



# Securitas AB

## Interim Report January - March 2001

*Sales increased by 56 percent to MSEK 13,107 (8,395),  
of which 6 percent is organic growth*

*Income before taxes increased by 23 percent  
to MSEK 317 (257)*

*Free cash flow was MSEK 383 (73),  
corresponding to 84 percent (23) of adjusted income*

*Earnings per share after full taxes increased by  
19 percent to SEK 0.57 (0.48)*

# Interim Report January - March 2001

## Sales and Income

Consolidated sales amounted to MSEK 13,107 (8,395), an increase of 56 percent. In local currencies, the corresponding increase is 47 percent. Organic growth was 6 percent (8). The lower organic growth compared to last year is explained mainly by the U.S. acquisitions and the consequent increasing share of security services. The group's organic growth excluding the U.S. is 8 percent. The last year's acquisitions have increased sales by MSEK 3,464, equivalent to 41 percent.

Operating income before amortization of goodwill was MSEK 758 (464), an increase of 63 percent. Operating margin was 5.8 percent (5.5).

Income before taxes amounted to MSEK 317 (257), an increase of 23 percent. In local currencies, the corresponding increase is 20 percent.

Earnings per share after full taxes increased by 19 percent to SEK 0.57 (0.48). Earnings per share after taxes paid amounted to SEK 0.62 (0.53). Full tax for 2001 is expected to be 36 percent.

## Development in the Group's divisions

### Security Services USA

Organic growth was 3 percent and the operating margin was 5 percent (4). The improved profitability can mainly be explained by synergy effects. The task of integrating Pinkerton and Burns continues according to plan. The operations are now organized

in 10 regions and each region is fully accountable for profitability. The regions are in their turn divided into more than 600 profit centers.

### Security Services Europe

Organic growth was 5 percent (4) and the operating margin was 6 percent (6). The higher rate of growth is due mainly to the Nordic countries. Following last year's implementation of the 35-hour working week in France, a second price increase is being implemented. It is split into two steps and the volume effect of this will be seen from April, at which time organic growth is expected to reach at least 5 percent. Through last year's and this year's price increases, the operating margin has been increased to 7 percent (6).

In Germany, restructuring is complete and margins are continuously improving. In the next step, positive organic growth is expected.

The task of integrating Burns' operations with Securitas' existing operations in Great Britain and Canada is complete. One effect of the integration is that the previously loss-making operation in Great Britain reached break-even in March.

### Security Systems Europe and USA

Organic growth was 3 percent (12) and the operating margin was 5 percent (6).

The task of restructuring the U.S. security systems operations was completed during 2000 and the

## Divisional Overview

	Security Services USA <sup>1)</sup>		Security Services Europe <sup>2)</sup>		Security Systems Europe and USA		Direct Europe		Cash Handling Services Europe		Total	
	2001	2000 <sup>4)</sup>	2001	2000 <sup>4)</sup>	2001	2000 <sup>4)</sup>	2001	2000 <sup>4)</sup>	2001	2000	2001	2000
Sales, MSEK	6,391	2,976	4,556	3,661	821	743	236	174	1,103	841	13,107	8,395
Organic growth, %	3	n/a	5	4	3	12	35	35	16	16	6	8
Operating income before amortization of goodwill, MSEK	323	123	284	221	45	43	23	17	83	60	758	464
Operating margin, %	5	4	6	6	5	6	10	10	8	7	6	6
Operating capital employed as % of sales <sup>3)</sup>	8	8	11	10	21	21	24	22	42	40	13	12
Capital employed <sup>5)</sup>	12,687	5,379	6,391	5,004	1,358	1,292	295	200	2,644	1,700	23,375	13,575
Return on capital employed, %	9	9	18	18	11	13	33	35	12	14	12	13

1) Including Consulting & Investigations

2) Including Canada and Mexico

3) Adjusted for full-year sales of acquired entities

4) According to the new divisional structure

5) Excluding shares in associated companies

operations were close to break-even during March 2001. As a consequence of the restructuring work and focus on increased profitability, the USA shows negative organic growth of -7 percent. The accumulated operating margin in March was -8 percent (-4).

