



Year-End Report  
January - December 2003

6<sup>th</sup> February 2004

Stockholm

# January - December 2003

## Information meeting

Introduction

Henrik Brehmer

Group & Divisional Performance

Thomas Berglund

Financial Review

Håkan Winberg

Outlook 2004

Thomas Berglund

Q & A

Thomas Berglund

Håkan Winberg

Closing

Henrik Brehmer



Group Performance  
January - December 2003

# A Challenging Year

- ❑ Operational problems in Cash Handling Europe - now solved
- ❑ Tough comparatives - Euro and Aviation - now behind us
- ❑ Weakening USD - more to come?
- ❑ Slow economy - mostly behind us

# A Strong Quarter

- ❑ Organic sales growth 1% in Q4 and 3% in December - back to growth
- ❑ Operating margin 7.4% Q4 - focus and specialization pays off
- ❑ Free cash flow 126% of adjusted income in Q4 - confirms quality of earnings

# Financial Highlights 2003

MSEK	Quarter 4		Full Year	
	2003	2002	2003	2002
Total sales	14,676	15,795	58,850	65,685
<i>Organic sales growth, %</i>	<i>1</i>	<i>1</i>	<i>-3</i>	<i>8</i>
<i>Underlying organic sales growth, %</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>6</i>
Operating income	1,084	1,190	3,732	4,458
<i>Operating margin, %</i>	<i>7.4</i>	<i>7.5</i>	<i>6.3</i>	<i>6.8</i>
Income before tax	659	728	1,998	2,512
<i>Real change, %</i>	<i>-1</i>	<i>13</i>	<i>-17</i>	<i>38</i>
<i>Underlying real change, %</i>	<i>2</i>	<i>15</i>	<i>-11</i>	<i>32</i>
Free Cash Flow	1,013	1,428	1,801	3,715
<i>In % of adjusted result</i>	<i>126</i>	<i>127</i>	<i>73</i>	<i>122</i>



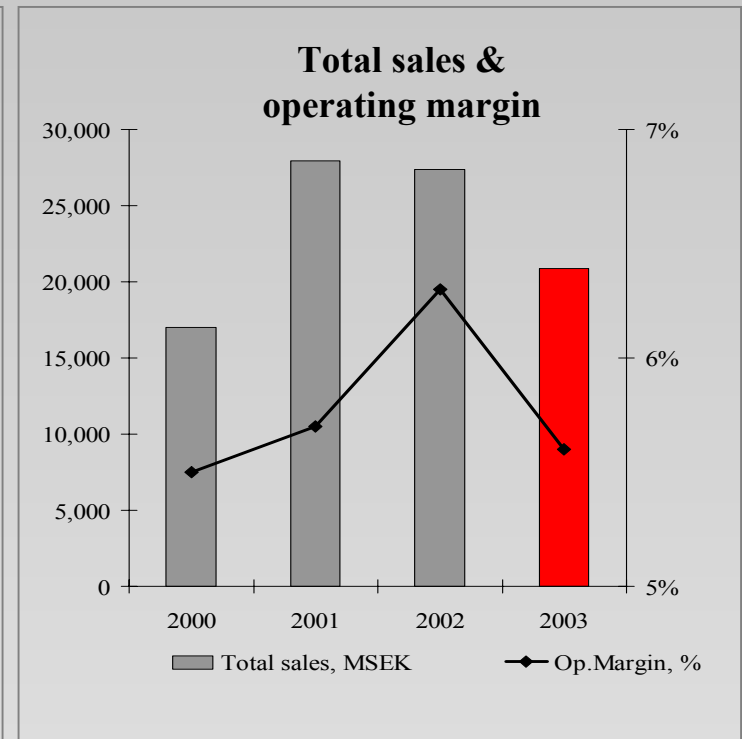
# Divisional Performance

January - December 2003

# Security Services USA

MSEK	Quarter 4		Full Year	
	2003	2002	2003	2002
<b>Total sales</b>	<b>4,999</b>	<b>6,045</b>	<b>20,881</b>	<b>27,360</b>
<i>Organic sales growth,</i>	-2	-4	-9	8
<i>Underlying org.sales growth, %</i>	1	-5	-3	2
<b>Operating income</b>	<b>279</b>	<b>407</b>	<b>1,169</b>	<b>1,733</b>
<i>Operating margin, %</i>	5.6	6.6	5.6	6.3
<i>Op.cap.employed as % of sales*</i>	-	-	5	4
<b>Capital employed*</b>	-	-	<b>7,577</b>	<b>9,126</b>
<i>ROCE, %</i>	-	-	15	19

\* Calculated after the reversal of sale of accounts receivable of MSEK 1,637 (1,989)



- ❑ The Securitas name successfully implemented
- ❑ Growth going forward at least in-line with portfolio development
- ❑ Margin improvement yet to be proved

