



Interim Report

January - September 2005

4th November 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*



Group Summary

2005 – Third Quarter Highlights

<u>Group</u>	<u>Q3 - 05</u>	<u>Q3 - 04</u>	<u>9M - 05</u>	<u>9M - 04</u>
❑ Organic sales growth	5%	4%	4%	3%
❑ Operating margin	6.7%	7.1%	6.4%	6.5%
❑ Profit before tax, MSEK	978	911	2,642	2,439
<i>Change</i>	<i>7%</i>		<i>8%</i>	

Divisions

- ❑ Security Services USA show strong organic sales growth and margin improvements
- ❑ Services Europe building the platform for further specialization to grow sales and margins
- ❑ Cash Handling Services somewhat slower than expected

Full Year Forecast 10-15 % PBT increase maintained

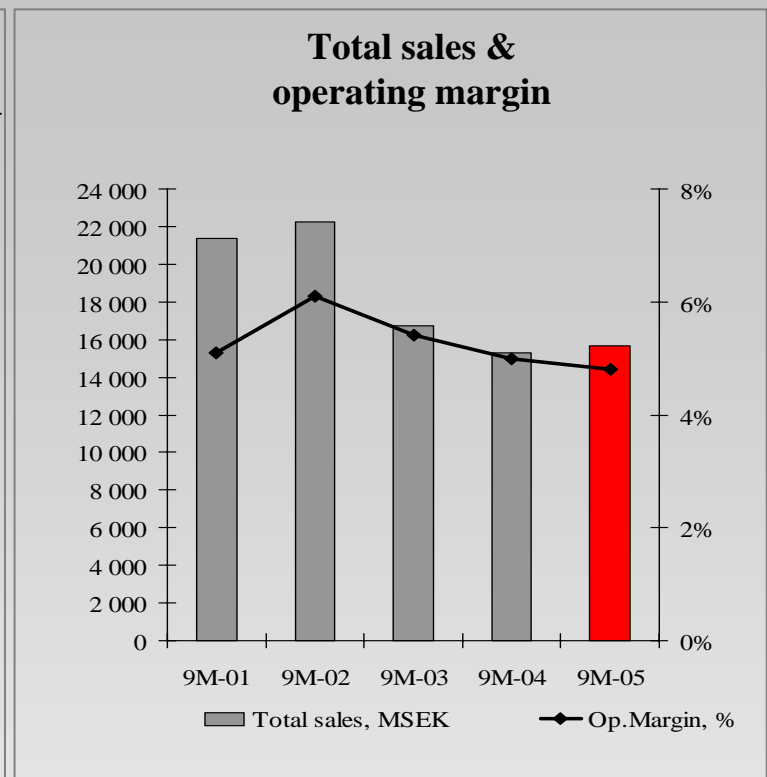


Divisional Performance

Security Services USA

MSEK	Q3 2005	Q3 2004	9M 2005	9M 2004
Total sales	5,655	5,142	15,636	15,294
<i>Organic sales growth, %</i>	6	-2	3	-1
Operating income	285	260	749	769
<i>Operating margin, %</i>	5.0	5.1	4.8	5.0
<i>Real change, %</i>	5	-12	-2	-9
Operating capital employed	-	-	1,356	1,020
<i>Op. cap employed as % of sales</i>	-	-	6	5
Capital employed	-	-	8,258	7,646
<i>ROCE, %¹</i>	-	-	12	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



- ❑ Strong improvement since Q1 2005: Organic sales growth increase 6 % and op.margin is up 0.5%
- ❑ Stable high client retention drive organic sales growth
- ❑ IT- platform roll-out and training initiative continue to increase internal efficiency and local strength

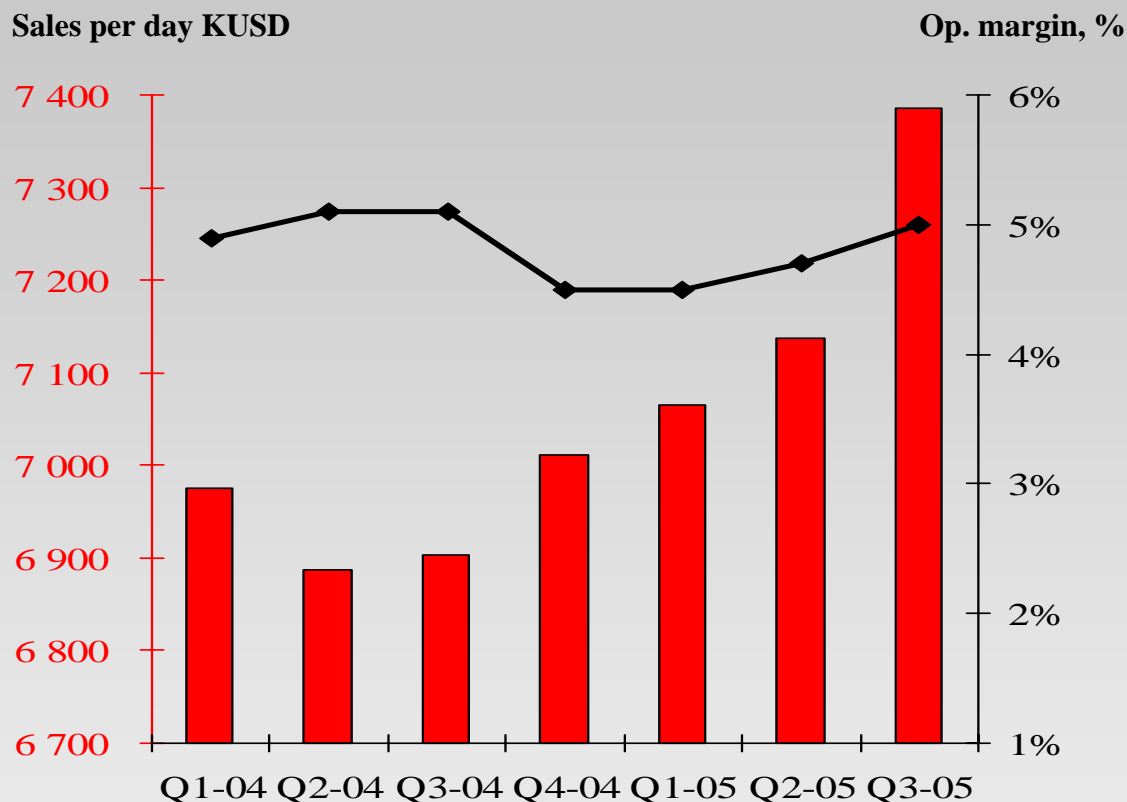
Key Drivers: (annualized)

