



Interim Report  
January - March 2006

Stockholm, 9 May 2006

# Agenda

## Information meeting – Quarter 1 - 2006

- Introduction *Henrik Brehmer*
  
- Group Summary *Thomas Berglund*
- Divisional Performance *Thomas Berglund*
- Financial Review *Håkan Winberg*
- Sunflower *Håkan Winberg*
- Outlook *Thomas Berglund*
  
- Q&A *Thomas Berglund/Håkan Winberg*
- Closing *Henrik Brehmer*



# Group Summary

# Highlights

<u>Group</u>	<u>Q1 - 06</u>	<u>Q1 - 05</u>	<u>2005</u>
❑ Organic sales growth	6%	4%	5%
❑ Operating margin	5.9%	6.2%	6.7%*
❑ Income before taxes, MSEK	824	818	3,813*
<i>Real Change</i>	<i>-5%</i>	<i>16%</i>	<i>10%*</i>

\* Excluding capital loss of MSEK -151 arising from the sale of Cash Handling Services in Germany

- ❑ *Listing of three new security companies on track – no major impact on group development short term*
- ❑ *Growth is picking up in all divisions – margins weaker as expected due to the listing project and Services Europe*
- ❑ *On track for full year strong organic sales growth and PBT increase in line with last year's real improvement*



# Divisional Performance

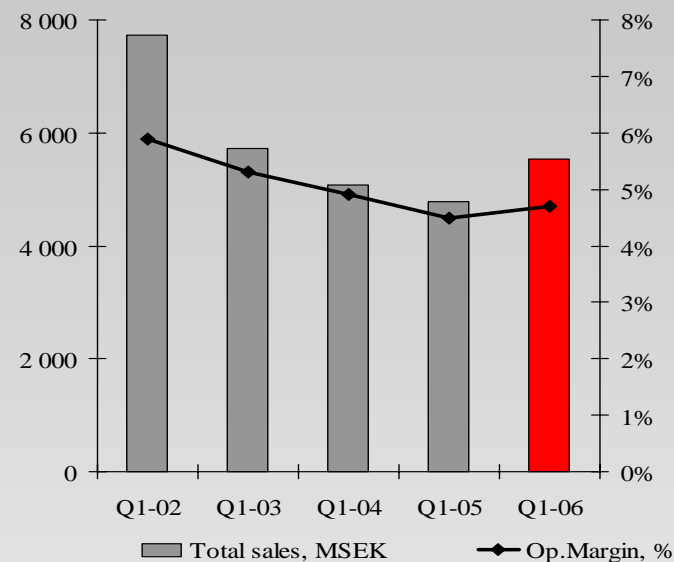
# Security Services USA

MSEK	Q1 2006	Q1 2005 <sup>1</sup>	FY 2005 <sup>1</sup>
<b>Total sales</b>	<b>5,537</b>	<b>4,774</b>	<b>21,616</b>
<i>Organic sales growth, %</i>	6	0	4
<b>Operating income</b>	<b>260</b>	<b>217</b>	<b>1,080</b>
<i>Operating margin, %</i>	4.7	4.5	5.0
<i>Real change, %</i>	7	-7	6
<b>Operating capital employed</b>	<b>1,415</b>	<b>955</b>	<b>1,123</b>
<i>Op. cap employed as % of sales</i>	6	5	5
<b>Capital employed</b>	<b>8,173</b>	<b>7,218</b>	<b>8,034</b>
<i>ROCE, % <sup>2</sup></i>	14	13	13

<sup>1</sup> Adjusted for IAS 19 amendment

<sup>2</sup> Calculation is based on end rates for balance sheet and average rates for the statement of income

### Total sales & operating margin



- ❑ *Strong organic sales growth driven by both national and local contract sales*
- ❑ *Stable pricing and gross margins*
- ❑ *Full year margin improvement in line with first quarter, 2006*

### Key Drivers: (annualized)

- Contract portfolio growth 3-4 %
- Wages and prices up 2 %
- Client retention >90 %
- Employee turnover 63 %

