



Interim Report  
January - March 2005

3<sup>rd</sup> May 2005

Stockholm

# Agenda

## Information meeting

□ Introduction

*Henrik Brehmer*

□ Group Summary

*Thomas Berglund*

□ Divisional Performance

*Thomas Berglund*

□ Financial Review

*Håkan Winberg*

□ Outlook

*Thomas Berglund*

□ Q&A

*Thomas Berglund*

*Håkan Winberg*

□ Closing

*Henrik Brehmer*

# One more step – organizational development

- ❑ Services Europe – customer focused organization
  - Four units for Large Customers
  - Small Customers
  - Aviation
  - 3rd party monitoring
- ❑ Direct focused on Consumer and Professional –  
3rd party monitoring to Services Europe
- ❑ Services USA now includes Canada and Mexico

All comparables adjusted



# Group Summary

# 2005 – First Quarter Highlights

<u>Group</u>	<u>Q1 - 05</u>	<u>Q1 - 04</u>
❑ Organic sales growth improvement	4%	2%
❑ Increased operating margin	6.2%	6.1%

## Divisions

- ❑ Organic sales growth and operating margins continue to increase in Security Services Europe
- ❑ Security Systems increases organic sales growth to 5%
- ❑ Cash Handling Services on track with margin improvement but slow organic sales growth
- ❑ Continued strong organic sales growth in Direct
- ❑ Security Services USA – at turning point

# Key Financial Data

<b>MSEK</b>	<b>Q1 - 2005</b>	<b>Q1 – 2004 <sup>2</sup></b>	<b>Total Change %</b>
Sales	15,195	14,453	5
<i>Organic sales growth, % <sup>1</sup></i>	4	2	
Operating income	937	885	6
<i>Real Change, %</i>	8	3	
<i>Operating margin, %</i>	6.2	6.1	
Income before taxes	818	724	13
<i>Real Change, %</i>	16	0	
Net income	606	551	10
Earnings per share after full taxes, SEK	1.63	1.49	9
Free cash flow	266	13	
<i>% of adjusted income</i>	43	2	
<i>Return on capital employed, %</i>	17	16	

<sup>1</sup> Adjusted for changes in exchange rates, acquisitions and divestitures

<sup>2</sup> Adjusted for changes in accounting principles according to IFRS



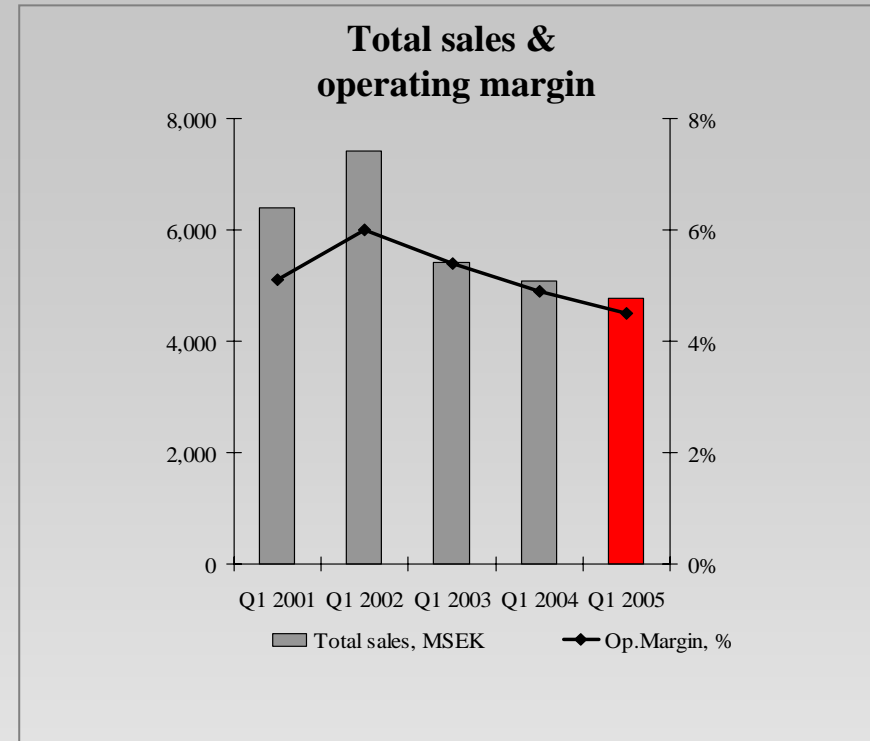
# Divisional Performance

# Security Services USA

MSEK	Q1 <sup>1</sup> 2005	Q1 <sup>1</sup> 2004
<b>Total sales</b>	<b>4,774</b>	<b>5,073</b>
<i>Organic sales growth, %</i>	0	0
<b>Operating income</b>	<b>217</b>	<b>249</b>
<i>Operating margin, %</i>	4.5	4.9
<i>Real change, %</i>	-7	-9
<b>Operating capital employed</b>	<b>1,016</b>	<b>1,158</b>
<i>Op. cap employed as % of sales</i>	5	6
<b>Total capital employed</b>	<b>7,279</b>	<b>7,987</b>
<i>ROCE, %<sup>2</sup></i>	13	14

