



Interim Report

January - March 2004

6th 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
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, % ²
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 ¹	43		
<i>Return on capital employed, %</i>	18	20		
<i>Earnings per share (after full taxes), SEK</i>	0.80	0.83	-4	

¹ Including non-recurring payment of MSEK 184

² Adjusted for changes in exchange rates, acquisitions and divestitures

Short Term Focus 2004

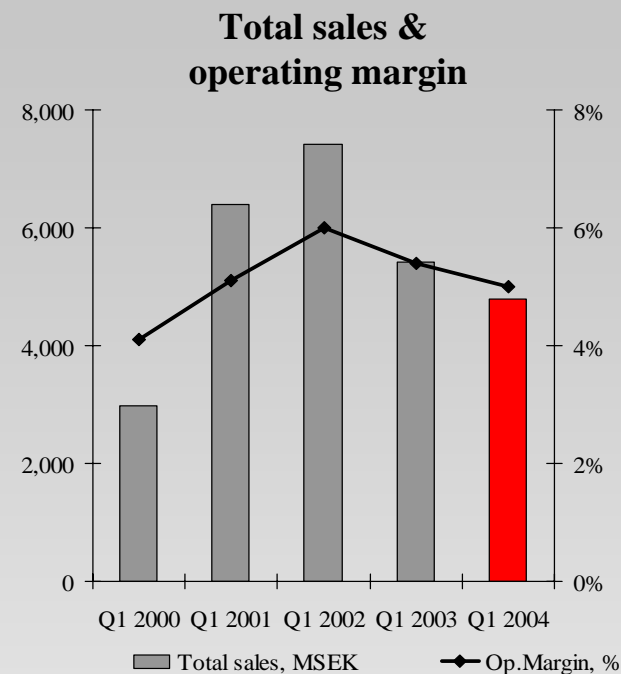
- ❑ Services USA needs more time - activities are right but the effects are slow
 - ❑ Services Europe
 - ❑ Systems
 - ❑ Direct
- } Maintain momentum in organic sales growth and margin improvements
- ❑ Cash Handling Services - bring the German operation and Cash Management in UK into profit and continue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



Divisional Performance

Security Services USA

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

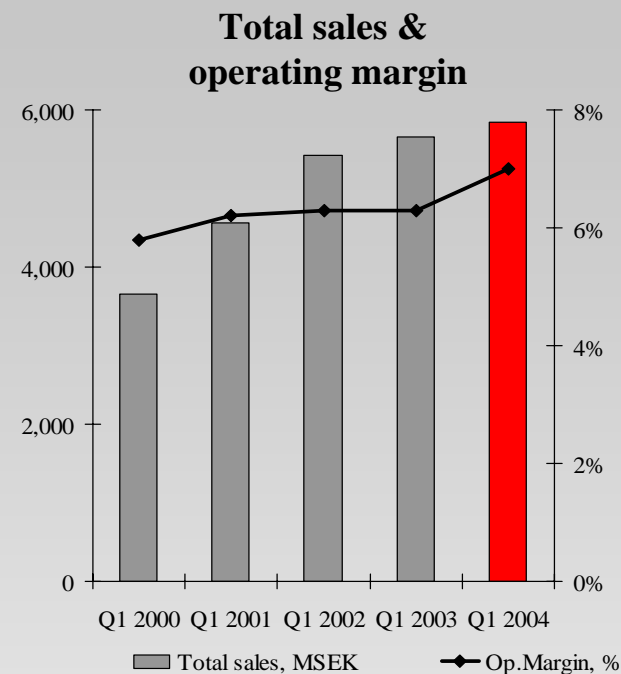
Security Services USA



- ❑ 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
Total sales	5,848	5,773
<i>Organic sales growth, %</i>	3	5
Operating income	407	382
<i>Operating margin, %</i>	7.0	6.6
<i>Op. cap. employed as % of sales</i>	7	10
Capital employed	6,162	6,595
<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%

