

May 4, 2011



# January – March 2011

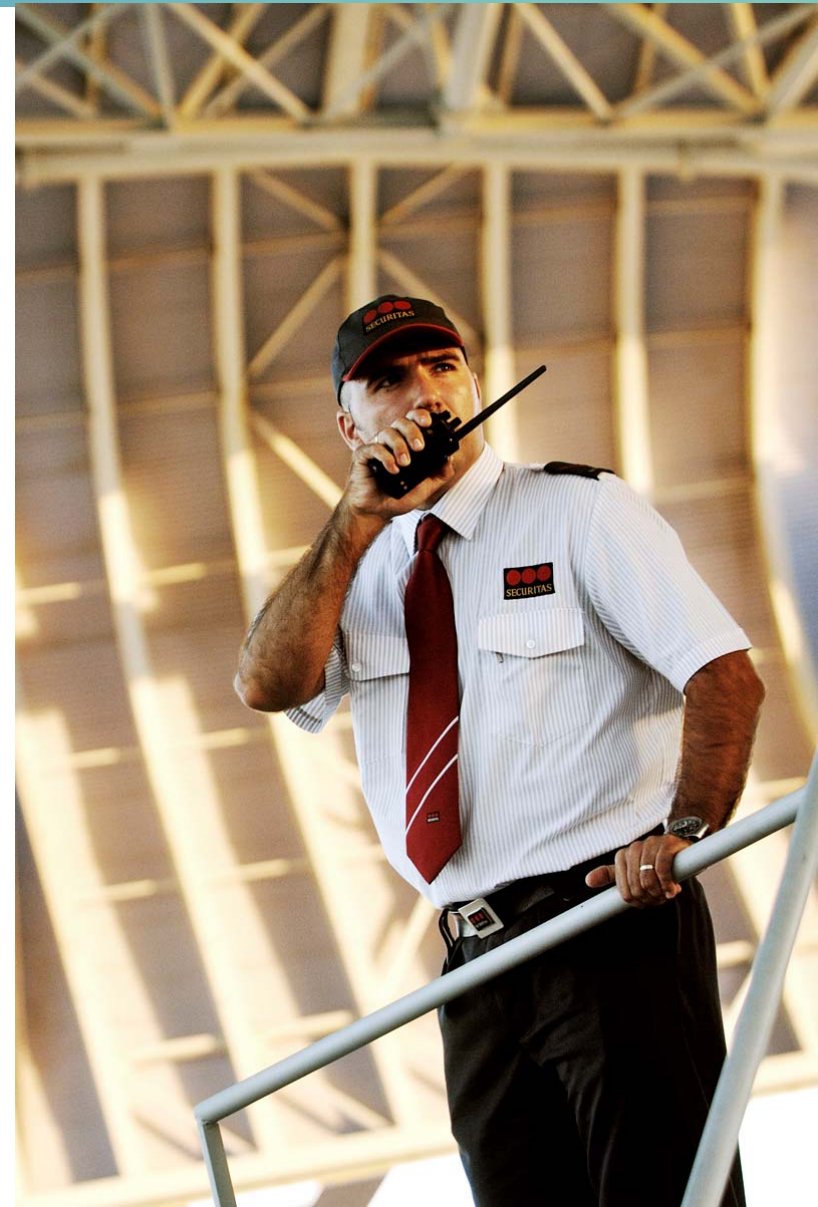


Alf Göransson, President and CEO

# Highlights Q1



- The positive organic sales trend from Q4 2010 continued in Q1 2011
  - Organic sales growth 3% (-1), real sales growth including acquisitions 10%
- The security market in North America recovering well. In Europe, the price pressure is high and contract losses exceptional
  - Operating margin 4.8% (5.5)
- 8 major acquisitions in 2011, adding approximately MSEK 2,700 in sales and 14,500 employees



