

Securitas AB  
Annual Report 2000





Integrity

Vigilance

Helpfulness

## Contents

|   |    |
|---|----|
| The President and Chief Executive Officer | 4  |
| The Securitas Model                       | 6  |
| Integrity, Vigilance, Helpfulness         | 8  |
| The Market Matrix and the Value Chain     | 10 |
| New Organization                          | 12 |
| Ten-Year Financial Summary                | 14 |
| The Security Industry                     | 16 |
| People Make the Difference                | 18 |
| The Securitas Model in Practice           | 20 |
| Security Services USA                     | 24 |
| Security Services Europe                  | 30 |
| Security Systems Europe and USA           | 34 |
| Direct Europe                             | 38 |
| Cash Handling Services Europe             | 42 |
| The Securitas Share                       | 46 |
| Report of the Board of Directors          | 48 |
| Definitions                               | 57 |
| Consolidated Statement of Income          | 58 |
| Consolidated Statement of Cash Flow       | 59 |
| Consolidated Balance Sheet                | 60 |
| Parent Company Statement of Income        | 62 |
| Parent Company Statement of Cash Flow     | 62 |
| Parent Company Balance Sheet              | 63 |
| Risk Management                           | 64 |
| Accounting Principles                     | 66 |
| Notes to the Financial Statements         | 68 |
| Audit Report                              | 75 |
| Group Management                          | 76 |
| Board of Directors and Auditors           | 77 |
| Country Management per Division           | 78 |
| Addresses                                 | 81 |
| Financial Information                     | 82 |
| Invitation to the Annual General Meeting  | 82 |

## COVER PICTURE

The French operations' sharp focus on refinement of permanent guarding has led to an increase in timesharing services and combined contracts containing alarms and guarding. As market leader in France, Securitas continues to lead the development of the security industry and security services.

*Copyright Société Nouvelle d'Exploitation de la Tour Eiffel — lighting designed by Pierre Bideau.*

# Important Events

- The acquisition of Burns in September doubled sales in North America. Securitas is now established as market leader in the U.S. market.
- The acquisitions of First Security, American Protective Services, Doyle Protective Service, Smith Security and APG Security strengthened Securitas' regional presence in the U.S. market and contributed to the creation of a larger platform for organic growth.
- The new organization with six divisions sharpens focus and makes management of each business area more efficient. The new organization also increases proximity to customers and markets.
- Sales in local currencies increased by 58 percent to MSEK 40,807 (25,646), of which 6 percent was organic growth.
- Income before taxes in local currencies increased by 23 percent to MSEK 1,364 (1,116).
- Free cash flow increased by 36 percent to MSEK 1,088 (802).
- Earnings per share after standard taxes increased by 19 percent to SEK 2.75 (2.32).
- The Board of Directors proposes a dividend for 2000 of SEK 1.20 per share (1.00).

## KEY FIGURES

|  | 2000   | 1999   | 1998   | 1997   | 1996  |
|--|--------|--------|--------|--------|-------|
| Sales, MSEK  | 40,807 | 25,646 | 13,710 | 10,763 | 9,074 |
| <i>Organic growth, %</i>   | 6      | 9      | 9      | 7      | 7     |
| <i>Operating margin before amortization of goodwill, %</i>         | 6.3    | 6.4    | 7.3    | 7.2    | 7.6   |
| Income before taxes, MSEK  | 1,364  | 1,116  | 766    | 614    | 550   |
| Free cash flow, MSEK   | 1,088  | 802    | 583    | 451    | 391   |
| <i>Operating capital employed as percent of sales<sup>1)</sup></i> | 13.2   | 12.0   | 14.5   | 16.3   | 14.1  |
| Net debt equity ratio, times                                       | 1.25   | 0.23   | 0.45   | 0.65   | 0.36  |

<sup>1)</sup> Adjusted for full-year sales of acquired entities

For definitions, see page 57.

# The President and Chief Executive Officer

---

## **The year in review**

Sales in local currencies increased by 58 percent to MSEK 40,807 (25,646). Organic growth was 6 percent. Income before taxes in local currencies increased by 23 percent to MSEK 1,364 (1,116). Free cash flow increased by 36 percent to MSEK 1,088 (802), which is equivalent to a cash flow of 64 percent of adjusted income.

Earnings per share increased by 19 percent, somewhat below last year's forecast. But considering that Securitas' operations almost doubled through acquired volume, the result achieved must be regarded as good.

## **Market-leading platform established in the U.S.**

We have considerably stepped up the pace of our establishment in the North American market during the past year. The most notable single event was the acquisition of Burns, which in one stroke doubled our sales in North America. By taking the step across the Atlantic, we wanted to establish a second platform for Securitas' operations—a process that in 1999 we thought would take about 10 years. But by acquiring Burns, we have reached several important goals in just two years. In addition to acquiring Burns, we also made regional acquisitions in the U.S. market of the companies First Security, American Protective Services, Doyle Protective Service, Smith Security and APG Security.

The new platform created offers great opportunities. We will now utilize our market-leading position to instigate change, both in our own business and in the security market at large. By pointing the way, we can create sound industry standards around concepts such as quality, customer benefit and refinement of services. Leading the development is a matter of course for us. But we do not want to lead based on our size, but on the strength of our ability to take new initiatives.

Our successful development in other markets constitutes proof that we have worked in the right way. We emphasize simple and clear solutions and try constantly to adapt our operations to the changing needs of customers. We build organizations where

constant refinement of products and services are decisive success factors.

## **New organization for sharper focus**

By assembling our businesses in six divisions we will improve focus on the various segments. From January 2001, there are managers with responsibility for each business in each country. These country and regional presidents will report to a divisional president with responsibility for the respective business at Group level.

The new organization is a consequence of our rapid growth. Today we are 50 times larger than when the transformation work in the company began in 1985. We are also five times as large as we were only three years ago. Growth in recent years has meant that our businesses outside traditional guard services have been afforded insufficient attention. Guard services have always been the dominant business, while other businesses—Alarm Systems and Cash in Transit—have accounted for about 20 percent of sales. But since we had total sales of about SEK 41 billion in 2000, the businesses representing 20 percent of sales are now large. So large in fact, that they have to be organized and manned in a well thought-out manner to generate the growth and profitability to which we aspire.

The new organization will ensure that all our business areas receive the attention they require. Strength will be moved out in the organization, closer to the customer. The speed and accuracy of our efforts will therefore increase. In time, this will allow all our business areas to reach world-leading positions in their respective segments.

Sweden is Securitas' country of origin. This is also where our development work in organization and concept development has reached furthest. We therefore often use Sweden as a model in our internal benchmarking when we want to bring about change.

**Greater prosperity, increased security requirement**  
Society's increased technical and financial complexity leads to greater vulnerability of companies, organiza-



Thomas Berglund

tions and individuals, and this drives the growth of the security market. Greater prosperity in society also contributes to increased demand for security solutions. Securitas is well positioned to meet this demand. As a result of our constant refinement of products and services, we are today a highly specialized service company. Our orientation is carefully selected. We know that a specialized company that emphasizes depth rather than breadth in its range of services offered will find it easier to establish long-term and durable customer relationships. Deeper customer relationships also mean that we are less sensitive to fluctuations in the economy.

### New Five-Year Vision

A five-year vision for Securitas was presented in connection with the acquisition of Pinkerton in 1999. Subsequent major acquisitions have radically changed the prerequisites for our future growth during 2000. The importance of these acquisitions notwithstanding, organic growth remains the basis for our new five-year vision. This does not preclude further acquisitions in the future, but Securitas' focus is on refining our services and concepts in the existing business. Against that background, the new divisions also play a decisive role in realizing the vision, in part because organic growth is now expected to further increase momentum.

For the entire Securitas Group, we expect sales to reach SEK 69 billion in 2005. Operating income will reach SEK 5.6 billion with an operating margin of just over 8 percent. These numbers denote a direction and a level, but say nothing about the driving forces that will enable us to achieve these goals.

These driving forces consist of a decentralized organization with clear values and skilled and creative employees—employees who receive active support in developing cost-efficient and profitable concepts for our customers. All of this is summarized in the Securitas Model, which is described in the following pages.

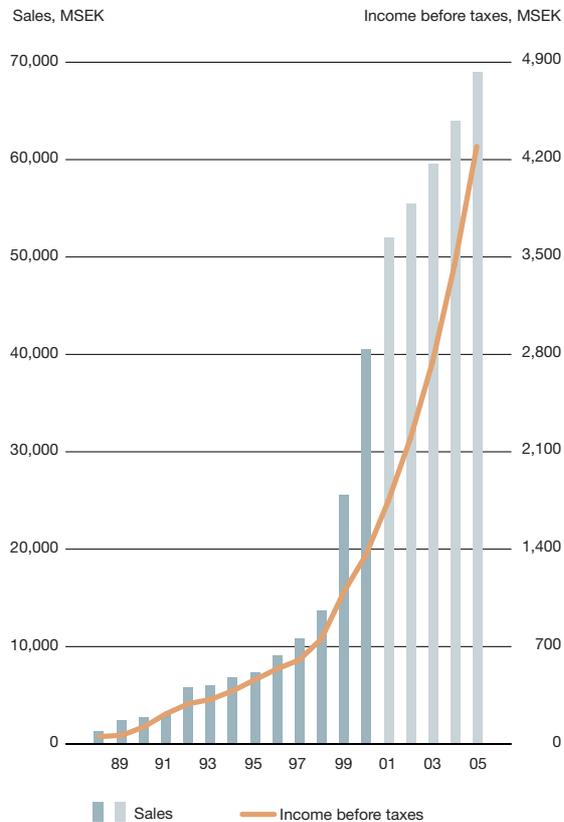
### Outlook for 2001

For 2001 we see continued good development through refinement of existing operations as well as restructuring of acquired companies in accordance with our new Five Year Vision.

