



Interim Report
January - September 2004

4th November 2004

Stockholm

Agenda

Information meeting

- ❑ Introduction Henrik Brehmer
- ❑ Group Summary Thomas Berglund
- ❑ Divisional Performance Thomas Berglund
- ❑ Financial Review Håkan Winberg
- ❑ The Focus Thomas Berglund
- ❑ Q&A Thomas Berglund
Håkan Winberg
- ❑ Closing Henrik Brehmer



Group Summary

Q3 Highlights

	<u>Q3 - 04</u>	<u>9M - 04</u>	<u>Q3 - 03</u>
❑ Continued sales growth improvement	4%	3%	-4%
❑ Increased operating margin	7.0%	6.5%	6.2%

- ❑ Services Europe speeding up
- ❑ Services USA stabilizing
- ❑ Strong improvement y-on-y in Cash Handling Services

“Our previous forecast for 2004 of an increase in income before taxes of 15- 20 %, adjusted for changes in exchange rates - maintained”

Key Financial Data

MSEK	Q3 - 2004	Q3 - 2003	Total Change %	9M - 2004	9M - 2003	Total Change %
Sales	15,182	14,774	3	44,465	44,174	1
<i>Organic sales growth, %¹</i>	4	-4		3	-4	
Operating income	1,063	912	17	2,887	2,648	9
<i>Real Change, %</i>	20	-14		13	-13	
<i>Operating margin, %</i>	7.0	6.2		6.5	6.0	
Income before taxes	630	475	33	1,627	1,340	21
<i>Real Change, %</i>	35	-25		23	-23	
Free cash flow	512	411	25	1,512	788	92
<i>% of adjusted income</i>	73	72		78	48	
<i>Return on capital employed, %</i>	-	-	-	19	18	-

¹ Adjusted for changes in exchange rates, acquisitions and divestitures

**Recovery in Cash Handling Services drives extra
strong performance in Q3**

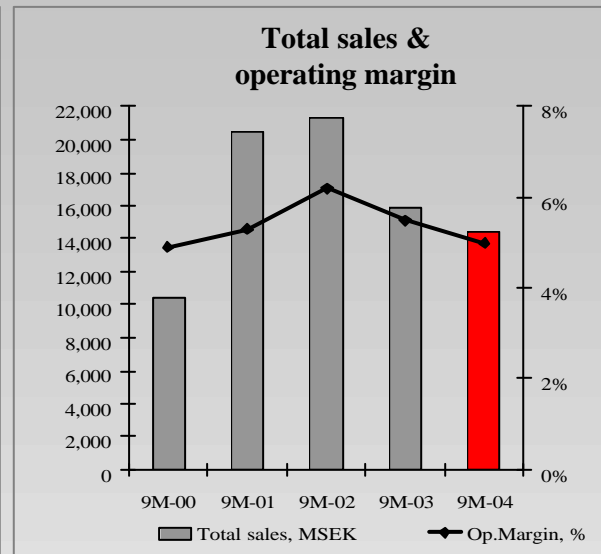


Divisional Performance

Security Services USA

MSEK	Q3 2004	Q3 2003	9M 2004	9M 2003
Total sales	4,839	5,306	14,412	15,883
<i>Organic sales growth, %</i>	-2	-10	-2	-11
Operating income	244	305	727	882
<i>Operating margin, %</i>	5.0	5.7	5.0	5.6
<i>Op. cap employed as % of sales¹</i>	-	-	5	6
<i>Capital employed¹</i>	-	-	7,082	8,068
ROCE, %	-	-	14	16

¹ Calculated after the reversal of the sale of account receivables of MSEK 1,655 (1,724)



