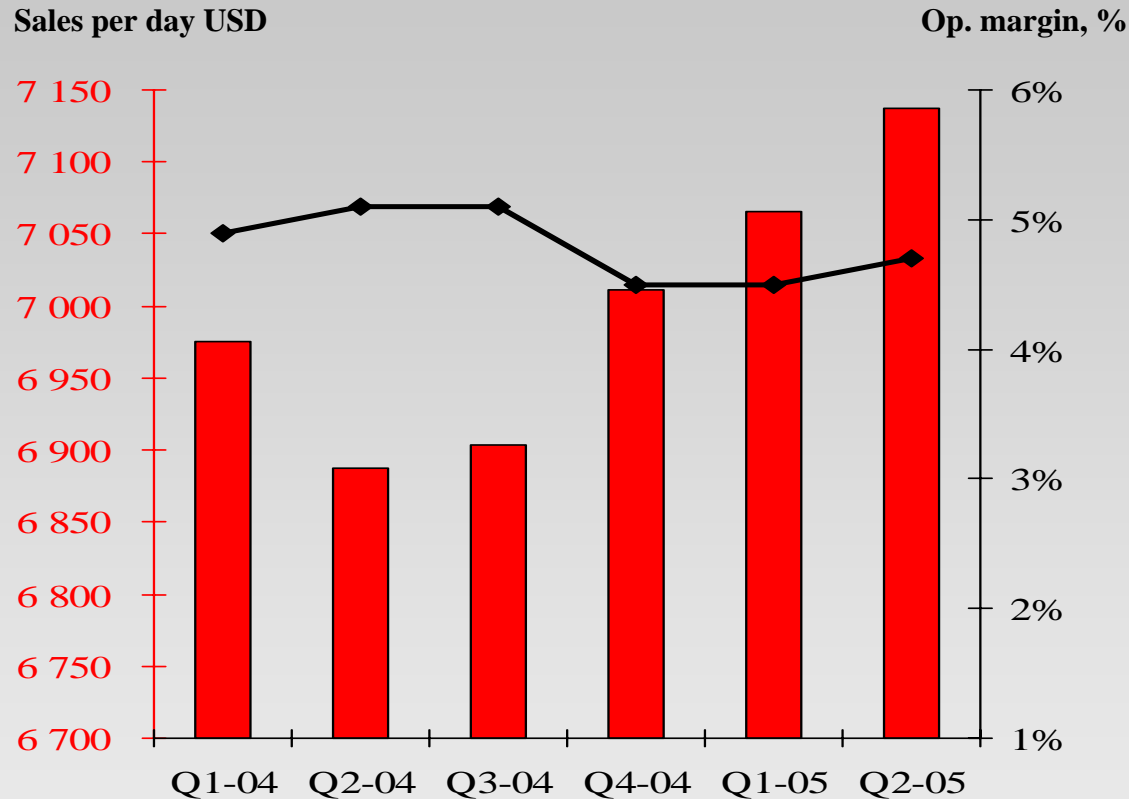
Key Drivers: (annualized)

- ❑ Contract portfolio growth 4-5 %
- ❑ Wages up 1.5 and prices up 2 %
- ❑ Client retention > 90 %
- ❑ Employee turnover 54 %



Security Services USA – Sales per day and Operating margin

Security Services USA (ex Canada, Mexico and C&I)



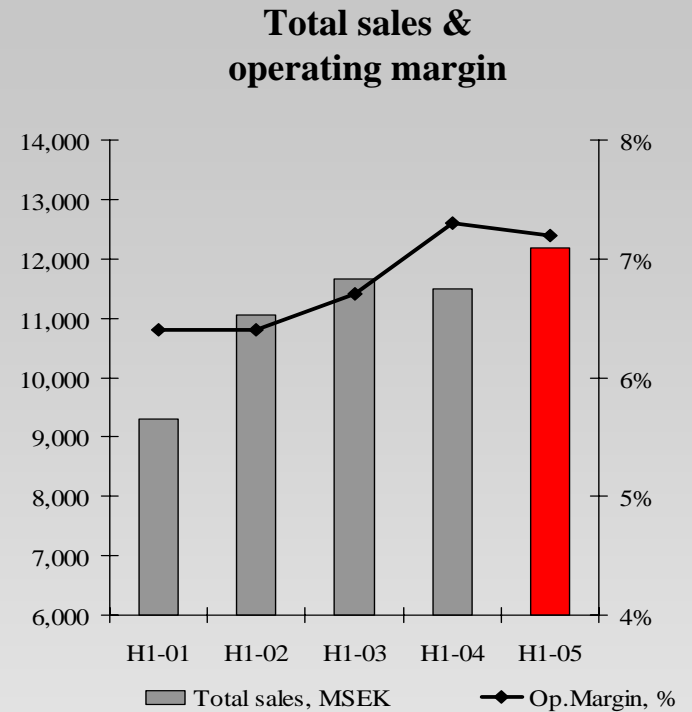
Organic sales growth and operating margin
are expected to increase