<sup>1</sup> Adjusted to include the transfer of Canada and Mexico

<sup>2</sup> Return on capital employed is based on 12 months operating income, which for 2004 is not adjusted for IFRS or structural changes since 2003 has not been restated for either IFRS or structural changes



- ❑ Stable and growing portfolio
- ❑ Organic sales growth starting to catch up with market
- ❑ Operating margin still under pressure but improving

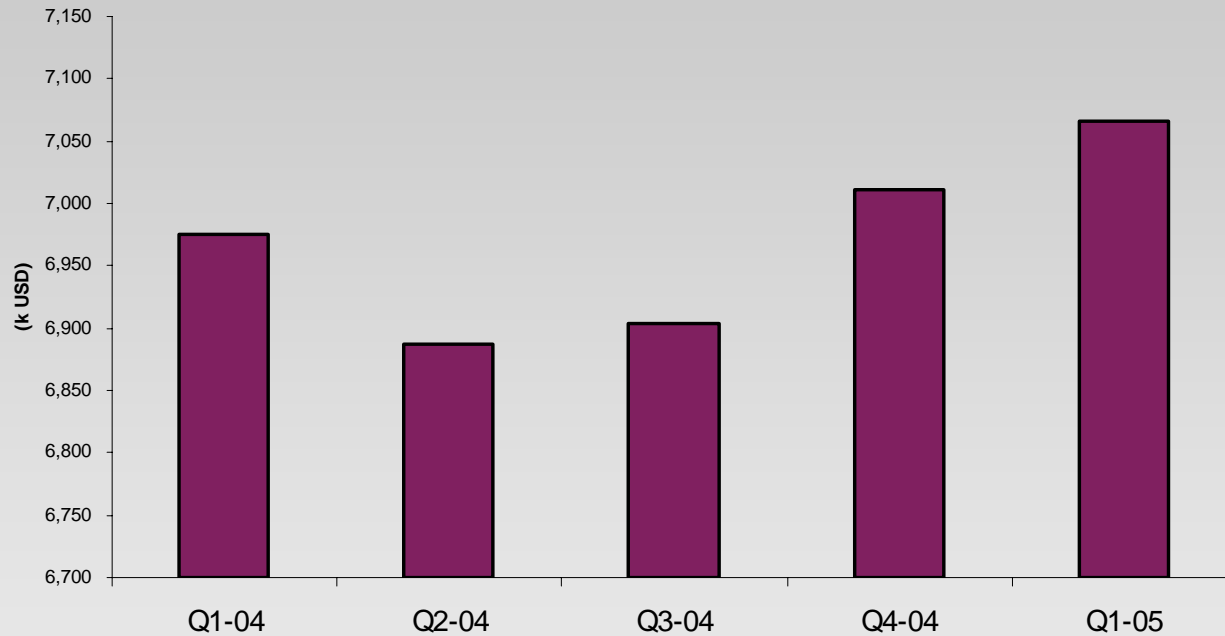
## Key Drivers: (annualized)

- ❑ Contract portfolio growth 4 %
- ❑ Wages up 1,5% and prices 2 %
- ❑ Client retention > 90%
- ❑ Employee turnover 60 %