# Financial Highlights

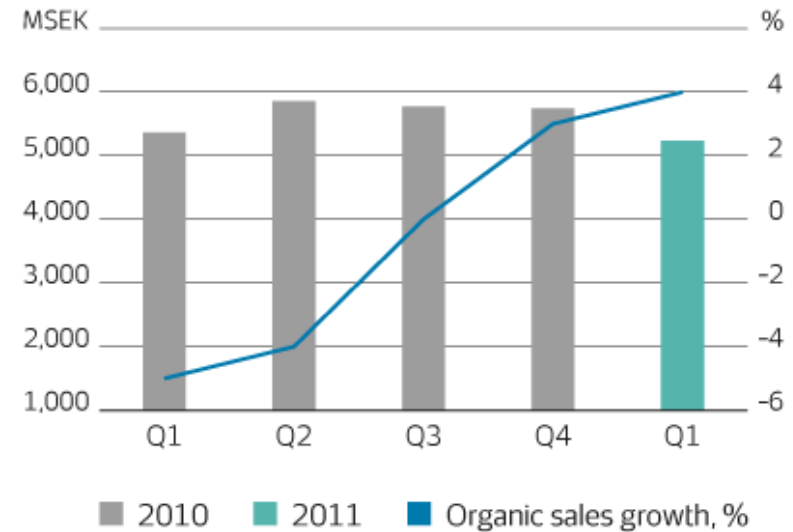


MSEK	Q1 2011	Q1 2010	Total change %	FY 2010	Total change %
<b>Sales</b>	<b>14,775</b>	<b>14,870</b>	<b>-1</b>	<b>61,340</b>	<b>-2</b>
<i>Organic sales growth, %</i>	3	-1		1	
<i>Real sales growth, incl. acq. %</i>	10	1		5	
<b>Operating income before amortization</b>	<b>712</b>	<b>818</b>	<b>-13</b>	<b>3,724</b>	<b>-1</b>
<i>Operating margin, %</i>	4.8	5.5		6.1	
<i>Real change, %</i>	-3	5		6	
<b>Income before taxes</b>	<b>527</b>	<b>643</b>	<b>-18</b>	<b>2,968</b>	<b>-2</b>
<i>Real change, %</i>	-9	1		5	
<b>Net income</b>	<b>370</b>	<b>450</b>	<b>-18</b>	<b>2,081</b>	<b>-2</b>
Earnings per share (SEK)	1.01	1.24	-19	5.71	-2

# Security Services North America – Sales Development Q1



- Improved organic sales growth 4% (-5)
- The sales of specialized solutions as percentage of total sales has increased in the quarter

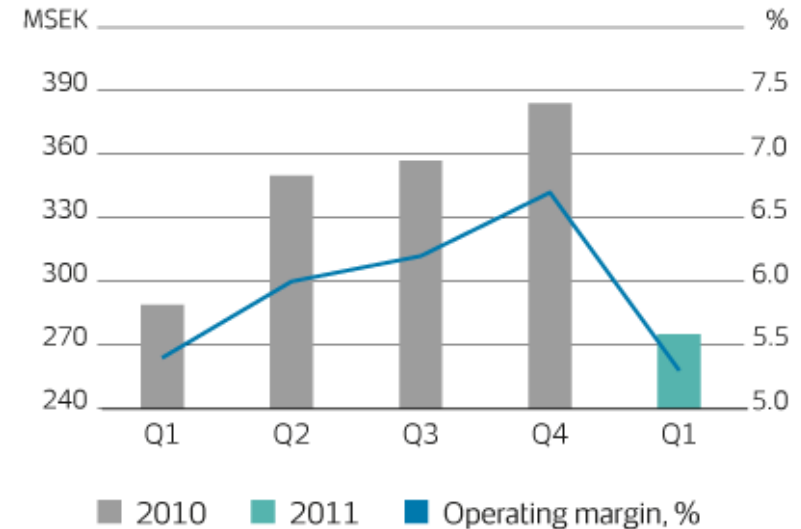


# Security Services North America – Income Development Q1



- The operating margin 5.3% (5.4)
- The operating margin in the core business flat
- The consolidation of Paragon Systems had a diluting impact of -0.1 percent in the quarter