Stockholm, March 8, 2001

Thomas Berglund  
President and Chief Executive Officer

### THE FIVE YEAR VISION



According to the Five-Year Vision, sales are expected to reach SEK 69 billion in 2005. Operating income is expected to reach SEK 5.6 billion, with an operating margin of just over 8 percent. Income before taxes is expected to reach SEK 4.3 billion in 2005.

# The Securitas Model

---

*Securitas' way of working to create profitable growth and to gain the trust of our customers is summarized in the Securitas Model. It contains the common values that link us together and form the soul of the company. The various components of the model are visualized through the Toolbox.*



The Securitas Model has been proven to work in small and large countries, in both mature and immature markets, and in all business areas.

## **The Values**

In order to preserve and maintain trust in Securitas, we pay attention to our basic values: *Integrity, Vigilance* and *Helpfulness*. Ethics are just as important and natural a part of Securitas. We also believe that security is the most interesting business around. The sharper our focus, the more we refine and develop—the greater our opportunities and the larger our market.

## **The Market Matrix and the Value Chain**

With clear focus on security, our understanding of the needs of customers deepens. Our Market Matrix shows that different security solutions are required depending on the size and type of business of the customer. The Value Chain shows us how to sell, produce and report in the right way to the various customer categories.

## **The Organization**

By building a horizontal organization we achieve a broad, strong base with strong local units. Employees who live close to customers have the courage to make their own decisions at the same time as they gain knowledge to develop the business. This creates growth.

## **Six Fingers**

Follow-up of new sales and changes in the portfolio of contracts, total growth, effective planning of delivery of services and control of administrative expenses are five key figures, which together with the sixth—accounts receivable—establish Securitas' base for profitability.



The Securitas Model has been visualized through the Toolbox. The various tools are used internally to create an understanding of the business and how it can be developed.

### **The Industry**

In order to develop services and the market, Securitas, in its capacity as leader, must drive the development of the industry forward. A common industry vision in matters such as ethics, training, compensation and quality of service are important for employees, union organizations, authorities, police, security companies and, especially, our customers.

### **Step by Step**

Sweeping change must occur in steps. Step one is to build the right organization and to control the figures. The next step is to increase quality and profitability by understanding the details of the business. The third step is to create increased organic growth

through refinement and specialization of existing operations. After that, complementary acquisitions can be made and the organization then goes back to step one—once again to build the organization in the right way.

### **People make the difference**

Success is created by individuals—the individual therefore has a central role in Securitas. Commitment is a key characteristic. An important part of leadership theory is about setting a good example and getting employees involved. This is how a good working environment is created, with opportunities for employees to develop and grow.

# Integrity, Vigilance, Helpfulness



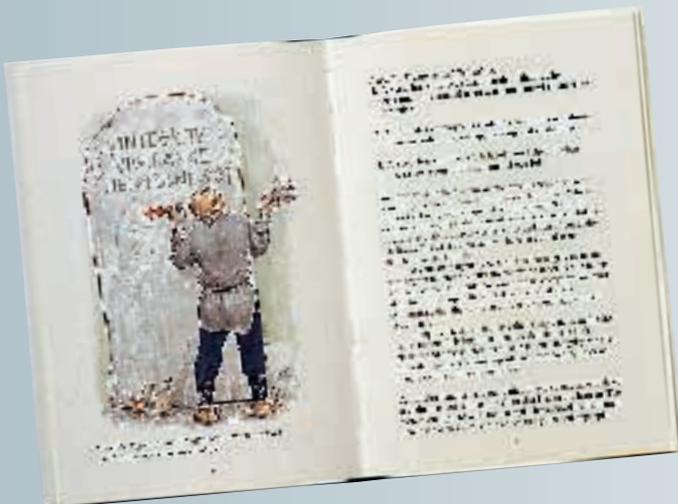
More than 210,000 people give Securitas a face. Linking our employees together are the fundamental values that constitute the foundation of our business and which are shared by all employees the world over.

*Securitas' business concept is to protect homes, work places and community. With a clear focus on security, we can refine security services with new*

concepts, and new specialized services result from this. It has been demonstrated that the more we focus, refine and develop, the greater our opportunities and our markets. This is true for all business areas.

Securitas was founded in Sweden in 1934, and Pinkerton started operations in the United States already in 1850. Burns was founded in 1909. Together, we have extensive experience in advanced security work. We also have a long tradition of common standards and values.

Delivery of high quality security services places high demands on our employees. In this respect, ethics are a fundamental cornerstone for building confidence and creating opportunities for growth.



## BASIC VALUES FOR SECURITAS EMPLOYEES: 20 THESES

1. Our task, as Securitas employees, is to prevent and limit damage that may deprive our fellow men of their work, and otherwise cause harm to life, health and property. Everyone within Securitas works towards this goal, and hence we must all do our job to the best of our ability.
2. A Securitas employee has integrity—that is why the customer has trusted us to work unsupervised on their premises.
3. A Securitas employee is vigilant—our professionalism involves, inter alia, seeing, hearing and evaluating.
4. A Securitas employee is helpful—we help out when necessary, even if it is not part of our job.
5. A Securitas employee has a sense of responsibility—what you have been entrusted with may constitute a temptation but when you live up to that trust, you gain self-confidence.
6. Being a Securitas employee means we have accepted an obligation to report the defects, irregularities and deficiencies we discover—even when they apply to a colleague.
7. A Securitas employee never compromises his/her duty to report.
8. When someone has done something wrong, or made a mistake that must be corrected, this should be done in a way that cannot be experienced as demeaning or insulting.
9. When writing reports, ask yourself, “Can this report make a constructive contribution to the activities of the customer or the person to whom it relates”?
10. As Securitas employees, we have accepted a professional secrecy obligation. This is designed to protect you, Securitas, and our customers.
11. A Securitas employee regards every misappropriation of other people’s property as theft, irrespective of value.
12. It is part of the operations management’s duties to make clear to their co-workers what preconditions and limitations apply to the conduct of their work.
13. A Securitas employee never takes bribes—perks and presents can be exploited by the giver or hide potentially harmful intentions.
14. A Securitas employee never allows him or herself to become dependent—if you are, your ability to carry out your job correctly can be restricted.
15. A Securitas employee behaves in a way that ensures he/she sets a good example, whether on duty or off. His/her professionalism is also judged on his/her private behavior and lifestyle.
16. The Securitas employee is visible—criticism of an individual employee reflects badly on everyone.
17. Within Securitas we strive to achieve confidence in each other. By showing confidence in someone you gain their confidence in you.
18. Openness and truthfulness are a prerequisite of trust within Securitas.
19. Appreciation and attentiveness breed self-confidence—self-confidence can be gained by showing appreciation and attentiveness.
20. It is part of every Securitas’ employee’s responsibility to help and teach new colleagues, not only in terms of their work, but in terms of our ethical and moral principles.