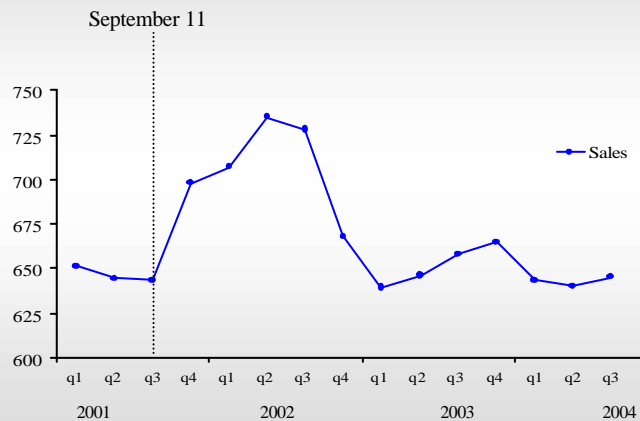
- ❑ Increases in SUI and Medical costs not compensated by price and efficiency - especially some large clients
- ❑ Revenue per day is nearly back to the beginning of the year and increasing - but gross margin continues to be under pressure
- ❑ Organization up to speed - better performance for coming quarters expected

Key Drivers: (annualized)

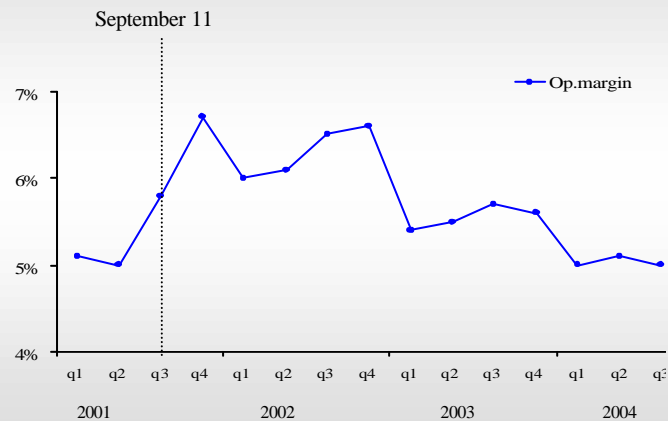
- ❑ Contract portfolio growth 0 %
- ❑ Wages and prices up 1,5 %
- ❑ Client retention 89 % (88)
- ❑ Employee turnover 60 % (65)

Security Services USA

Sales, MUSD



Operating Margin, %



□ Organic sales

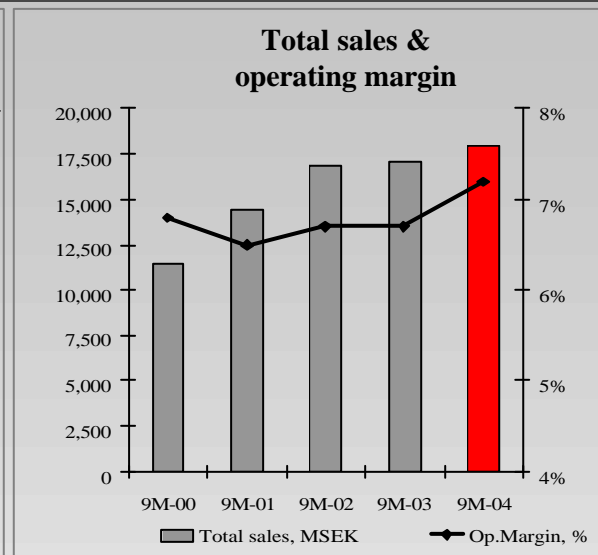
- Stable and slowly picking up
- Positive trend expected to continue in Q4

□ Operating margin

- Stable at a modest level
- Expected to remain stable Q4

Security Services Europe

MSEK	Q3 2004	Q3 2003	9M 2004	9M 2003
Total sales	6,098	5,817	17,933	17,485
<i>Organic sales growth, %</i>	6	1	4	3
Operating income	472	432	1,285	1,216
<i>Operating margin, %</i>	7.7	7.4	7.2	7.0
<i>Op. cap employed as % of sales</i>	-	-	8	11
Capital employed	-	-	6,029	7,109
ROCE, %	-	-	29	24