- Contract portfolio growth 3-4 %
- 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)



Q3 2005 confirming the trend!

Portfolio Growth

	September YTD 04	September YTD 05
North Central		
East Central		
South Central		
Mid-Atlantic		
New England		
New York/New Jersey		
South East		
Rocky Mountain		
North California		
South California		
Automotive		
Government		
Energy		
USA	0%	3-4%

10 of 13 Business Units
with positive portfolio
growth

*“Stable and growing
portfolio”*

Organic Sales Growth

	September YTD 04	September YTD 05
North Central		
East Central		
South Central		
Mid-Atlantic		
New England		
New York/New Jersey		
South East		
Rocky Mountain		
North California		
South California		
Automotive		
Government		
Energy		
USA	-1%	3%

11 of 13 Business Units
with positive organic
sales growth

“Catching up”

Operating Result

	September YTD 04	September YTD 05	3 Quarter 2005
North Central			
East Central			
South Central			
Mid-Atlantic			
New England			
New York/New Jersey			
South East			
Rocky Mountain			
North California			
South California			
Automotive			
Government			
Energy			
USA	5.0%	4.8%	5.0%

12 of 13 Business Units
improved in 3rd Quarter

“Back to 5%”

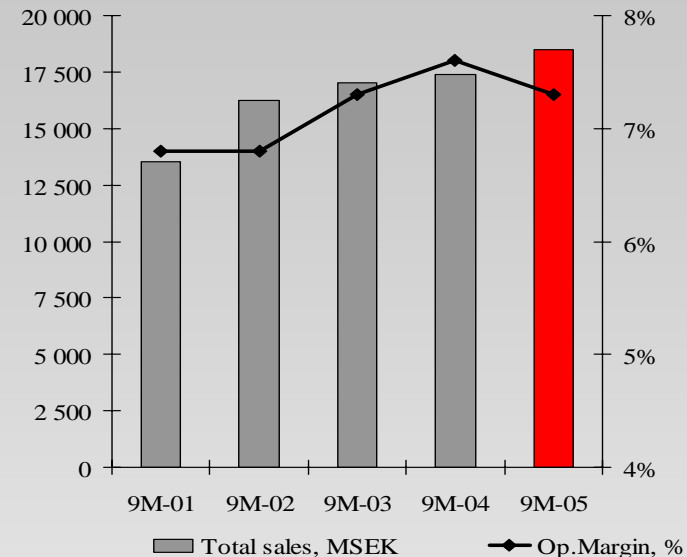
Security Services Europe

MSEK	Q3 2005	Q3 2004	9M 2005	9M 2004
Total sales	6,325	5,907	18,500	17,392
<i>Organic sales growth, %</i>	4	6	5	4
Operating income	460	479	1,342	1,314
<i>Operating margin, %</i>	7.3	8.1	7.3	7.6
<i>Real change, %</i>	-7	7	1	6
Operating capital employed	-	-	1,491	1,665
<i>Op. cap employed as % of sales</i>	-	-	6	7
Capital employed	-	-	7,176	6,745
<i>ROCE, %¹</i>	-	-	26	27