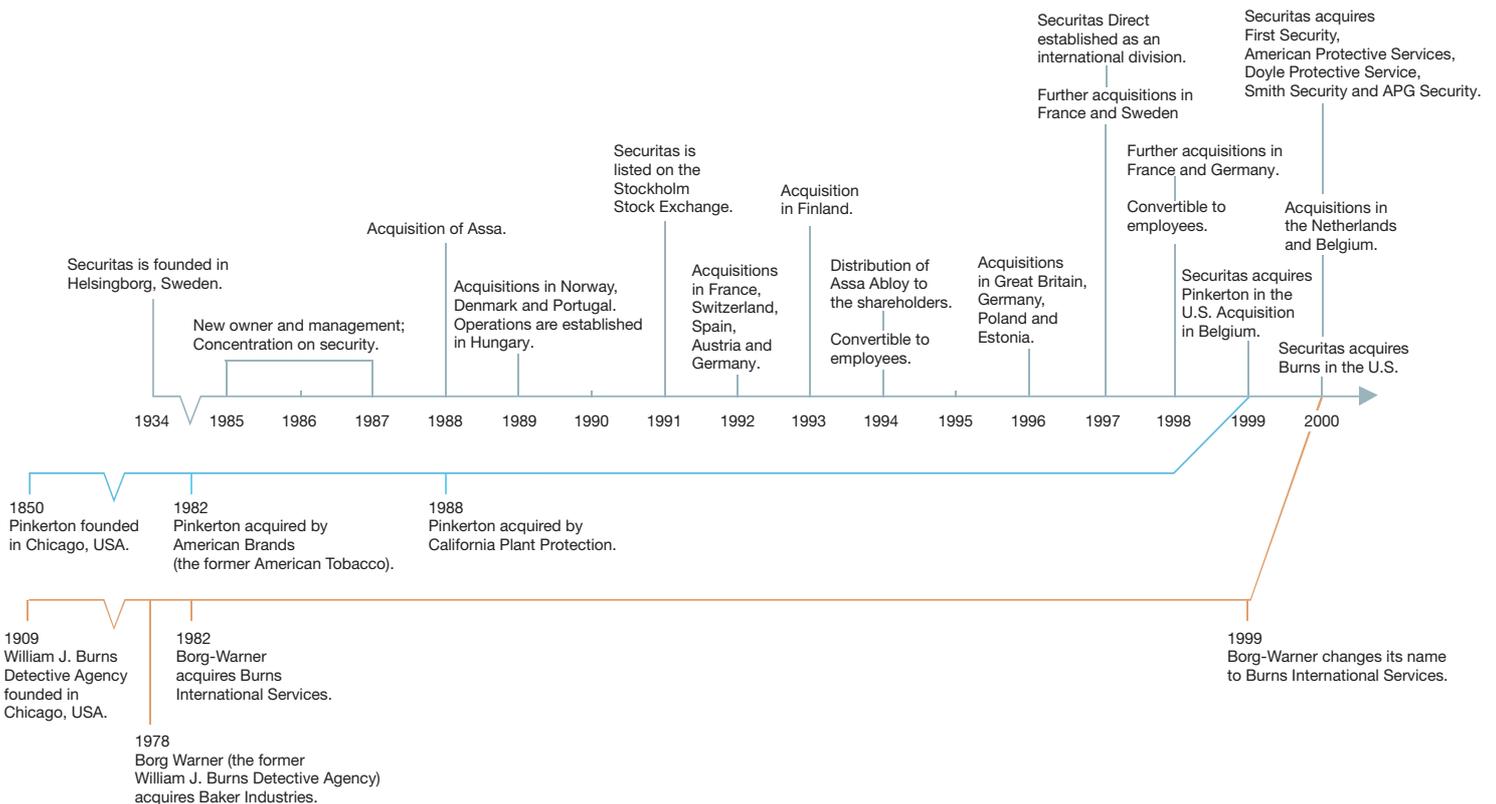


Securitas' values can be summarized in our three lead words—*Integrity, Vigilance and Helpfulness*.

Securitas developed its document “Basic Values for Guards” already in 1958 to formulate the demands our employees place upon themselves in performing their job and in their relations with each other and our customers. The Basic Values, which were developed by a number of guards together with employer representatives, the unions and customers, consist of 20 theses. These theses are just as important and appropriate today. Since today's modern security industry encompasses so much more than guarding and guards, Basic Values for Guards has been developed to embrace all of Securitas' employees—technicians, receptionists and cash handling services employees as well as supervisors and managers.

All individual employees are united under Securitas' emblem in a joint ambition to always do a good job and to develop themselves and the Company. The three red dots in our logo remind us in our daily work

of our basic values, *Integrity, Vigilance and Helpfulness*, which are and will continue to be the foundation of Securitas' operations.



# The Market Matrix and the Value Chain

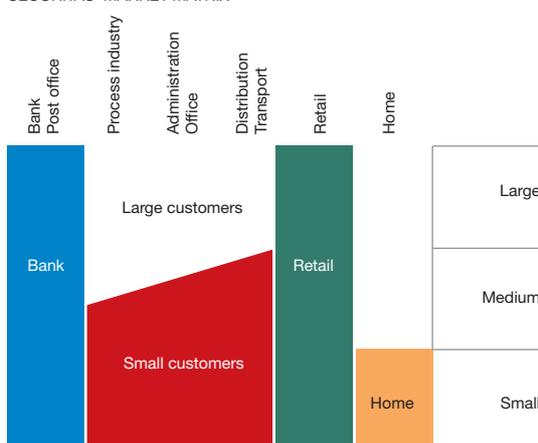
The changing needs of customers are the basis for Securitas' business. In order to understand these needs, we work with a Market Matrix—a basic business model that has been established throughout the Group. The matrix was developed towards the end of the 1980s and over the years it has become a common denominator for employees and businesses the world over.

The basic principle is simple. The matrix aggregates and groups customer needs in a clear structure. By applying this structure it becomes easier to understand how we are to deliver the right product and service to the right customer. The Market Matrix can thus help improve the accuracy and quality of what Securitas offers.

## A simple and clear model

There are several advantages to Securitas' internal work in applying a common Market Matrix. An important advantage is that the matrix is a valuable explanatory tool in an area as complex as that of customers and market. The matrix is also easy to understand and use for Securitas' employees. Another advantage is that the matrix is flexible. It can be adapted to evolutionary trends in the market and simultaneously creates conditions for the constant refinement of products and services; a leading principle of Securitas' business.

SECURITAS' MARKET MATRIX



## Understanding the needs of the customer

Securitas' Market Matrix is based on three principles—*size of the customer, the type of business and the type of security requirement*. By understanding and describing the customer based on these three principles, Securitas can offer services that are adapted to the particular needs of the customer. It is almost invariably a matter of a mix of services, which includes customized as well as standardized solutions.

But as is the case with all types of matrices, Securitas' Market Matrix also contains discrepancies. It is therefore important to also observe it with experienced industry eyes, and with an element of common sense. Otherwise the matrix may become a constrictive model rather than being an aid that indicates opportunities.

## Matrix in three dimensions

The vertical dimension looks at the size of the customer – the larger the customer, the higher in the matrix the business is placed. But by size is meant the size of the physical object, not the company itself nor the customer's relative size in Securitas' aggregate customer portfolio. This means that large companies are not necessarily large customers, and that a large customer may in fact be comprised of several smaller protection objects, such as stores or gasoline stations. The size of the customer is also determined by the degree to which Securitas' security solutions consist of standardized or specialized services.

The horizontal dimension describes the category to which the customer's business belongs. There are five different segments: *Banks, Large customers, Small customers, Retail and Home*. Customers to the left in the matrix operate in the financial sector, whereas manufacturers, authorities, and service and retail companies are found in the middle of the matrix. Private homes of different types are to the far right.

The matrix also includes a third diagonal dimension. This describes the degree of security require-

ment. In the matrix's upper left corner are customers with complex security requirements, while in the lower right corner are customers with standardized security requirements.

### **The Value Chain—added value for the customer**

In order to draw maximum benefit from the Market Matrix, Securitas has developed an additional tool for its employees—the Value Chain. Simply put, the Value Chain can be described as the link between the customers' needs and Securitas' organization and method of working. The Value Chain is an aid that describes the manner in which a relationship with the customer can be established and above all how that relationship can be developed on a long-term basis. Since both companies and people are complex, the Value Chain will obviously not offer standard solutions. However, it still works as a practical model for thought that provides both support and inspiration in customer relationships.

Three basic questions are answered through the Value Chain: how to handle the selling process to a certain customer, how to produce the service and how to handle feedback from the customer. By answering these questions a solid platform is created, which correctly handled, can result in a profitable and growth-oriented customer relationship. Based on the Value Chain, a workflow can then be created where sale, production and follow-up are adapted to the customer's needs. Employees who regularly think in terms of the Value Chain will also ensure that the customer relationship evolves as the customer's needs change.

### **Products become concepts**

The Value Chain drives refinement, which means that it creates opportunities for far-reaching development of Securitas' products and services. By using this aid, it becomes easier to identify larger, homogenous customer groups, for which Securitas can develop customized services.



Time-sharing services differ from permanent guarding in terms of sale, delivery and follow-up. Support provided in the Value Chain enables an effective work-flow in line with the market's requirements.

In a historical perspective, the development of Securitas has been from delivery of products to delivery of concepts. A growing number of security solutions are now based on new ways of combining people and technology to meet customer needs. It is somewhat like the auto industry, where different components are delivered to an assembly plant and installed to form the final product. The principle is the same. By understanding what customers and markets want, and by utilizing its specialist competence in the different areas of operation, Securitas can assemble a range of different services. These services are cost effective, create growth and most of all, deliver benefits and quality to the Company's customers.

# New Organization

Securitas established a new organization during 2000 that is based on five business areas. The new organization is a consequence of Securitas' strong growth in recent years—growth that has made all areas of operation so big that a new kind of guidance is required. The new organization will sharpen focus on each individual business and this will ensure more efficient utilization of the strength and development opportunities in each individual area.

The change in Securitas' organization takes place at a time when the aggregate business is five times larger than three years ago and eight times what it was five years ago. This rapid growth has made the issue of the Company's organization grow in importance, especially since Securitas' long-term goal is that each of the business areas will in time, establish a world-leading position.

## Closer to customers

The new organization—which was formally put in place as of January 1, 2001—is based on five business areas, divided into six divisions. The business areas are *Security Services*, *Security Systems*,

*Direct, Cash Handling Services* and *Consulting & Investigations*. These areas are organized in the following six divisions: *Security Services USA* (including Consulting & Investigations) and *Security Services Europe* (and Canada and Mexico), both of which are focused on guard services, and *Security Systems Europe* and *Security Systems USA*, working with alarm systems. In addition hereto, *Direct Europe* and *Cash Handling Services Europe* operate as independent divisions.

Each country in Europe has a country president and each region in the United States has a regional president responsible for each business area; a significant change compared to previously, when one country manager was responsible for all business areas. The country and regional presidents report to a joint group divisional president.