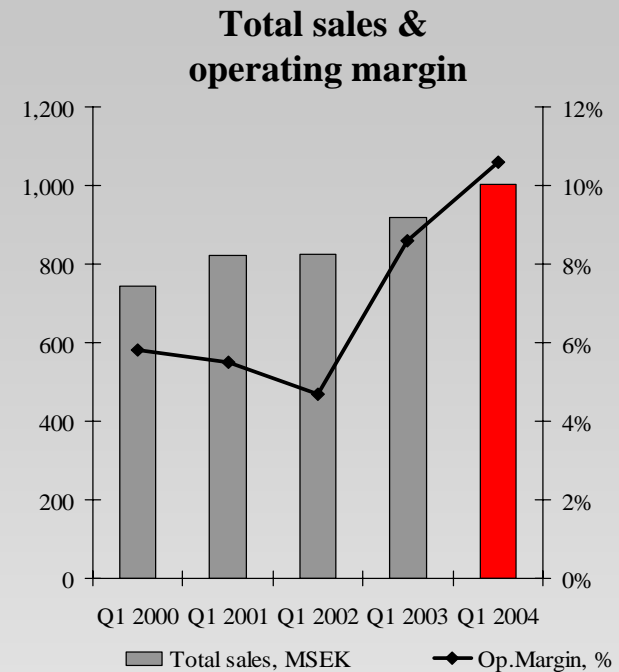
Security Services Europe



- ❑ 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
Total sales	1,004	934
<i>Organic sales growth, %</i>	3	6
Operating income	106	83
<i>Operating margin, %</i>	10.6	8.9
<i>Op. cap. employed as % of sales</i>	13	19
Capital employed	1,431	1,349
<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

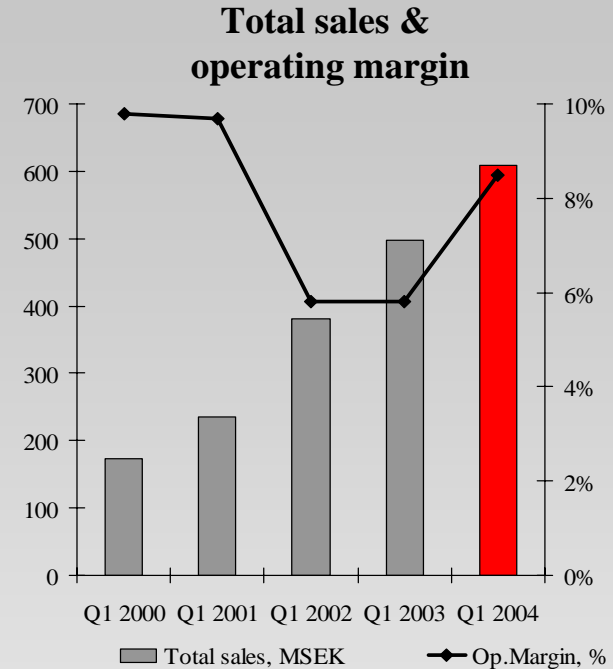
Security Systems



- ❑ 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
Total sales	608	508
<i>Organic sales growth, %</i>	21	20
Operating income	52	32
<i>Operating margin, %</i>	8.6	6.3
<i>Op. cap. employed as % of sales</i>	28	27
Capital employed	1,255	1,145
<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:

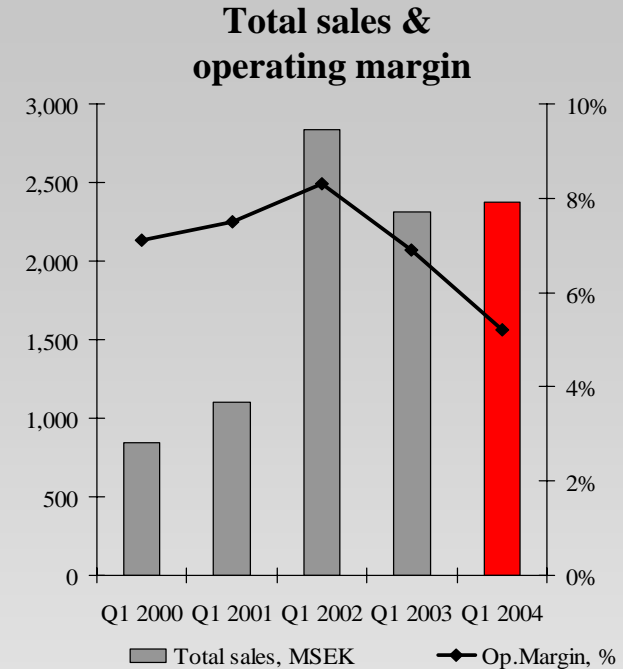
- ❑ 34,259 new alarms installed in traditional Direct - up 35%
- ❑ Portfolio growth in traditional Direct 29% to 461,758 connected alarms



- ❑ 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
Total sales	2,376	2,343
<i>Organic sales growth, %</i>	2	-10
Operating income	123	162
<i>Operating margin, %</i>	5.2	6.9
<i>Op. cap. employed as % of sales</i>	27	22
Capital employed	5,334	5,043
<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