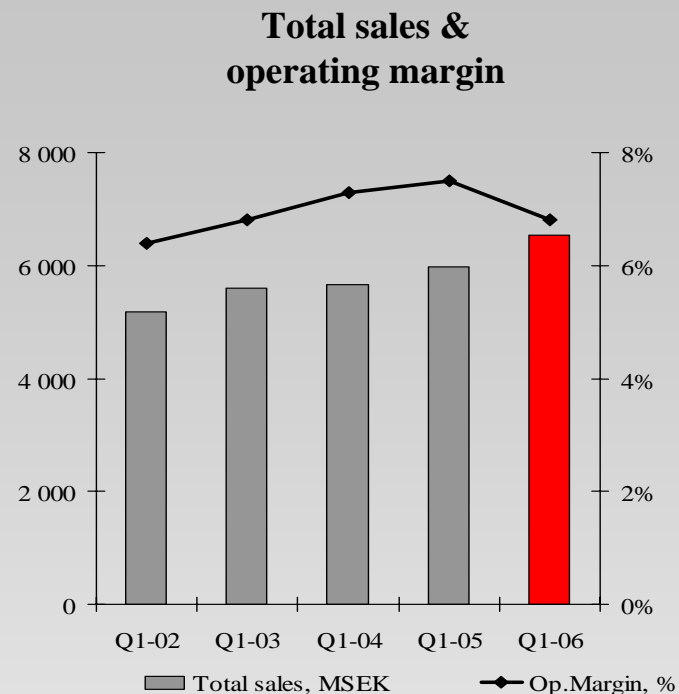


# Security Services Europe

MSEK	Q1 2006	Q1 2005 <sup>1</sup>	FY 2005 <sup>1</sup>
<b>Total sales</b>	<b>6,541</b>	<b>5,968</b>	<b>24,996</b>
<i>Organic sales growth, %</i>	5	5	5
<b>Operating income</b>	<b>442</b>	<b>450</b>	<b>1,874</b>
<i>Operating margin, %</i>	6.8	7.5	7.5
<i>Real change, %</i>	-4	8	-1
<b>Operating capital employed</b>	<b>1,520</b>	<b>1,548</b>	<b>1,288</b>
<i>Op. cap employed as % of sales</i>	6	6	5
<b>Capital employed</b>	<b>7,478</b>	<b>7,148</b>	<b>7,165</b>
<i>ROCE, % <sup>2</sup></i>	25	26	26

<sup>1</sup> Adjusted for IAS 19 amendment

<sup>2</sup> Calculation is based on end rates for balance sheet and average rates for the statement of income



- ❑ *Organic sales growth on it's way up from end 2005*
- ❑ *Strong organic sales growth in the Airport security business but start up costs still burden margin*
- ❑ *Full year margin expected to be in line with 2005*

## Key Drivers: (annualized)

- Contract portfolio growth 4 %
- Wages and prices up 1.5 %
- Client retention 90 %
- Employee turnover 34 %



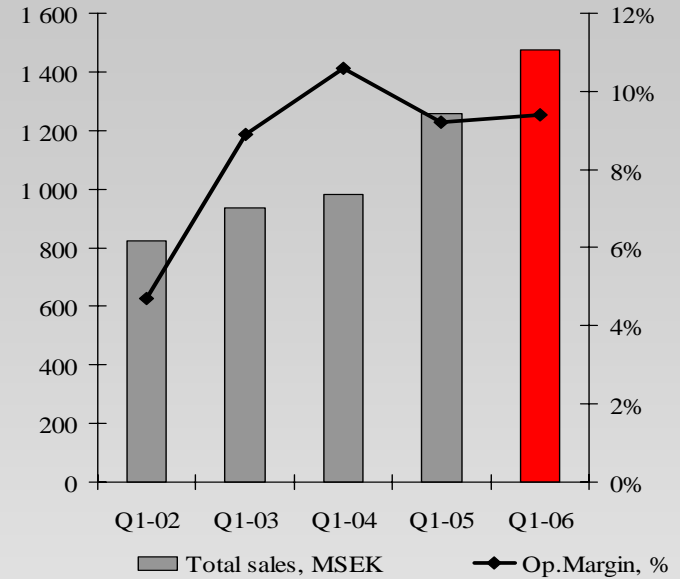
# Securitas Systems

MSEK	Q1 2006	Q1 2005 <sup>1</sup>	FY 2005 <sup>1</sup>
<b>Total sales</b>	<b>1,476</b>	<b>1,258</b>	<b>5,798</b>
<i>Organic sales growth, %</i>	<i>10</i>	<i>5</i>	<i>6</i>
<b>Operating income</b>	<b>139</b>	<b>116</b>	<b>669</b>
<i>Operating margin, %</i>	<i>9.4</i>	<i>9.2</i>	<i>11.5</i>
<i>Real change, %</i>	<i>17</i>	<i>11</i>	<i>18</i>
<b>Operating capital employed</b>	<b>864</b>	<b>581</b>	<b>882</b>
<i>Op. cap employed as % of sales</i>	<i>14</i>	<i>10</i>	<i>15</i>
<b>Capital employed</b>	<b>3,473</b>	<b>2,854</b>	<b>3,530</b>
<i>ROCE, %<sup>2</sup></i>	<i>20</i>	<i>20</i>	<i>19</i>