The new organization with six divisions sharpens focus and makes management of each business area more efficient. The new organization also increases proximity to customers and markets. This is an important change since proximity to the customer and its needs is a cornerstone in Securitas' oper-



ations—a cornerstone that enables swiftness, strength for development and profitability.

### Five business areas

*Security Services* is the business previously called Guard Services. Orientation is towards permanent guarding or different forms of time-sharing services, where several customers share one resource.

Customers may be office complexes, production facilities, airports, nuclear plants and hospitals.

Time-sharing is dominant among smaller companies.

*Security Systems* was previously called Alarm Systems and now comprises alarm services for larger customers and companies. Security Systems works with installation as well as service and monitoring of alarm systems. Customers are often banks and other customers with a need for complex alarm services, that integrate for example burglar alarms, fire alarms and access control systems.

*Direct* is a total alarm concept for small businesses and individuals. The service is based on customer groups that want simple and reliable protection for home or business. Alarm services in Direct are based on the customer selecting a solution with alarm and monitoring to suit the security requirement in question. Monitoring is coordinated via an alarm monitoring station, which also functions as a customer service center, where administration and subscriber services are handled.

*Cash Handling Services* comprises different forms of cash in transit services. The previous emphasis was on transportation of money, but the business has gradually evolved and now comprises the entire flow of money, that is, transport, cash-processing services and also maintenance of cash dispensing machines and safe deposit boxes. The largest customer categories are the bank and postal sectors as well as retailers.

*Consulting & Investigations* primarily works with different types of investigation and analysis assignments, such as studies and risk analyses on which customers base their decisions in different matters. Consulting & Investigations also includes personal protection. The United States is by far the largest market for all assignments offered in this business area.

### Six divisions

**Security Services USA** (including Consulting & Investigations)

Divisional President: Don Walker

Number of employees: 117,000

Sales\*: SEK 25 billion

**Security Services Europe:** (and Canada and Mexico)

Divisional President: Amund Skarholt

Number of employees: 78,000

Sales\*: SEK 17 billion

**Security Systems Europe**

Divisional President: Juan Vallejo

Number of employees: 3,000

Sales: SEK 2.5 billion

**Security Systems USA**

Divisional President: Mats Wahlström

Number of employees: 500

Sales: SEK 1 billion

**Direct Europe**

Divisional President: Dick Seger

Number of employees: 900

Sales\*: SEK 1 billion

**Cash Handling Services Europe**

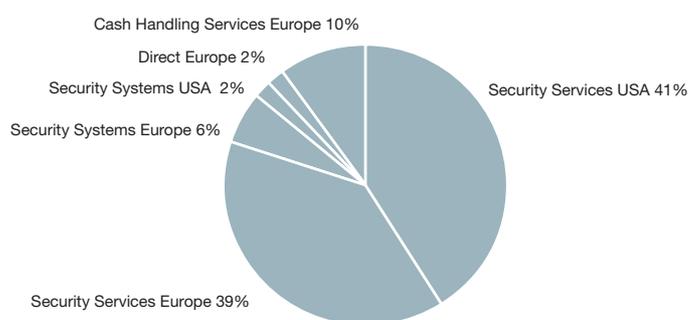
Divisional President: Santiago Galaz

Number of employees: 10,400

Sales\*: SEK 4 billion

\* Estimated annualized rate

DIVISIONS' SHARE OF TOTAL SALES



# Ten-Year Financial Summary

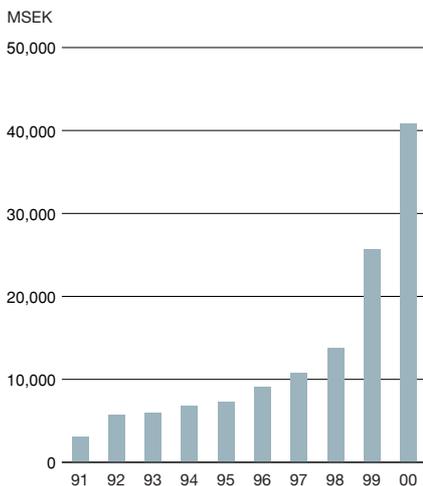
Earnings performance in the divisions is internally monitored on an ongoing basis at Securitas as an important component of the Securitas Model. This is achieved through focus on a number of key factors—Six Fingers—which are relevant to earnings performance in each business area: new sales of contracts and order bookings, changes in the portfolio of contracts and invoicing, i.e. *volume-related factors*. Other key factors are the gross margin and administrative expenses, both of which are *efficiency-related*, and development of accounts receivable and operating capital employed, which are measures of *tied up capital*.

Follow-up and verification of the Group's long-term earnings performance focuses on six external key figures, all of which are based on follow-up in the individual business areas. The six key external figures for the Securitas Group are as follows:

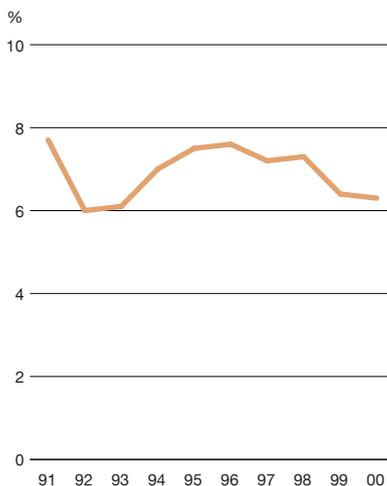
*Sales*, where growth may occur either organically or through acquisitions. *Operating margin*, defined as

operating income before amortization of goodwill, relative to sales. An increase reflects improvements in efficiency and refinement for higher customer value. *Income before taxes*, which in addition to sales and operating margin, is also affected by amortization of goodwill and net financial items. *Free cash flow*, defined as cash flow from operations adjusted for net financial items and taxes paid. Free cash flow verifies earnings performance. *Operating capital employed as percent of sales*, defined as operating fixed assets and working capital in relation to annualized sales. Good control over accounts receivable and capital expenditure generates low operating capital employed. *Net debt equity ratio*, defined as consolidated net debt relative to shareholders' equity. A low need of capital employed makes growth possible without a material increase in net debt.

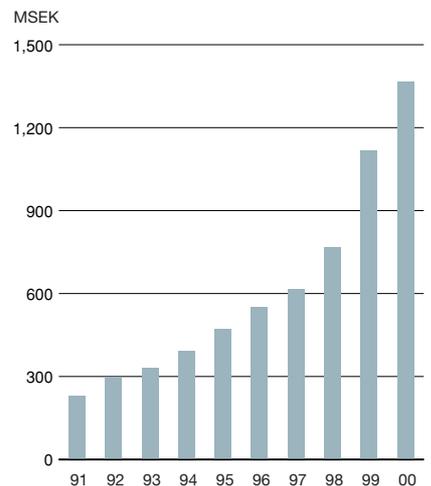
**SALES**  
Sales have increased by an average of 33 percent per year over the past ten years.



**OPERATING MARGIN**  
Operating margin was 6.3 percent, including major acquisitions with lower operating margins than the Group average.



**INCOME BEFORE TAXES**  
Income before taxes has increased by an average of 22 percent per year over the past ten years.



|   | 1991         | 1992         | 1993         | 1994*        | 1995         | 1996         | 1997         | 1998           | 1999           | 2000           |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|
| <b>INCOME, MSEK</b>                                     |              |              |              |              |              |              |              |                |                |                |
| Sales   | 3,030.4      | 5,734.8      | 6,010.6      | 6,843.8      | 7,309.1      | 9,074.3      | 10,762.9     | 13,710.1       | 25,646.3       | 40,806.5       |
| of which acquisitions                                   | —            | 2,522.0      | 160.3        | 820.9        | —            | 1,784.2      | 1,002.6      | 1,834.7        | 10,964.4       | 13,361.0       |
| <b>Operating income before amortization of goodwill</b> | <b>234.3</b> | <b>342.6</b> | <b>368.8</b> | <b>482.5</b> | <b>548.7</b> | <b>687.9</b> | <b>777.8</b> | <b>1,002.8</b> | <b>1,630.5</b> | <b>2,560.3</b> |
| <i>Operating margin, %</i>                              | 7.7          | 6.0          | 6.1          | 7.0          | 7.5          | 7.6          | 7.2          | 7.3            | 6.4            | 6.3            |
| Amortization of goodwill                                | -15.0        | -26.8        | -37.2        | -63.9        | -65.9        | -99.4        | -115.5       | -171.4         | -403.9         | -707.4         |
| Net financial items                                     | 8.6          | -16.6        | -1.6         | -26.6        | -11.0        | -38.7        | -48.2        | -65.3          | -110.8         | -489.4         |
| <b>Income before taxes</b>                              | <b>227.9</b> | <b>299.2</b> | <b>330.0</b> | <b>392.0</b> | <b>471.8</b> | <b>549.8</b> | <b>614.1</b> | <b>766.1</b>   | <b>1,115.8</b> | <b>1,363.5</b> |
| Taxes paid  | -33.3        | -52.0        | -81.6        | -98.9        | -104.6       | -127.7       | -114.4       | -183.7         | -334.5         | -359.0         |
| Deferred taxes  | -16.0        | -20.7        | 10.7         | -50.2        | -19.8        | -39.8        | -54.7        | -60.4          | 18.0           | -153.0         |
| Minority interest                                       | 0.0          | -0.1         | -2.1         | -0.2         | -0.4         | -0.2         | 0.9          | -0.5           | -1.5           | -0.2           |
| <b>Net income for the year</b>                          | <b>178.6</b> | <b>226.4</b> | <b>257.0</b> | <b>242.7</b> | <b>347.0</b> | <b>382.1</b> | <b>445.9</b> | <b>521.5</b>   | <b>797.8</b>   | <b>851.3</b>   |