The European security systems operations are developing somewhat better than plan. Organic growth was 5 percent. The operating margin increased by 1 percent to 9 percent compared to the previous year.

#### Direct Europe

Organic growth was 35 percent (35) and the operating margin was 10 percent (10).

The number of newly installed units during the period was 16,500 (12,000), corresponding to an increase of 38 percent compared to the previous year. The total installed base is now 209,000 (152,000).

In addition to Direct Europe, Securitas had 222,000 alarm connections (195,500) in Security Services Europe and Security Systems Europe. The number of newly installed units during the period was 8,000 (5,800).

In April 2001, Direct Europe signed an agreement with *Belgacom S.A.* to combine their respective small alarms operations in the Benelux and France. *Belgacom Alert Services Holding (BASH)* is mainly

active in small alarm systems for homes and small businesses with approximately 62,000 alarm connections in Belgium and the Netherlands.

The transaction will be completed in three steps. As a first step, Securitas will contribute its Belgian alarm operations and will thereby receive a 5 percent minority interest in BASH. As a second step in January 2002, Securitas will transfer its French small alarms operations to BASH and will receive in return a 72 percent total majority shareholding in the company. These two steps do not include any exchange of cash. In a third step, Belgacom will have an option from 2003 to sell its minority interest to Securitas, which in turn will have an option from 2006 to buy Belgacom's minority share.

In connection with the second step of the transaction, 63,000 Securitas small alarm connections will be transferred to Direct Europe. Of these, 55,000 will come from the French security services operation and will be included in Direct through BASH. Through the transaction, Direct Europe will thereby have operations in ten European countries with approximately 309,000 alarm connections for the present and pro-forma annual sales for 2001 of approximately MSEK 1,500.

BASH will be consolidated in the Securitas Group during 2002 and is expected to increase sales by approximately MSEK 220 on a full-year basis. The security services and large alarm systems

#### Security Services USA: sales per region

<u>Region/Business area</u>	<u>Jan-Mar 2001</u> <u>MSEK</u>	<u>Share</u> <u>of total</u>	<u>Jan-Mar 2001</u> <u>M(local)</u>
North Central	644	10.1	64.9
East Central	555	8.7	55.9
South Central	687	10.7	69.2
Mid-Atlantic	466	7.3	46.9
New England	398	6.2	40.1
New York/New Jersey	522	8.2	52.5
South East	516	8.1	52.0
Rocky Mountain	619	9.7	62.3
Northern California	640	10.0	64.4
Southern California/Hawaii	624	9.8	62.8
C & I	186	2.9	18.7
Other	534	8.3	53.8
<b>Total</b>	<b>6,391</b>	<b>100.0</b>	<b>643.5</b>

\* Organic growth per region will be provided from 2002.

#### Security Services Europe: sales per country/region

<u>Country</u>	<u>Jan-Mar 2001</u>	<u>Jan-Mar 2001</u>	<u>Jan-Mar 2000</u>	<u>Change in %</u>		
	<u>MSEK</u>	<u>Share</u> <u>of total</u>	<u>M(local)</u>	<u>M(local)</u>	<u>organic</u>	<u>total</u>
Sweden	544	12	544	487	11	12
Norway	238	5	215	199	9	8
Denmark	45	1	37	30	22	23
Finland	161	4	106	94	13	13
Germany	839	18	182	183	0	0
France	964	21	701	706	0	-1
Great Britain	266	6	19	8	0	136
Spain	480	11	8,841	7,030	12	26
Switzerland	98	2	17	15	14	13
Austria	32	<1	48	50	-4	-4
Portugal	211	5	4,676	4,093	14	14
Belgium	294	6	1,314	884	10	49
Netherlands <sup>1)</sup>	34	<1	8	n/a	n/a	n/a
Eastern Europe	93	2	n/a	n/a	14	14
Canada, Mexico	319	7	n/a	n/a	-1	78
Elimination	-62	n/a	n/a	n/a	n/a	n/a
<b>Total (MSEK)</b>	<b>4,556</b>	<b>100</b>	<b>n/a</b>	<b>n/a</b>	<b>5</b>	<b>22</b>

1) Acquired July 2000

operations, that have sales of MSEK 90, will be integrated in the rest of the Securitas Group. The transaction is expected to have a positive effect on the Group's income and cash flow from 2003. The transaction is subject to approval from the competition authorities.

