Annual General Meeting Speech, May 7, 2012
President and CEO Alf Göransson

Dear shareholders,

As we summarize the 2011 financial year, we inevitably ask ourselves: Was 2011 a good or bad year for Securitas? The answer to this question is twofold.

In financial terms, 2011 was a weak year and I am not satisfied with our results. However, we took a number of key strategic steps forward during the year, which will play a crucial role in the long term, and I would argue that we have entered a new era in Securitas' history. I will explain this in greater detail later on.

After navigating the recession in 2009 and 2010, during which Securitas delivered its two strongest years to date in terms of earnings, we experienced a setback in 2011. Earnings per share declined from SEK 5.71 to SEK 4.75. The operating margin fell from 6.1 percent to 5.3 percent, corresponding to a 3-percent decrease in real terms, that is adjusted for currency effects, compared with our record year of 2010.

The main reason for the decline in earnings in 2011 can be found in Europe. While it is true that we incurred restructuring costs in order to cut our coats to suit our cloth in late 2011, most of the decline in earnings was attributable to the loss of three of our largest contracts, which we had maintained for many years and for which we had successfully established reasonable margins. These contracts pertained to guarding services at unemployment and social services offices in the United Kingdom, at Brussels Airport and at the European Commission in Brussels. Losing three key contracts in one quarter would impact the strongest of companies and this is not something we want to experience again.

During the recession, many of our customers took the opportunity – for various reasons – to initiate procurement procedures and invite companies to submit tenders for their guarding contracts, to utilizing the declining volumes and the search for replacement volumes to reduce their costs. Although most of our contracts emerged from this turbulent period relatively unscathed, we took a beating on these three contracts.

As we look to the future, we are pleased that we have been entrusted to continue supplying security services at Arlanda Airport – our largest contract in Scandinavia – which was also subject to a call for tenders in 2011. We also secured a contract with the European Parliament in Brussels, where we recently began supplying security services.

Another reason for our results in Europe was that we were unsuccessful in our efforts to raise prices in pace with wage cost increases, particularly in France and to a certain

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extent in Sweden. Although this is crucial in our industry, the French market is extremely difficult and, in 2011, approximately 70 percent of all security companies in France broke even, reported a loss, or were undergoing or had undergone restructuring processes.

As we enter 2012, I anticipate reasonable wage cost increases in most of the European countries this year. Our price-increasing campaign in France is now stronger and better prepared than ever and we are leading the way being the market leader. Four months into the year, I am now confident that we will be able to achieve a balance between prices and wage levels in 2012.

Our earnings and operating margin in the Security Services North America business segment declined, mainly due to increased government and state taxes for unemployment insurance, which are partly imposed on employers. We did not fully succeed in offsetting this increase in payroll tax through price increases and at the end of the year there were additional unforeseen taxes.

We also incurred start-up costs in late 2011 for Securitas' largest contract: supplying airport security services for all airports in Eastern Canada. With 1 500 security officers, we will be responsible for security at a total of 32 airports, ranging from a major airport in Montreal to small airports in the far north and along the east coast, for the next five years. This contract is valued at slightly more than SEK 3 billion. While we lost a large, but not particularly profitable guarding assignment to the U.S. automotive industry at year-end, this will be more than adequately offset by our new Canadian contract. Although it cost money to establish this new operation at the end of 2011 and in the first quarter of 2012, it is expected to make a positive contribution in the future. I was recently in Montreal and met with our team and customer there, and I am confident that this major assignment will have a positive result development.

In 2011, we formed the Security Services Ibero-America segment, which comprises our operations in Spain and Portugal, as well as the operations we have established in Latin America in recent years. Our margins and earnings in Spain and Portugal declined due to extremely difficult market conditions and restructuring costs incurred late in the year. This was more than adequately offset by our positive performance in Latin America, where we are now the market leader in a growing number of countries.

The Mobile and Monitoring business segment, which includes our operations for call-out services, patrols and alarm monitoring centers, reported unchanged earnings in 2011 and we are now taking a number of measures to boost growth, since margins in this segment are approximately double those generated by permanent guarding services. We have completed a number of supplementary acquisitions, we are improving our ability to react when contracts are terminated or are in the process of being terminated and we are implementing projects involving new technology and concepts.

And with that, let us now leave the commiseration and explanations behind and turn to more positive news.

Organic sales growth amounted to 4 percent in North America, 11 percent in Ibero-America and 3 percent in Mobile and Monitoring. However, we unfortunately experienced 0-percent organic growth in Europe, due to the loss of the major contracts I mentioned earlier. In total, we reported 3 percent organic sales growth in a challenging market in 2011.

We also grew an additional 8 percent through acquisitions, bringing our total growth to 11 percent. We would have to look ten years back in the company's history to find such a favorable growth figure. However, this powerful growth left its mark on our cash flow, particularly in the form of an increased working capital requirement. We will now reduce our acquisition pace until we have restored the balance between free cash flow and net debt. In addition, we are focusing intensely on collecting accounts receivable, which have increased by one day per year in recent years – with every day representing approximately an MSEK 200 increase in our working capital requirement. We have also linked all of our bonus systems to cash flow within the individual area of responsibility.

