



**Annual General Meeting Speech, May 4, 2010
President and CEO Alf Göransson**

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Dear shareholders,

2009 was a difficult but successful year.

A few years ago, we made a clear choice; we believed that we would earn more money by prioritizing profitability and margin improvement, rather than chasing volume at almost any price. In 2008, we increased our earnings per share by 9 percent compared with the preceding year.

This was perhaps not overly surprising in a time of economic boom when “the sky was the limit.” However, we should allow ourselves to feel a certain amount of pride after 2009, when we improved our margins and strengthened our earnings per share in the midst of a severe recession. Granted, this improvement was largely the result of exchange-rate effects, but it was an improvement nonetheless.

Admittedly, organic sales growth declined 1 percent in 2009. Taking into consideration the effect of the acquisitions implemented, which were financed through our own cash flow, sales rose 2 percent.

In contrast, our operating margin improved to 6.0 percent, compared with 5.8 percent in the preceding year.

In a large organization such as Securitas, with slightly more than 260,000 employees – which is, in fact, more than before the distribution of our three business areas Securitas Direct, Securitas Systems (now Niscayah) and Loomis to you, our shareholders – it is important to have a straightforward and clear strategy.

The foundation of our operations is our three “red dots,” which represent our values – Integrity, Vigilance and Helpfulness – along with our Toolbox, which provides all of the necessary tools to illustrate Securitas’ business model, regardless of whether we are in Colombia, Sweden, Turkey or the USA.

It is on this foundation that our strategy is built. Part of our strategy is to increase our global presence, which we are doing through acquisitions. We are currently active in 40 countries, ten more than we were four years ago. All in all, the Group carried out 15 acquisitions in the past year, involving a total of 14,000 employees.

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Our efforts to increase our global presence in countries in which our multinational customers more or less demand that we establish a presence to remain competitive are still at early stage. In Latin America, we have made significant progress in five countries, with a total of approximately SEK 2 billion in sales and slightly more than 23,000 employees. In India and Vietnam, we own a 49-percent stake in two guarding companies with 10,000 and 2,500 employees, respectively.

In China, we currently have slightly more than 200 guards in a market that, according to our estimates, comprises about four million guards. I do not really know what this means in terms of market share, but it certainly demonstrates considerable potential. The problem we face in China today is not conducting sales or attracting customers, but rather lies in recruiting, training and licensing guards and establishing an effective company structure.

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In terms of our strategy for the predominant portion of Securitas, the following applies:

- We prioritize profitability over volume. We do this not only because it is lucrative, as I have already mentioned, but also because a unique process and sense of creativity are achieved in the organization when everybody understands that the best way to maximize their results, achieve their bonuses and become successful in Securitas is by enhancing the value of the services we deliver to our customers. Chasing market shares using price as the only weapon is not particularly creative and would represent a disregard for our professional duty as a market leader.
- I believe in global knowledge and local relations. I also believe that if a person has a heart problem, he or she wants to be treated by a specialist and not by a general practitioner at a local medical care center. This is why we divide our organization into customer segments, whenever financially feasible, and why approximately one-third of the company is organized into specialized branch offices.
- We work with Niscayah and other technology suppliers to optimize our customers' security installations and find the best balance between technology and guarding services.
- We perform ongoing risk analyses for our customers and serve as an advisor to assist them in determining how to achieve a reasonable balance in their security investments. In Sweden, we also recently acquired 51 percent of the country's leading risk, crisis and security advisory company Secredo, and I believe that this type of service is an excellent way for Securitas to expand the service content it delivers to its customers.
- We are the only major security company in the world that has created a separate specialized business segment for Mobile and Monitoring, including patrols, alarm response and alarm surveillance. Since profitability in this division is twice as high as in the guarding area, it is only natural that we are also making substantial investments in this area to boost growth and expand our geographical distribution in Europe. For example, at the beginning of the year, we created a separate monitoring center in the Czech Republic and implemented our first acquisition of a monitoring center in Spain.



- In the USA, we recently launched the introduction of the industry's best and most cutting-edge IT security portal, which ensures that all information that the customer's security manager could possibly need is readily available in a single location.
- There are many other examples of how we enhance the value of the services we deliver. Allow me to provide you with a tangible real-life example:
The subway system in Oslo, Norway had long had a high frequency of crime, vandalism and disorderly conduct. In cooperation with the customer, we created a service whereby the distribution of guards in terms of gender, age and ethnicity reflected that of the average passenger at various points in the day or week. We also altered the guards' uniforms to make them less intimidating and more approachable. The result was fewer crimes and less vandalism. Few, or perhaps no, other guarding companies have the necessary prerequisites to develop and manage this type of service the way Securitas can.
- Often, the best solutions are achieved when we combine technology, permanent guards, patrol guards and alarms linked to our monitoring centers. In other words, combined contracts.