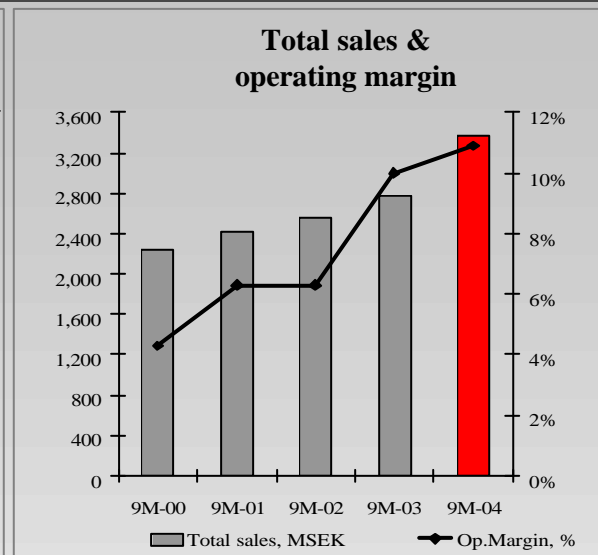
- ❑ Organic sales growth driven by service refinement and a somewhat improved market
- ❑ Margin improvement driven by service refinement and cost control
- ❑ Full year organic sales growth expected to be just below portfolio growth

Key Drivers: (annualized)

- ❑ Contract portfolio growth 5 %
- ❑ Wages and prices up 3 %
- ❑ Client retention above 90 % (90)
- ❑ Employee turnover 35 % (33)

Security Systems

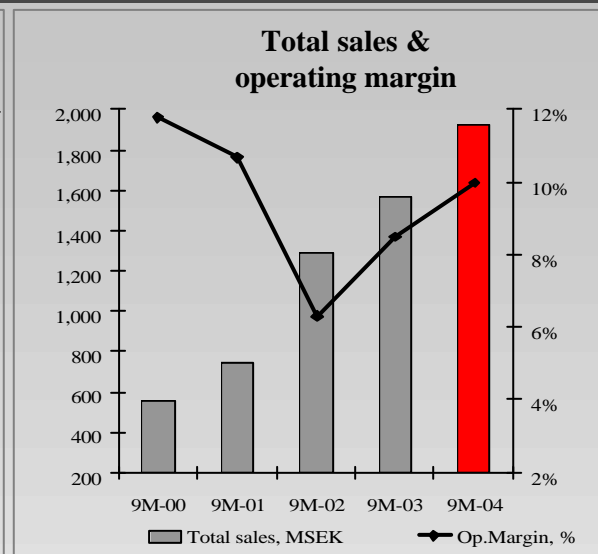
MSEK	Q3 2004	Q3 2003	9M 2004	9M 2003
Total sales	1,232	903	3,376	2,827
<i>Organic sales growth, %</i>	3	6	2	6
Operating income	127	85	368	293
<i>Operating margin, %</i>	10.3	9.4	10.9	10.4
<i>Op. cap employed as % of sales</i>	-	-	14	18
Capital employed	-	-	3,001	1,317
ROCE, %	-	-	17	31



- Overall strong performance
 - Refinement of organization drives margin - 11.6% excl. Bell
 - Acquisitions (Eurotelis & Bell) on track
- Organic sales growth negatively impacted by internal reorganization following the acquisitions

Direct

MSEK	Q3 2004	Q3 2003	9M 2004	9M 2003
Total sales	669	554	1,925	1,600
<i>Organic sales growth, %</i>	22	20	21	19
Operating income	79	60	193	136
<i>Operating margin, %</i>	11.8	10.8	10.0	8.5
<i>Op. cap employed as % of sales</i>	-	-	31	30
Capital employed	-	-	1,302	1,161
ROCE, %	-	-	19	17