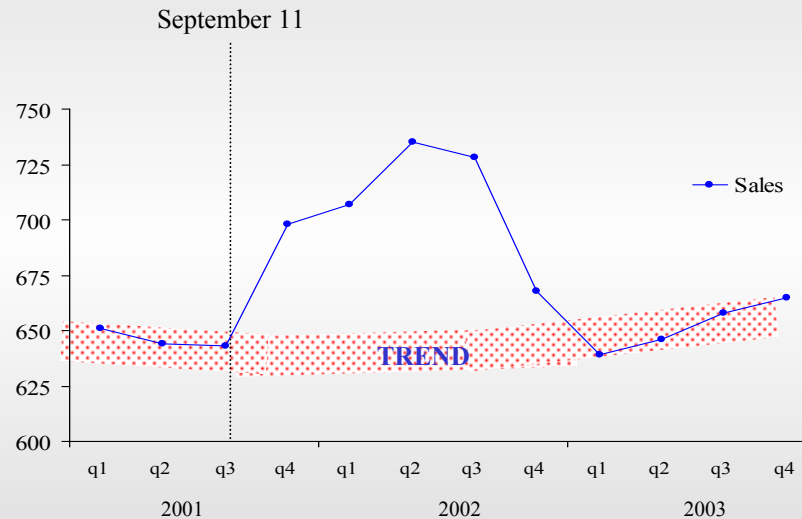
## Key Drivers:

- ❑ Contract portfolio growth 3%
- ❑ Wages up 1.5%. Prices up 2%
- ❑ Client retention stable at 89%
- ❑ Employee turnover 58%

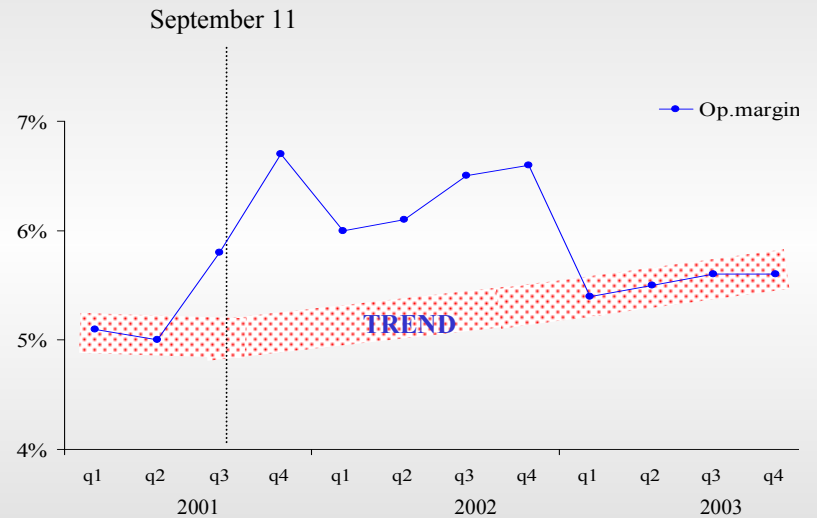


# Security Services USA

## Sales, MUSD



## Operating Margin, %



### Organic sales growth

- 1% in Q4, 3% in December - according to plan

### Operating margin

- 5.6% - slightly under plan

# Security Services Europe

MSEK	Quarter 4		Full Year	
	2003	2002	2003	2002
<b>Total sales</b>	<b>5,874</b>	<b>5,846</b>	<b>23,359</b>	<b>22,949</b>
<i>Organic sales growth, %</i>	3	3	3	8
<b>Operating income</b>	<b>483</b>	<b>456</b>	<b>1,699</b>	<b>1,611</b>
<i>Operating margin, %</i>	8.2	7.8	7.3	7.0
<i>Op.cap.employed as % of sales</i>	-	-	8	9
<b>Capital employed</b>	-	-	<b>6,510</b>	<b>6,546</b>
<i>ROCE, %</i>	-	-	26	25



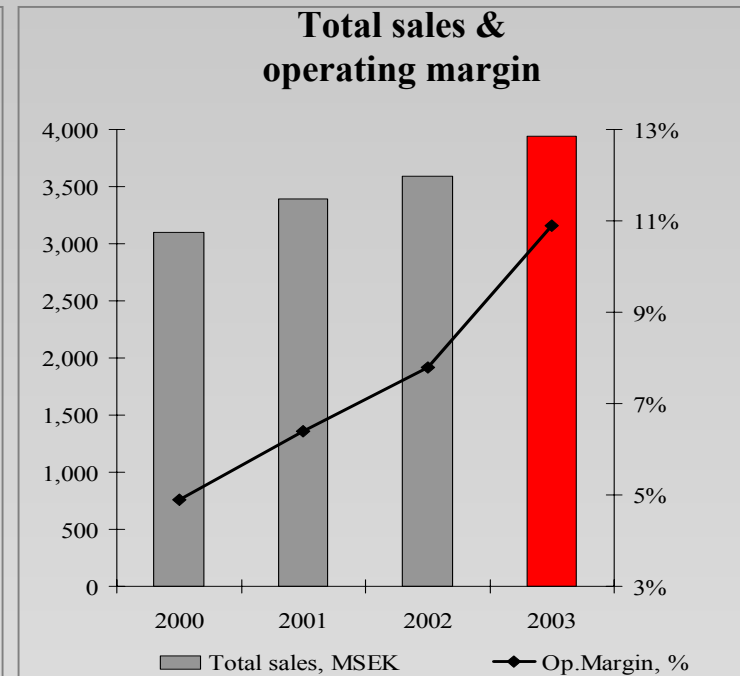
- ❑ Positive development in all countries in Q4
- ❑ Growth going forward in-line with portfolio development
- ❑ UK shows good organic sales growth and improving profitability