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

Total sales & operating margin

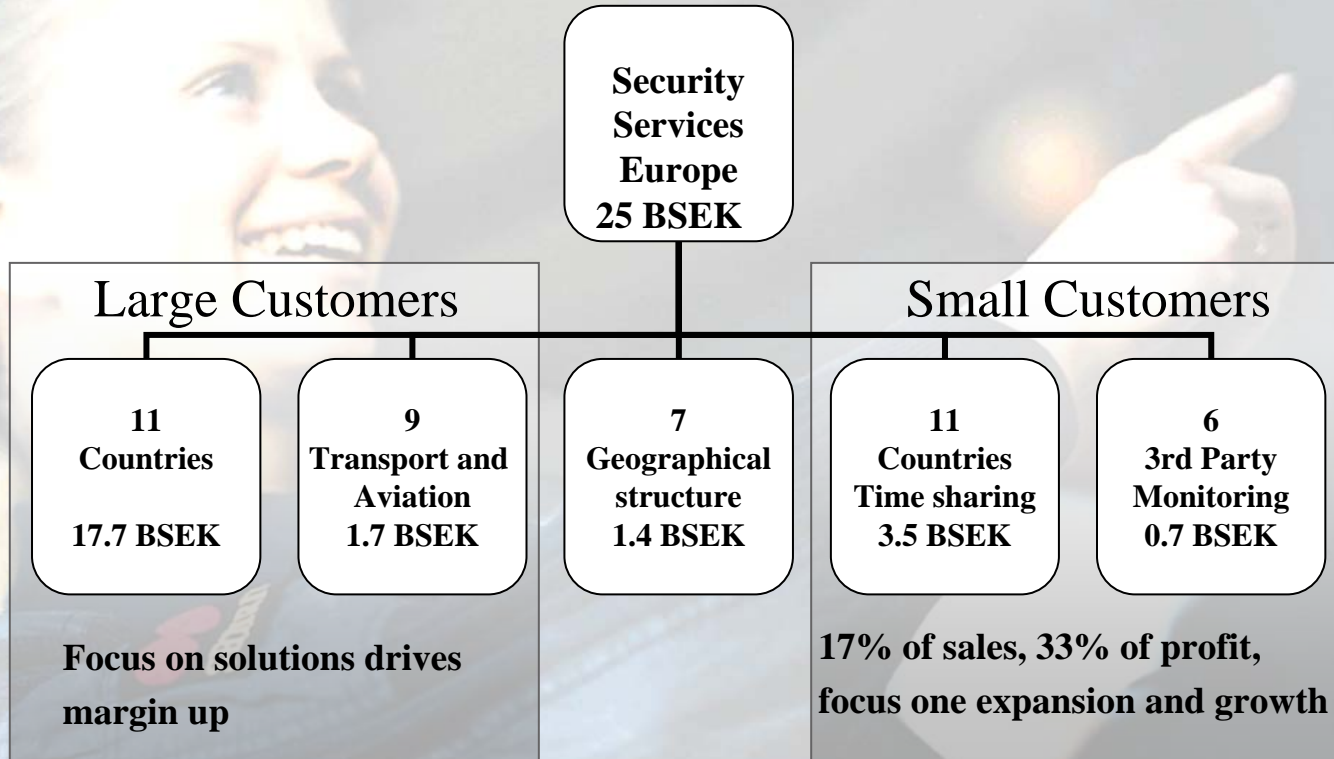


- ❑ Previous contract losses in airport security business put temporary pressure on margins – new business in pipeline
- ❑ Strong new sales in large/small customer segments support organic sales growth – new organization pays off
- ❑ New structure completed in Q4 – strong platform for continued organic sales growth and margin expansion

Key Drivers: (annualized)

- Contract portfolio growth 4 %
- Wages and prices up 2 %
- Client retention ~90 %
- Employee turnover 32%

A new customer focused organisation



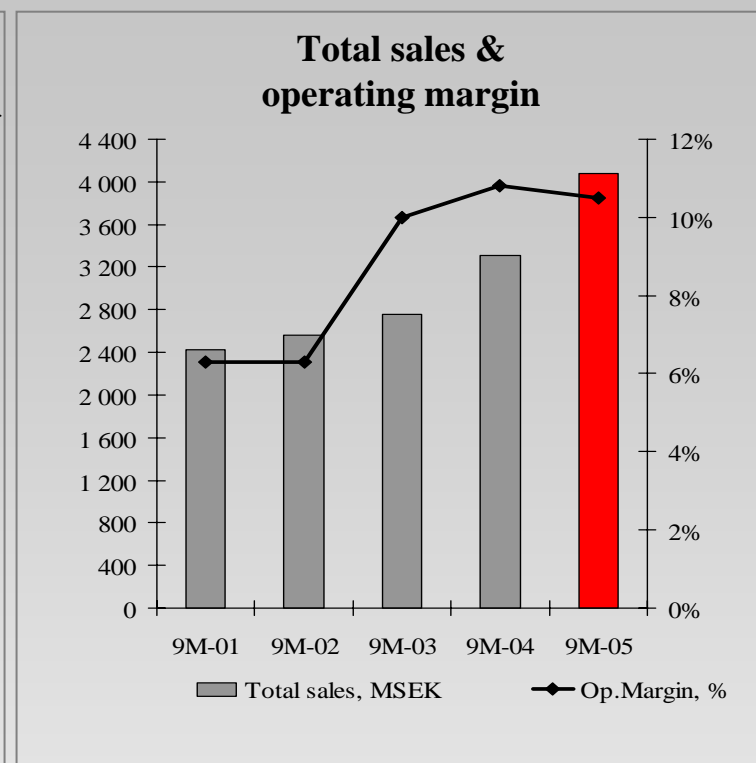
Building a stronger Securitas

Security Systems

MSEK	Q3 2005	Q3 2004	9M 2005	9M 2004
Total sales	1,372	1,210	4,073	3,311
<i>Organic sales growth, %</i>	7	3	6	2
Operating income	149	123	428	359
<i>Operating margin, %</i>	10.9	10.2	10.5	10.8
<i>Real change, %</i>	19	52	18	29
Operating capital employed	-	-	809	669
<i>Op. cap employed as % of sales</i>	-	-	14	12
Capital employed	-	-	3,148	2,933
<i>ROCE, %¹</i>	-	-	20	17