<sup>1</sup> Adjusted for IAS 19 amendment

<sup>2</sup> Calculation is based on end rates for balance sheet and average rates for statement of income

**Total sales & operating margin**



- ❑ *Customer segment focus is driving sales growth*
- ❑ *Restructuring of Hamilton according to plan*
- ❑ *Full year organic sales growth expected to exceed 2005 and margins in line with 2005*

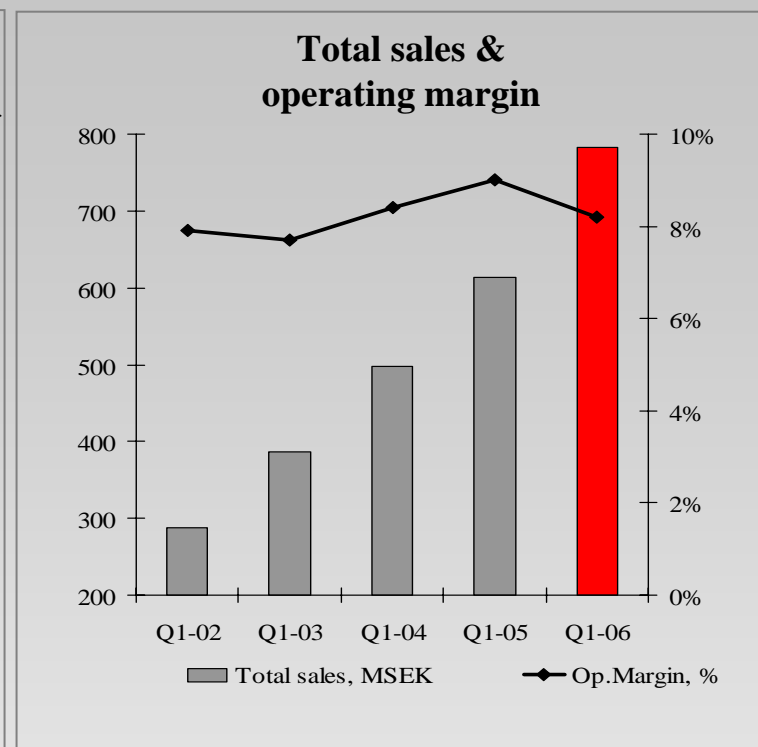




# Direct

MSEK	Q1 2006	Q1 2005	FY 2005
<b>Total sales</b>	<b>782</b>	<b>613</b>	<b>2,706</b>
<i>Organic sales growth, %</i>	25	25	23
<b>Operating income</b>	<b>64</b>	<b>55</b>	<b>258</b>
<i>Operating margin, %</i>	8.2	9.0	9.5
<i>Real change, %</i>	14	34	25
<b>Operating capital employed</b>	<b>1,260</b>	<b>918</b>	<b>1,103</b>
<i>Op. cap employed as % of sales</i>	37	34	41
<b>Capital employed</b>	<b>1,364</b>	<b>1,005</b>	<b>1,209</b>
<i>ROCE, %<sup>1</sup></i>	20	21	21

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



- ❑ *Maintained strong organic sales growth*
- ❑ *Margin negatively impacted by investments in France and Benelux – investments in future growth*
- ❑ *Full year sales growth expected to be approx. 25% and margin approx. 9%*

## Key Drivers:

- 43,946 new alarms installed - sales speed increase 12 %
- Portfolio growth 25 % to 725,231 monitored alarms



# Cash Handling Services

MSEK	Q1 2006	Q1 2005 <sup>1</sup>	FY 2005 <sup>1</sup>
<b>Total sales</b>	<b>2,873</b>	<b>2,740</b>	<b>11,581</b>
<i>Organic sales growth, %</i>	6	3	2
<b>Operating income<sup>2</sup></b>	<b>180</b>	<b>162</b>	<b>831</b>
<i>Operating margin, %</i>	6.3	5.9	7.2
<i>Real change, %</i>	5	37	14
<b>Operating capital employed</b>	<b>3,049</b>	<b>2,995</b>	<b>2,372</b>
<i>Op. cap employed as % of sales</i>	26	26	20
<b>Capital employed</b>	<b>5,874</b>	<b>5,752</b>	<b>5,251</b>
<i>ROCE, %<sup>3</sup></i>	12	13	16