# Security Services USA – Sales per day

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



Organic sales growth expected to increase

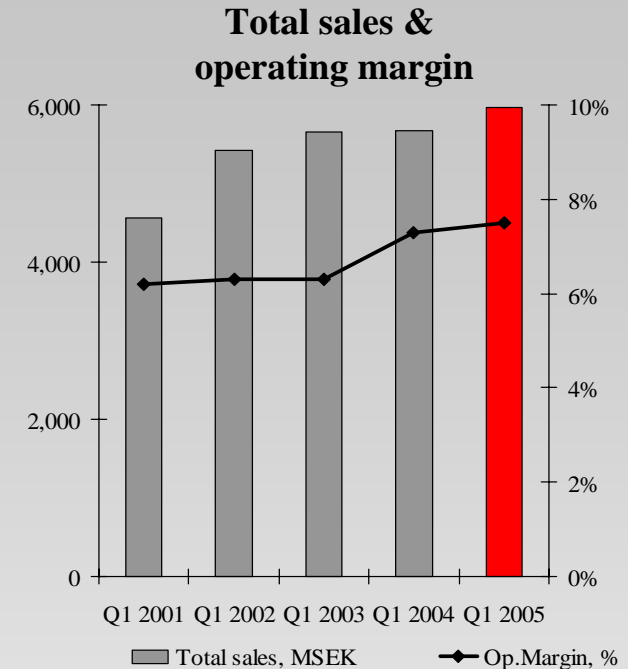
# Security Services Europe

MSEK	Q1 <sup>1</sup> 2005	Q1 <sup>1</sup> 2004
<b>Total sales</b>	<b>5,968</b>	<b>5,671</b>
<i>Organic sales growth, %</i>	5	3
<b>Operating income</b>	<b>449</b>	<b>415</b>
<i>Operating margin, %</i>	7.5	7.3
<i>Real change, %</i>	8	10
<b>Operating capital employed</b>	<b>1,610</b>	<b>1,568</b>
<i>Op. cap employed as % of sales<sup>2</sup></i>	7	7
<b>Total capital employed</b>	<b>7,210</b>	<b>6,736</b>
<i>ROCE, %<sup>3</sup></i>	26	26

<sup>1</sup> Adjusted to excl. Canada and Mexico and to incl. third party monitoring

<sup>2</sup> Adjusted for the full year sales of acquired entities

<sup>3</sup> Return on capital employed is based on 12 months operating income, which for 2004 is not adjusted for IFRS or structural changes since 2003 has not been restated for either IFRS or structural changes



- ❑ New customer segment focused organization
- ❑ Organic sales growth increasing
- ❑ Positioned for further operating margin increase

## Key Drivers: (annualized)

- ❑ Contract portfolio growth 5 %
- ❑ Wages and prices up 2 %
- ❑ Client retention > 90 %
- ❑ Employee turnover 30 %

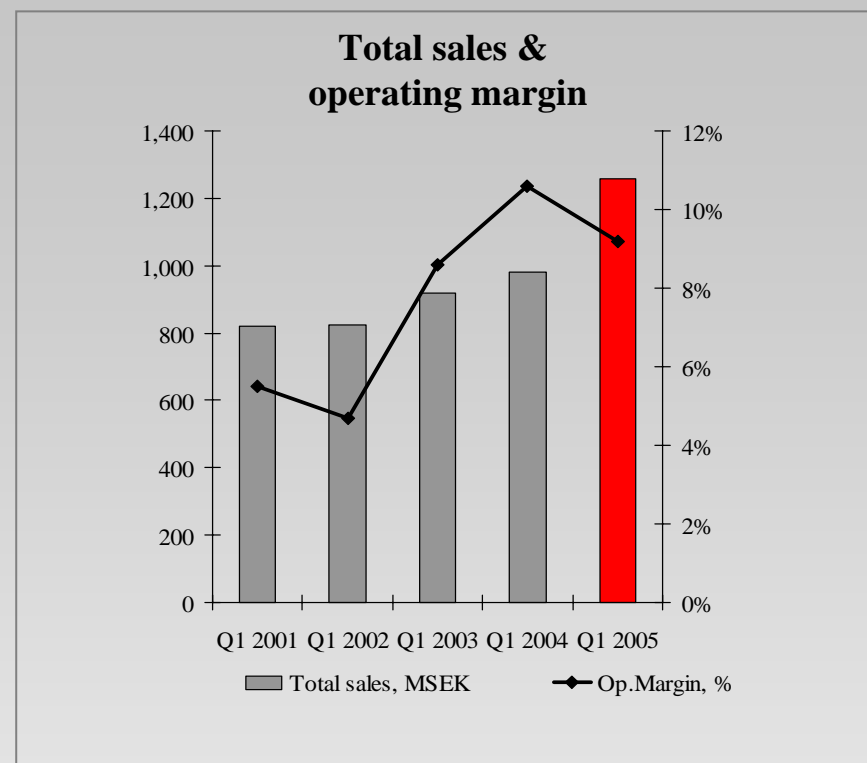
# Security Systems

MSEK	Q1 <sup>1</sup> 2005	Q1 <sup>1</sup> 2004
<b>Total sales</b>	<b>1,258</b>	<b>982</b>
<i>Organic sales growth, %</i>	5	3
<b>Operating income</b>	<b>116</b>	<b>104</b>
<i>Operating margin, %</i>	9.2	10.6
<i>Real change, %</i>	11	19
<b>Operating capital employed</b>	<b>588</b>	<b>442</b>
<i>Op. cap employed as % of sales<sup>2</sup></i>	10	10
<b>Total capital employed</b>	<b>2,861</b>	<b>1,221</b>
<i>ROCE, %<sup>3</sup></i>	20	35