Security Services Europe

MSEK	Q2 2005	Q2 2004	H1 2005	H1 2004
Total sales	6,207	5,814	12,175	11,485
<i>Organic sales growth, %</i>	5	3	5	3
Operating income	433	420	882	835
<i>Operating margin, %</i>	7.0	7.2	7.2	7.3
<i>Real change, %</i>	2	2	5	5
Operating capital employed	-	-	2,005	1,610
<i>Op. cap employed as % of sales</i>	-	-	8	7
Capital employed	-	-	7,723	6,738
<i>ROCE, %¹</i>	-	-	24	26

Numbers adjusted to exclude Canada and Mexico which has been transferred to Security Services USA, and to include the third party monitoring business

¹Calculation is based on end rates for balance sheet and average rates for the statement of income



- ❑ Organic sales growth stable in Q2
- ❑ Temporary portfolio changes in the airport business impact margins
- ❑ New organization starting to pay off – strong improvement in small customer segment

Key Drivers: (annualized)

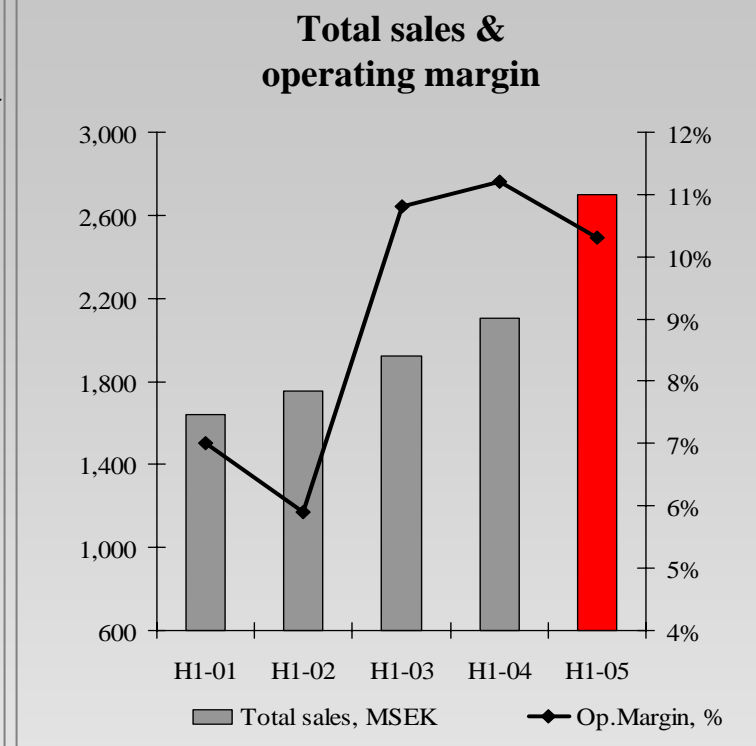
- ❑ Contract portfolio growth 5%
- ❑ Wages and prices up 2%
- ❑ Client retention ~ 90%
- ❑ Employee turnover 33%



Security Systems

MSEK	Q2 2005	Q2 2004	H1 2005	H1 2004
Total sales	1,443	1,119	2,701	2,101
<i>Organic sales growth, %</i>	7	0	6	1
Operating income	163	132	279	236
<i>Operating margin, %</i>	11.3	11.8	10.3	11.2
<i>Real change, %</i>	22	11	17	19
Operating capital employed	-	-	728	688
<i>Op. cap employed as % of sales</i>	-	-	13	12
Capital employed	-	-	3,162	2,976
<i>ROCE, %¹</i>	-	-	19	15