## Key Drivers:

- ❑ Contract portfolio growth 5%
- ❑ Wages and prices up 4%
- ❑ Client retention above 90%
- ❑ Employee turnover 30%

# Security Systems

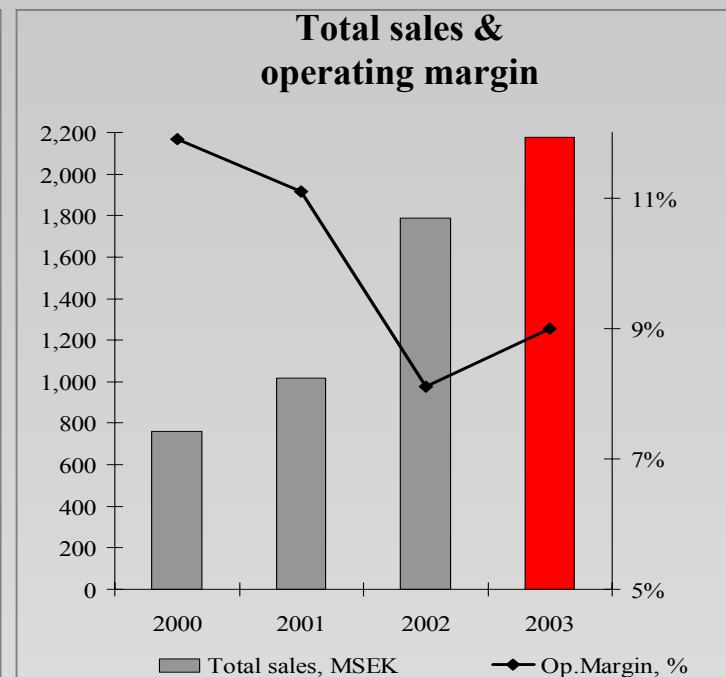
MSEK	Quarter 4		Full Year	
	2003	2002	2003	2002
<b>Total sales</b>	<b>1,114</b>	<b>1,042</b>	<b>3,941</b>	<b>3,641</b>
<i>Organic sales growth, %</i>	3	10	5	6
<b>Operating income</b>	<b>135</b>	<b>115</b>	<b>428</b>	<b>301</b>
<i>Operating margin, %</i>	12.1	11.0	10.9	8.3
<i>Op.cap.employed as % of sales</i>	-	-	18	22
<b>Capital employed</b>	-	-	<b>1,290</b>	<b>1,400</b>
<i>ROCE, %</i>	-	-	33	22



- ❑ Strong margin improvement supported by continued specialization
- ❑ Speed in growth impacted by slowdown in economy
- ❑ Platform established in Germany

# Direct

MSEK	Quarter 4		Full Year	
	2003	2002	2003	2002
<b>Total sales</b>	<b>577</b>	<b>510</b>	<b>2,177</b>	<b>1,816</b>
<i>Organic sales growth, %</i>	<i>14</i>	<i>27</i>	<i>18</i>	<i>18</i>
<b>Operating income</b>	<b>60</b>	<b>56</b>	<b>196</b>	<b>148</b>
<i>Operating margin, %</i>	<i>10.4</i>	<i>10.9</i>	<i>9.0</i>	<i>8.1</i>
<i>Op.cap.employed as % of sales</i>	-	-	32	30
<b>Capital employed</b>	-	-	<b>1,213</b>	<b>1,085</b>
<i>ROCE, %</i>	-	-	<i>16</i>	<i>14</i>



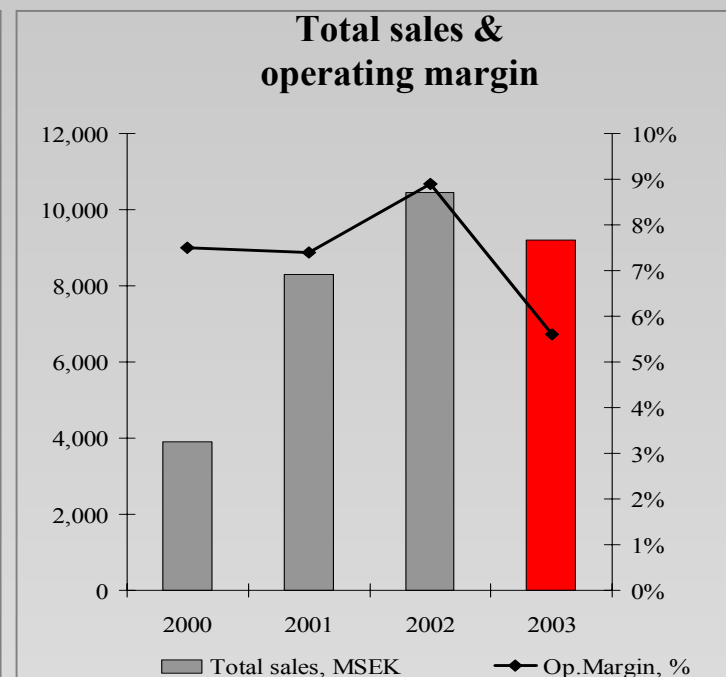
- ❑ Organic sales growth expected to remain on full year 2003 level
- ❑ Margin improvement 2003 - Belgacom and France show good development
- ❑ Focus on organic start-ups