#### *Cash Handling Services Europe*

Organic growth was 16 percent (16) and the operating margin was 8 percent (7). The division continues to develop positively with good profitability.

In Spain, the cash handling services operations are developing according to plan. Ausysegur is now fully integrated with Securitas and the operation is developing with good profitability.

In February 2001, *Barclays Bank plc*, *HSBC Bank plc* and Securitas UK Limited decided to combine their Sterling cash management operations in the UK. A new company will be formed, *Securitas Cash Management Limited*, which will be 75 percent owned by Securitas, with Barclays and HSBC each holding 12.5 percent. The banks' and Securitas' cash centers will be combined. The transaction has been approved by the competition authorities.

For Securitas, the agreement means an increase in annual sales of more than MGBP 41. The agreement is an important step for Securitas' cash handling strategy, and follows the successful build-up of cash transportation and ATM-related business across Europe.

#### **Cash flow**

Adjusted income, defined as operating income before amortization of goodwill, adjusted for financial items and taxes paid amounted to MSEK 458 (323). The cash flow effect of changes in working capital amounted to MSEK -6 (-164). The change is positively impacted by the fact that the temporary increase in U.S. customer receivables during last year has been reduced by a further 3 days from 46 days billing to 43, which corresponds to a decrease of about MSEK 210. The earlier goal remains of returning to a level of 40 days billing during the first

half of 2001.

Investment in operating assets amounted to MSEK 344 (302). The increase is in relation to organic growth and acquisitions.

Operating cash flow increased by 220 percent to MSEK 683 and was equivalent to 90 percent (46) of operating income before amortization of goodwill. Free cash flow increased by 425 percent to MSEK 383 (73), corresponding to 84 percent (23) of adjusted income.

#### **Capital employed, net debt and shareholders' equity**

The Group's operating capital employed was MSEK 7,319 (6,743 per December 31, 2000), corresponding to 13 percent (13) of sales, adjusted for full year sales of acquired entities.

The Group's capital employed increased to MSEK 24,021 (22,479 per December 31, 2000). Acquisitions have increased the Group's goodwill during the first quarter by MSEK 131. Conversion of foreign capital employed had a positive effect of MSEK 1,560 on the Group's capital employed during the first quarter.

The Group's net debt amounted to MSEK 13,104 (12,419 per December 31, 2000). Acquisitions have had a negative effect on net debt during the first quarter of MSEK 161.

When converting the Group's net debt denominated in foreign currencies to Swedish Kronor, a negative effect of MSEK 907 occurred for the first quarter.

In March, a seven year bond of MEUR 500 was issued in the international capital markets.

Shareholders' equity amounted to MSEK 10,915 (10,059 per December 31, 2000). Interest expense for the period on the outstanding subordinated convertible debenture loan amounted to MSEK 8 (7).

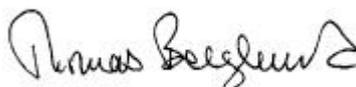
The net debt equity ratio was 1.20 (1.23 per December 31, 2000).

## Development in 2001

The positive development of the Group's various divisions gives an opportunity for an increase in

income before taxes of up to 30 percent. This is in line with the previously presented Five Year Vision.