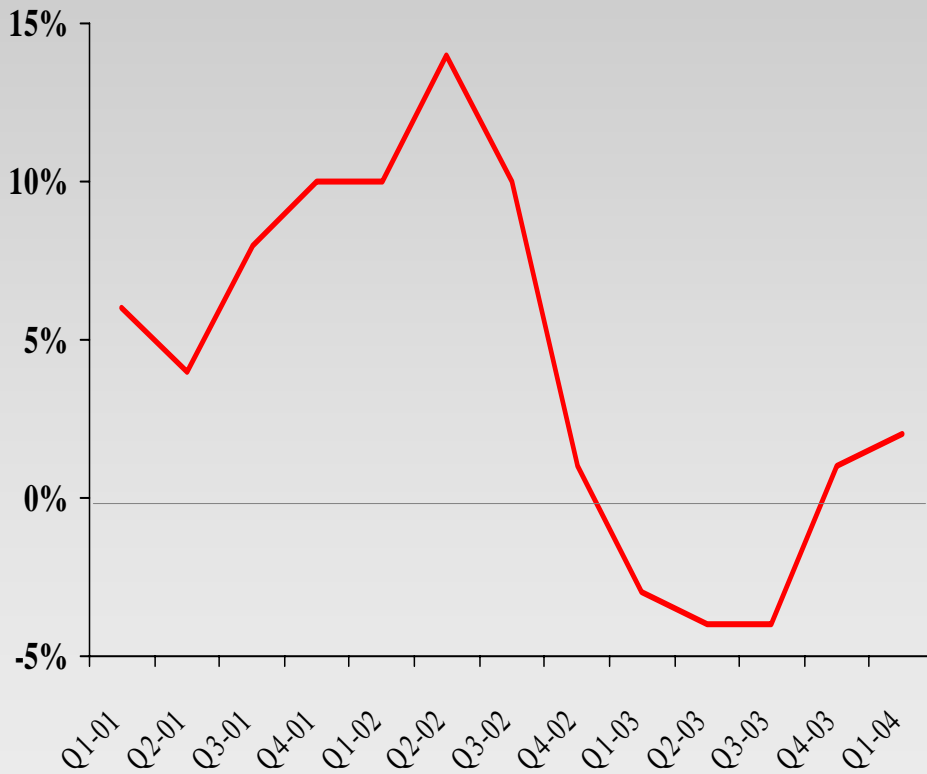
Financial Review

Rolling 12 Months Trend

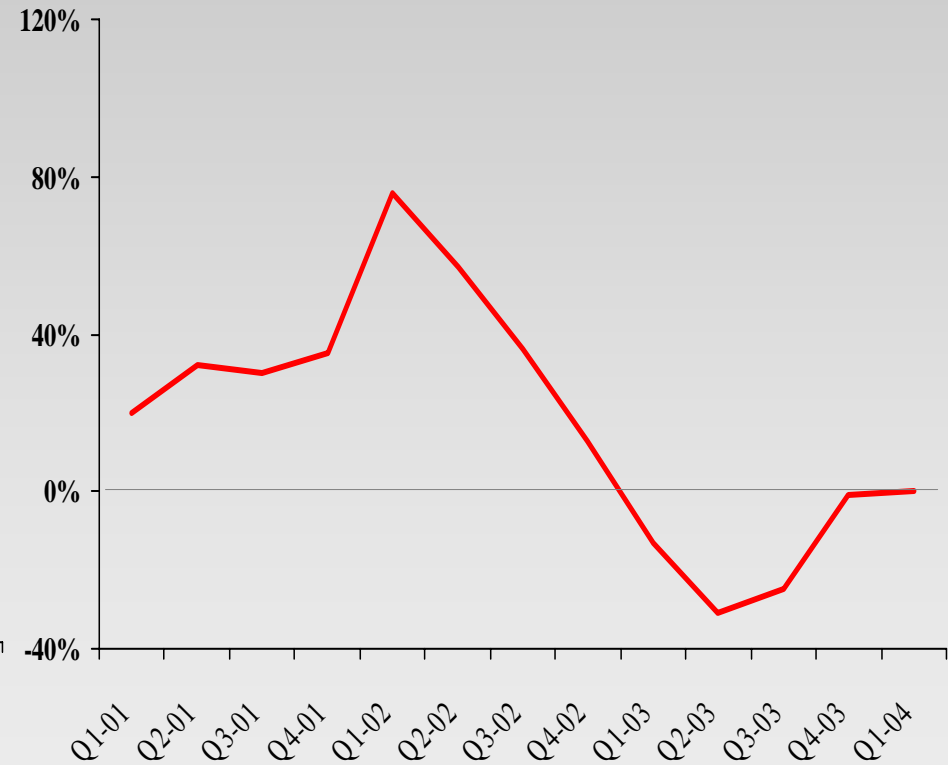


Quarterly Year-on-Year Trends

Organic sales growth, %, 2001-2004



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



Sales and Organic Sales Growth

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

Income Before Taxes and Growth, %

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

SEK/USD exch. rate 1999 - 2004



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	
Operating income before amort. of goodwill	877	901	3,732	4,458	3,855	2,560	1,631	16,236
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	
Cash flow from operating activities	148	317	2,927	5,188	3,304	2,178	1,261	14,858
Cash flow, %	17	35	78	116	86	85	77	92
Net financial items paid	-85	-125	-615	-795	-775	-503	-118	
Income taxes paid	-50	53	-511	-678	-576	-586	-341	
Free cash flow	13	245	1,801	3,715	1,953	1,089	802	9,360
Free cash flow, % of adjusted income	2	43	73	122	80	64	68	86