*The real change improvement was 8% in the first quarter*



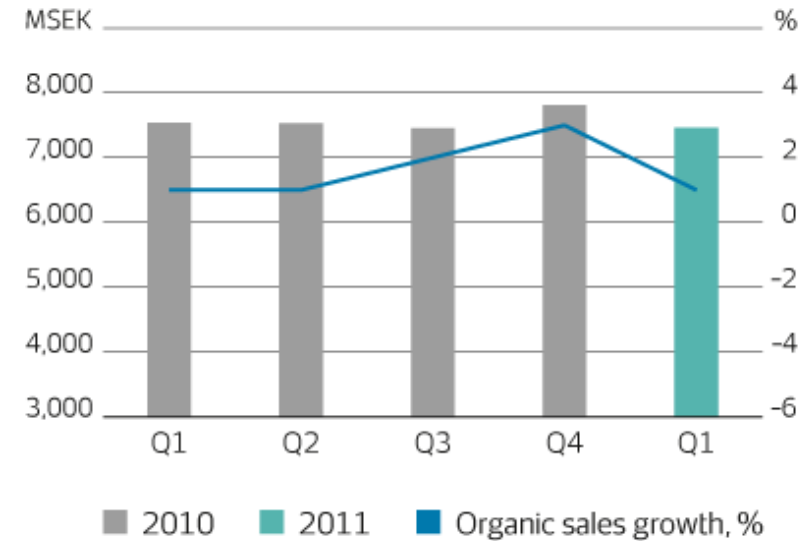


# Security Services Europe

## – Sales Development Q1



- Organic sales growth 1% (1)
- Most countries had positive organic sales growth and Spain is no longer negative
- As reported in 2010, two major contracts were lost in Q1 with an annual impact of -2 percent on organic sales growth
- Another major contract, worth 36 MEUR with the European Commission, was lost as of April 1
- The price pressure in the security market remains difficult



# Security Services Europe

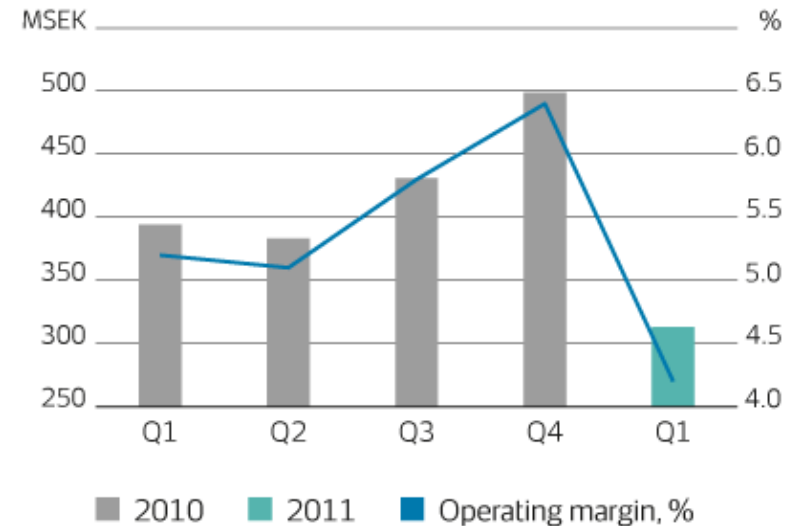
## – Income Development Q1



- Operating margin 4.2% (5.2\*)
- The negative development is explained by
  - The loss of major contracts with higher than average margins and inefficiencies and redundancy costs, in total -0.3 percent
  - The acquisition of Reliance diluting by -0.3 percent
  - Discrepancies between price and wage cost increases of -0.4 percent

*The remedy is to continue with the specialization and added value strategy, to prioritize profitability when managing the price/wage balance and reduce overhead costs where major contracts are lost*

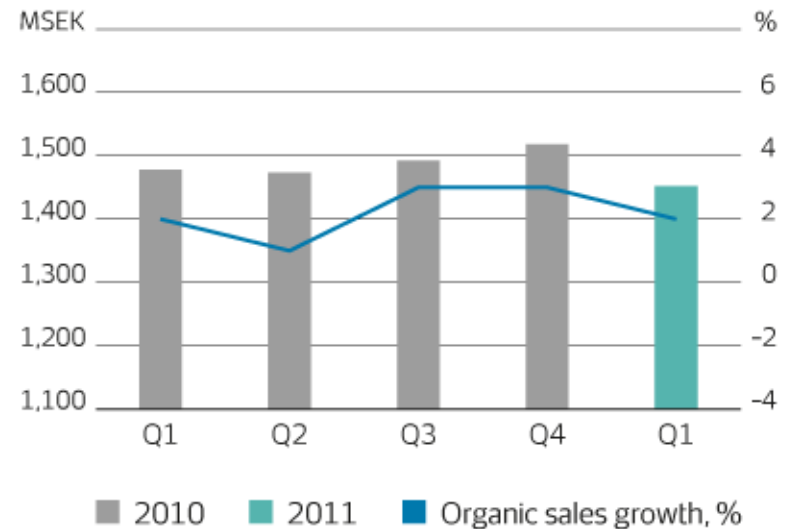
\* Restated due to operations moved between the segments Security Services Europe and Mobile and Monitoring.