<sup>1</sup> Adjusted for IAS 19 amendment

<sup>2</sup> Excluding capital loss of MSEK -151 arising from the sale of Cash Handling Services in Germany

<sup>3</sup> Calculation is based on end rates for balance sheet and average rates for the statement of income



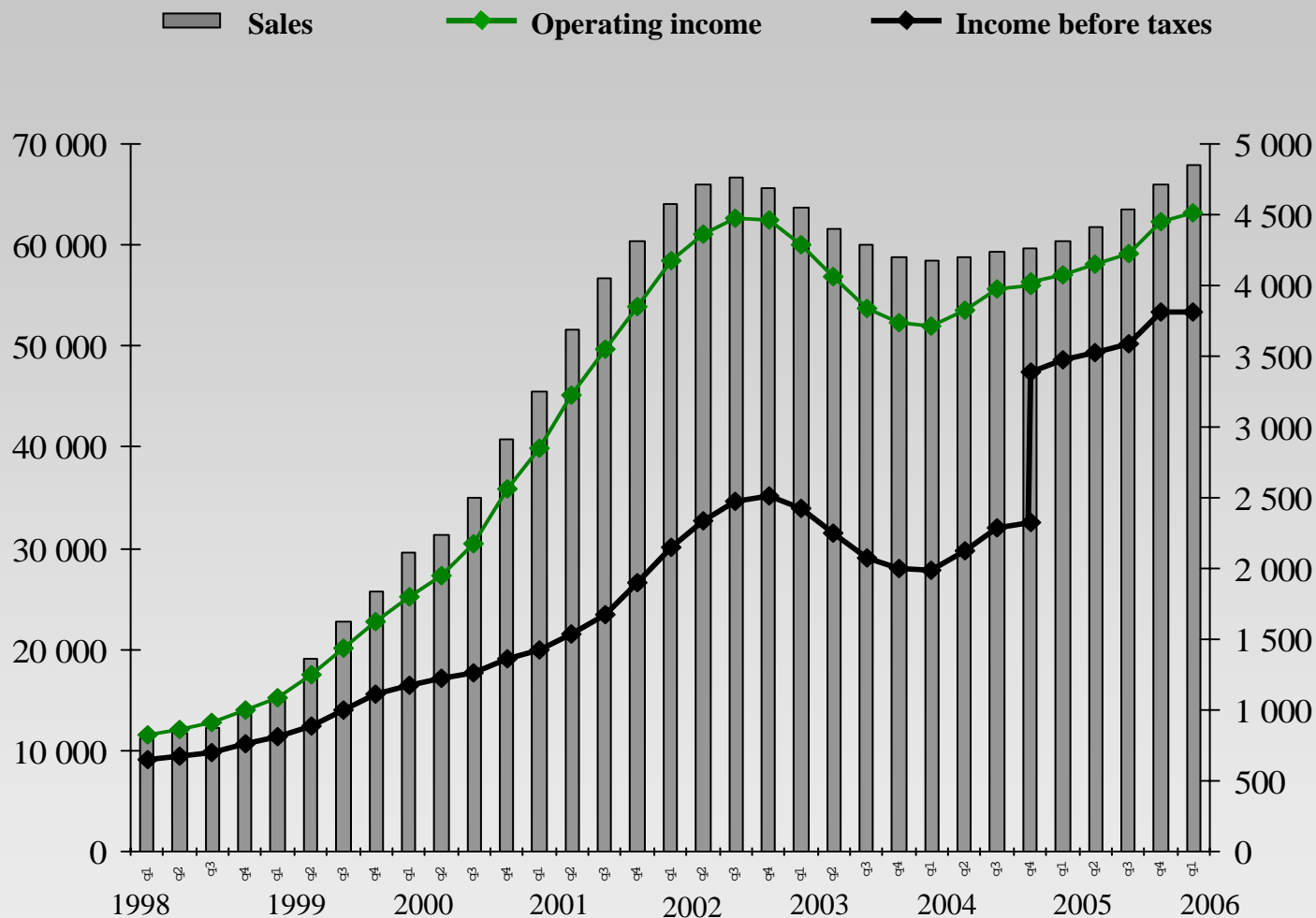
- ❑ *Growth is speeding up in both USA and Europe*
- ❑ *Margin increasing, but burdened by robberies in Sweden and UK*
- ❑ *Full year – continued good organic sales growth and margin approaching 9%*