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

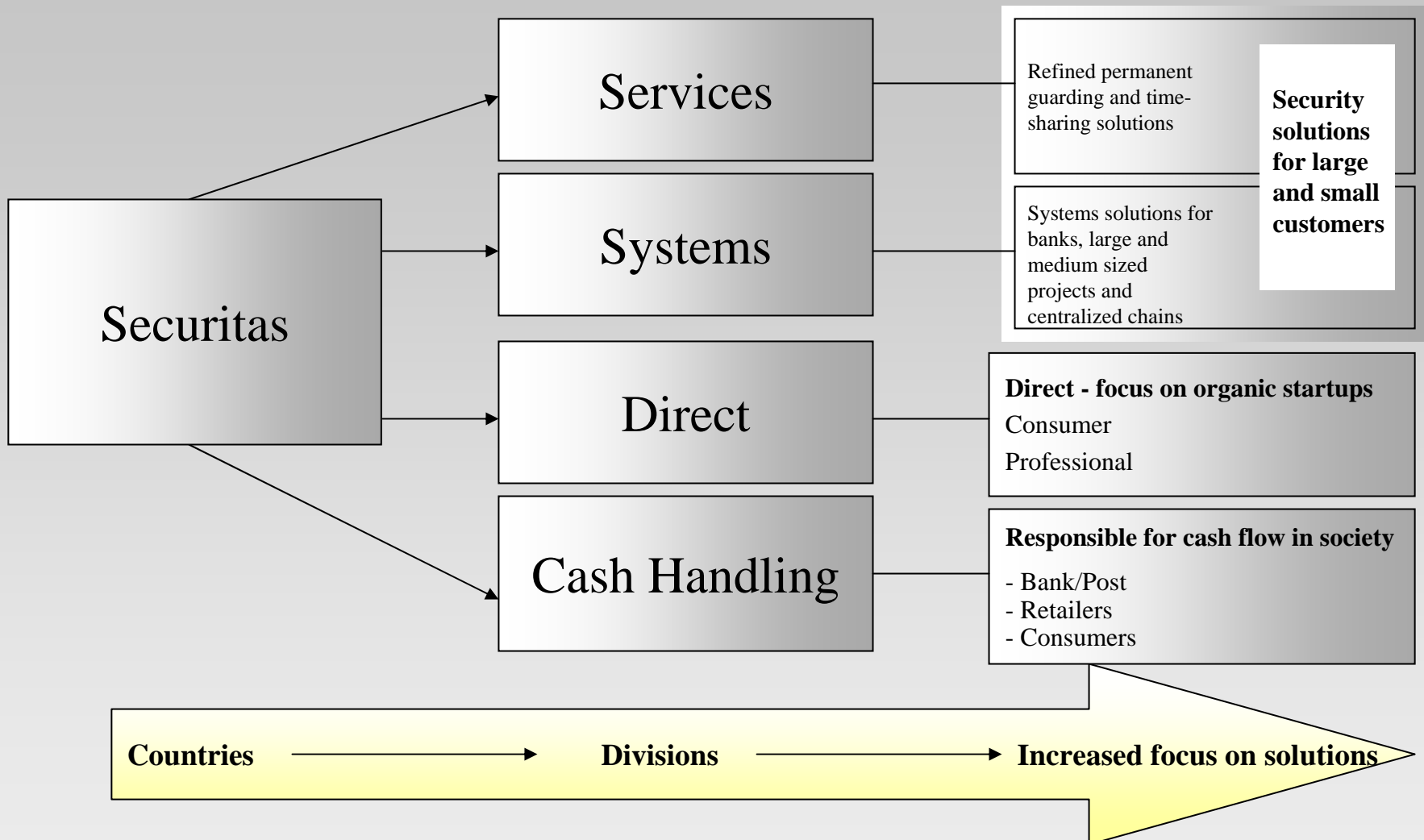
	2004	2003				2002
	Mar	Dec	Sep	Jun	Mar	Dec
Operating capital employed	5,554	5,521	5,723	5,781	5,317	4,891
<i>Operating capital employed as % of sales</i>	<i>9</i>	<i>9</i>	<i>10</i>	<i>10</i>	<i>9</i>	<i>7</i>
Goodwill and shares in associated companies	15,088	14,778	15,352	16,143	16,214	16,672
Capital 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