<sup>1</sup> Adjusted to exclude third party monitoring

<sup>2</sup> Adjusted for the full year sales of acquired entities

<sup>3</sup> Return on capital employed is based on 12 months operating income, which for 2004 is not adjusted for IFRS or structural changes since 2003 has not been restated for either IFRS or structural changes

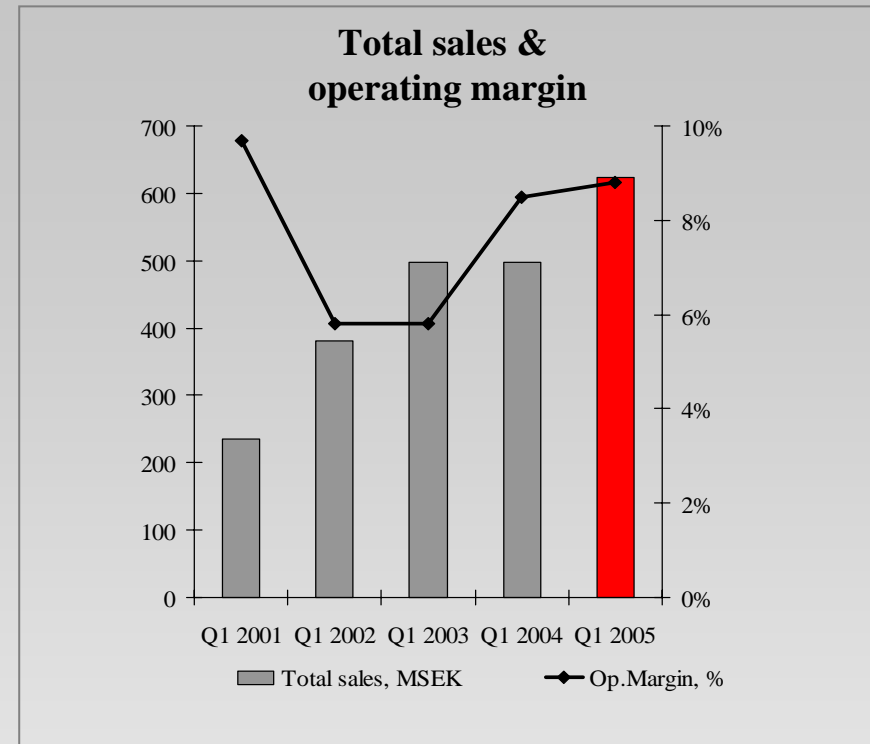


- ❑ Increased order intake will drive organic sales growth
- ❑ Strong performance in the USA
- ❑ Bell and Eurotelis on track
- ❑ Operating margin set to recover – temporarily impacted by lower operating margins in Bell and Eurotelis

MSEK	Q1 <sup>1</sup> 2005	Q1 <sup>1</sup> 2004
<b>Total sales</b>	<b>623</b>	<b>497</b>
<i>Organic sales growth, %</i>	25	27
<b>Operating income</b>	<b>55</b>	<b>42</b>
<i>Operating margin, %</i>	8.8	8.5
<i>Real change, %</i>	34	72
<b>Operating capital employed</b>	<b>929</b>	<b>742</b>
<i>Op. cap employed as % of sales</i>	33	28
<b>Total capital employed</b>	<b>1,026</b>	<b>783</b>
<i>ROCE, %<sup>2</sup></i>	21	24

<sup>1</sup> Adjusted to exclude third party monitoring

<sup>2</sup> Return on capital employed is based on 12 months operating income, which for 2004 is not adjusted for IFRS or structural changes since 2003 has not been restated for either IFRS or structural changes



- ❑ Focus on the core – third party monitoring transferred to Security Services Europe
- ❑ Continued strong new sales and organic sales growth
- ❑ Operating margin stable at 9 percent