# Financial Review

# Rolling 12 Months Trend



# Income

MSEK	Jan-Mar 2006	Jan-Mar 2005 <sup>1</sup>	Jan-Dec 2005 <sup>1</sup>	Jan-Dec 2004 <sup>1</sup>
<b>Total Sales</b>	17,067.0	15,195.3	66,013.6	59,686.6
<i>Organic sales growth, %</i>	6	4	5	3
<b>Operating income before amortization</b>	1,000.4	937.8	4,295.1	4,027.3
<i>Real change, %</i>	1	8	4	10
<i>Operating margin, %</i>	5.9	6.2	6.5	6.7
Amortization of acquisition related intangibles	-29.7	-30.0	-122.5	-99.6
Acquisition related restructuring costs	-12.6	-4.1	-35.1	-26.5
<b>Operating income after amortization</b>	958.1	903.7	4,137.5	3,901.2
Net financial items	-132.7	-122.3	-523.1	-516.6
Revaluation of financial instruments	-1.8	36.7	36.2	-
Share in income of associated companies	0.4	-	11.8	-
<b>Income before taxes</b>	824.0	818.1	3,662.4	3,384.6
<i>Real change, %</i>	-5	16	5	18
Current taxes	-213.8	-194.4	-934.2	-795.0
Deferred taxes	-4.5	-17.9	-14.5	-60.5
<b>Net income for the period</b>	605.7	605.8	2,713.7	2,529.1
<b>Earnings per share after full taxes</b>	1.64	1.63	7.31	6.79

<sup>1</sup> Adjusted for IAS 19 amendment

*Full year PBT improvement expected to be in line with 2005 improvement, excluding German CHS capital loss*



# Cash Flow

MSEK	Jan-Mar 2006	Jan-Mar 2005	Jan-Dec 2005	Jan-Dec 2004
<b>Operating activities</b>				
Op. income before amortization	1,000.4	937.8	4,295.1	4,027.3
Investments in fixed assets	-532.7	-467.3	-2,220.4	-1,969.9
Depreciation	496.3	469.8	1,948.6	1,613.0
Change in accounts receivable	5.1	-1.3	-443.4	-485.1
Changes in other operating capital employed	-833.0	-488.9	492.5	444.7
<b>Cash flow from operational activities</b>	<b>136.1</b>	<b>450.1</b>	<b>4,072.4</b>	<b>3,630.0</b>
<b>Cash flow from operations, %</b>	<b>14</b>	<b>48</b>	<b>95</b>	<b>90</b>
Net financial items paid	-127.9	-72.4	-485.2	-518.4
Income taxes paid	-113.4	-112.1	-926.1	-581.5
<b>Free cash flow</b>	<b>-105.2</b>	<b>265.6</b>	<b>2,661.1</b>	<b>2,530.1</b>
<b>Free cash flow, %</b>	<b>-16</b>	<b>43</b>	<b>94</b>	<b>93</b>
<b>Free cash flow to net debt ratio</b>	<b>0.19</b>	<b>0.24</b>	<b>0.22</b>	<b>0.24</b>
Cash flow from investing activities, acquisitions	-57.3	-785.3	-1,213.2	-2,362.3
Cash flow from financing activities	1,563.7	435.1	-1,192.6	-1,495.3
<b>Cash flow for the period</b>	<b>1,401.2</b>	<b>-84.6</b>	<b>255.3</b>	<b>-1,327.5</b>

*Full year free cash flow expected to be 75-80% of adjusted income*



# Capital Employed and Financing

MSEK	Mar 31, 2006	Dec 31, 2005 <sup>1</sup>	Mar 31, 2005 <sup>1</sup>	Dec 30, 2004 <sup>1</sup>
<b>Operating capital employed</b>	<b>8,775.9</b>	<b>7,908.2</b>	<b>7,573.1</b>	<b>6,664.1</b>
<i>Op. cap. employed as % of sales</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>11</i>
<i>Return on op. cap. employed, %</i>	<i>52</i>	<i>59</i>	<i>57</i>	<i>62</i>
Goodwill	17,637.2	17,792.4	16,406.9	15,301.9
Acquisition related intangible fixed assets	625.6	638.5	583.1	433.2
Shares in associated companies	179.5	178.6	-	-
<b>Capital employed</b>	<b>27,218.2</b>	<b>26,517.7</b>	<b>24,563.1</b>	<b>22,399.2</b>
<i>Return on capital employed, %</i>	<i>16</i>	<i>16</i>	<i>17</i>	<i>18</i>
<b>Net debt</b>	<b>-11,961.9</b>	<b>-11,944.8</b>	<b>-11,708.8</b>	<b>-10,633.1</b>
<b>Shareholders' equity</b>	<b>15,256.3</b>	<b>14,572.9</b>	<b>12,854.3</b>	<b>11,766.1</b>