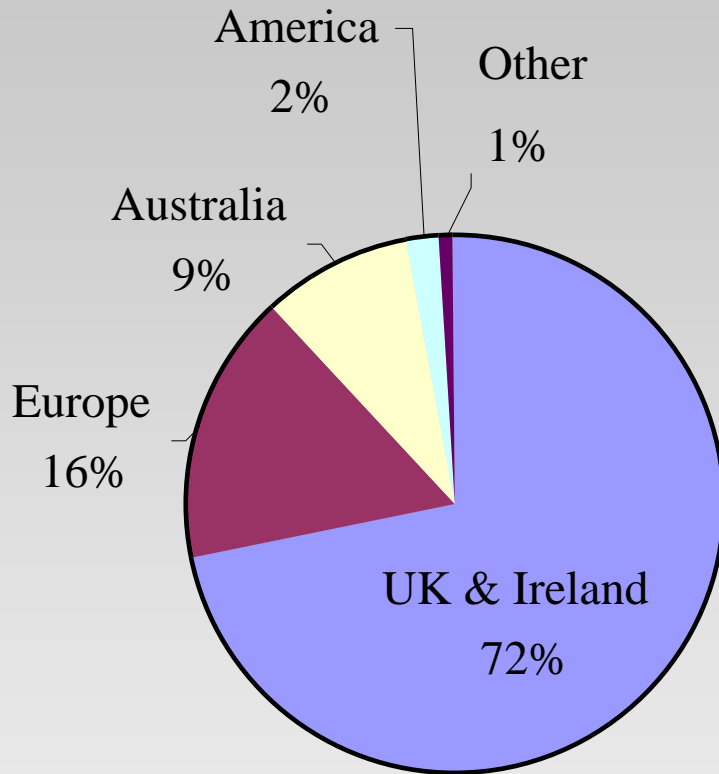
Offer for
Bell Group plc.

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

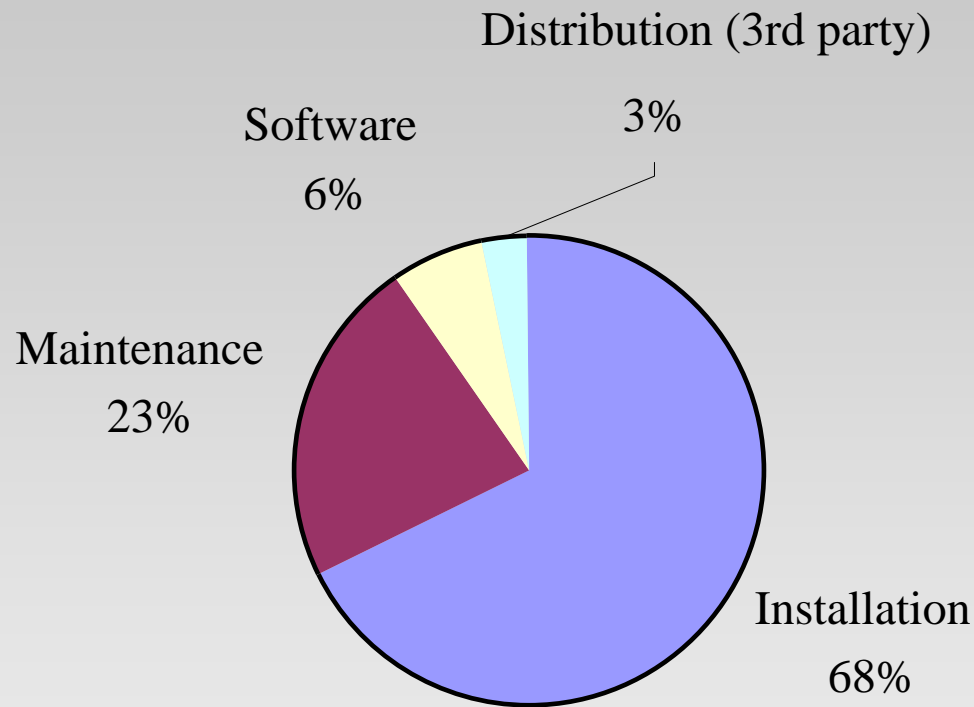


Bell has operations in:

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

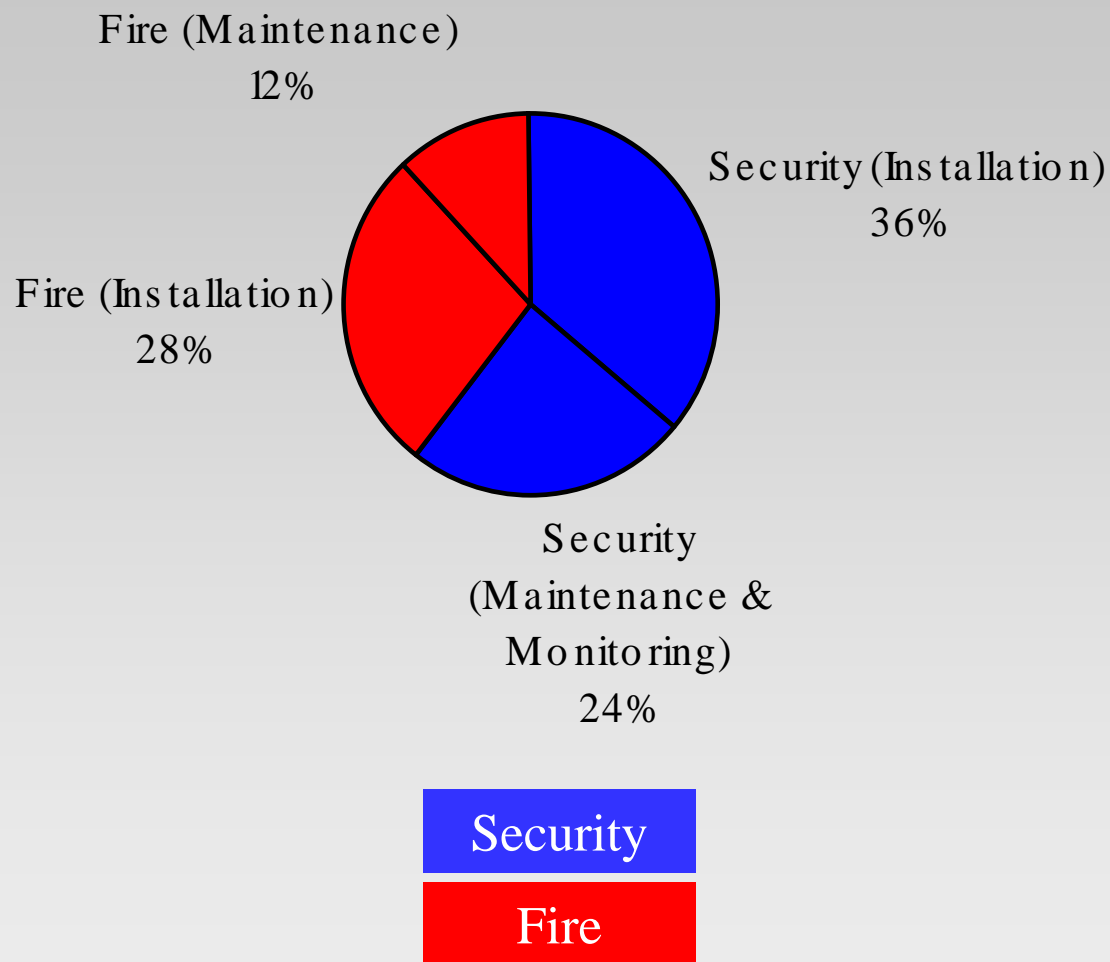
≈ 90% in Securitas' core markets

Bell - Revenue Split by Activity



Significant proportion of recurring business

UK Security Systems Market

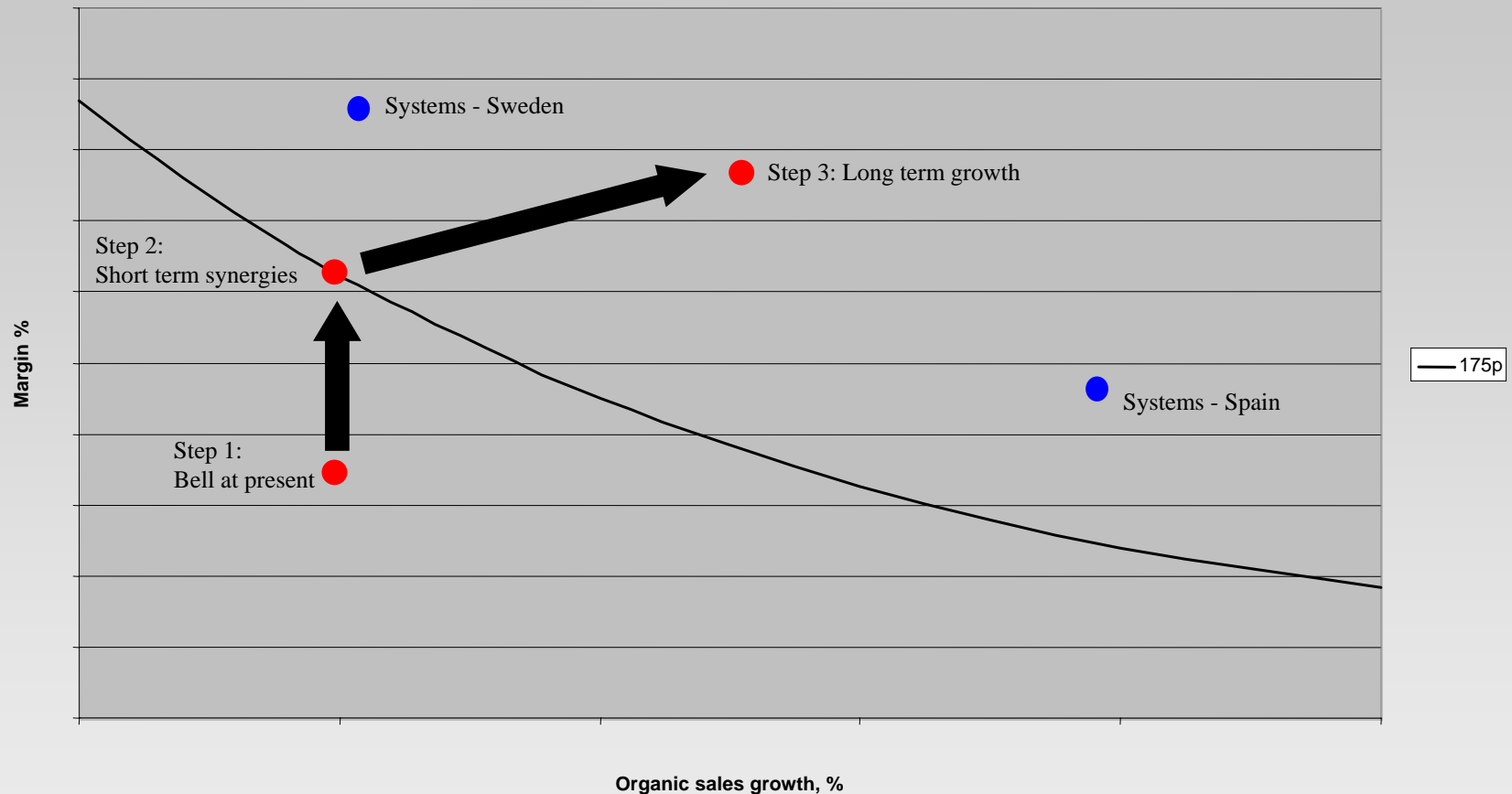


- Total market for electronic security in the UK amounts to 1.6 - 1.8 bln £
- An estimated 5,700 companies operate in the industry
- Major competitors include
 - Chubb
 - Tyco/ADT
 - Rentokil
 - Secom
 - Group4 Falck

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