



Interim Report

January - June 2006

Stockholm, 10 August 2006

Agenda

Information meeting – Quarter 2, 2006

- Introduction *Henrik Brehmer*

- Group Summary *Thomas Berglund*
- Divisional Performance *Thomas Berglund*
- Financial Review *Håkan Winberg*
- Listing project update *Håkan Winberg*
- Outlook *Thomas Berglund*

- Q&A *Thomas Berglund/Håkan Winberg*
- Closing *Henrik Brehmer*



Group Summary

Highlights

<u>Group</u>	<u>Q2 - 06</u>	<u>Q2 - 05</u> ⁴	<u>H1 - 06</u>	<u>H1 - 05</u> ⁴	<u>2005</u> ⁴
□ <i>Organic sales growth, %</i>	7	5	7	4	5
□ <i>Adjusted operating margin, %</i> ¹	6.1	6.4	6.0	6.3	6.7 ³
□ <i>Income before taxes, MSEK</i>	449	847	1,273	1,665	3,813 ³
□ <i>Adjusted income before taxes, MSEK</i> ²	880	847	1,763	1,665	3,813 ³
<i>Adjusted real change, %</i> ²	6	-	4	-	-

1 Adjusted for project listing costs of MSEK -35 and WELO provision of MSEK -373 in the second quarter 2006 and for listing costs of MSEK -55 and WELO provision of MSEK -373 in the first half of 2006

2 Adjusted for project listing costs of MSEK -58 and WELO provision of MSEK -373 in the second quarter 2006. In the first half of 2006 adjusted for project listing costs of MSEK -78, WELO provision of MSEK -373 and the effect from revaluation of financial instruments of MSEK -39

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

4 Adjusted for IAS 19 amendment

- *Listing of Systems and Direct on track for decision on 25 September*
- *Listing of Loomis Cash Handling 2007 – New CEO and provision for Welo*
- *Full year: Strong organic sales growth and underlying profit improvement in line with last year*



Divisional Performance

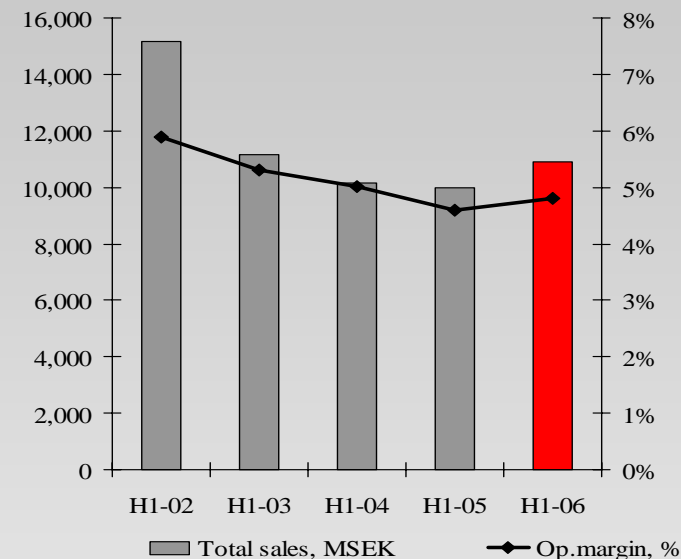
Security Services USA

MSEK	Q2 2006	Q2 2005 ¹	H1 2006	H1 2005 ¹
Total sales	5,360	5,207	10,897	9,981
<i>Organic sales growth, %</i>	7	3	6	2
Operating income	268	247	528	464
<i>Operating margin, %</i>	5.0	4.7	4.8	4.6
<i>Real change, %</i>	12	-4	10	-6
Operating capital employed	-	-	1,294	1,009
<i>Op. cap employed as % of sales</i>	-	-	6	5
Capital employed	-	-	7,583	7,954
<i>ROCE, %²</i>	-	-	15	12

¹ Adjusted for IAS 19 amendment

² 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 – GM contract renewed and extended*
- ❑ *Stable pricing and gross margins*
- ❑ *Full year margin slightly higher than in 2005*

Key Drivers: (annualized)