## Key Drivers

- ❑ 109,500 new alarms installed in traditional Direct - up 32%
- ❑ Portfolio growth in traditional Direct 28% to 430,700 connected alarms
- ❑ Total number of connected alarms 565,500 including 3<sup>rd</sup> party

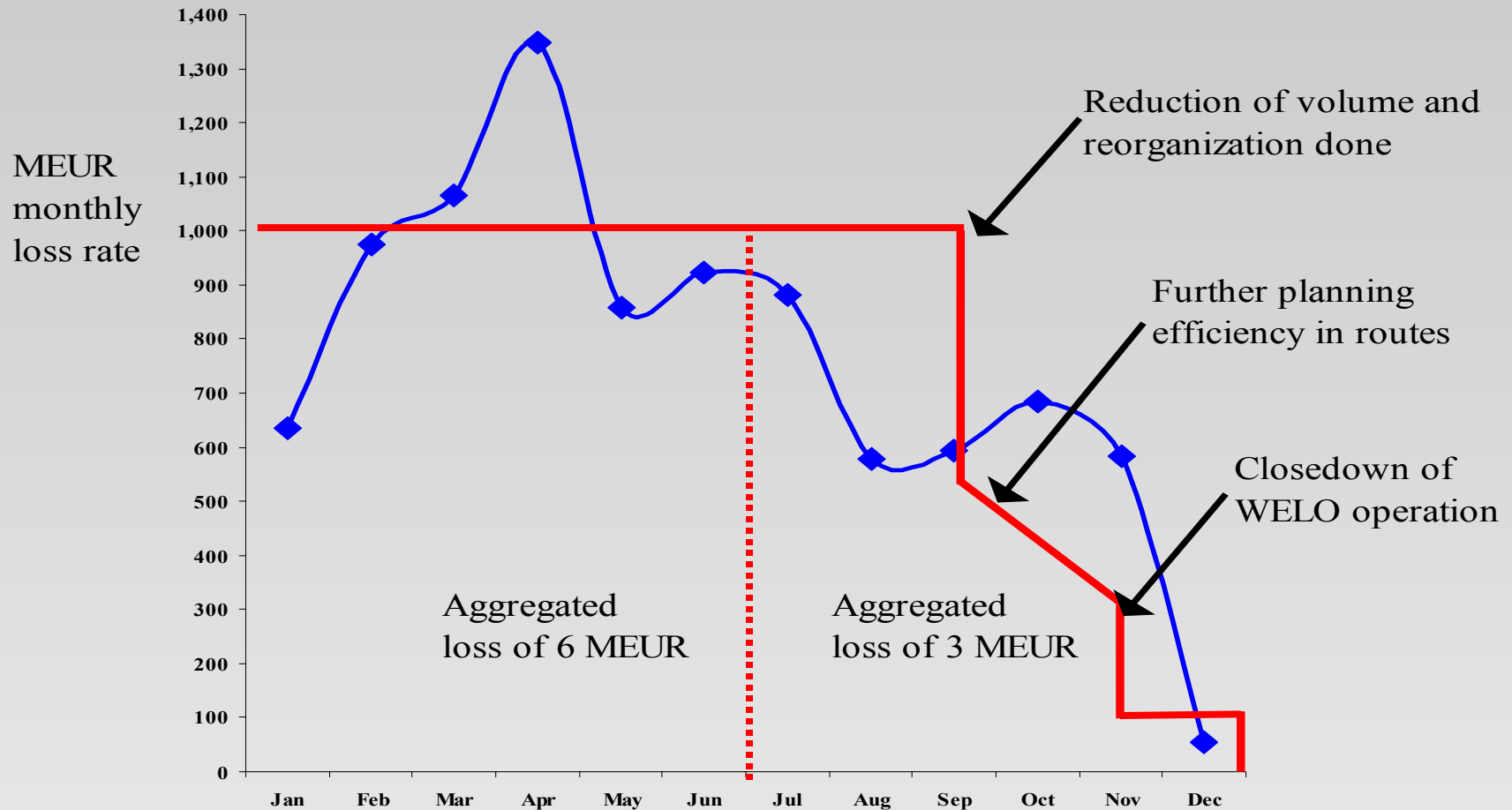
# Cash Handling Services

MSEK	Quarter 4		Full Year	
	2003	2002	2003	2002
<b>Total sales</b>	<b>2,311</b>	<b>2,500</b>	<b>9,207</b>	<b>10,447</b>
<i>Organic sales growth, %</i>	-1	-3	-4	12
<i>Underlying org.sales growth, %</i>	-1	6	-1	12
<b>Operating income</b>	<b>195</b>	<b>234</b>	<b>514</b>	<b>925</b>
<i>Operating margin, %</i>	8.4	9.4	5.6	8.9
<i>Op.cap.employed as % of sales</i>	-	-	25	19
<b>Capital employed</b>	-	-	<b>4,968</b>	<b>4,973</b>
<i>ROCE, %</i>	-	-	10	19