Numbers adjusted to exclude the third party monitoring business, which has been transferred to Security Services Europe

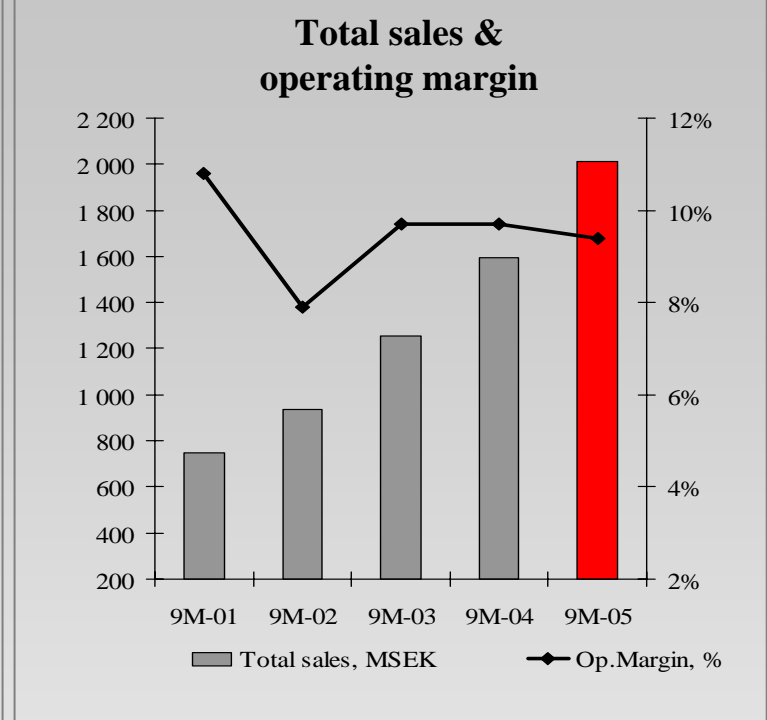
¹ Calculation is based on end rates for balance sheet and average rates for statement of income



- ❑ Continued strong organic sales growth driven by customer focus and improvements in the U.S., Spanish and Swedish operations
- ❑ Operating margin improved 0.7 pp in Q3 – development to continue in Q4
- ❑ The Hamilton acquisition strengthen the U.S. position in bank security and will contribute positively in Q4

MSEK	Q3 2005	Q3 2004	9M 2005	9M 2004
Total sales	705	560	2,010	1,595
<i>Organic sales growth, %</i>	23	28	24	28
Operating income	75	67	189	155
<i>Operating margin, %</i>	10.6	12.0	9.4	9.7
<i>Real change, %</i>	9	20	20	27
Operating capital employed	-	-	1,128	819
<i>Op. cap employed as % of sales</i>	-	-	41	38
Capital employed	-	-	1,246	857
<i>ROCE, %¹</i>	-	-	19	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



- ❑ Continued high speed in new sales drive portfolio growth
- ❑ Consumer concept roll-out in France, the Netherlands and Belgium well under way – investments restrain margin uplift in Q3

Key Drivers:

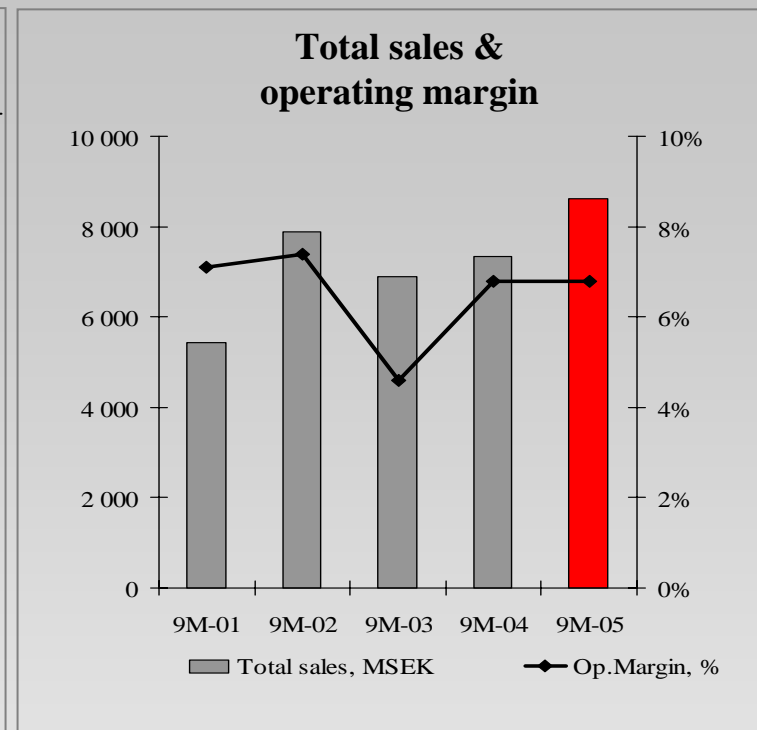
- ❑ 127,140 new alarms installed in traditional Direct - sales speed increase 16%
- ❑ Portfolio growth 27% to 665,255 monitored alarms