- Contract portfolio growth 4-5 %
- Wages and prices up 2 %
- Client retention >90 %
- Employee turnover 70 %

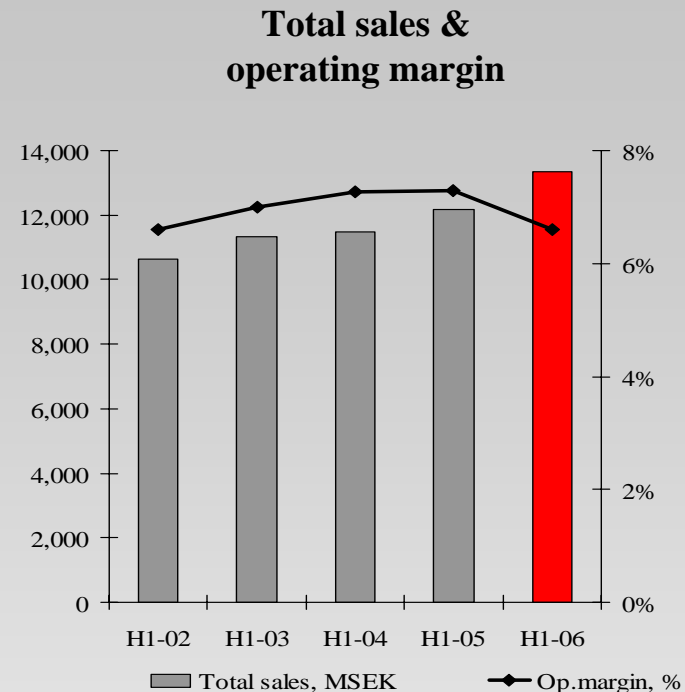


Security Services Europe

MSEK	Q2 2006	Q2 2005 ¹	H1 2006	H1 2005 ¹
Total sales	6,809	6,207	13,350	12,175
<i>Organic sales growth, %</i>	7	5	6	5
Operating income	436	433	878	883
<i>Operating margin, %</i>	6.4	7.0	6.6	7.3
<i>Real change, %</i>	1	2	-2	5
Operating capital employed	-	-	1,978	1,898
<i>Op. cap employed as % of sales</i>	-	-	7	8
Capital employed	-	-	7,973	7,616
<i>ROCE, %²</i>	-	-	23	25

¹ Adjusted for IAS 19 amendment

² 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 – expected to remain strong the rest of the year*
- ❑ *Flat margin in H1 2006 in all businesses except Airport Security*
- ❑ *Full year margin in all businesses to improve except Airport Security – total margin expected to be slightly lower than 2005*

Key Drivers: (annualized)

- Contract portfolio growth 4-5 %
- Wages and prices up 1.5 %
- Client retention 90 %
- Employee turnover 36 %