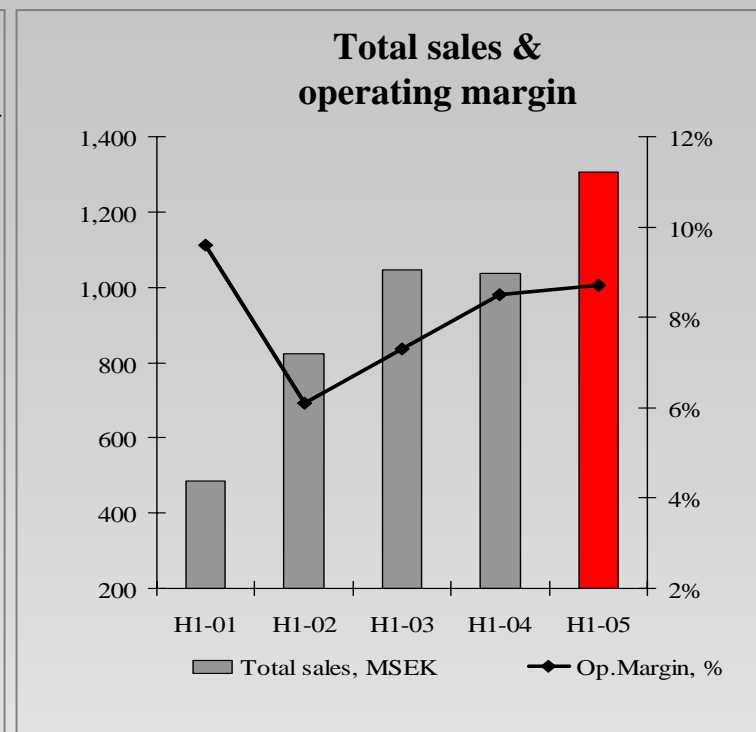
Numbers adjusted to exclude the third party monitoring business, which has been transferred to Security Services Europe
¹ Calculation is based on end rates for balance sheet and average rates for statement of income



- ❑ Strong organic sales growth driven by focus on customer segments
- ❑ Operating margin improving over Q1 but still effected y-on-y by Bell
- ❑ U.S. operations continue strong performance above divisional average

MSEK	Q2 2005	Q2 2004	H1 2005	H1 2004
Total sales	682	538	1,305	1,035
<i>Organic sales growth, %</i>	25	28	25	28
Operating income	59	46	114	88
<i>Operating margin, %</i>	8.7	8.6	8.7	8.5
<i>Real change, %</i>	24	36	28	53
Operating capital employed	-	-	1,068	719
<i>Op. cap employed as % of sales</i>	-	-	39	32
Capital employed	-	-	1,165	758
<i>ROCE, %¹</i>	-	-	20	26

Numbers adjusted to exclude the third party monitoring business, which has been transferred to Security Services Europe
¹Calculation is based on end rates for balance sheet and average rates for the statement of income



- ❑ Strong organic sales growth with continued improvements in new sales
- ❑ Stable operating margin set to improve in H2
- ❑ Continued strong focus on concept roll-out in France, the Netherlands and Belgium

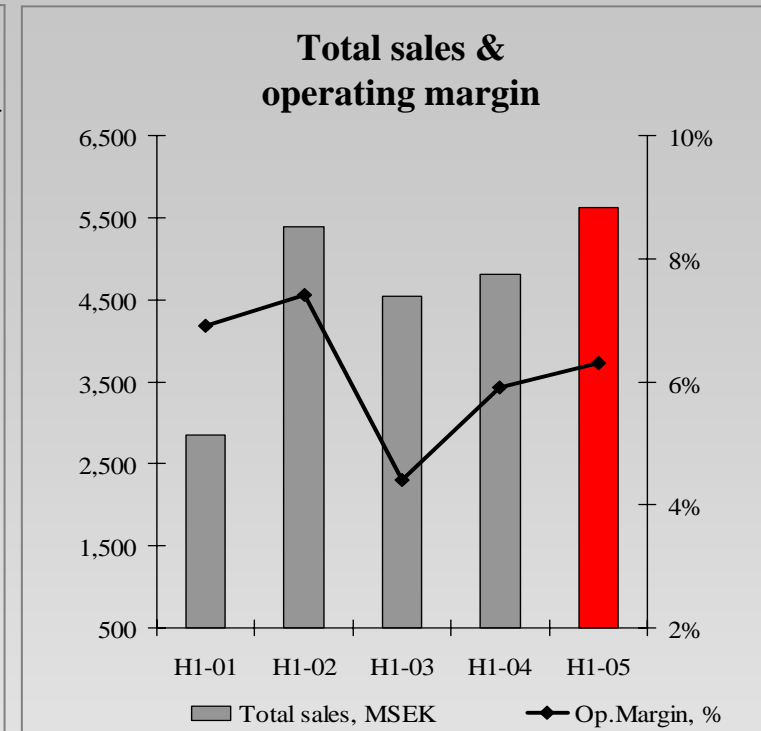
Key Drivers:

- ❑ 83,375 new alarms installed - sales speed increase 16 %
- ❑ Portfolio growth 27 % to 623,544 monitored alarms

Cash Handling Services

MSEK	Q2 2005	Q2 2004	H1 2005	H1 2004
Total sales	2,886	2,438	5,626	4,814
<i>Organic sales growth, %</i>	3	4	3	3
Operating income	193	161	355	284
<i>Operating margin, %</i>	6.7	6.6	6.3	5.9
<i>Real change, %</i>	19	332	27	48
Operating capital employed	-	-	3,073	2,579
<i>Op. cap employed as % of sales</i>	-	-	26	26
Capital employed	-	-	6,058	5,279
<i>ROCE, %¹</i>	-	-	13	11

¹ Calculation is based on end rates for balance sheet and average rates for the statement of income

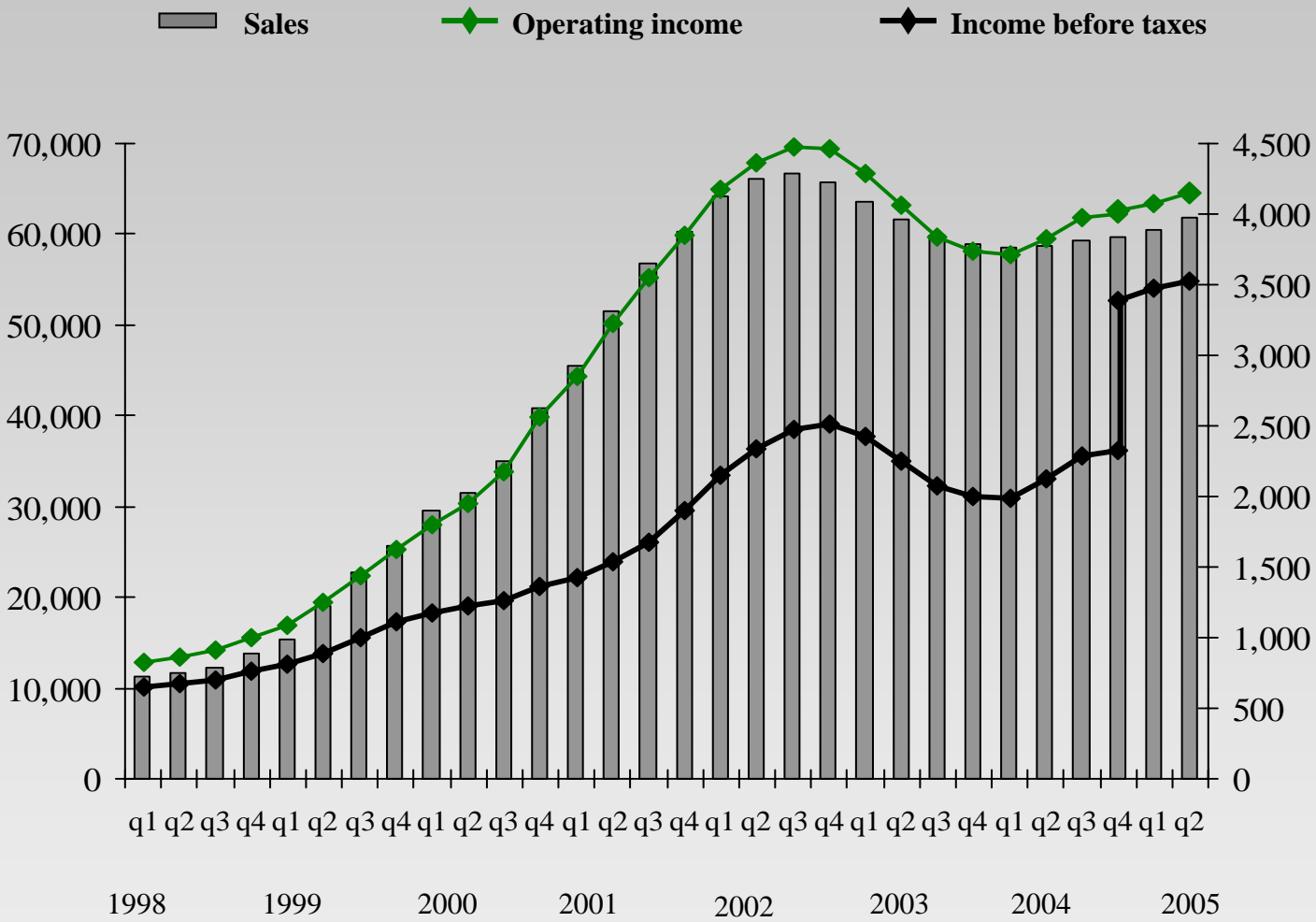


- ❑ Organic sales growth 3% but still slow development in the USA
- ❑ Operating margin improving but held back by UK transport business
- ❑ Valiance on track - significant improvements expected in H2
- ❑ Divestment of operations in Eastern Europe – capital loss 10 MSEK in Q2