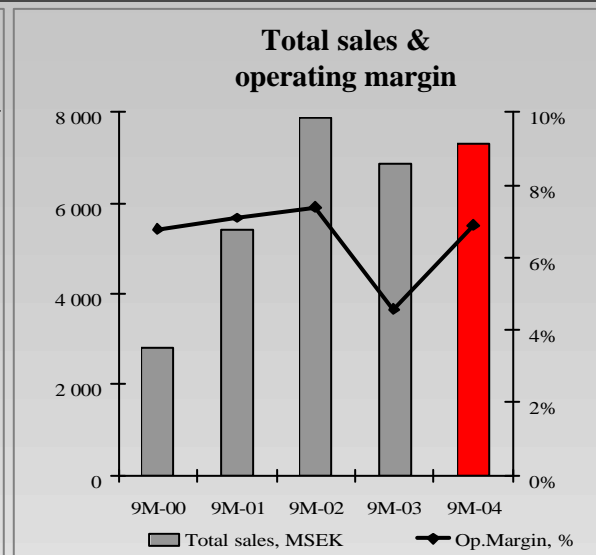
- ❑ New consumer concept developed in all countries - current focus on Sweden, France and the Netherlands - will drive organic sales growth
- ❑ Third party monitoring drives margin improvement

Key Drivers:

- ❑ 109,681 new alarms installed in traditional Direct - sales speed increased 32%
- ❑ Portfolio growth in traditional Direct 28% to 523,525 connected alarms

Cash Handling Services

MSEK	Q3 2004	Q3 2003	9M 2004	9M 2003
Total sales	2,510	2,357	7,324	6,896
<i>Organic sales growth, %</i>	6	-1	4	-5
Operating income	218	119	503	319
<i>Operating margin, %</i>	8.7	5.0	6.9	4.6
<i>Op. cap employed as % of sales</i>	-	-	27	25
Capital employed	-	-	5,157	5,119
ROCE, %	-	-	14	11