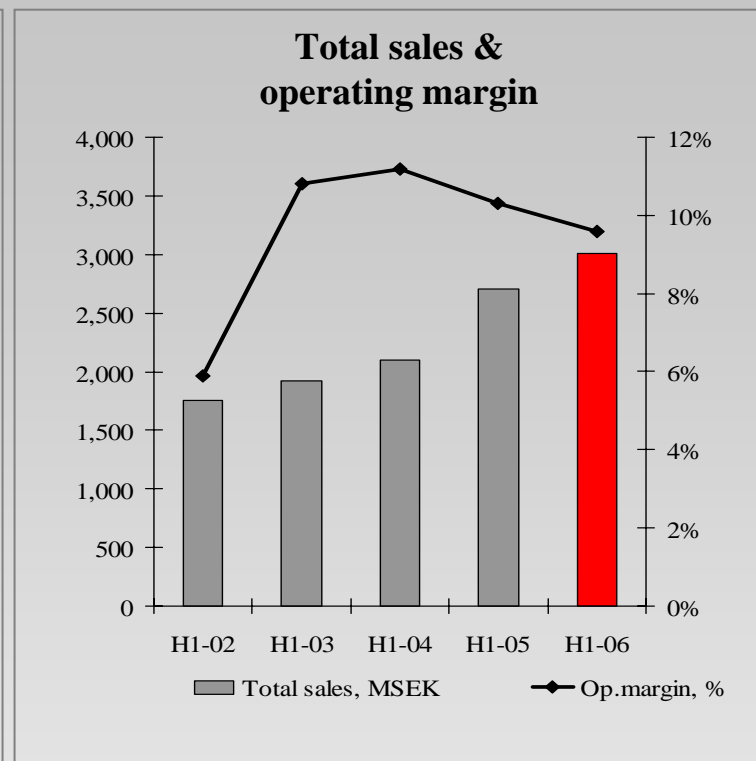


Securitas Systems

MSEK	Q2 2006	Q2 2005 ¹	H1 2006	H1 2005 ¹
Total sales	1,536	1,443	3,012	2,701
<i>Organic sales growth, %</i>	4	7	7	6
Operating income	150	163	289	279
<i>Operating margin, %</i>	9.8	11.3	9.6	10.3
<i>Real change, %</i>	-8	22	3	17
Operating capital employed	-	-	952	711
<i>Op. cap employed as % of sales</i>	-	-	15	12
Capital employed	-	-	3,571	3,145
<i>ROCE, %²</i>	-	-	19	19

¹ Adjusted for IAS 19 amendment

² Calculation is based on end rates for balance sheet and average rates for statement of income



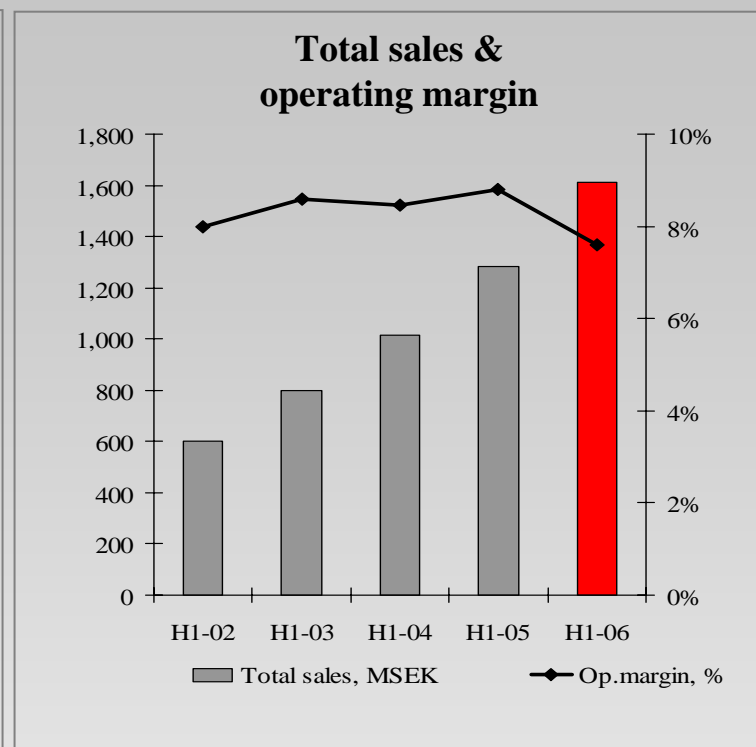
- ❑ *Continued strong order intake but temporary lower completion rate in installations*
- ❑ *Full year organic sales growth expected to exceed 2005 and margins in line with 2005*
- ❑ *On track for listing 29 September*



Direct

MSEK	Q2 2006	Q2 2005	H1 2006	H1 2005
Total sales	832	671	1,614	1,284
<i>Organic sales growth, %</i>	24	25	24	25
Operating income	58	58	122	113
<i>Operating margin, %</i>	7.0	8.6	7.6	8.8
<i>Real change, %</i>	0	24	6	28
Operating capital employed	-	-	1,334	1,057
<i>Op. cap employed as % of sales</i>	-	-	39	39
Capital employed	-	-	1,410	1,144
<i>ROCE, %¹</i>	-	-	19	20

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



- ❑ *Maintained strong organic sales growth*
- ❑ *Lower margin explained by temporary costs*
- ❑ *Continued strong organic sales growth and normalized margins expected for the full year 2006*
- ❑ *On track for listing 29 September*