- ❑ German operation at break even in December 2003
- ❑ The WELO project terminated in November and now behind us
- ❑ Excl. projects of MSEK46 operating margin in Q4 was 10.4%
- ❑ New management for the joint division in place

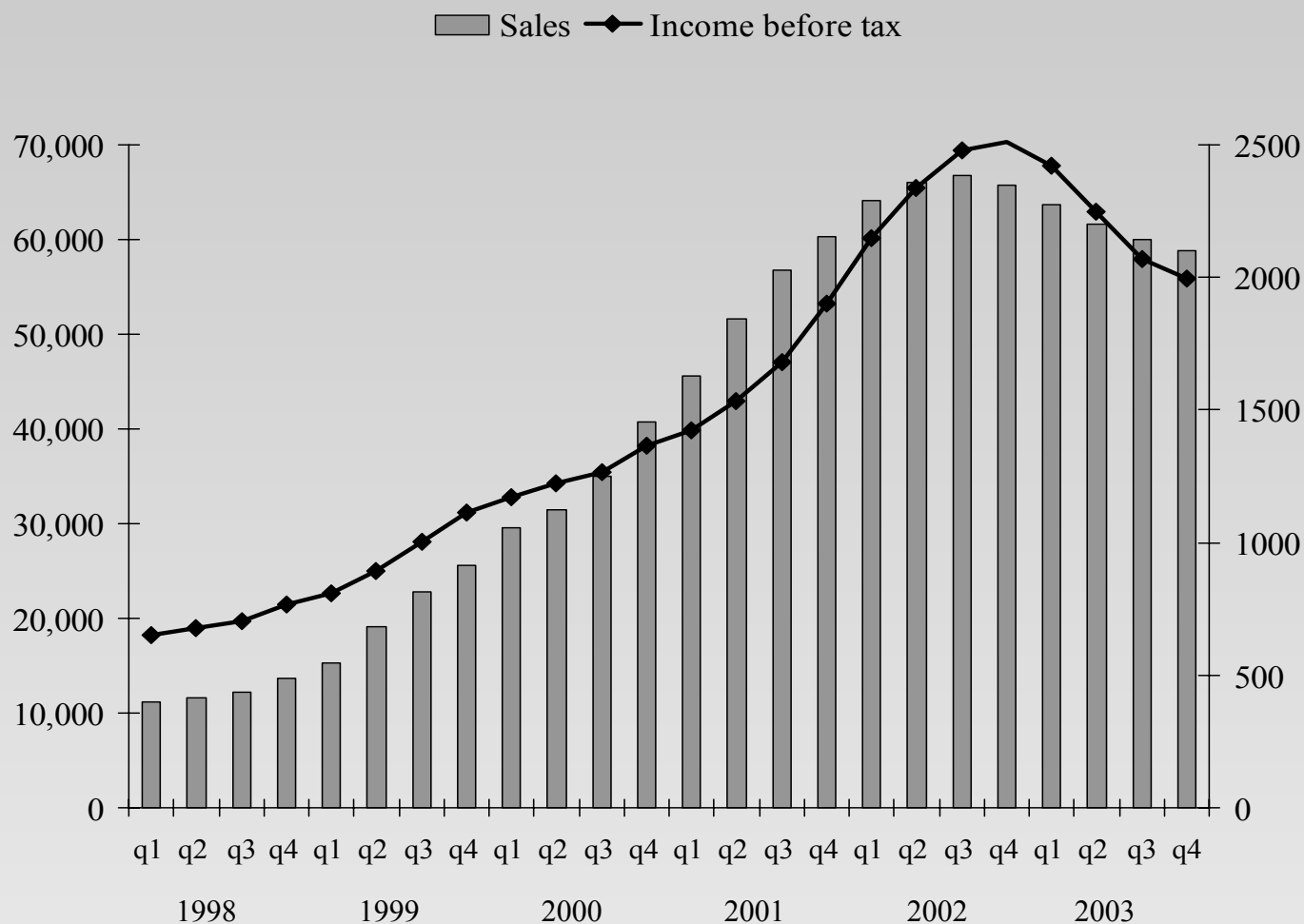
# Break even in Germany





Financial Review  
January - December 2003

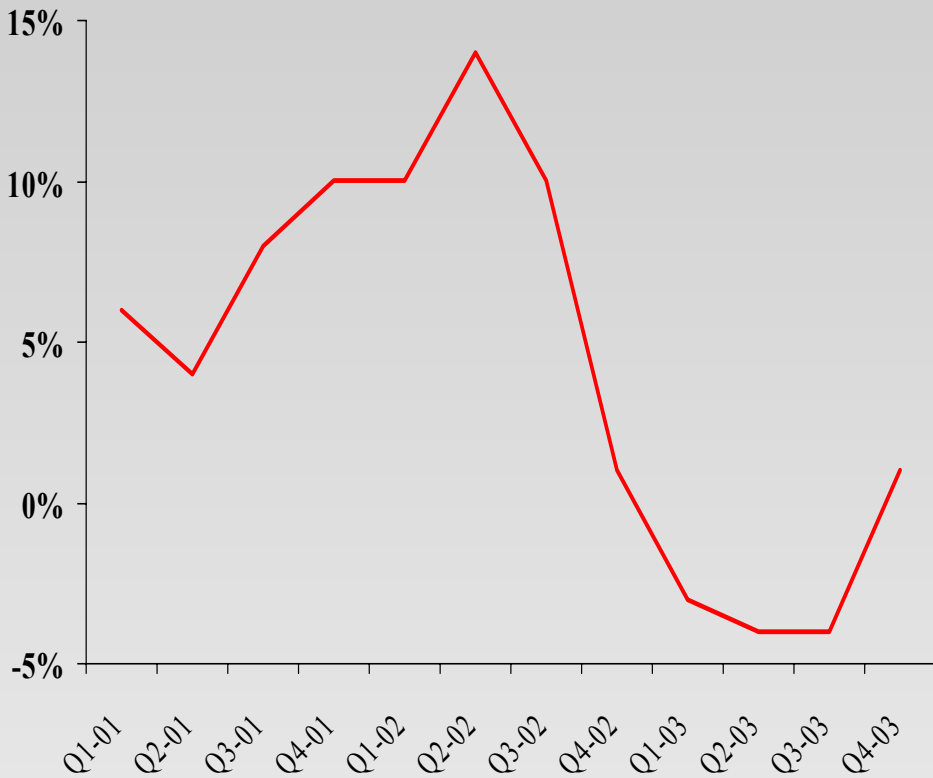
# Rolling 12 Months Trend



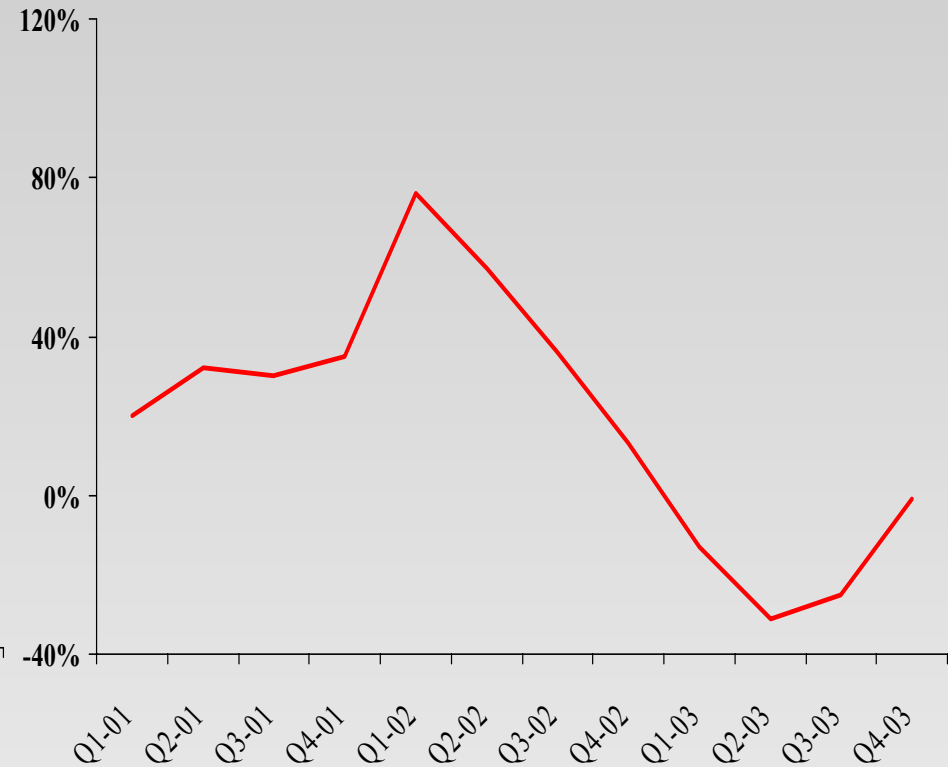


# Quarterly Year-on-Year Trends

Organic sales growth, % 2001-2003



Income before taxes, real change, %, 2001 - 2003



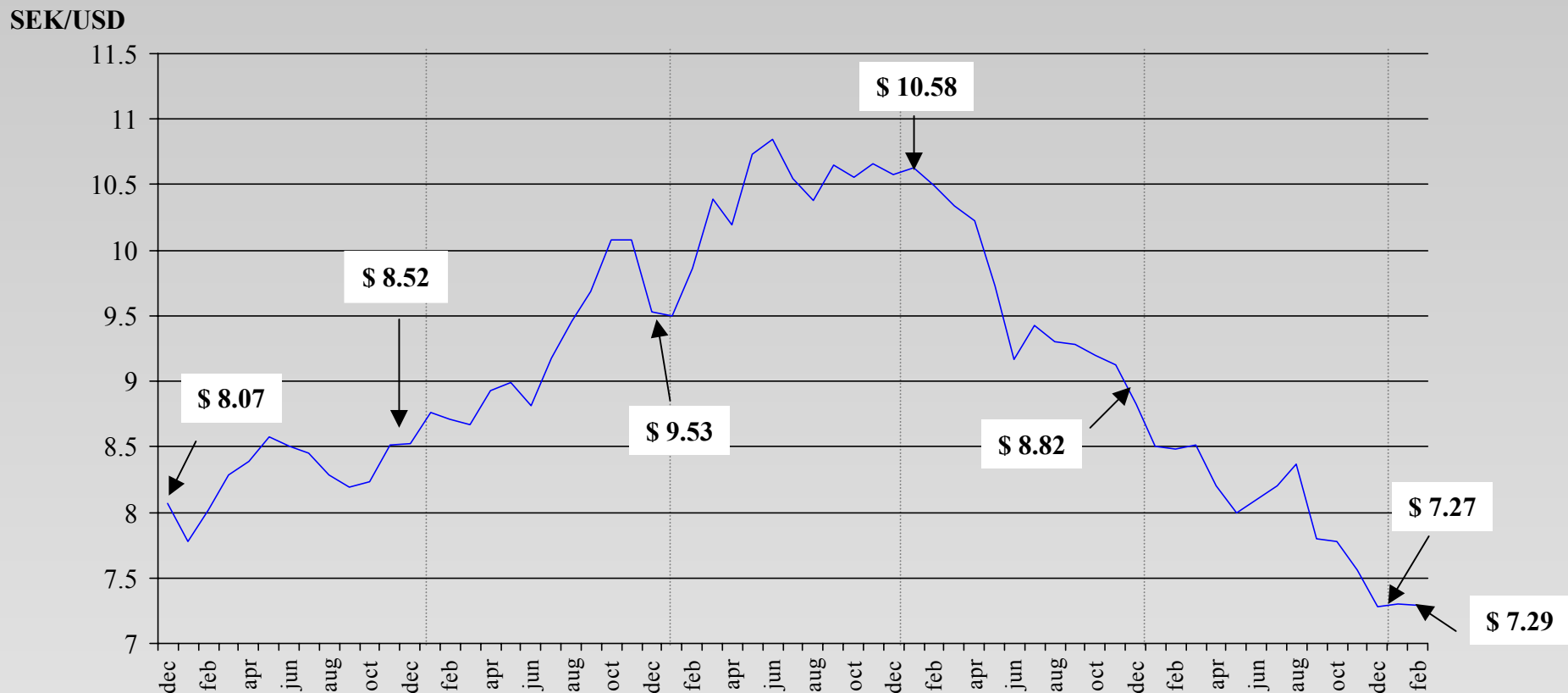
# Sales and Organic Sales Growth

	Quarter 4			Full year		
	2003	2002	<i>Growth %</i>	2003	2002	<i>Growth %</i>
<b>Total sales</b>	<b>14,676</b>	<b>15,795</b>	<b>-7</b>	<b>58,850</b>	<b>65,685</b>	<b>-10</b>
Acquisitions /Divestitures	-324	-101		-964	-354	