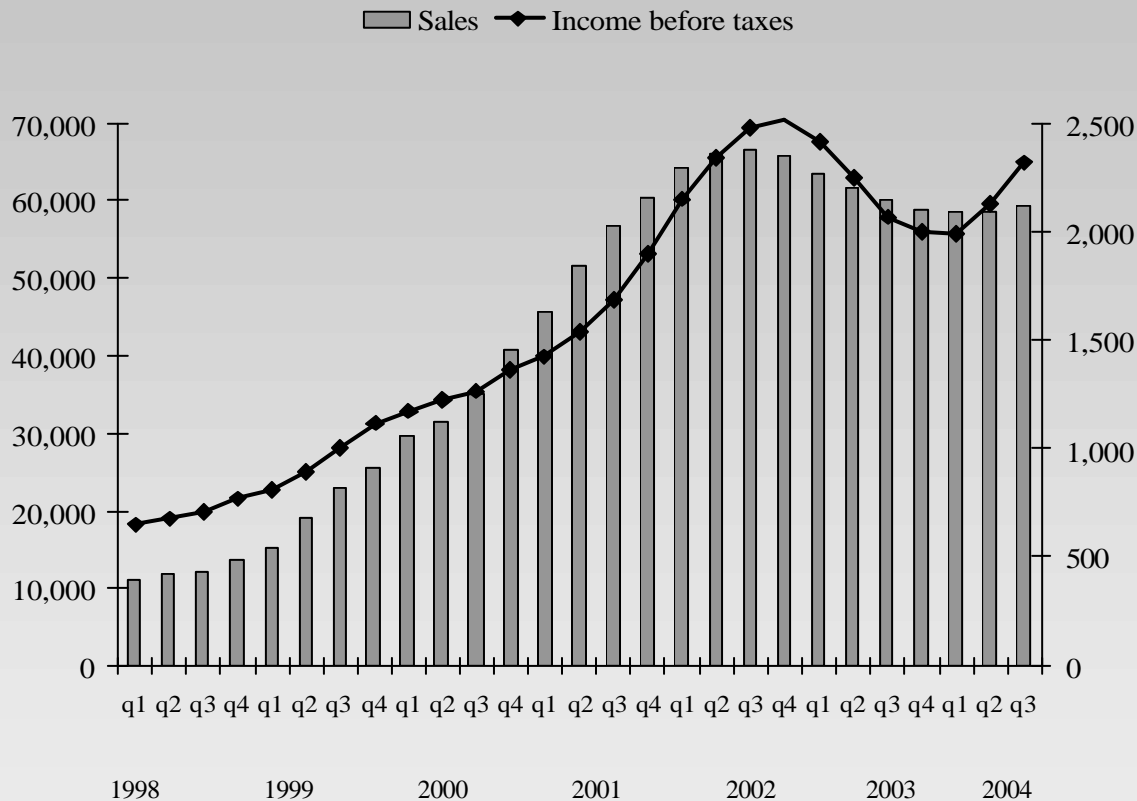


- ❑ Organic sales growth and operating margin back on track
- ❑ Successful bid for Valiance establishes Securitas as a market leader in France - consolidated from October 16, 2004