Key Drivers:

- 94,812 new alarms installed - sales speed increase 14 %
- Portfolio growth 24 % to 762,574 monitored alarms

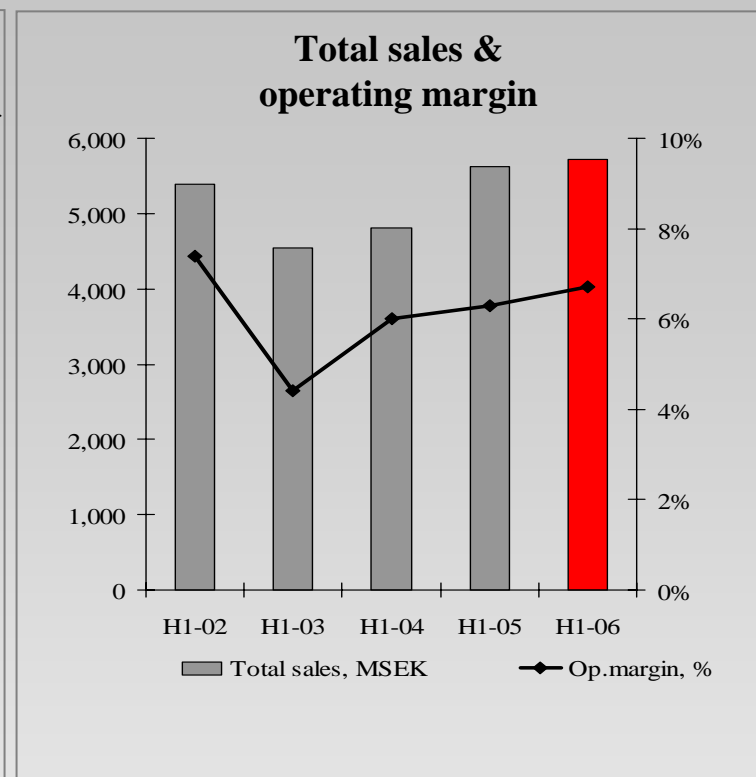
Cash Handling Services

MSEK	Q2 2006	Q2 2005 ¹	H1 2006	H1 2005 ¹
Total sales	2,852	2,886	5,725	5,626
<i>Organic sales growth, %</i>	6	3	6	3
Operating income	-170	193	10	355
<i>Operating margin, %</i>	-6.0	6.7	0.2	6,3
<i>Real change, %</i>	-185	19	-99	27
Adjusted operating income³	203	-	383	-
<i>Adjusted operating margin, %</i>	7.1	-	6.7	-
<i>Adjusted real change, %</i>	8	-	6	-
Operating capital employed	-	-	2,626	2,995
<i>Op. cap employed as % of sales</i>	-	-	23	26
Capital employed	-	-	5,293	5,980
<i>ROCE, %²</i>	-	-	6	13

¹ Adjusted for IAS 19 amendment

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

³ Adjusted for WELO provision of MSEK -373



- ❑ *Listing of Loomis Cash Handling 2007 – New CEO and provision for WELO*
- ❑ *Increased organic sales growth, especially in the US operations*
- ❑ *In France: Strong organic sales growth and improving operating margin above divisional average*
- ❑ *Full year organic sales growth expected to be higher than 2005 with operating margin showing significant improvement excluding WELO provision*