#### CASH FLOW, MSEK

|   |               |              |              |              |              |               |               |               |                |                  |
|---|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|----------------|------------------|
| <b>Operating income before amortization of goodwill</b> |               |              |              |              |              |               |               |               |                |                  |
| Capital expenditure                                     | -209.1        | -207.1       | -231.6       | -292.7       | -339.1       | -475.6        | -557.4        | -699.0        | -1,044.3       | -1,202.3         |
| Depreciation and amortization                           | 132.9         | 208.9        | 246.1        | 262.2        | 289.8        | 354.0         | 450.5         | 569.6         | 754.3          | 942.2            |
| Change in working capital                               | 92.4          | -148.2       | -3.2         | 67.9         | -75.6        | -8.5          | -57.3         | -41.7         | -93.4          | -363.3           |
| <b>Cash flow from operations</b>                        | <b>250.5</b>  | <b>196.2</b> | <b>380.1</b> | <b>519.9</b> | <b>423.8</b> | <b>557.8</b>  | <b>613.6</b>  | <b>831.7</b>  | <b>1,247.1</b> | <b>1,936.9</b>   |
| Net financial items                                     | 8.6           | -16.6        | -1.6         | -26.6        | -11.0        | -38.7         | -48.2         | -65.3         | -110.8         | -489.4           |
| Taxes paid  | -33.3         | -52.0        | -81.6        | -98.9        | -104.6       | -127.7        | -114.4        | -183.7        | -334.5         | -359.0           |
| <b>Free cash flow</b>                                   | <b>225.8</b>  | <b>127.6</b> | <b>296.9</b> | <b>394.4</b> | <b>308.2</b> | <b>391.4</b>  | <b>451.0</b>  | <b>582.7</b>  | <b>801.8</b>   | <b>1,088.5</b>   |
| Acquisitions  | -409.2        | -750.6       | -235.7       | -448.3       | 0.0          | -1,114.7      | -1,131.7      | -3,712.9      | -3,700.9       | -10,944.3        |
| Dividend paid   | -41.1         | -70.9        | -83.0        | -106.3       | -120.6       | -144.7        | -174.5        | -201.3        | -276.6         | -356.3           |
| New issue   | —             | 666.6        | 36.9         | 115.8        | —            | 31.8          | 46.4          | 2,562.2       | 3,436.7        | —                |
| Translation differences                                 | —             | 4.4          | 99.9         | —            | 10.0         | 22.6          | 14.9          | -116.8        | 105.0          | -154.1           |
| <b>Change in net debt</b>                               | <b>-224.5</b> | <b>-22.9</b> | <b>115.0</b> | <b>-44.4</b> | <b>197.6</b> | <b>-813.6</b> | <b>-793.9</b> | <b>-886.1</b> | <b>366.0</b>   | <b>-10,366.2</b> |

#### CAPITAL EMPLOYED AND FINANCING, MSEK

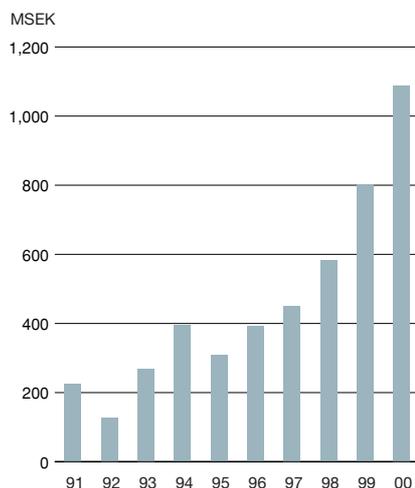
|   |                |                |                |                |                |                |                |                 |                 |                 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Operating capital employed</b>               | <b>380.2</b>   | <b>910.3</b>   | <b>1,030.0</b> | <b>1,068.7</b> | <b>1,103.2</b> | <b>1,590.7</b> | <b>2,182.1</b> | <b>2,948.5</b>  | <b>3,839.8</b>  | <b>6,639.0</b>  |
| <i>Operating capital employed as % of sales</i> | 10.2           | 11.3           | 16.1           | 15.3           | 14.9           | 14.1           | 16.3           | 14.5            | 12.0            | 13.2            |
| <i>Return on operating capital employed, %</i>  | 75.6           | 53.1           | 38.0           | 46.0           | 50.5           | 51.1           | 41.2           | 39.1            | 48.0            | 48.9            |
| Shares in associated companies                  | 74.3           | 53.1           | —              | —              | —              | —              | 258.4          | 261.0           | 0.9             | 602.6           |
| Goodwill  | 26.8           | 322.1          | 440.2          | 649.5          | 590.5          | 1,180.7        | 1,457.4        | 4,564.0         | 7,178.4         | 15,133.7        |
| <b>Capital employed</b>                         | <b>481.3</b>   | <b>1,285.5</b> | <b>1,470.2</b> | <b>1,718.2</b> | <b>1,693.7</b> | <b>2,771.4</b> | <b>3,897.9</b> | <b>7,773.5</b>  | <b>11,019.1</b> | <b>22,375.3</b> |
| <i>Return on capital employed, %</i>            | 53.0           | 35.7           | 24.1           | 26.3           | 28.3           | 26.4           | 19.9           | 14.2            | 13.1            | 11.1            |
| Net debt  | -131.9         | -99.6          | -78.2          | -122.6         | 75.0           | -738.6         | -1,532.5       | -2,418.6        | -2,052.6        | -12,418.8       |
| Net debt equity ratio, times                    | 0.38           | 0.08           | 0.06           | 0.08           | -0.04          | 0.36           | 0.65           | 0.45            | 0.23            | 1.25            |
| Shareholders' equity                            | 349.3          | 1,173.6        | 1,375.0        | 1,589.7        | 1,767.8        | 2,032.6        | 2,365.1        | 5,351.0         | 8,964.7         | 9,955.2         |
| <i>Return on equity, %</i>                      | 56.1           | 28.6           | 19.7           | 15.5           | 19.3           | 19.0           | 19.4           | 14.8            | 9.7             | 8.6             |
| <b>Total assets</b>                             | <b>2,414.1</b> | <b>4,249.8</b> | <b>4,451.7</b> | <b>4,532.1</b> | <b>5,014.5</b> | <b>6,438.1</b> | <b>7,911.5</b> | <b>15,446.5</b> | <b>20,775.2</b> | <b>34,840.2</b> |

\* Pro-forma accounting for the full year 1994 is made up of the sum of the two abbreviated financial years during 1994.

For definitions, see page 57

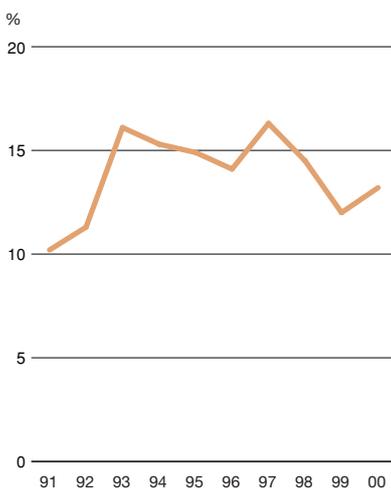
#### FREE CASH FLOW

Free cash flow increased by 36 percent in 2000.



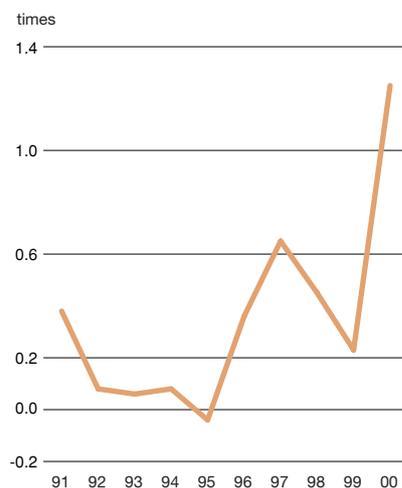
#### OPERATING CAPITAL EMPLOYED AS PERCENT OF SALES

Operating capital employed was 13 percent of sales, adjusted for full year sales of acquired entities.



#### NET DEBT EQUITY RATIO

The net debt equity ratio was 1.25.



# The Security Industry

As market leader in both North America and Europe, Securitas can assume responsibility for raising standards in the security industry and to work for setting common goals in areas such as ethics, training and compensation. This allows the quality and value of services to be raised. Together with good relations with society at large, authorities, employees and the union organizations, conditions are created for development of Securitas' services and the security industry as a whole. A professional and quality-minded security industry leads to greater customer benefit and greater value added; this is the basis for further market growth and profitability.