### Key Drivers:

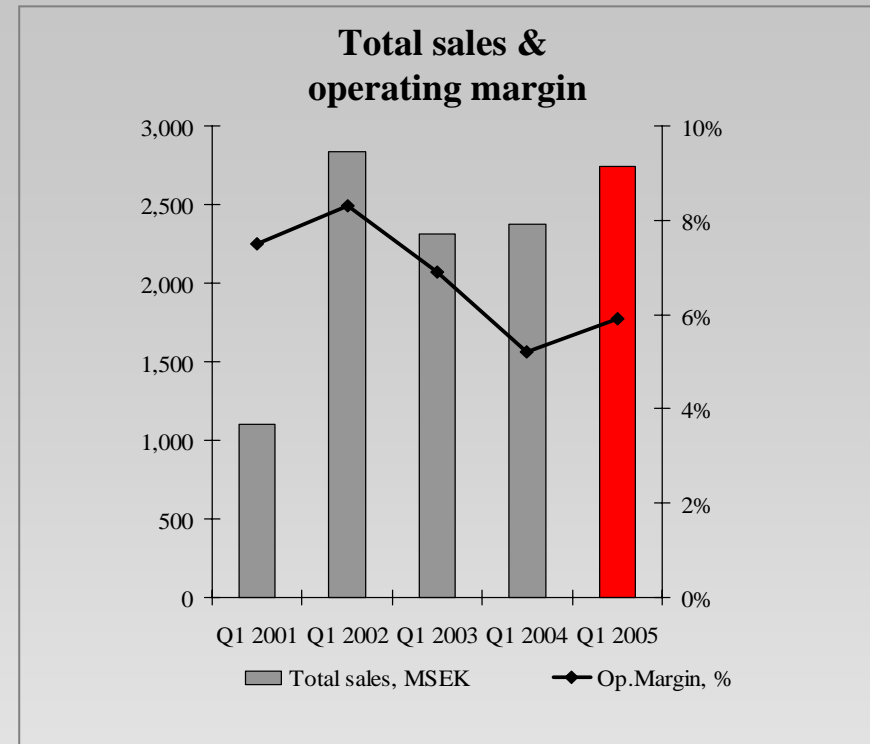
- ❑ 39,230 new alarms installed - sales speed increase 15%
- ❑ Portfolio growth 27% to 587,125 monitored alarms

# Cash Handling Services

MSEK	Q1 2005	Q1 2004
<b>Total sales</b>	<b>2,740</b>	<b>2,376</b>
<i>Organic sales growth, %</i>	3	2
<b>Operating income</b>	<b>162</b>	<b>123</b>
<i>Operating margin, %</i>	5.9	5.2
<i>Real change, %</i>	37	-14
<b>Operating capital employed</b>	<b>2,991</b>	<b>2,757</b>
<i>Op. cap employed as % of sales <sup>1</sup></i>	26	28
<b>Total capital employed</b>	<b>5,748</b>	<b>5,480</b>
<i>ROCE, % <sup>2</sup></i>	13	9

<sup>1</sup> Adjusted for the full year sales of acquired entities

<sup>2</sup> Return on capital employed is based on 12 months operating income, which for 2004 is not adjusted for IFRS or structural changes since 2003 has not been restated for either IFRS or structural changes