Financial Review

Rolling 12 Months Trend



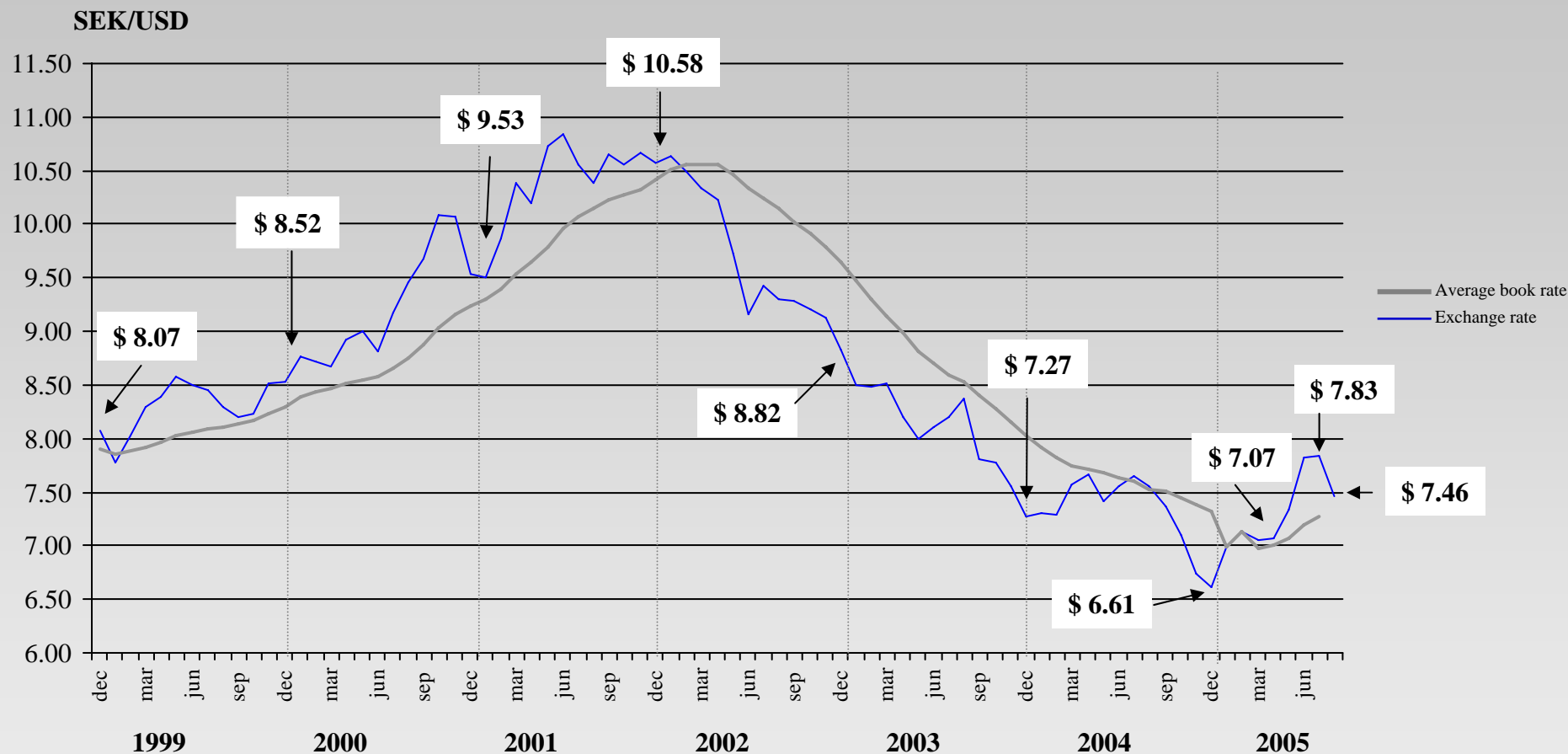
Income

MSEK	Apr-Jun 2005	Apr-Jun 2004	Jan-Jun 2005	Jan-Jun 2004	Jan-Dec 2004
Total Sales	16,233.5	14,829.6	31,428.8	29,282.5	59,686.6
<i>Organic sales growth, %</i>	<i>5</i>	<i>2</i>	<i>4</i>	<i>2</i>	<i>3</i>
Operating income before amortization	1,031.9	954.8	1,969.3	1,839.7	4,026.4
<i>Real change, %</i>	<i>7</i>	<i>15</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>Operating margin, %</i>	<i>6.4</i>	<i>6.4</i>	<i>6.3</i>	<i>6.3</i>	<i>6.7</i>
Amortization of acquisition related intangibles	-30.9	-24.1	-60.9	-47.7	-99.6
Acquisition related restructuring costs	-18.5	0.6	-22.6	-3.0	-26.5
Operating income after amortization	982.5	931.3	1,885.8	1,789.0	3,900.3
Net financial items	-139.8	-127.4	-262.1	-261.6	-516.6
Revaluation of financial instruments	-7.3	-	29.4	-	-
Share in income of associated companies	11.3	-	11.3	-	-
Income before taxes	846.7	803.9	1,664.4	1,527.4	3,383.7
<i>Real change, %</i>	<i>4</i>	<i>38</i>	<i>9</i>	<i>17</i>	<i>18</i>
Current taxes	-211.9	-171.3	-406.3	-329.6	-795.0
Deferred taxes	-6.9	-29.1	-24.7	-43.5	-60.2
Net income for the period	627.9	603.5	1,233.4	1,154.3	2,528.5
Earnings per share after full taxes	1.69	1.62	3.32	3.11	6.79