Cash Handling Services

MSEK	Q3 2005	Q3 2004	9M 2005	9M 2004
Total sales	2,995	2,510	8,621	7,324
<i>Organic sales growth, %</i>	2	6	3	4
Operating income	231	217	586	501
<i>Operating margin, %</i>	7.7	8.6	6.8	6.8
<i>Real change, %</i>	4	86	17	62
Operating capital employed	-	-	2,817	2,597
<i>Op. cap employed as % of sales</i>	-	-	24	27
Capital employed	-	-	5,768	5,237
<i>ROCE, %¹</i>	-	-	14	13

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

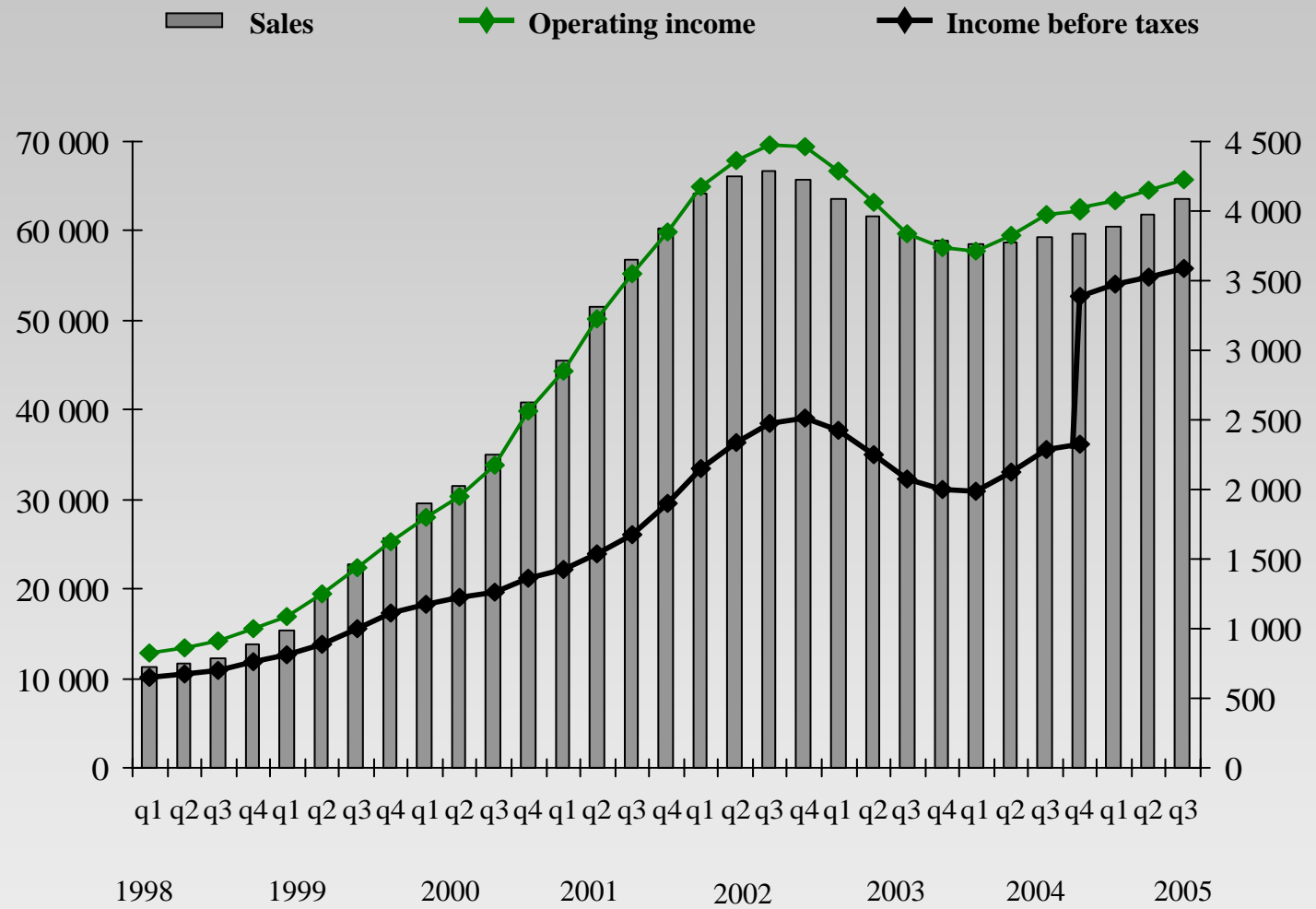


- ❑ Valiance develops better than plan, operating margin in line with divisional average and improving
- ❑ Turnaround of SCM completed – margins on divisional average
- ❑ Operating margin impacted by delayed price increases for fuel in the USA – will be compensated in Q4
- ❑ Three challenges remain – USA growth, operational efficiency in UK and to solve the German problem