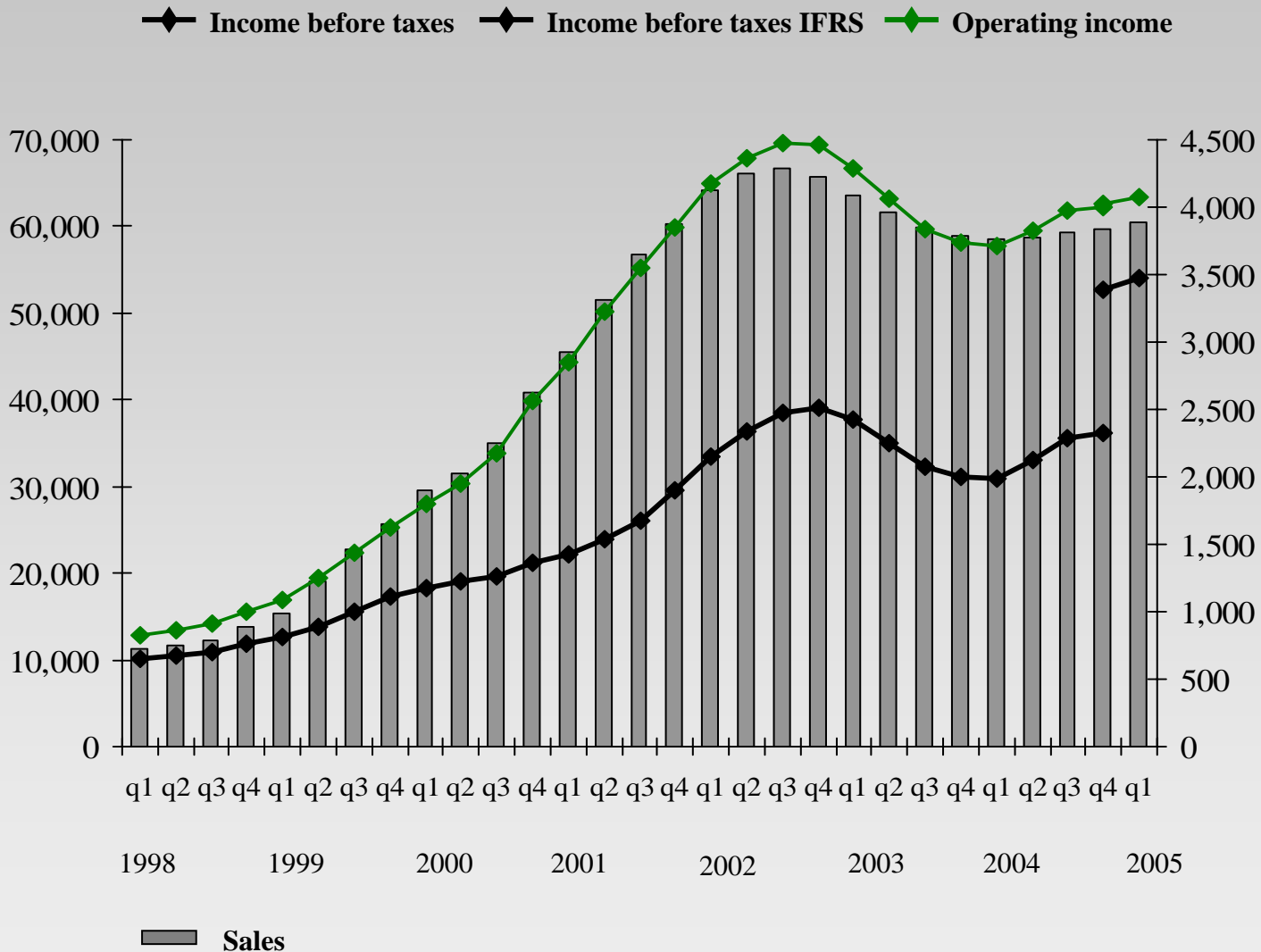


- ❑ Organic sales growth slightly higher – but new sales a challenge especially in the USA
- ❑ Continued operating margin improvement expected for the rest of the year
- ❑ Valiance in France will come close to the divisional performance for the rest of the year