STOCKHOLM, MAY 8, 2001

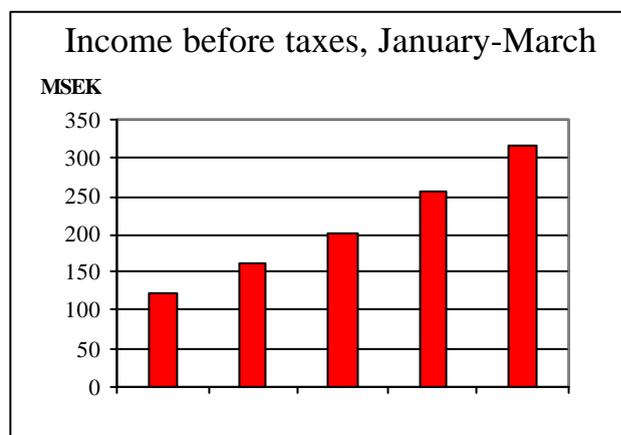
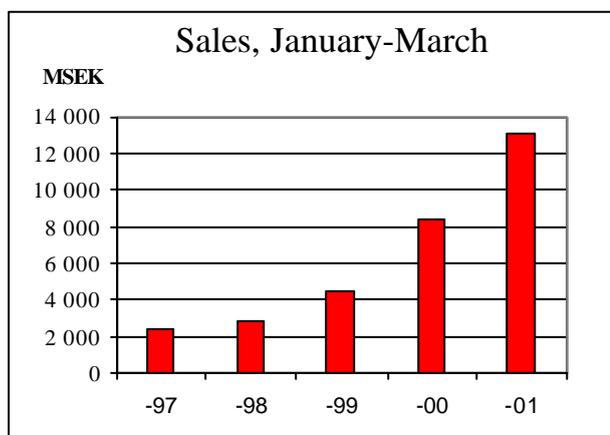


*Thomas Berglund*  
President and Chief Executive Officer

### Accounting principles

This interim report has been prepared in accordance with the RR 20 Interim Reports recommendation of the Swedish Financial Accounting Standards Council. The Group has adapted its accounting to the Council's RR9 Income Taxes recommendation. Other accounting principles are unchanged.

*The report has not been reviewed by the company's auditors.*



*For further information please contact President and CEO Thomas Berglund, Deputy CEO Amund Skarholt, Executive Vice President and CFO Håkan Winberg or Manager Investor Relations Camilla Weiner telephone +46 8 657 74 00.*

## Income

MSEK	Jan-Mar 2001	Jan-Mar 2000	Jan-Dec 2000	Jan-Dec 1999
Sales, continuing operations	9,642.5	4,644.9	27,445.5	14,681.9
Sales, acquired businesses	3,464.1	3,750.5	13,361.0	10,964.4
<b>Total sales</b>	<b>13,106.6</b>	<b>8,395.4</b>	<b>40,806.5</b>	<b>25,646.3</b>
Production expenses	-11,335.1	-7,172.2	-35,118.7	-21,477.1
<b>Gross income</b>	<b>1,771.5</b>	<b>1,223.2</b>	<b>5,687.8</b>	<b>4,169.2</b>
Administration expenses	-1,013.1	-759.7	-3,127.5	-2,538.7
<b>Operating income before amortization of goodwill</b>	<b>758.4</b>	<b>463.5</b>	<b>2,560.3</b>	<b>1,630.5</b>
<i>Operating margin, %</i>	5.8	5.5	6.3	6.4
Amortization of goodwill	-238.4	-136.4	-707.4	-403.9
<b>Operating income after amortization of goodwill</b>	<b>520.0</b>	<b>327.1</b>	<b>1,852.9</b>	<b>1,226.6</b>
Net financial items	-202.6	-70.0	-489.4	-110.8
<b>Income before taxes</b>	<b>317.4</b>	<b>257.1</b>	<b>1,363.5</b>	<b>1,115.8</b>
<i>Net margin, %</i>	2.4	3.1	3.3	4.4
Taxes paid	-98.0	-70.3	-359.0	-334.5
Deferred taxes	-16.1	-17.1	-153.0	18.0
Minority interest	0.0	0.0	-0.2	-1.5
<b>Income for the period</b>	<b>203.3</b>	<b>169.7</b>	<b>851.3</b>	<b>797.8</b>