Financial Review

Income

MSEK	Apr-Jun 2006	Apr-Jun 2005 ¹	Jan-Jun 2006	Jan-Jun 2005 ¹	Jan-Dec 2005 ¹
Total sales	17,241.4	16,233.5	34,308.4	31,428.8	66,013.6
<i>Organic sales growth, %</i>	7	5	7	4	5
Operating income before amortization	646.0	1,032.4	1,646.4	1,970.2	4,295.1
<i>Real change, %</i>	-36	7	-18	8	4
Adjusted op. income before amortization	1,054.1	-	2,074.5	-	-
<i>Adjusted real change, %</i>	4	-	3	-	-
<i>Operating margin, %</i>	3.7	6.4	4.8	6.3	6.5
<i>Adjusted operating margin, %</i>	6.1	-	6.0	-	-
Amortization of acquisition related intangibles	-29.4	-30.9	-59.1	-60.9	-122.5
Acquisition related restructuring costs	-1.2	-18.5	-13.8	-22.6	-35.1
Operating income after amortization	615.4	983.0	1,573.5	1,886.7	4,137.5
Net financial items	-158.4	-139.8	-291.1	-262.1	-523.1
Revaluation of financial instruments	-8.2	-7.3	-10.0	29.4	36.2
Share in income of associated companies	0.3	11.3	0.7	11.3	11.8
Income before taxes	449.1	847.2	1,273.1	1,665.3	3,662.4
<i>Real change, %</i>	-45	4	-25	9	5
Adjusted income before taxes	880.2	-	1,763.2	-	-
<i>Adjusted real change, %</i>	6	-	4	-	-
Current taxes	-196.1	-211.9	-409.9	-406.3	-934.2
Deferred taxes	41.4	-7.1	36.9	-25.0	-14.5
Net income for the period	294.4	628.2	900.1	1,234.0	2,713.7
Earnings per share	0.80	1.69	2.46	3.32	7.31

¹ Adjusted for IAS 19 amendment

Cash Flow

MSEK	Apr-Jun 2006	Apr-Jun 2005 ¹	Jan-Jun 2006	Jan-Jun 2005 ¹	Jan-Dec 2005 ¹
Operating activities					
Op. income before amortization	646.0	1,032.4	1,646.4	1,970.2	4,295.1
Investments in fixed assets	-647.3	-632.3	-1,180.0	-1,099.6	-2,220.4
Depreciation	493.4	484.5	989.7	954.3	1,948.6
Change in accounts receivable	-246.7	-154.2	-241.6	-155.5	-443.4
Changes in other operating capital employed	515.7	-39.8	-317.3	-528.7	492.5
Cash flow from operational activities	761.1	690.6	897.2	1,140.7	4,072.4
Cash flow from operations, %	75²	67	44²	58	95
Net financial items paid	-151.9	-156.2	-279.8	-228.6	-485.2
Income taxes paid	-275.9	-260.3	-389.3	-372.4	-926.1
Free cash flow	333.3	274.1	228.1	539.7	2,661.1
Free cash flow, %	50²	40	17²	42	94
Free cash flow to net debt ratio	0.18	0.15	0.18	0.15	0.22
Cash flow from investing activities, acquisitions	-237.7	56.9	-295.0	-728.4	-1,213.2
Cash flow from financing activities	-1,734.4	-1,229.0	-170.7	-793.9	-1,192.6
Cash flow for the period	-1,638.8	-898.0	-237.6	-982.6	255.3

¹ Adjusted for IAS 19 amendment

² Adjusted for the WELO provision of MSEK -373

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	Jun 30, 2006	Mar 31, 2006	Dec 31, 2005 ¹	June 30, 2005 ¹	Mar 31, 2005 ¹
Operating capital employed	8,623.7	8,775.9	7,908.2	8,227.0	7,573.1
<i>Op. cap. employed as % of sales</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>13</i>	<i>12</i>
<i>Return on op. cap. employed, %</i>	<i>48</i>	<i>52</i>	<i>59</i>	<i>56</i>	<i>57</i>
Goodwill	16,976.2	17,637.2	17,792.4	17,590.0	16,406.9
Acquisition related intangible fixed assets	677.6	625.6	638.5	589.4	583.1
Shares in associated companies	176.0	179.5	178.6	178.5	-
Capital employed	26,453.5	27,218.2	26,517.7	26,584.9	24,563.1
<i>Return on capital employed, %</i>	<i>15</i>	<i>16</i>	<i>16</i>	<i>16</i>	<i>17</i>
Net debt	-12,829.7	-11,961.9	-11,944.8	-13,560.5	-11,708.8
Shareholders' equity	13,623.8	15,256.3	14,572.9	13,024.4	12,854.3