# Financial Review

# Rolling 12 Months Trend



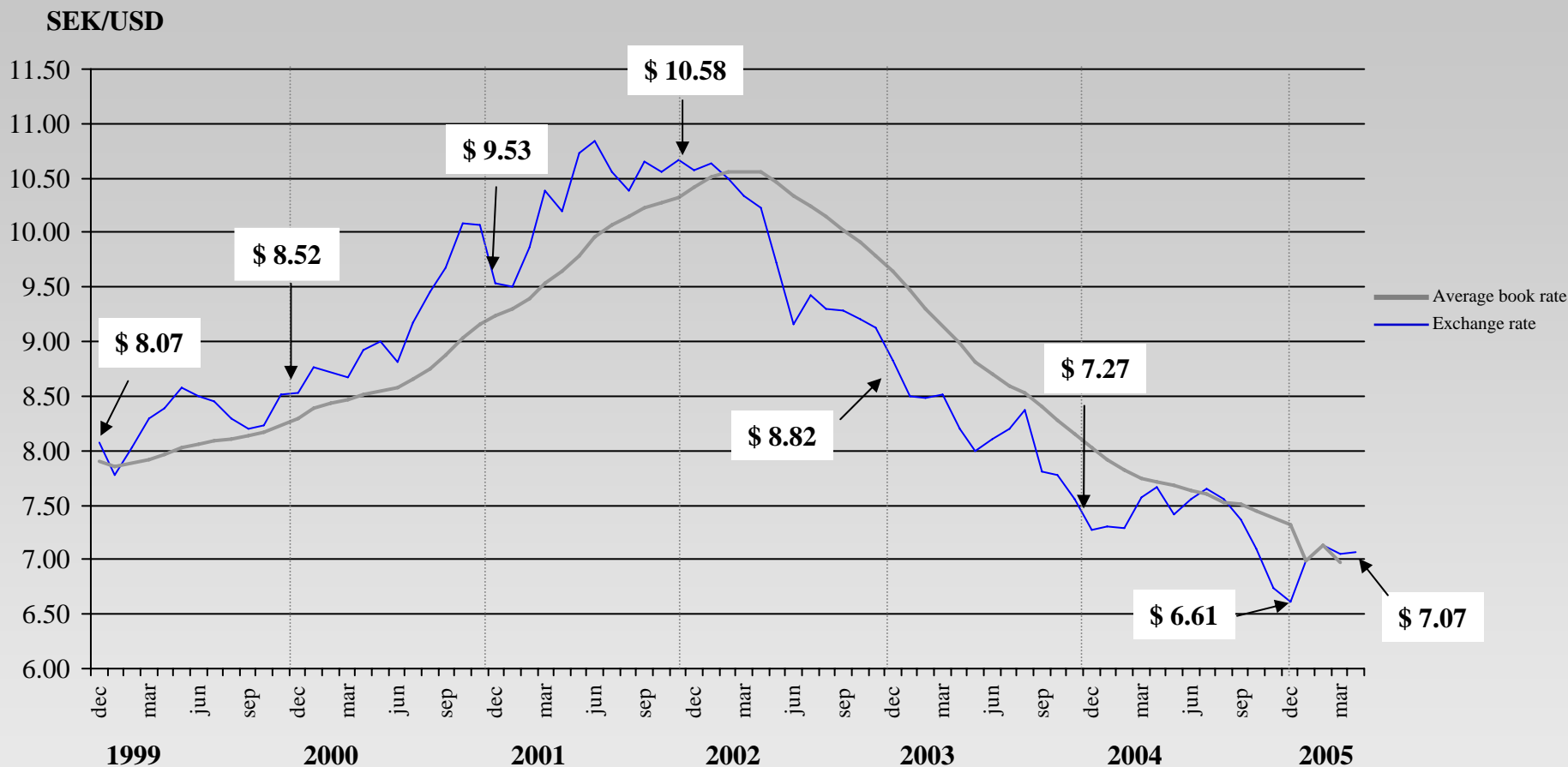
# Income

MSEK	Jan-Mar 2005	Jan-Mar 2004 <sup>1</sup>	Jan-Dec 2004 <sup>1</sup>
<b>Total Sales</b>	<b>15,195.3</b>	<b>14,452.9</b>	<b>59,686.6</b>
<i>Organic sales growth, %</i>	<i>4</i>	<i>2</i>	<i>3</i>
<b>Operating income before amortization</b>	<b>937.4</b>	<b>884.9</b>	<b>4,026.4</b>
<i>Real Change, %</i>	<i>8</i>	<i>3</i>	<i>10</i>
<i>Operating margin, %</i>	<i>6.2</i>	<i>6.1</i>	<i>6.7</i>
Amortization of acquisition related intangibles	-30.0	-23.6	-99.6
Acquisition related restructuring costs	-4.1	-3.6	-26.5
<b>Operating income after amortization</b>	<b>903.3</b>	<b>857.7</b>	<b>3,900.3</b>
Net financial items	-122.3	-134.2	-516.6
Revaluation of financial instruments	36.7	-	-
<b>Income before taxes</b>	<b>817.7</b>	<b>723.5</b>	<b>3,383.7</b>
<i>Real Change, %</i>	<i>16</i>	<i>0</i>	<i>18</i>
Current taxes	-194.4	-158.3	-795.0
Deferred taxes	-17.8	-14.4	-60.2
<b>Net income for the period</b>	<b>605.5</b>	<b>550.8</b>	<b>2,528.5</b>
<b>Earnings per share after full taxes</b>	<b>1.63</b>	<b>1.49</b>	<b>6.79</b>

<sup>1</sup> Adjusted for changes in accounting principles according to IFRS



# SEK/USD exch. rate 1999 - 2004



Average SEK/USD exch. rate Q1 was 6.98 (7.43). 1 öre means 1,4 MSEK for the full year income before taxes forecast

# Cash Flow

<b>Operating cash flow MSEK</b>	<b>Jan-Mar 2005</b>	<b>Jan-Mar 2004</b>	<b>Jan-Dec 2004</b>
<b>Operating activities</b>			
Op. income before amortization	937.4	884.9	4,026.4
Investments in fixed assets	-467.3	-418.2	-1,969.9
Depreciation	469.8	382.2	1,613.0
Change in accounts receivable	-1.3	-76.0	-485.1
Changes in other operating capital employed	-488.5	-624.6	445.6
<b>Cash flow from operating activities</b>	<b>450.1</b>	<b>148.3</b>	<b>3,630.0</b>
<b><i>Cash flow from operations, %</i></b>	<b>48</b>	<b>17</b>	<b>90</b>
Net financial items paid	-72.4	-84.7	-518.4
Income taxes paid	-112.1	-50.5	-581.5
<b>Free cash flow</b>	<b>265.6</b>	<b>13.1</b>	<b>2,530.1</b>
<b><i>Free cash flow, %</i></b>	<b>43</b>	<b>2</b>	<b>93</b>
<b><i>Free cash flow net debt ratio</i></b>	<b>0.24</b>	<b>0.14</b>	<b>0.24</b>
Cash flow from investing activities, acquisitions	-785.3	-124.7	-2,362.3
Cash flow from financing activities	435.1	-277.1	-1,495.3
<b>Cash flow for the period</b>	<b>84.6</b>	<b>-388.7</b>	<b>-1,327.5</b>