Securitas participates actively in industry organizations at a national and international level. Since 1996, Securitas has a European Group Council, which provides a forum for information and consultation between Group Management and the employees in Securitas' countries of operation.

## Factors driving demand for security

Crime, or rather the fear of crime, remains an important driver for the rapidly growing security market, but is not the most important: crime has actually declined in the United States and most European countries during the past ten years, but in spite of this the market for security has grown by an average of 7–8 percent per year.

The most important factor for growth in the security market is instead society's increased prosperity as well as increased technical and financial complexity, which lead to greater vulnerability on the part of companies, organizations and individuals. There is a strong correlation between GDP growth and growth of security. In the United States and Europe, the growth of security has exceeded GDP growth during the past 15 years.

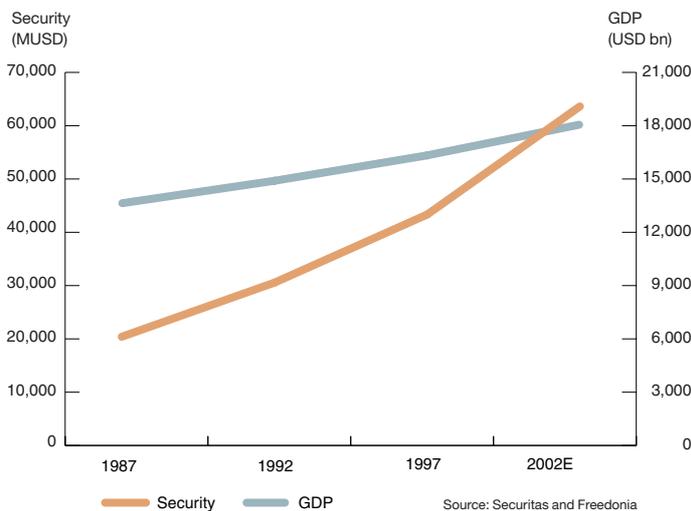
## Increased outsourcing and specialization

Competition is rising in most industries, which means that focus and specialization have become increasingly important for companies. This leads to a situation where ever more security-related services are outsourced to external suppliers, such as Securitas, which can offer better and more efficient security solutions.

In order to meet increased demand in the marketplace successfully, there must be an understanding for how the need for security evolves for different types of customers. There is an increasing trend towards more specific security needs in each respective industry or business segment. This specialization leads to demand for entirely new types of services. Airport security is an example of this.

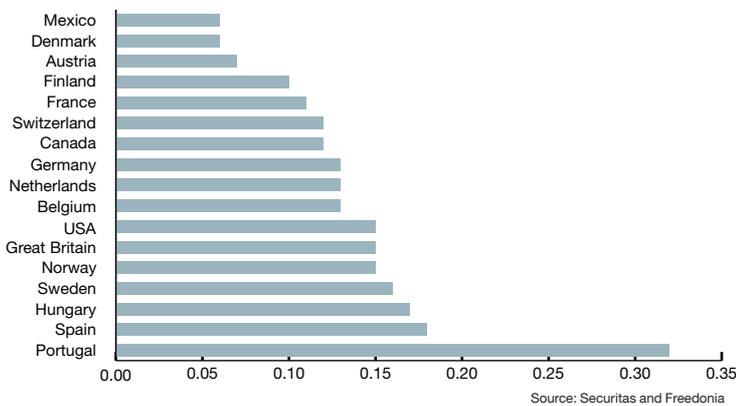
The challenge for Securitas is to select customer groups and then to build and deliver the right solutions and continue to refine them. This is the basis for continued and accelerated organic growth, as well as for continued acquisitions.

GROWTH IN SECURITY AND GDP, USA AND EUROPE



There is a link between growth of GDP and growth of security. The diagram shows that the consumption of security in the U.S. and Europe grows approximately four times faster than GDP.

MARKET PENETRATION – SECURITY SERVICES



The diagram shows consumption of security services in relation to GDP in various countries. The size of the professional security services market in relation to GDP varies from country to country.

## Growth in all business areas

Growth of the security market affects all of Securitas' business areas.

There is a relationship between GDP growth and demand for security services. The industry is only slightly cyclical due to a number of mitigating factors. Outsourcing tends to increase during periods of recession due to increased cost pressures. Security services, which are personnel-intensive, are favored by a less tight labor market.

Technical security solutions (security systems) complement security services. The security services segment is therefore a platform for the growth and development of security systems, and this is partly why the latter segment is the fastest growing in the security industry.

Growth in Direct is furthered by a continuing fall in prices of electronic components, which means that Securitas Direct is a competitive alternative for homes and small businesses.

The cash handling services industry continues to grow in spite of credit cards and electronic payments. The number of cash dispensing machines is growing and their geographic distribution is spreading. Banks increasingly outsource their cash handling, changing the industry's orientation from transportation of valuables to cash handling.

## Size of the security industry

The total world security market is estimated to be worth about SEK 724 billion and the North American and European markets together account for more than 80 percent. Overall, the market grows by about 7–9 percent per year, with Europe accounting for 6–8 percent annual growth and North America for 7–9 percent. The European security market is estimated to be worth SEK 237 billion and Securitas' market share to be about 10 percent. The security market in the United States is estimated to be worth SEK 325 billion, with security services accounting for SEK 173 billion. The market for security services is concentrated to the large population centers in the western, central,

## THE SECURITY MARKET IS GROWING

|                   | Market (SEK bn) | Securitas' share | Annual growth |
|-------------------|-----------------|------------------|---------------|
| Europe            | 237             | 10%              | 6–8%          |
| North America     | 355             | 7%               | 7–9%          |
| Japan             | 42              | 0%               | 7–9%          |
| Rest of the world | 90              | 0%               | 10–11%        |
| <b>Total</b>      | <b>724</b>      | <b>7%</b>        | <b>7–9%</b>   |

Source: Securitas and Freedonia

northeastern and southeastern United States.

Securitas has a market share in security services in the United States (excluding consulting and investigations) of about 19 percent.

## Market leader with great market potential

With more than SEK 50 billion in annual sales, Securitas is a world leader in security. However, Securitas' share of the world market is still only 7 percent. This shows that the industry is still highly fragmented, despite many structural deals. The greatest fragmentation is found in security services and security systems, with tens of thousands of players in Europe and the United States. The cash handling services industry is not as fragmented, primarily because this is a capital-intensive business. There are about 500 players in the cash handling services industry in Europe. In the United States this market is more consolidated, with two players accounting for two thirds of the market.

The largest competitors in the security industry are local, regional and national security companies. Only a small number of companies have international operations. More information about competitors can be found under each division.

## Acquisitions increase growth

Securitas will continue to acquire companies at the rate at which the organization is capable of restructuring and integrating new volume. Acquisitions are not an end in themselves, but a way of increasing Securitas' position in selected geographic markets and business areas.

## MARKET AND MARKET SHARES 2000 (SEK bn)

|                        | Security Services |            | Security Systems |           | Direct & Small Alarms |           | Cash Handling Services |            | Total      |            |
|------------------------|-------------------|------------|------------------|-----------|-----------------------|-----------|------------------------|------------|------------|------------|
|                        | Market            | Securitas  | Market           | Securitas | Market                | Securitas | Market                 | Securitas  | Market     | Securitas  |
| Nordic Region          | 7                 | 50%        | 7                | 24%       | 2                     | 25%       | <2                     | 45%        | 18         | 37%        |
| The Big Five*          | 74                | 13%        | 75               | 2%        | 7                     | 7%        | 20                     | 15%        | 176        | 8%         |
| Other Western Europe   | 14                | 18%        | 9                | 1%        | 3                     | 3%        | <3                     | 19%        | 29         | 11%        |
| Eastern Europe         | 9                 | 3%         | 3                | 3%        | 1                     | 1%        | <2                     | 8%         | 14         | 4%         |
| <b>Europe</b>          | <b>104</b>        | <b>15%</b> | <b>94</b>        | <b>3%</b> | <b>13</b>             | <b>9%</b> | <b>25</b>              | <b>16%</b> | <b>237</b> | <b>10%</b> |
| <b>North America**</b> | <b>183</b>        | <b>13%</b> | <b>116</b>       | <b>1%</b> | <b>37</b>             | <b>0%</b> | <b>19</b>              | <b>0%</b>  | <b>355</b> | <b>7%</b>  |
| <b>Total</b>           | <b>287</b>        | <b>14%</b> | <b>210</b>       | <b>2%</b> | <b>50</b>             | <b>2%</b> | <b>44</b>              | <b>9%</b>  | <b>591</b> | <b>8%</b>  |

\* Refers to the five largest markets in Europe: Germany, France, Great Britain, Spain and Italy.

Source: Securitas och Freedonia

\*\* The market for security services in North America includes SEK bn 47 for consulting and investigations.

# People Make the Difference

People are Securitas' most important resource—it is the individual that makes the difference. Recruitment and training are therefore important, as is creating the best possible conditions for employees to develop, both in their work and as people.

By delegating responsibility far out into the organization, close to customers in day-to-day work, resources are released and self-confidence is created, in turn contributing to better quality and increased profitability. Employees grow and develop.

Motivation is also created by pay scales being at appropriate levels. In its capacity as market leader, Securitas has been able to influence the environment positively in these respects.

The leadership theory at Securitas is simple. It is based on setting a good example, on involving people and on living as you learn.