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Allow me to share a few examples of the security solutions we are developing in cooperation with two customers in the United Kingdom. (FILM)

I would now like to address Securitas' financial performance.

In 2009, the Group's operating margin rose to 6.0 percent (5.8). The significant improvement in the operating margin in Security Services North America continued, increasing from 5.2 percent in 2007 and 5.7 percent in 2008 to 5.9 percent in 2009. This improvement was primarily the result of the systematic optimization of the contract portfolio's composition, along with the positive effects of a lower employee turnover rate, which fell from 55 percent to 39 percent in 2009.

In Security Services Europe, the operating margin remained unchanged from 2008 at 5.7 percent, despite higher bad debt losses and provisions for bad debt, as well as lower extra sales in the wake of the recession.

In Mobile and Monitoring, investments in increased sales resources made in prior years were optimized, while efforts to reduce the number of terminations were intensified. This contributed to an improved operating margin of 11.8 percent, compared with 11.7 percent in 2008.

During the first quarter of 2010 the real improvement of the operating income continued, excluding exchange rate fluctuations, and amounted to 5 percent compared to the same period last year. Operating margins in all business segments were either flat or improved.

One of our most important and decisive challenges is to maintain the balance between wage increases and price increases in the customer portfolio. We succeeded in doing this in both 2008 and 2009. During 2010, we will face the difficult challenge of continuing



to maintain this balance, a task that will be particularly tough since our customers have limited understanding or acceptance of price increases in a low inflation environment. Accordingly, eliminating or at least minimizing all increases in fixed wages costs will be an important defensive measure in 2010.

In 2009, we achieved significant cost reductions, particularly in larger markets, such as the USA, Spain and France, where we have experienced negative growth for some time. While we can never fully offset the costs associated with a decline in volume, we hope to be able to adopt a restrained approach when it comes to redeploying resources when growth recovers, thereby benefitting from the cost-cutting measures that were implemented.

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In the markets in which Securitas is active, our assessment is that we have grown in pace with the security market. However, our growth in the USA was probably somewhat below the market average since we are more exposed to the energy sector and automotive industry in this country, both of which have been affected by significant cutbacks in outsourced security services.

In 2009, Securitas achieved organic sales growth of -1 percent. Security Services North America reported organic sales growth of -4 percent, while there were significant differences between countries in Security Services Europe due to the economic climate. On the whole, the volume, including Aviation, was in line with the preceding year. Aviation reported double-digit organic sales growth and growing market shares in Europe. Mobile and Monitoring's organic sales growth amounted to 3 percent.

In the slow had fragile recovery in many of the worlds economies, demand has not yet increased in the first quarter of 2010 when it comes to security services, but it seems to have stabilized at present levels. The organic sales growth in Security Services North America remains negative and is expected to stay weak during the first half year of 2010, due to reductions and losses of a few large contracts during primarily the second half of last year.

Despite a challenging business climate with volume cutbacks and pressure on prices, 2009 was nevertheless a successful year. For example, we established a segment in the area of healthcare in the USA, which we believe will be a growth area in the coming years. Furthermore, we achieved success in Sweden in the area of Mobile and Monitoring with Securitas Home Alert Services, and we plan to expand these efforts to other markets in 2010. Our presence in Eastern Europe and Latin America also grew satisfactorily.

We intend to remain active in the area of acquisitions during 2010 and to selectively take advantage of the opportunities brought about by the recession. We have an acquisition capacity that is equivalent to approximately half of the free cash flow generated by the Group, which typically entails a sales growth rate of between 3 and 5 percent annually through acquisitions made by the Group. We do not have any geographical limitations. Instead, we prioritize the best transactions and returns in mature markets that offer favorable synergies and in which we can complement or strengthen our market position, as well as in new markets where we are primarily able to strengthen our position in global procurement.



In 2009, we reported negative organic sales growth in a number of areas, which is something that Securitas has hardly, if ever, experienced before. This has been quite challenging and it is easy to fall into the trap of expending all of our energy on describing the problems rather than trying to solve them.

I believe that we can expect the recovery of the economy to be a slow, uneven and delicate process. Although the world's central banks have saved many sick patients with large doses of penicillin, it is not so strange that the economic immune system remains weak.

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In 2009, the Securitas organization did an excellent job of responding quickly to the various challenges associated with the ongoing recession. Furthermore, there has been no end to the new creative ideas and solutions that we have come up with, which helped us to achieve success during the past year and will give us the strength to face exciting new challenges in the coming year.

Thank you!