Group target for Free cash flow is 75-80% of adjusted income

# Capital Employed and Financing

MSEK	Jan-Mar 2005	Jan-Dec 2004	Jan-Mar 2004
<b>Operating capital employed</b>	<b>7,656.6</b>	<b>6,740.9</b>	<b>7,092.9</b>
<i>Op. cap. employed as % of sales</i>	<i>12</i>	<i>11</i>	<i>12</i>
<i>Return on op. cap. employed, %</i>	<i>57</i>	<i>61</i>	<i>55</i>
Goodwill	16,406.9	15,301.9	15,245.5
Acquisition related intangible fixed assets	583.1	433.2	294.6
<b>Capital employed</b>	<b>24,646.6</b>	<b>22,476.0</b>	<b>22,633.0</b>
<i>Return on capital employed, %</i>	<i>17</i>	<i>18</i>	<i>16</i>
<b>Net debt</b>	<b>-11,708.8</b>	<b>-10,633.1</b>	<b>-11,053.5</b>
<b>Shareholders' equity</b>	<b>12,937.8</b>	<b>11,842.9</b>	<b>11,579.5</b>

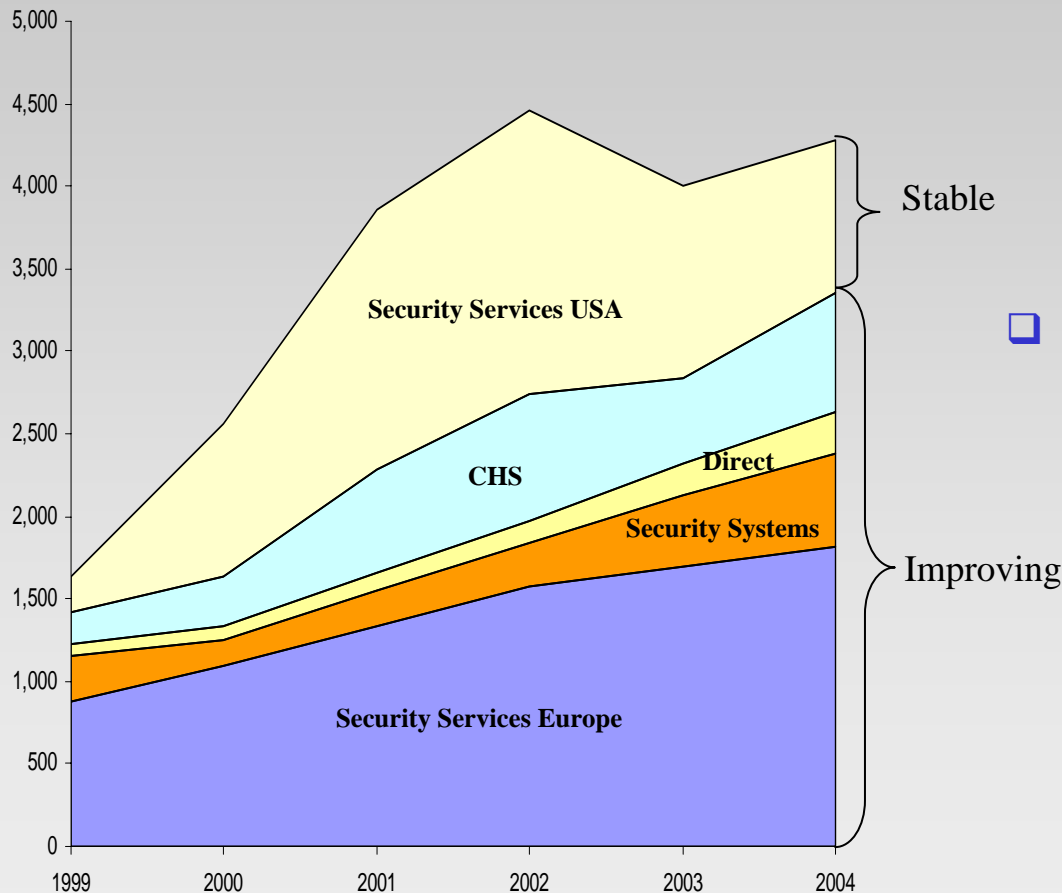
Group target for ROCE is 20%



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



*Integrity Vigilance Helpfulness*