Currency change from 2002	1,505	-		5,791	-	
<b>Organic sales</b>	<b>15,857</b>	<b>15,694</b>	<b>1</b>	<b>63,677</b>	<b>65,331</b>	<b>-3</b>
Euro introduction	-	-		-	-270	
Federalized airport operations	-	-163		-	-1,735	
<b>Underlying organic sales</b>	<b>15,857</b>	<b>15,531</b>	<b>2</b>	<b>63,677</b>	<b>63,326</b>	<b>1</b>

# Income Before Tax and Growth

	Quarter 4			Full year		
	2003	2002	<i>Growth %</i>	2003	2002	<i>Growth %</i>
<b>Income before tax</b>	<b>659</b>	<b>728</b>	<b>-9</b>	<b>1,998</b>	<b>2,512</b>	<b>-20</b>
Currency change from 2002	62	-		95	-	
<b>Organic income</b>	<b>721</b>	<b>728</b>	<b>-1</b>	<b>2,093</b>	<b>2,512</b>	<b>-17</b>
Euro introduction	-	-		-	-25	
Federalized airport operations	-	-24		-	-125	
<b>Underlying income</b>	<b>721</b>	<b>704</b>	<b>2</b>	<b>2,093</b>	<b>2,362</b>	<b>-11</b>

# SEK/USD exch. Rate 1999 - 2004



Average SEK/USD rate 2003 was 8.01 SEK 1 corresponds to approximately MSEK 100 in impact on income before tax.

# Cash Flow

	2003	2002	2001	2000	1999	5 years
<b>Operating income before amort. of goodwill</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)	-1,719	-1,746	-1,764	-1,202	-1,044	
Depreciation (excl. amort. of goodwill)	1,564	1,494	1,377	942	754	
Changes in other op. capital employed	-650	982	-164	-122	-80	
<b>Cash flow from operating activities</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>78</i>	<i>116</i>	<i>86</i>	<i>85</i>	<i>77</i>	<i>92</i>
Net Financial items paid	-615	-795	-775	-503	-118	
Income taxes paid	-511	-678	-576	-586	-340	
<b>Free cash flow</b>	<b>1,801</b>	<b>3,715</b>	<b>1,953</b>	<b>1,089</b>	<b>803</b>	<b>9,361</b>
<i>Free cash flow, %</i>	<i>73</i>	<i>122</i>	<i>80</i>	<i>64</i>	<i>68</i>	<i>86</i>