¹ Adjusted for IAS 19 amendment

Stable ROCE in all divisions





Listing Project update

The Listing Project update



- ❑ All work streams on track – Systems and Direct ready for listing 29 September
- ❑ Divestiture of Loomis stopped – the listing process continues with new timetable. New CEO appointed to be located in Stockholm
- ❑ Board representation finalized – including Loomis
- ❑ Capital structure decided as proposed – for new units and for the New Securitas – balanced and equitable split of debt

Final decision by EGM 25 September

Capital Structure



Capital Employed and Financing after necessary capital adjustments

	Securitas	Cash Handling	SUM	Systems	Direct	Total
Operating Capital Employed	3,712	2,626	6,338	952	1,334	8,624
Goodwill	11,898	2,646	14,544	2,407	25	16,976
Acquisition related int. assets	394	21	415	212	51	678
Shares in associated companies	176	0	176	0	0	176
Capital employed	16,180	5,293	21,473	3,571	1,410	26,454
Net debt	9,284	2,117	11,401	1,429	0	12,830
Equity	6,896	3,176	10,072	2,142	1,410	13,624
Sum Financing	16,180	5,293	21,473	3,571	1,410	26,454
<i>Net Debt/Equity</i>	<i>1,35</i>	<i>0,67</i>	<i>1,13</i>	<i>0,67</i>	<i>0,00</i>	<i>0,94</i>

The allocation of the net debt is based on the free cash flow of the four units

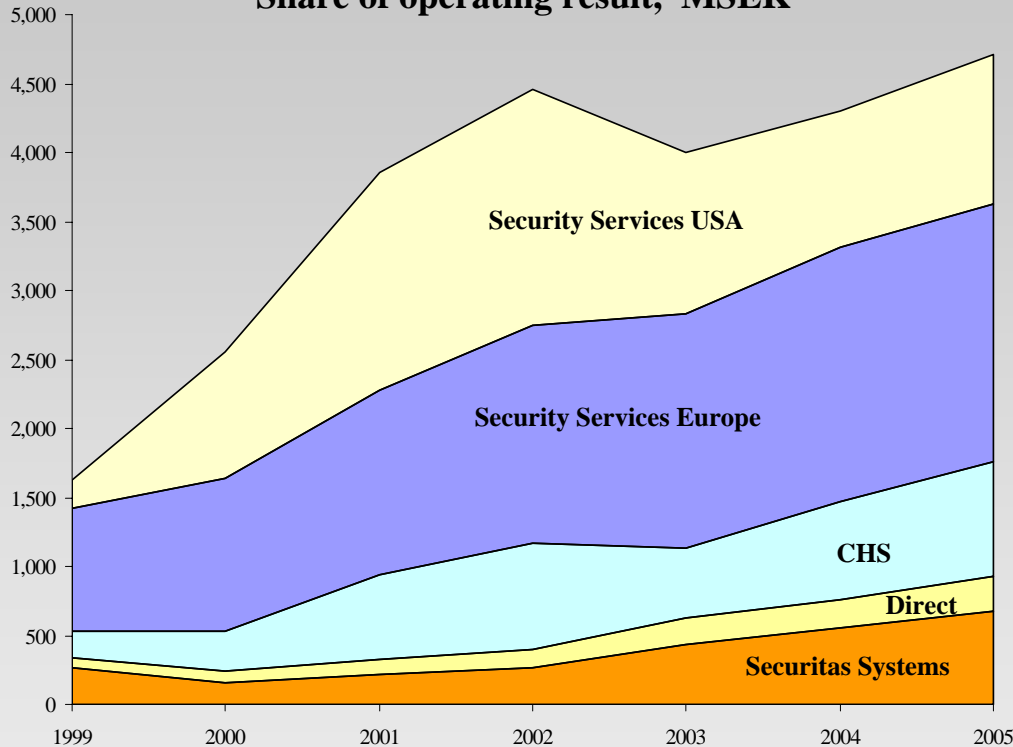
In line with previous presentations



Outlook

Outlook 2006

Share of operating result, MSEK



“For the group in its existing structure the organic sales growth is expected to remain strong and income before tax is expected to increase in line with last's years increase, excluding non recurring costs.”

Focus on business as usual



Integrity Vigilance Helpfulness