Financial Review

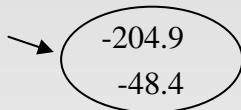
Rolling 12 Months Trend



Income

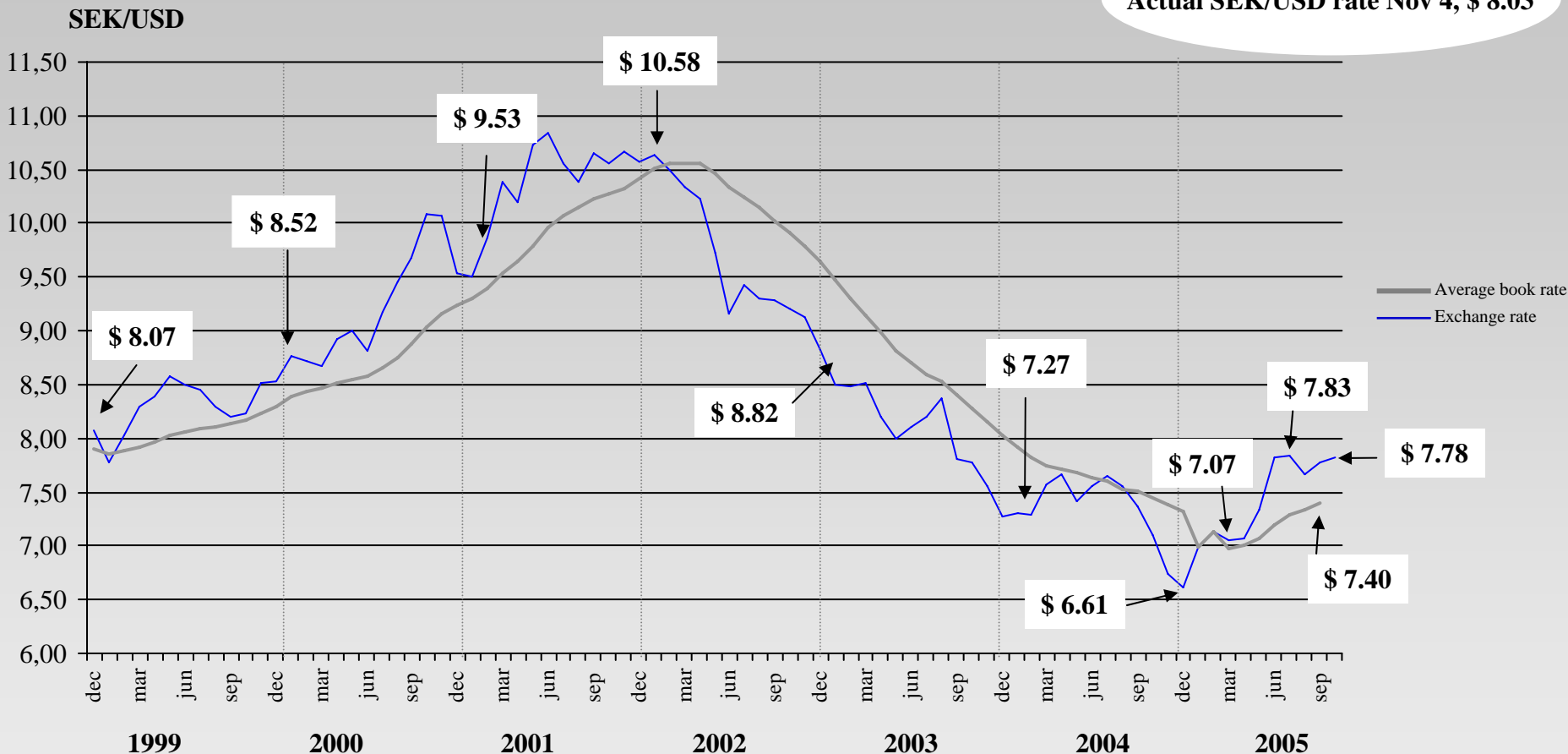
MSEK	Jul-Sep 2005	Jul-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
Total Sales	16,874.3	15,182.1	48,303.1	44,464.6	59,686.6
<i>Organic sales growth, %</i>	<i>5</i>	<i>4</i>	<i>4</i>	<i>3</i>	<i>3</i>
Operating income before amortization	1,134.3	1,070.9	3,103.6	2,910.6	4,026.4
<i>Real change, %</i>	<i>3</i>	<i>20</i>	<i>6</i>	<i>13</i>	<i>10</i>
<i>Operating margin, %</i>	<i>6.7</i>	<i>7.1</i>	<i>6.4</i>	<i>6.5</i>	<i>6.7</i>
Amortization of acquisition related intangibles	-31.3	-26.0	-92.2	-73.7	-99.6
Acquisition related restructuring costs	-7.2	-1.4	-29.8	-4.4	-26.5
Operating income after amortization	1,095.8	1,043.5	2,981.6	2,832.5	3,900.3
Net financial items	-129.9	-132.2	-392.0	-393.8	-516.6
Revaluation of financial instruments	11.9	-	41.3	-	-
Share in income of associated companies	0.2	-	11.5	-	-
Income before taxes	978.0	911.3	2,642.4	2,438.7	3,383.7
<i>Real change, %</i>	<i>4</i>	<i>35</i>	<i>7</i>	<i>23</i>	<i>18</i>
Current taxes	-204.9	-229.9	-611.2	-559.5	-795.0
Deferred taxes	-48.4	-4.8	-73.1	-48.3	-60.2
Net income for the period	724.7	676.6	1,958.1	1,830.9	2,528.5
Earnings per share after full taxes	1.95	1.81	5.27	4.92	6.79