## Cash flow

MSEK	Jan-Mar 2001	Jan-Mar 2000	Jan-Dec 2000	Jan-Dec 1999
<b>Operating activities</b>				
Operating income before amortization of goodwill	758.4	463.5	2,560.3	1,630.5
Capital expenditure on operations	-344.0	-302.1	-1,202.3	-1,044.3
Depreciation (excluding amortization of goodwill)	274.8	216.5	942.2	754.3
Changes in working capital	-6.0	-164.3	-363.3	-93.4
<b>Cash flow from operations</b>	<b>683.2</b>	<b>213.6</b>	<b>1,936.9</b>	<b>1,247.1</b>
Net financial items	-202.6	-70.0	-489.4	-110.8
Taxes paid	-98.0	-70.3	-359.0	-334.5
<b>Free cash flow</b>	<b>382.6</b>	<b>73.3</b>	<b>1,088.5</b>	<b>801.8</b>
Reversal of capital expenditure on operations	344.0	302.1	1,202.3	1,044.3
<b>Cash flow from operating activities</b>	<b>726.6</b>	<b>375.4</b>	<b>2,290.8</b>	<b>1,846.1</b>
Cash flow from investing activities, acquisitions	-161.1	-2,488.1	-10,944.3	-3,700.9
Cash flow from investing activities, operations	-344.0	-302.1	-1,202.3	-1,044.3
Cash flow from financing activities excl.				
change in interest-bearing debt	-	-	-356.3	3,160.1
Foreign exchange differences	-907.0	45.4	-154.1	105.0
<b>Change in net debt</b>	<b>-685.5</b>	<b>-2,369.4</b>	<b>-10,366.2</b>	<b>366.0</b>
Change in interest-bearing debt	670.8	2,258.1	10,530.9	-515.4
<b>Change in cash and liquid funds</b>	<b>-14.7</b>	<b>-111.3</b>	<b>164.7</b>	<b>-149.4</b>

## Capital employed, net debt and shareholders' equity

MSEK	Mar 31, 2001	Dec 31, 2000	Mar 31, 2000	Dec 31, 1999
Operating capital employed	7,318.7	6,743.2	4,800.3	3,943.8
<i>Return on operating capital employed, %</i>	41	49	49	48
<i>Operating capital employed as % of sales <sup>1)</sup></i>	13	13	12	12
Shares in associated companies	645.8	602.6	0.8	0.9
Goodwill	16,056.7	15,133.7	8,773.9	7,178.4
<b>Capital employed</b>	<b>24,021.2</b>	<b>22,479.5</b>	<b>13,575.0</b>	<b>11,123.1</b>
<b>Net debt</b>	<b>-13,104.3</b>	<b>-12,418.8</b>	<b>-4,422.0</b>	<b>-2,052.6</b>
Minority interest	1.6	1.5	1.8	1.8
<b>Shareholders' equity</b>	<b>10,915.3</b>	<b>10,059.2</b>	<b>9,151.2</b>	<b>9,068.7</b>
<i>Equity ratio, %</i>	29	29	42	43

1) Adjusted for full-year sales of acquired entities

## Balance Sheet

MSEK	Mar 31, 2001	Dec 31, 2000	Mar 31, 2000	Dec 31, 1999
<b>ASSETS</b>				
<b>Fixed assets</b>				
Goodwill	16,056.7	15,133.7	8,773.9	7,178.4
Other intangible fixed assets	283.4	285.3	280.9	275.7
Tangible fixed assets	3,901.7	3,691.8	3,190.0	3,079.9
Shares in associated companies	645.8	602.6	0.8	0.9
Non-interest-bearing financial fixed assets	3,659.6	3,217.8	1,776.5	1,501.4
Interest-bearing financial fixed assets	95.9	97.8	35.6	37.8
<b>Total fixed assets</b>	<b>24,643.1</b>	<b>23,029.0</b>	<b>14,057.7</b>	<b>12,074.1</b>
<b>Current assets</b>				
Non-interest-bearing current assets	10,911.3	9,890.6	6,346.1	5,560.3
Interest-bearing current assets	1,765.9	2,024.6	1,408.6	3,244.8
<b>Total current assets</b>	<b>12,677.2</b>	<b>11,915.2</b>	<b>7,754.7</b>	<b>8,805.1</b>
<b>TOTAL ASSETS</b>	<b>37,320.3</b>	<b>34,944.2</b>	<b>21,812.4</b>	<b>20,879.2</b>