25,9%

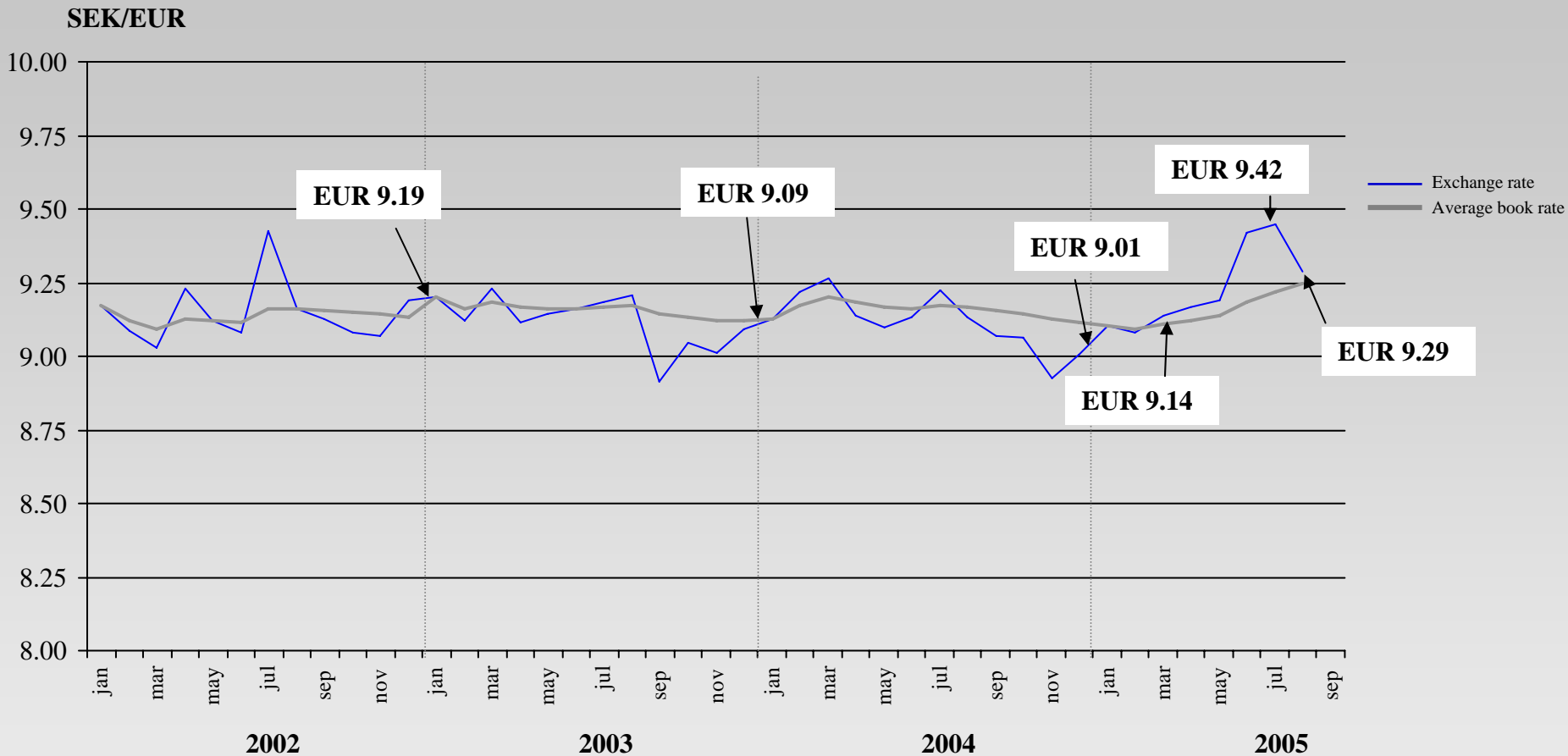


SEK/USD exch. rate 1999 - YTD



Average SEK/USD exch. rate Q2 was 7.41 (7.54). 1 öre change equals 1,3 MSEK (USD) for full year PBT.

SEK/EUR exch. rate 2002 - YTD



Average SEK/EUR exch. rate Q2 was 9.26 (9.12). 1 öre change equals 2,1 MSEK (EUR) for full year PBT.

Cash Flow

MSEK	Apr-Jun 2005	Apr-Jun 2004	Jan-Jun 2005	Jan-Jun 2004	Jan-Dec 2004
Operating activities					
Op. income before amortization	1,031.9	954.8	1,969.3	1,839.7	4,026.4
Investments in fixed assets	-632.3	-445.5	-1,099.6	-863.7	-1,969.9
Depreciation	484.5	391.0	954.3	773.2	1,613.0
Change in accounts receivable	-154.2	96.7	-155.5	20.7	-485.1
Changes in other operating capital employed	-39.3	233.0	-527.8	-391.6	445.6
Cash flow from operational activities	690.6	1,230.0	1,140.7	1,378.3	3,630.0
Cash flow from operations, %	67	129	58	75	90
Net financial items paid	-156.2	-107.0	-228.6	-191.7	-518.4
Income taxes paid	-260.3	-136.5	-372.4	-187.0	-581.5
Free cash flow	274.1	986.5	539.7	999.6	2,530.1
Free cash flow, %	40	150	42	80	93
Free cash flow to net debt ratio	0.15	0.19	0.15	0.19	0.24
Cash flow from investing activities, acquisitions	56.9	-1,735.3	-728.4	-1,860.0	-2,362.3
Cash flow from financing activities	-1,229.0	-742.7	-793.9	-1,019.8	-1,495.3
Cash flow for the period	-898.0	-1,491.5	-982.6	-1,880.2	-1,327.5

The full year free cash flow expected to be in line with group target of 75 – 80 percent of adjusted income