26%



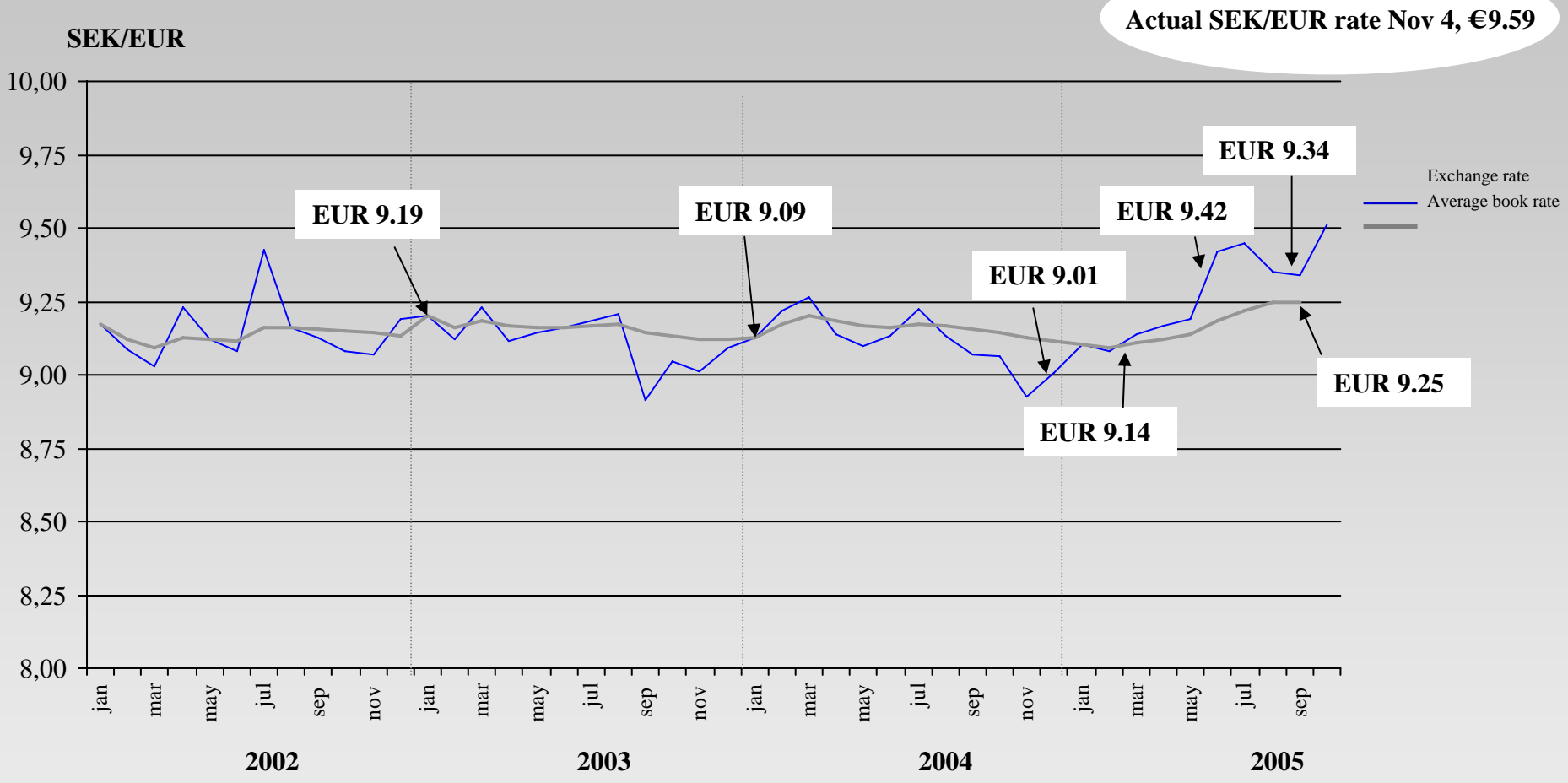
SEK/USD exch. rate 1999 - YTD

Actual SEK/USD rate Nov 4, \$ 8.03



Average SEK/USD exch. rate Q3 was 7.76 (7.51).
1 öre change equals 1,3 MSEK (USD) for full year PBT.

SEK/EUR exch. rate 2002 - YTD



Average SEK/EUR exch. rate Q3 was 9.38 (9.14).
1 öre change equals 2,1 MSEK (EUR) for full year PBT.