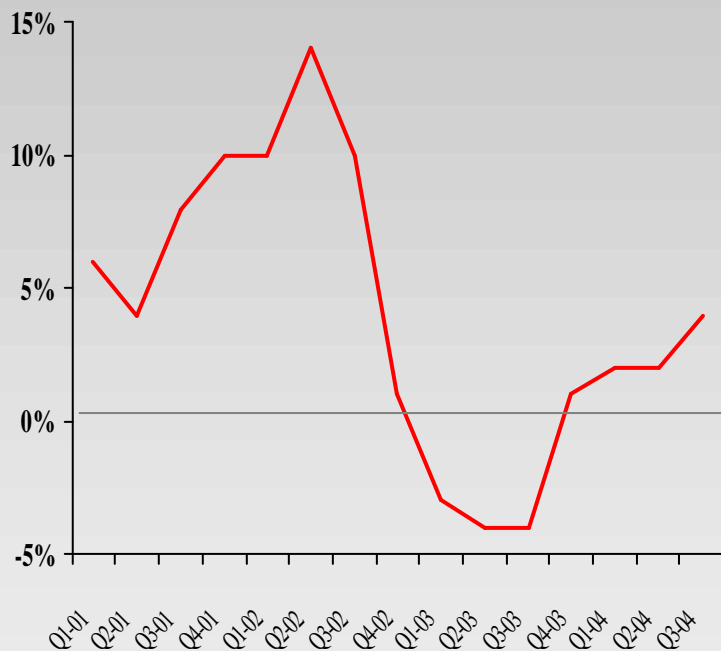
Financial Review

Rolling 12 Months Trend

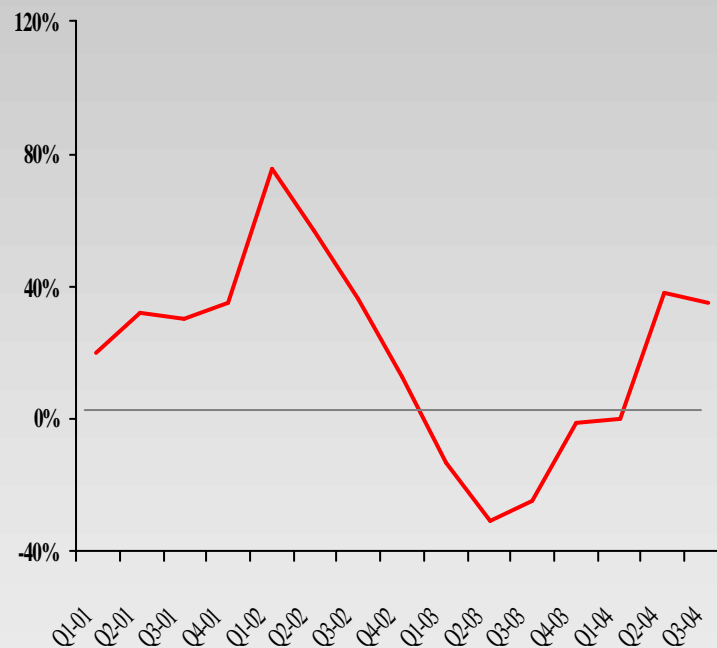


Quarterly Year-on-Year Trends

Organic sales growth, %, 2001-2004



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



Income

MSEK	Q3 - 2004 Jul-Sept	Q3 - 2003 Jul-Sept	9M - 2004 Jan-Sept	9M - 2003 Jan-Sept	FY - 2003 Jan-Dec	FY - 2002 Jan-Dec
Total Sales	15,182.1	14,773.7	44,464.6	44,173.9	58,850.3	65,685.3
<i>Organic sales growth, %</i>	<i>4</i>	<i>-4</i>	<i>3</i>	<i>-4</i>	<i>-3</i>	<i>8</i>
Operating income	1,062.9	911.9	2,886.6	2,647.8	3,732.0	4,458.4
<i>Real Change, %</i>	<i>20</i>	<i>-14</i>	<i>13</i>	<i>-13</i>	<i>-9</i>	<i>20</i>
<i>Operating margin, %</i>	<i>7.0</i>	<i>6.2</i>	<i>6.5</i>	<i>6.0</i>	<i>6.3</i>	<i>6.8</i>
Net financial items	-132.2	-148.6	-393.8	-459.8	-596.8	-782.3
Operating income after financial items	930.7	763.3	2,492.8	2,188.0	3,135.2	3,676.1
<i>Real Change, %</i>	<i>24</i>	<i>-15</i>	<i>17</i>	<i>-13</i>	<i>-9</i>	<i>29</i>
Amortization of goodwill	-301.1	-288.8	-865.5	-848.4	-1,137.0	-1,164.5
Income before taxes	629.6	474.5	1,627.3	1,339.6	1,998.2	2,511.6
<i>Real Change, %</i>	<i>35</i>	<i>-25</i>	<i>23</i>	<i>-23</i>	<i>-17</i>	<i>38</i>
Current taxes	-229.9	-192.8	-559.5	-529.1	-675.2	-620.8
Deferred taxes	-6.3	13.1	-50.8	22.7	-78.9	-376.2
Minority share in net income	-0.1	-0.7	-0.4	-1.0	-1.8	-28.8
<i>Full tax rate, %</i>					<i>37.7</i>	<i>39.7</i>
Net income for the period	393.3	294.1	1,016.6	832.2	1,242.3	1,485.8
Net income excluding goodwill	694.4	582.9	1,882.1	1,680.6	2,379.3	2,650.3
EPS before goodwill	1.86	1.57	5.06	4.55	6.43	7.23
EPS after goodwill	1.07	0.81	2.78	2.33	3.45	4.14

SEK/USD exch. rate 1999 - 2004



2003 PBT adjusted for current exchange rates is MSEK 1,970
 - forecast +15% (MSEK 2,265) to +20% (MSEK 2,364)

Cash Flow

Operating cash flow MSEK	Q3 - 2004 Jul-Sept	Q3 - 2003 Jul-Sept	9M - 2004 Jan-Sept	9M - 2003 Jan-Sept	FY - 2003 Jan-Dec	FY - 2002 Jan-Dec
Operating activities						
Op. income before amortization of goodwill	1,062.9	911.9	2,886.6	2,647.8	3,732.0	4,458.4
Investments in fixed assets	-395.9	-427.4	-1,259.6	-1,317.1	-1,718.6	-1,746.1
Depreciation (excl. amortization of goodwill)	413.9	393.7	1,203.1	1,153.7	1,564.1	1,493.5
Change in accounts receivable	-186.9	-223.4	-166.2	-358.4	-368.1	808.6
Changes in other operating capital employed	-37.8	97.5	-429.4	-540.5	-282.2	173.8
Cash flow from operating activities	856.2	752.3	2,234.5	1,585.5	2,927.2	5,188.2
Cash flow from operating activities %	81	82	77	60	78	116
Net financial items paid	-199.2	-221.2	-390.9	-465.9	-615.0	-794.6
Income taxes paid	-144.9	-120.4	-331.9	-331.6	-510.9	-678.2
Free cash flow	512.1	410.7	1,511.7	788.0	1,801.3	3,715.4
Free cash flow, %	73	72	78	48	73	122
Cash flow from investing activities, acquisitions	-17.4	-75.1	-1,877.4	-1,282.1	-1,307.8	-1,709.7
Cash flow from financing activities, dividend	-	-	-730.1	-730.1	-730.1	-542.0
Cash flow from financing activities, other	467.6	435.9	177.9	1,764.4	2,302.4	571.5
Cash flow for the period	962.3	771.5	-917.9	540.2	2,065.8	2,035.2