MSEK	Mar 31, 2001	Dec 31, 2000	Mar 31, 2000	Dec 31, 1999
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Restricted equity	8,139.1	7,770.3	7,475.8	7,571.4
Non-restricted equity	2,776.2	2,288.9	1,675.4	1,497.3
<b>Total shareholders' equity</b>	<b>10,915.3</b>	<b>10,059.2</b>	<b>9,151.2</b>	<b>9,068.7</b>
<i>Equity ratio, %</i>	29	29	42	43
<b>Minority interest</b>	<b>1.6</b>	<b>1.5</b>	<b>1.8</b>	<b>1.8</b>
<b>Liabilities</b>				
<b>Provisions</b>	<b>3,192.5</b>	<b>1,909.7</b>	<b>1,068.9</b>	<b>938.4</b>
<b>Long-term liabilities</b>				
Non-interest-bearing long-term liabilities	363.2	313.5	309.4	311.2
Interest-bearing long-term liabilities	11,679.7	7,043.8	3,735.0	3,739.0
<b>Total long-term liabilities</b>	<b>12,042.9</b>	<b>7,357.3</b>	<b>4,044.4</b>	<b>4,050.2</b>
<b>Current liabilities</b>				
Non-interest-bearing current liabilities	7,908.3	8,144.1	5,441.7	5,251.2
Interest-bearing current liabilities	3,259.7	7,472.4	2,104.4	1,568.9
<b>Total current liabilities</b>	<b>11,168.0</b>	<b>15,616.5</b>	<b>7,546.1</b>	<b>6,820.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>37,320.3</b>	<b>34,944.2</b>	<b>21,812.4</b>	<b>20,879.2</b>

### CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital	Restricted reserves	Non-restricted reserves	Total
Opening balance	356.3	7,414.0	2,184.9	9,955.2
Effect of change in accounting principle	-	-	104.0	104.0
Net income for the period	-	-	203.3	203.3
Transfer between restricted and non-restricted reserves	-	-120.8	120.8	0.0
Translation differences	-	489.6	163.2	652.8
<b>Closing balance</b>	<b>356.3</b>	<b>7,782.8</b>	<b>2,776.2</b>	<b>10,915.3</b>

## Data per share

SEK	Mar 31, 2001	Mar 31, 2000	Dec 31, 2000	Dec 31, 1999
Share price, end of period	173.00	209.00	175.00	154.00
Earnings after taxes paid after full conversion	0.62	0.53	2.81	2.25
Earnings after full taxes, before full conversion	0.59	0.49	2.45	2.37
Earnings after full taxes, after full conversion	0.57	0.48	2.39	2.30
Dividend	-	-	1.20	1.00
P/E ratio after full conversion	-	-	73	67
Number of shares outstanding	356,318,317	356,318,317	356,318,317	356,318,317
Average number of shares outstanding	356,318,317	356,318,317	356,318,317	345,845,427
Number of shares after full conversion	365,123,348	365,123,348	365,123,348	365,123,348
Average number of shares after full conversion	365,123,348	365,123,348	365,123,348	355,790,015

### Further information regarding earnings per share

MSEK	Jan-Mar 2001	Jan-Mar 2000	Jan-Dec 2000	Jan-Dec 1999
Net income for the period	203.3	169.7	851.3	797.8
Interest cost for the convertible loan, net of 28% tax	5.5	4.9	20.9	20.6
Net income used in data per share calculations	208.8	174.6	872.2	818.4

# Securitas – a World Leader in Security

Securitas is a world leader in security with operations in more than 30 countries  
in Security Services, Security Systems, Direct,  
Cash Handling Services and Consulting & Investigations.  
The Group has about 210,000 employees.

## Information Meeting and Telephone Conference

An information meeting and telephone conference will be held in connection with the publication of  
the interim report on Tuesday, May 8, 2001 at 3 p.m. CET.

The information meeting will be held at Securitas' head office, Lindhagensplan 70, Stockholm

The telephone number for the telephone conference is +44 20 8240 8242

## Financial information from Securitas

The Interim Report for January - June 2001 will be published on August 9, 2001  
The Interim Report for January - September 2001 will be published on November 7, 2001

Press releases can be obtained from Securitas AB's website: [www.securitasgroup.com](http://www.securitasgroup.com)



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