Cash Flow

MSEK	Jul-Sep 2005	Jul-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	Jan-Dec 2004
Operating activities					
Op. income before amortization	1,134.3	1,070.9	3,103.6	2,910.6	4,026.4
Investments in fixed assets	-508.4	-395.9	-1,608.0	-1,259.6	-1,969.9
Depreciation	491.0	405.9	1,445.3	1,179.1	1,613.0
Change in accounts receivable	-197.3	-186.9	-352.8	-166.2	-485.1
Changes in other operating capital employed	205.9	-37.8	-321.9	-429.4	445.6
Cash flow from operational activities	1,125.5	856.2	2,266.2	2,234.5	3,630.0
Cash flow from operations, %	99	80	73	77	90
Net financial items paid	-105.2	-199.2	-333.8	-390.9	-518.4
Income taxes paid	-247.7	-144.9	-620.1	-331.9	-581.5
Free cash flow	772.6	512.1	1,312.3	1,511.7	2,530.1
Free cash flow, %	97	72	63	77	93
Free cash flow to net debt ratio	0.18	0.21	0.18	0.21	0.24
Cash flow from investing activities, acquisitions	-4.4	-17.4	-732.8	-1,877.4	-2,362.3
Cash flow from financing activities	-721.7	467.6	-1,515.6	-552.2	-1,495.3
Cash flow for the period	46.5	962.3	-936.1	-917.9	-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	Sep 30, 2005	Jun 30, 2005	Dec 31, 2004	Sep 30, 2004	Jun 30, 2004
Operating capital employed	8,386.9	8,490.1	6,740.9	7,032.8	6,883.5
<i>Op. cap. employed as % of sales</i>	<i>13</i>	<i>13</i>	<i>11</i>	<i>12</i>	<i>11</i>
<i>Return on op. cap. employed, %</i>	<i>56</i>	<i>55</i>	<i>61</i>	<i>59</i>	<i>57</i>
Goodwill	17,478.2	17,590.0	15,301.9	16,176.2	16,456.5
Acquisition related intangible fixed assets	553.0	589.4	433.2	472.0	500.8
Shares in associated companies	177.4	178.5	-	-	-
Capital employed	26,595.5	26,848.0	22,476.0	23,681.0	23,840.8
<i>Return on capital employed, %</i>	<i>16</i>	<i>16</i>	<i>18</i>	<i>17</i>	<i>16</i>
Net debt	-12,612.1	-13,560.5	-10,633.1	-11,838.9	-12,493.2
Shareholders' equity	13,983.4	13,287.5	11,842.9	11,842.1	11,347.6

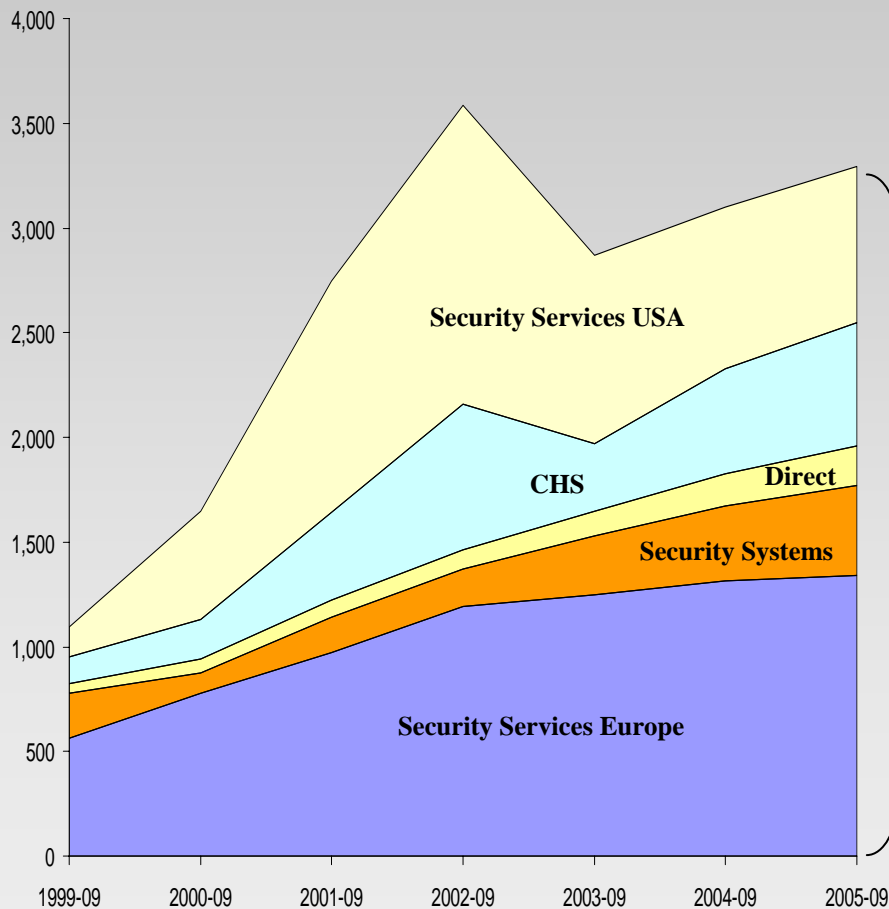
ROCE impacted by difference between average and end rates with 1 percentage point



The Focus

Outlook 2005

Share of operating result, MSEK



- Continued improvements
 - Developed organization in Services Europe
 - Fast expansion in Direct
 - Strong sales growth and stable margins in Systems
 - Positive contribution from Hamilton
 - Positive but somewhat slow development in CHS
- Sales growth and margins catching up in Security Services USA

Improving

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



Integrity Vigilance Helpfulness