<sup>1</sup> Adjusted for IAS 19 amendment

*Stable ROCE in all divisions*





Sunflower



# Sunflower Summary



- ❑ All major workstreams on track – a lot of work to be done over coming months
- ❑ Parallel process to investigate interest for Loomis
- ❑ Board representation to be finalized during second quarter
- ❑ Final capital structure to be evaluated – for new units and for the New Securitas – balanced and equitable split of debt

*Next three months important*

## Securitas Capital Market Day London, June 14, 2006



### **From Size to Knowledge – One step Ahead**

In February 2006, we announced the next strategic step for Securitas – to create three new and independent security companies by a distribution to the shareholders and listing of the three divisions Loomis Cash Handling Services, Securitas Systems and Securitas Direct.

Please join us in a one day event that will focus the way forward for each company – strategies, concepts and solutions for future growth and profitability in the security industry.

Welcome to  
**British Academy of Film and Television Art (BAFTA)** at  
195 Piccadilly, London W1J 9LN

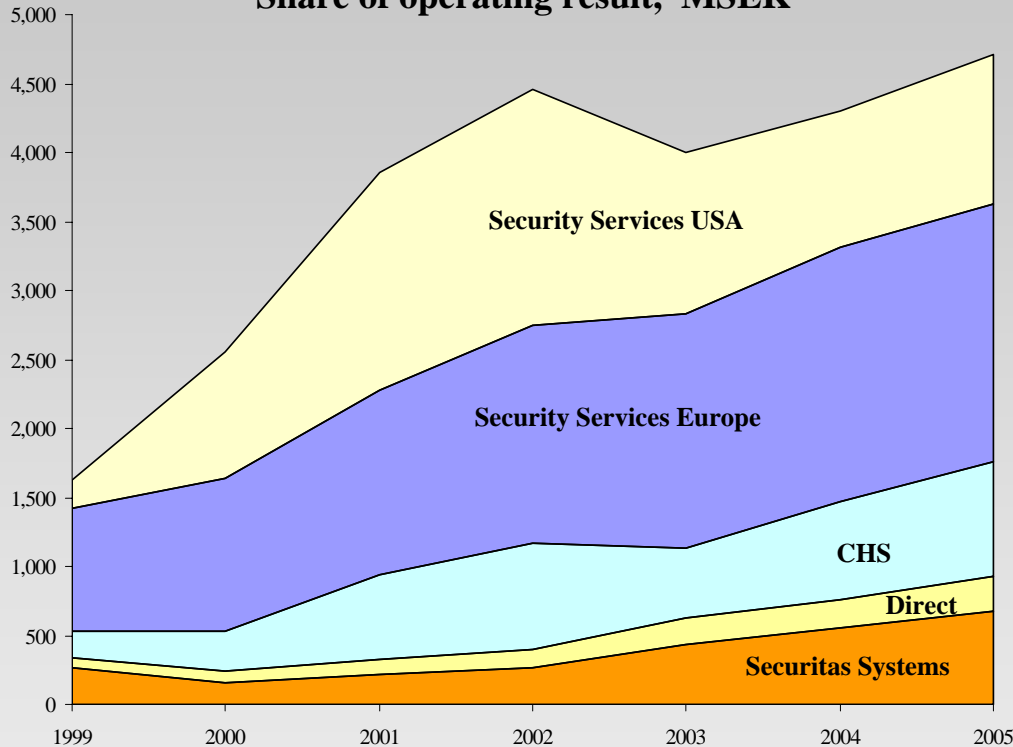




Outlook

# Outlook 2006

Share of operating result, MSEK



- All divisions contributing to good growth
- New Securitas and Cash Handling contributing to higher margins
- PBT increase in line with last year's excl. German CHS capital loss

*Our focus right now – to complete the project*



*Integrity Vigilance Helpfulness*