It is important for employees to meet and have the opportunity to share experiences. Regular guard meetings play an important role in day-to-day work. Managers play a key role in this respect. In order to create a shared platform, managers meet regularly both at national and international level. An International Meeting is held every other year and is attended by managers from all countries of operation. Experiences are shared, contacts are created and a common vision is formed of Securitas' operations and future. In 2000, the meeting was held in Barcelona, Spain, and about 1,000 managers participated.

As market leader, Securitas can act as a driver in its countries of operation, thereby developing the

security industry. In this context, training is a key issue, both for quality assurance vis à vis the customer and for development of the individual employee.

Basic guard training is arranged in all countries, often to a greater extent than required by law. Training programs are continually developed to meet the requirements of the market and new conditions. In Sweden, the security services companies together with the Swedish Transport Workers' Union took the initiative of forming a joint guard school already in 1997. Aside from providing basic training for guards, the guard school now also offers specialized training for receptionists, protection guards and guards with special authority. Several other countries have followed Sweden's lead, among them Finland, where a guard school was started in 1999. The guard school initiative enables the security services industry to both assume responsibility for raising the status of the profession, and to ensure the quality of training.

As Securitas becomes more specialized, requirements become clearer as to the competence required by employees and a number of specialist training programs are made available in fields such as service, IT and fire-prevention.

Securitas' management training is arranged at different levels and is crucial to meeting the expectations placed on a leader. Group leader training is an example of training where basic knowledge is gained in leadership and follow-up of business.

More advanced leadership training is arranged at national level with more in-depth study of for ex-



ample, the Securitas Model. The structure is based on provision of general knowledge in common areas followed by specialization through in-depth study of the individual's business area. Depending on the division in which the employee works, different knowledge is required about for instance, Six Fingers, the Market Matrix and the Value Chain.

At the international level, executive management training is arranged every year with participants from different countries. Twenty-five managers from twelve countries, representing all divisions participated in 2000. Such management training is important both for individual development of managers as well as for supply of management talent and development of operations. Field trips are made in different countries with in-depth case studies and projects involving real situations. Group Management and management in the host country participate actively and contribute to creating a close link between reality and training, thereby forming an important development factor.

However, the most important "training" at Securitas takes place in day-to-day work, where managers follow-up and live close to their co-workers. Working with security means constantly developing with customers and their needs. The learning process never stops. The leader as a teacher and committed and competent employees are crucial to success. People make the difference.



# The Securitas Model in Practice

*More than 210,000 Securitas employees work according to the Securitas Model every day. This way of working has been proven in all markets and in all business areas. A few examples follow of how the Securitas Model works in practice.*

## **Finland—refinement creates growth**

*How do you change a zero-growth, production-oriented security services organization into a market-oriented, specialized service company with high growth and profitability? Securitas in southern Finland knows. By applying the Step-by-Step model in a concerted effort, the company has turned a negative trend into a success within a four-year period.* One of the tools in Securitas' Toolbox is the Step-by-Step model. Simply put, this model summarizes the order in which the other tools are to be used. An extensive transformation effort began in southern Finland in 1996 aimed at creating a more market-oriented organization. The first step was to understand the market and then to plan how services were to be delivered, rather than the other way round.

The result was that Permanent Guarding and Beat patrol were split into five and three parts respectively. Permanent Guarding was divided up according to which industry customers belonged. Beat patrol was split into three geographical areas.

“By focusing on each respective business and dividing it up into smaller units, we were able to make ourselves more efficient,” says Jarmo Mikkonen, Country President, Security Services Finland. “We are more pro-active with each customer, offer a more personal approach and focus more closely on the customer's needs.”

When this first step was completed, it was easier to adapt and refine the services according to customer needs. As this was done, the need for entirely new services became apparent. One example was the “Receptionist,” a combination guard/receptionist service offered by Securitas to larger companies. This allows companies to increase security in their operations in a cost-efficient way, at the same time as reception services are maintained. The new service was a success: in three years, sales of the service have increased from MSEK 7.1 to MSEK 24.8.

Today, Securitas in Finland shows a satisfactory trend for organic growth, which constitutes the last step of the Model. Since 1996, the region in southern Finland has grown by approximately 50 percent.

“We will continue to develop by applying the Step-by-Step model. Every part of the organization is now so large that we have to review the structure—in other words, we are starting over from step one,” says Jarmo Mikkonen.

## **Great Britain—the value of follow-up**

*The situation for cash in transit company Security Express Armaguard in Great Britain was anything but bright when Securitas took over in 1996. But thanks to the Six Fingers and many helping hands, a loss has been turned into profit and the employees are filled with self-confidence.*

The Six Fingers tool plays a central role in all of Securitas' business areas, but is perhaps most important in Cash Handling Services.

The cash handling industry is a sector in which volumes are required to achieve good profitability. The high risks involved necessitate high capital expenditure. Logistics are also important since cash handling is a time-sharing service where the parameters are continually changing. All this means that a manager must have very good control—not only of the income statement, but also of the balance sheet.

“Since so much capital is tied up, it is important for us to have control of the income statement, capital expenditure and cash flow,” says Erle Gardner, manager at the cash processing center in Kearsley. “We must continually follow up and measure cost per transportation and per counted note for example to ensure profitability.”

The story begins when Securitas acquired loss-making Security Express Armaguard in 1996.

The organization was fragmented and had to be unified under *one* name and *one* agreement for all personnel. New areas of responsibility were drawn up and operations were decentralized. With extensive capital investment, espe-



A combined guard/receptionist service was the result when Securitas in Finland refined services in line with customer requirements.

cially in the vehicle fleet and technical equipment, losses in connection with robberies could be lowered from MSEK 106 to MSEK 11 annually in less than three years.

This remedial action resulted in an increase in security, an improvement in employee morale and a consequent improvement in service and pricing. The company became profitable.

The Six Fingers tool played a very important role for management during the entire process of change. The key items represented by Six Fingers—new sales, portfolio of contracts, invoicing, margin, overhead costs and outstanding accounts receivable—are all essential parts of Securitas that reveal the economic health of a business at a single glance.

“Six Fingers gave us the opportunity to ‘get behind’ the figures,” confirms Erle Gardner. “It is actually very much a matter of common sense! Take the sixth finger, outstanding accounts receivable, for instance. Previously, we just sent out the invoice, but now we also ensure that we actually get paid in time.”

With good control of the figures, self-confidence is gained. This control is also a prerequisite for business development.



Good control over financial follow-up played an important role for Securitas in Great Britain during the extensive process of change undertaken in 1996-1998, at which time losses were transformed to profit.

“The more we focus, the more we learn,” says Erle Gardner. “This has led to a situation where we also follow up factors such as security, quality and customer relations in a different way than before. All of this is important for achieving a good result.”

#### ***The United States—flat organization creates new opportunities***

*The security services organization in the United States had an eventful year. In the course of ten months it approximately doubled in size after several major acquisitions. It has been a large internal undertaking to incorporate these new businesses in the existing ones. An important step in this effort was to create a flatter structure with clear responsibility furthest out in the organization.*

The transformation work has resulted in the security services organization now being divided into ten regional divisions, where each region is equivalent to Securitas’ operations in a European

country. The regional organization is in its turn divided into smaller parts.

The flat structure places responsibility and follow-up close to the customers and many operations functions of the organization are now located at the regional level rather than at the head office. These include for example, human resources, recruitment, quality improvement as well as dealing with customer requirements and responsibility for financial reporting. The regional structure was based on present and potential customers, with an underlying geographical structure. Each region was revised according to the composition of the market.

Karl Roemer is Area Manager in Des Plaines, Illinois. Four branch offices report to him. His area’s major customers are large telecom companies, auto manufacturers and the high-tech industry. More than 300 guards work in the area. Karl Roemer’s district is an excellent



The individual employee has been given a more important role in the new flat organization in the U.S. now that responsibility and decision-making have moved closer to the customer.



Securitas in Spain has successfully raised standards in the Spanish security industry through increasing employee compensation and raising quality awareness of customers.

example of how a flat organization leads to rapid growth. On two occasions his district has been awarded the distinction of “most successful district.”

When Securitas acquired American Protective Services Inc. (APS) in January 2000, the right people were already in the right place, since the area had previously been divided into geographical areas with one person responsible for up to ten objects. This meant that the integration of APS went smoothly. Furthermore, the process also led to improved career opportunities and several key persons were promoted, according to Karl Roemer: “When it is a matter of developing existing operations through service quality, the right person in the right place is crucial. We found the right people for human resources, payroll and day-to-day operations.”

Karl Roemer continues: “To get a feeling for what was going on in the

field, we also sent out a quality questionnaire to all our customers. Then we appointed key people in each area, who in turn contacted the customers to resolve the various issues that had arisen through the quality audit. Everyone who worked with customers provided input to find solutions to different customer problems. Since quality improvement is an ongoing process, we continue with monthly quality audits.”

Another result of the flat organization is that service development has gained momentum with for example, an increase in beat patrolling in the district.

“We have achieved organic growth by introducing new services at the same time as unbilled overtime has been reduced. Our customer service rating has gone from ‘good’ to ‘excellent.’ So it is certainly true that a flat organization makes us, as well as our customers, into winners”, says Karl Roemer.