Group target 75%

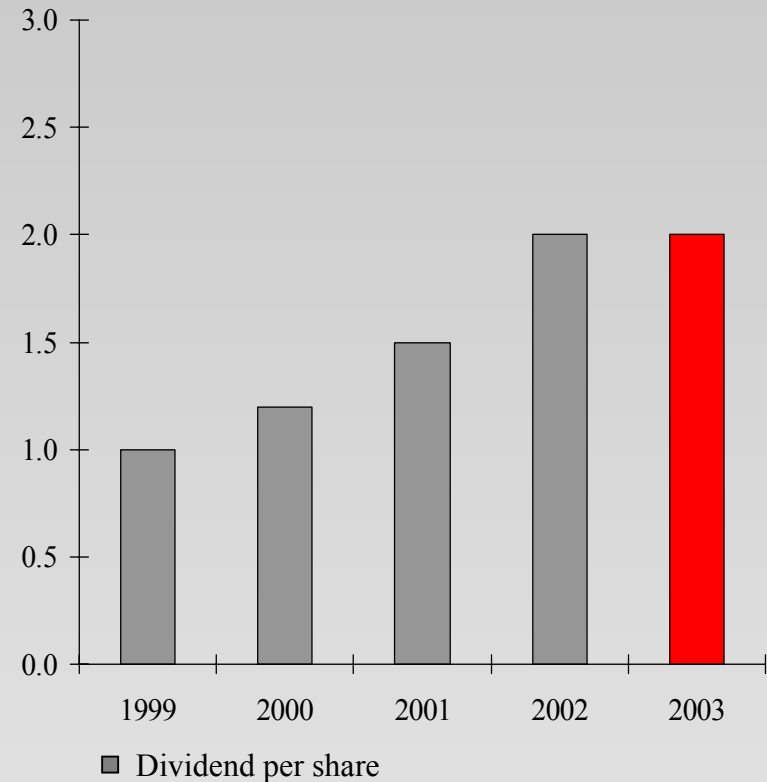
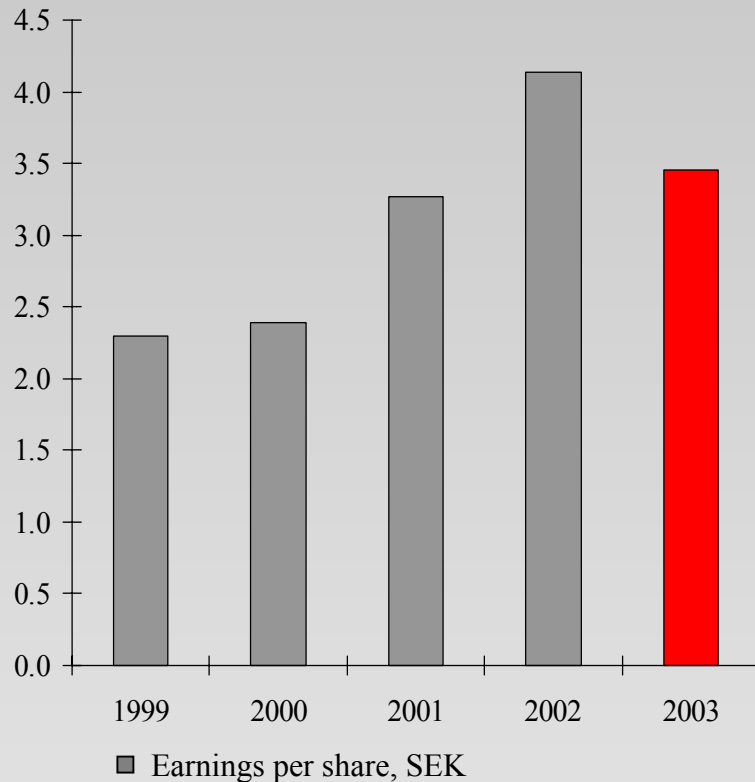
# ROCE and Net Debt to Equity Ratio

	2003	2002	2001	2000	1999
Operating capital employed	5,521	4,891	5,854	6,743	3,944
<i>Operating capital employed as % of sales</i>	<b>9</b>	<b>7</b>	<b>9</b>	<b>13</b>	<b>12</b>
Goodwill and shares in associated companies	14,778	16,672	18,682	15,736	7,179
Capital employed	20,299	21,563	24,536	22,479	11,123
<i>Return on capital employed (ROCE), % *</i>	<b>18</b>	<b>21</b>	<b>16</b>	<b>12</b>	<b>15</b>
<i>Net debt to equity ratio</i>	<b>0.81</b>	<b>0.85</b>	<b>1.05</b>	<b>1.23</b>	<b>0.23</b>

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

In line with Group targets

# Earnings and Dividend Per Share



## FY 2003

- Earnings per share  
– SEK 3.45 (4.14)

## FY 2003

- Proposed dividend per share  
– SEK 2.00 (2.00)



Outlook 2004



# Outlook 2004

- ❑ Speed up development in Security Services USA
- ❑ Substantial improvement in Cash Handling Services
- ❑ Business as usual improvement in Systems and Services Europe
- ❑ Maintain growth speed and continue organic start-ups in Direct

We expect 2004 to be a good year



*Integrity Vigilance Helpfulness*