Capital Employed and Financing

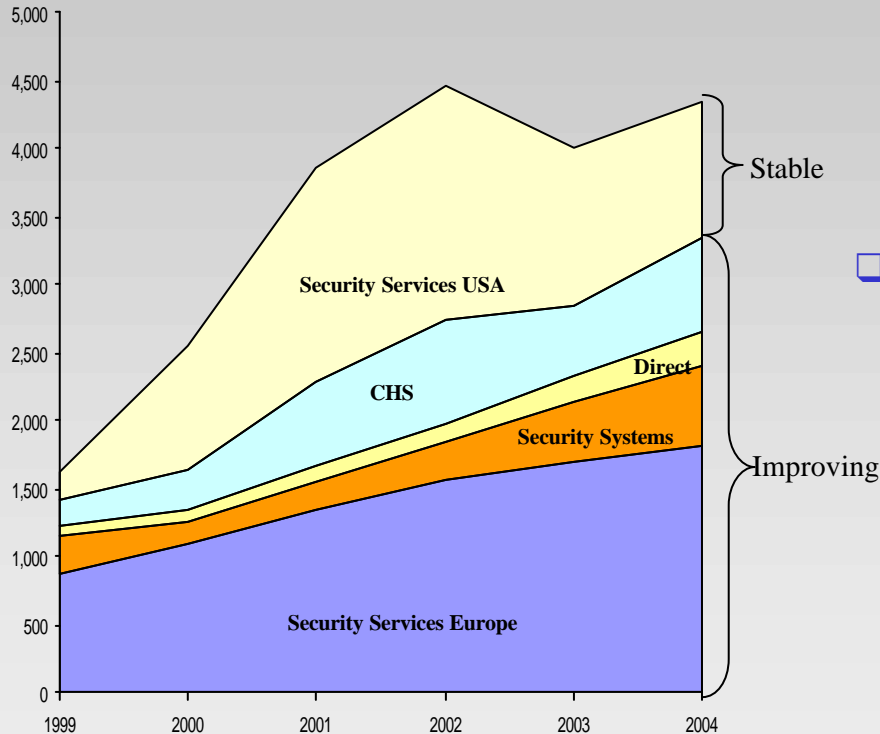
MSEK	2004		2003		2002	
	Sep 30	Jun 30	Dec 31	Sep 30	Jun 30	Dec 31
Operating capital employed	5,565.5	5,381.9	5,521.4	5,722.9	5,780.6	4,890.9
<i>Return on op. cap. employed, %</i>	72	70	72	72	76	83
<i>Op. cap. employed as % of sales</i>	9	9	9	10	10	7
Goodwill	15,633.2	16,203.8	14,777.8	15,351.7	16,143.3	16,672.2
Capital employed	21,198.7	21,585.7	20,299.2	21,074.6	21,923.9	21,563.1
<i>Return on capital employed, %</i>	19	18	18	18	19	21
Net debt	-10,184.0	-10,795.0	-9,082.5	-10,094.4	-10,801.3	-9,886.8
Minority interest	16.4	12.6	15.6	14.8	14.4	13.2
Shareholders' equity	10,998.3	10,778.1	11,201.1	10,965.4	11,108.2	11,663.1
<i>Net debt equity ratio/multiple</i>	0.93	1.00	0.81	0.92	0.97	0.85



The Focus

The Focus

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

Full year forecast 2004 maintained:
15-20 % increase in PBT



Integrity Vigilance Helpfulness