Capital Employed and Financing

MSEK	Jun 30, 2005	Mar 31, 2005	Dec 31, 2004	June 30, 2004	Mar 31, 2004
Operating capital employed	8,490.1	7,656.6	6,740.9	6,883.5	7,092.9
<i>Op. cap. employed as % of sales</i>	<i>13</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>12</i>
<i>Return on op. cap. employed, %</i>	<i>55</i>	<i>57</i>	<i>61</i>	<i>57</i>	<i>55</i>
Goodwill	17,590.0	16,406.9	15,301.9	16,456.5	15,245.5
Acquisition related intangible fixed assets	589.4	583.1	433.2	500.8	294.6
Shares in associated companies	178.5	-	-	-	-
Capital employed	26,848.0	24,646.6	22,476.0	23,840.8	22,633.0
<i>Return on capital employed, %</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>16</i>	<i>16</i>
Net debt	-13,560.5	-11,708.8	-10,633.1	-12,493.2	-11,053.5
Shareholders' equity	13,287.5	12,937.8	11,842.9	11,347.6	11,579.5

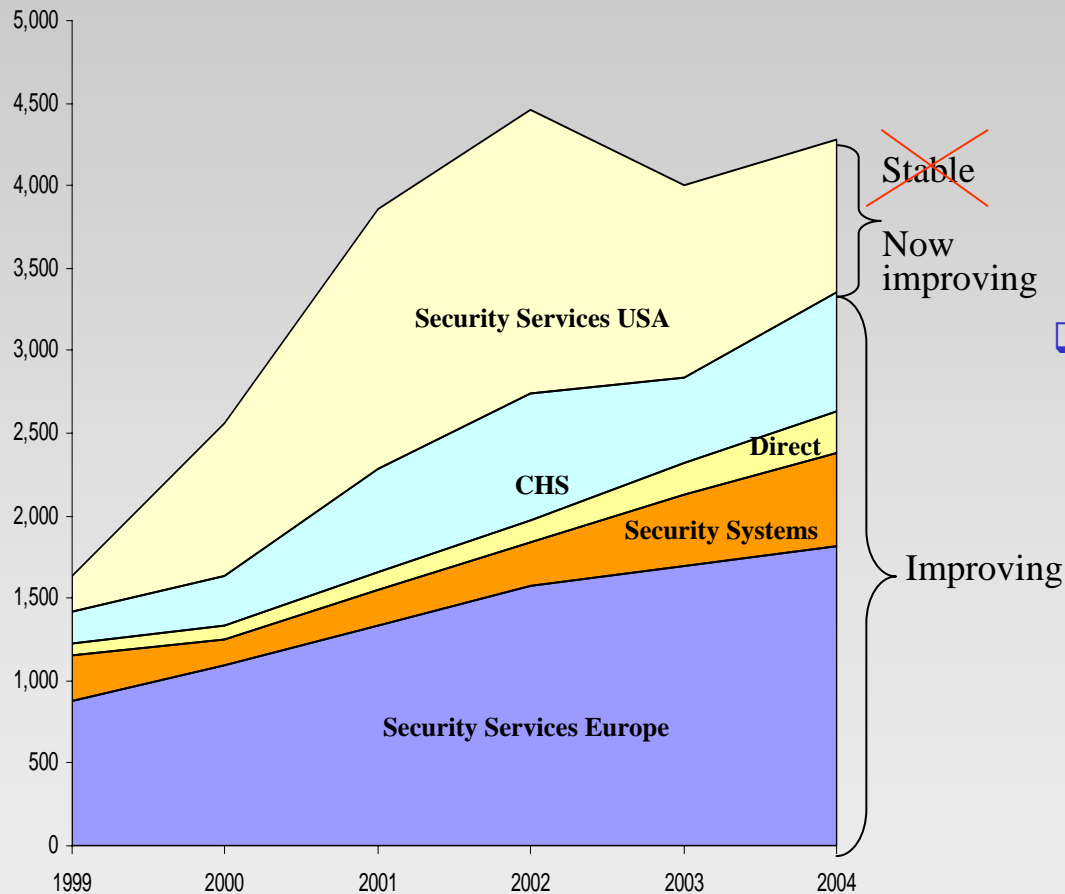
ROCE impacted by difference between average and end rates with 1 percentage points



Outlook

Outlook 2005

Share of operating result, MSEK



- Continued improvements
 - Developed organization in Services Europe and Cash Handling Services
 - Fast expansion in Direct
 - Ongoing segmentation in Systems
- Focus on growth and margins in Security Services USA

Income before tax expected to increase 10-15 percent adjusted for changes in exchange rates including revaluation and restructuring costs



Integrity Vigilance Helpfulness