Our largest acquisitions in late 2010 and early 2011 where made in the UK with the purchase of Reliance Security and Chubb, and we have now gone from being a relatively minor player in the U.K. market to a number two position. All integration costs for the acquisitions were assumed during 2011 and the U.K. operations are now gradually starting to make a positive contribution to earnings.

In 2011, we also completed a number of large, important acquisitions in Latin America. We continued to expand our presence in Eastern Europe, particularly in the Balkan region, and strengthened our presence in the USA and Belgium. We established operations in four new countries and are now active in a total of 51 countries, with slightly more than 300 000 employees. Our intention is to be active in between 60 and 65 countries in three years.

We also acquired a number of technology companies - in Thailand and Argentina and a company specializing in systems design and technology development in Turkey. We are currently the market leader in Turkey and hold expertise in all security areas. Our Turkish technology company will increasingly provide support to our guarding companies in Central and Eastern Europe.

In 2011, we conducted 19 major acquisitions involving 24 900 employees and generating total annual sales of SEK 4.5 billion. In the past five years, we have completed 76 major acquisitions involving approximately 90 000 employees and generating total annual sales of SEK 12.5 billion. In 2008, Loomis was distributed to you, our shareholders, which reduced our sales by slightly more than SEK 11 billion. In simple terms, we have now replaced the sales and earnings generated by Loomis and, adjusted for currency effects, our net debt at year-end 2011 was approximately the same as it was five years ago.

The market for security services is mature in most of our areas of operation, with low added value, high price transparency and a fragmented competitive landscape. In many countries, the market is also poorly regulated and has a low barrier to entry. If you are unable to prove your added value in such an environment, the only remaining weapon will be price, which turns services into a commodity with weak profitability as a result.

At Securitas, we are convinced that focusing on specialization rather than diversification will allow us to break this vicious circle. Our goal is to continue providing manned guarding services based on customer demand, while at the same time boosting our margins by supplying comprehensive security solutions. We are achieving this goal by creating added value for our customers – better security at a lower price.

Delivering better security at a lower price requires expertise in optimizing the balance between deploying security officers and/or technology. In some countries, it costs more to use an advanced camera system than to have a number of security officers on site around the clock. In others, technology is becoming more affordable and advanced, while wages are increasing and regulations are becoming more complicated.

The second part of the equation is whether to perform guarding services on site or from an alarm monitoring center.

We possess the necessary know-how to increasingly advise our customers in all of these areas, which will enable us to advance Securitas' position in the value chain and improve our margins. There is no other viable way forward and we are pressed for time.

Today, more than one-third of our branch offices are organized by customer segment, allowing us to utilize our size and specialize in specific segments. As a result, we can provide customers with expertise, experience, knowledge and ideas for how they can improve their security solutions in a cost-efficient manner in their specific industry.

We are investing in technology and security system design resources in order to strengthen our ability to propose optimal solutions, comprising physical security, technology, patrols, alarm monitoring, and consulting and investigation services.

We attempted to accelerate this process in 2011 by making a public bid for Niscayah (former Securitas Systems), but were not successful due to a higher bid by another company. Instead, we are now building our expertise organically, primarily to support and enhance our existing customer portfolio, and adding new areas of competence and customer bases by conducting acquisitions in key markets. A few weeks ago, we completed another such acquisition in Spain, which will provide us with a technological base for the Security Services Ibero-America business segment.

Through acquisitions, we are strengthening our competence in highly specialized consulting and investigation services, enabling us to advise our customers on complex security issues or crisis situations.

In 2011, we implemented an internal business model known as the Diamond Box, which provides systematic guidance on how to perform a professional operational analysis of a customer's security needs and then transform those conclusions into competitive security solutions. Substantial efforts are being made in security training to support the Diamond Box capabilities.

Our internal web, *My Securitas*, has now been expanded to 13 000 users in all of our markets, giving us access to a comprehensive network of wikis and communities where experience, innovations and solutions can be found and exchanged, thus allowing users to identify and share knowledge in a way that improves our customer offering.

Our state-of-the-art client web portals provide customers with all required security-related information online and provide such additional features as alerts and access to data, which are important for assessing security needs.

In certain markets, we already develop and sell an advanced surveillance system using smart cameras, which are programmed to react to certain circumstances, when perimeter protection is breached or when abnormal behavior occurs at a certain time of day.

The key to our success lies in working closely with our customers, utilizing our innovative skills and devoting our efforts to identifying and suggesting solutions that can improve security in a cost-efficient manner for our customers.

By working closely with our customers and developing solutions together, we are able to show that we are different from other security providers and that all of our more than 300 000 employees make a difference.

Thank you!