# Mobile and Monitoring – Sales Development Q1



- Organic sales growth 2% (2)
- In Mobile, positive organic sales growth in most countries.
- Most countries in the Monitoring operation had positive organic sales growth

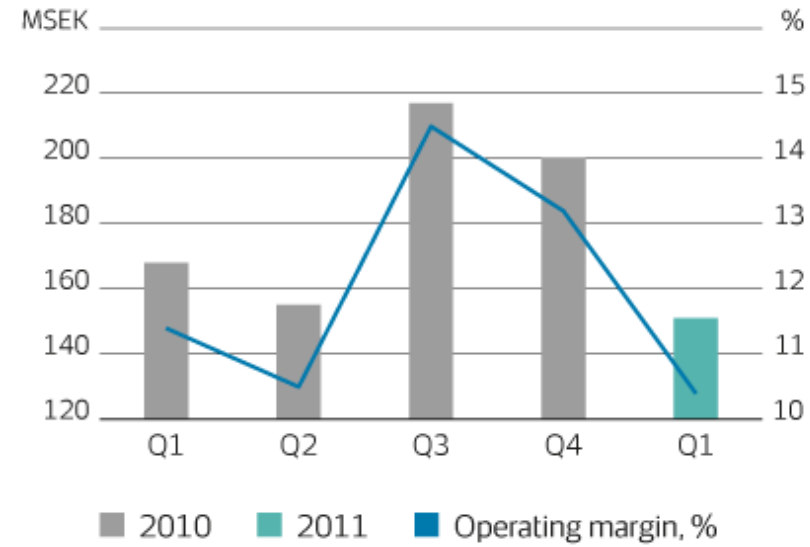




# Mobile and Monitoring – Income Development Q1



- Operating margin 10.4% (11.4\*)
- The operating margin in Mobile negatively affected by fewer call outs and increased fuel costs
- In Monitoring, the operating margin was affected by restructuring costs in Belgium and Spain due to the negative sales growth



*\* Restated due to operations moved between the segments Security Services Europe and Mobile and Monitoring.*



# Cash flow



MSEK	Q1 2011	Q1 2010	FY 2010	FY 2009
<b>Operating income before amortization</b>	<b>712</b>	<b>818</b>	<b>3,724</b>	<b>3,756</b>
Investments in non-current tangible and intangible assets	-217	-221	-902	-951
Reversal of depreciation	219	228	901	928
Change in accounts receivable	-258	-291	-769	198
Change in other operating capital employed	-647	185	313	-556
<b>Cash flow from operating activities</b>	<b>-191</b>	<b>719</b>	<b>3,267</b>	<b>3,375</b>
<i>Cash flow from operating activities, %</i>	<i>-27</i>	<i>88</i>	<i>88</i>	<i>90</i>
Financial income and expenses paid	-61	-86	-521	-482
Current taxes paid	-109	-109	-735	-728
<b>Free cash flow</b>	<b>-361</b>	<b>524</b>	<b>2,011</b>	<b>2,165</b>
<i>As % of adjusted income</i>	<i>-78</i>	<i>101</i>	<i>81</i>	<i>88</i>
<i>Free cash flow to net debt</i>	<i>0.13</i>	<i>0.35</i>	<i>0.24</i>	<i>0.26</i>

# Net Debt Development



## MSEK

<b>Net debt January 1, 2011</b>	<b>-8,209</b>
Free cash flow	-361
Acquisitions	-137
IAC payments	-7
<b>Change in net debt</b>	<b>-505</b>
Translation and revaluation	330
<b>Net debt March 31, 2011</b>	<b>-8,384</b>

# Summary Q1



- The security market is recovering, organic sales growth 3% (-1)
- Real sales growth including acquisitions 10%
- Operating margin 4.8% (5.5), negatively affected by the margin development in Security Services Europe and Mobile and Monitoring
- 8 major acquisitions in 2011, adding app. MSEK 2,700 in sales and 14,500 employees
- Securitas has operations in 45 countries with 280,000 employees and targets to be in 60 countries within 3 years



# How to improve EPS 10% in average annually?

Organic sales growth



Acquisitions



Improving the operating margin





# How to improve EPS 10% in average annually?



## Manage the machine

### Booming

- + Leverage
- Unbilled
- + Pricing
- Recruitment
- + Inflation

### Recession

- + Cut costs
- + Unbilled
- Volume chase
- Bad debt
- + Acquisitions

## Improve the operating margin year on year



## Develop the core business

- Focus on security / specialization and segmentation
- Add value
- Solutions, technology and innovations



# Solution – One partner to manage and deliver a complete Security Program



## *Physical* Security Solutions



*Customizing a solution that meets Client's needs*

*Technology Solutions*  
Security



*Consulting & Investigation*  
Solutions

# Questions and Answers





Integrity | Vigilance | Helpfulness

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