### **Spain—development of the security industry**

*The private security industry in Spain began in the 1970s after dramatic political and social changes. During the 1980s, the industry’s growth was rapid and uncontrolled. This led to numerous conflicts in the market with price wars, low pay scales, a poor working environment, low profitability and low quality services as a result.*

It was against this background that Securitas was established in Spain in 1992 through the acquisition of Esabe. The task then began of creating a healthier security industry.

Unions and employers traditionally had not cooperated. An important first step to improving relations was taken when the parties agreed to raise wages by 20 percent between 1997 and 2001.

One of the largest Spanish unions believes that signing that agreement was a great moment for them. “It was proof that we share the same goals. We struggle jointly to eradicate the stigma attached to the industry and see that agreements are observed.”

More forceful legislation was also needed in the security industry and discussions with the Ministry of the Interior and the police were initiated.

“The development has been in our direction,” says Luis Posadas, Country President Security Services Spain. “Today, there are barriers in Spain that make it more difficult for non-serious companies to enter the market. But a lot remains to be done.”



An effective Value Chain adapted to the needs of homes and small businesses has been the basis for Direct's success.

Parallel to these activities, it was a matter of strengthening customer relationships. Through EFITEC (Spanish Financial Entities), a dialogue was initiated with the major banks. The police also participated and the discussions centered on quality, service and pricing.

"The meetings organized by Securitas within EFITEC have been very helpful in solving our problems," says a head of security at one of Spain's largest banks. "For us, quick and accurate response to alarms and well-functioning cooperation between the security company and the police are important."

Proof that the dialogue has been successful can be seen in the increase in the number of bank branches connected to Securitas' alarm monitoring stations. When the dialogue began in 1996, that number was 600. Now it is over 6,000!

Today, customers demand and place value on quality, according to Luis Posadas. There is an understanding that better pay creates better service and awareness that the customer also benefits from a situation where security companies can be profitable.

"None of this would have been possible were it not for the local managers. They are truly the key people and it is only through them that we can bring about change," says Luis Posadas.

**Direct—the right Value Chain is crucial**

*When Direct was formed in 1989, it was the first time that Securitas had worked with individuals as customers. By assembling the right components into a value chain, Securitas has managed to achieve success in this new segment. Direct's small alarm system concept is today found in eight European countries and is the fastest growing part of Securitas.*

Securitas had already established operations with alarms and alarm monitoring stations. Many people, both within and outside Securitas, wondered what advantage there was in Direct—a service concept with its own alarm monitoring station and standardized alarm products.

Direct encountered difficulties regarding regulations governing installation and servicing of alarm systems, the market's focus on alarms and installation rather than on alarm monitoring and response, as well as price comparisons that were difficult for the consumer to interpret. Developing suitable alarm products, which as well as being connected to an alarm monitoring station, could also provide sufficient stability for a quality service, also proved to be a challenge. It took Securitas five years to overcome these obstacles.

"Our message to the customer has always been 'Let us protect your home (and your business)!'. When we have been given an opportunity to explain what our concept entails, we have won the trust of the customer," says Dick

Seger, President of Direct's operations. Dick Seger, who has been involved since inception eleven years ago, describes Direct as Securitas' vision adapted for the individual consumer. The division has also built a Value Chain aimed at this particular customer category.

Initially, Direct targeted "established homes," in other words security-conscious home owners with high value property to protect. The product consists of wired alarm systems sold by personnel with high competence in security. The alarms are installed by external partners approved by insurance companies. Specially-assigned service technicians service the alarm systems. The guard who responds to a triggered alarm is the final link in the Value Chain.

Direct's business has increasingly shifted to the volume market. This has brought a change to the components of the Value Chain since the service has become increasingly standardized. This involves wireless alarm systems with transmission via automated, existing systems. They are sold via a combination of telemarketing and field selling. Installation is handled by special area partners, who also deal with any service required. The guard's contribution is also the last link in this chain.

Choosing the right Value Chain is crucial to Direct's success.



A large part of the customer base in the U.S. is in the upper part of the Securitas' Market Matrix, that is, larger customers in the high-tech, financial, high-rise and manufacturing sectors. Services are refined and customized to match customers' requirements.

# Security Services USA

*Division Security Services USA offers security officer services that consist primarily of permanent guarding, but also include patrol, call-out and guarding at one-off events. Security Services USA also includes business area Consulting and Investigations that offers security consulting services in the U.S., Latin America, Europe and Asia.*

## **2000—a year of acquisitions**

Since Securitas acquired Pinkerton in the spring of 1999, the company's organization has been adapted to the Securitas Model and a more decentralized structure has emerged. By the end of 1999, Pinkerton was ready to grow and during 2000 the company almost tripled in size through acquisitions.

In January, two regional market leaders were acquired—*First Security Corp.* and *American Protective Services Inc.*—both strong locally and known for high-quality services. The acquisition of three smaller, strong regional companies followed: *Smith Security Inc.*, *Doyle Protective Service Inc.* and *APG Security*. This led to the large acquisition of *Burns International Services Corp.* in September—a company the same size as Pinkerton.

All of the acquired companies have strengths that complement each another. Through the acquisitions, Securitas is now market leader in all regions, with a market share of about 19 percent of the U.S. security services market. The acquisitions also mean that a larger platform for organic growth has been created, which creates opportunities for local presence as well as improved efficiency. Securitas in the U.S. has

approximately 117,000 employees in over 600 local offices. Annual sales are approximately SEK 25 billion (about USD 2.5 billion).

The U.S. security services market (including consulting and investigations) is worth SEK 173 billion (about USD 17 billion) and consists of about 13,000 security companies. Most of these companies are small, but together, the 10 largest account for over 40 percent of the market.

## **Development of services and markets**

As a market leader in all regions of the United States, Securitas is responsible for refinement of services and concepts in order to provide for its customers' security requirements. The new organization offers a range of services in security services, consulting and investigations as well as employee background and communications services.

Many of the regions are increasingly offering time-sharing concepts, for example area guarding.

Security officer services can also be combined with the technology offered by division Security Systems USA. Combined contracts are becoming increasingly common and this was also the company's



Through the acquisition of a total of seven U.S. companies over the past two years, of which Pinkerton, Burns, First Security and American Protective Services were the largest, Securitas is today market leader in the U.S. During 2001, the process begins of gathering all 117,000 employees under the Securitas brand.

theme at the ASIS industry exhibition during the year.

The year's acquisitions have strengthened Securitas' penetration in many market segments. This also means that new services can be offered to customers in for example, the high-tech, telecommunications, pharmaceutical, finance, high-rise and health care sectors.

To ensure delivery of professional services to these specialized sectors, new training programs have been developed.

#### **Recruit, train, retain and reward**

Being the industry leader also means—according to the Securitas Model—taking responsibility for and improving areas such as training, career development, compensation and employment terms for guards. Customers will benefit from this in the form of well-trained and motivated guards, which also raises the quality of services.

An important issue for all industries in the United States is to attract and retain competent personnel. Unemployment is at historically low levels and since 80 percent of all workers are employed in the service sector, it is a daunting task to recruit qualified personnel. Securitas works actively with recruitment efforts at the local level, through recruitment drives, job fairs, advertising via the Internet, newspapers and radio.

In order to retain employees and give customers added value, personnel development and training programs have been expanded. The goal is that increased training opportunities for guards will result in raising the status of the occupation and increasing salary levels. This will in turn lead to lower personnel turnover and more satisfied customers.

#### **Flat organization**

After the acquisition of Burns, the main focus was on changing the organization to suit the new customer



structure. 10 regions were created, with 95 areas and more than 600 local offices. The regions were defined after an analysis of the total security market. Estimates were then made of the growth rate in each region. For example, New York and New Jersey were separated from the geographically close New England states, where the market share was very high due to the recent acquisition of First Security Corp. These New England states—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont—could move ahead faster, starting to offer new services and to penetrate new markets.

During the year, Securitas in the U.S. continued its strategy to move resources from the head office out to the regions in order to get closer to customers. Each region is led by a president, with support functions in accounting, operations, sales, human resources management, training and IT support. The local offices and departments all report to the regional offices. The number of offices and departments varies, depending

on market segment, size, complexity and current sales.

#### **The future—good opportunities for growth**

The U.S. market for security is estimated to grow by 7–9 percent per year. The market for security services is estimated to grow by at least 5 percent annually. This creates good opportunities for growth for Security Services USA.

During 2001 focus in the regions will be on integrating the Burns acquisition. During this process, unprofitable contracts will be terminated for example, so organic growth is expected to be approximately 3 percent during this period. When the integration process is complete, the growth rate is expected to increase to 5 percent.

When the new structure is in place, focus will be on refinement of basic services, development of time-sharing concepts and continued implementation of combined contracts with security services and technology.

## **CONSULTING & INVESTIGATIONS**

Pinkerton Consulting & Investigations (C & I) is one of Securitas' five business areas and is included in division Security Services USA. C & I focuses on security consulting, business risk mitigation and investigations.

C & I's operations consist of three operative units: C & I, Business Risks International and Pinkerton Services Group. Services offered include everything from security consulting to fraud investigations, executive protection, litigation support, background checks and employee communications. There are 23 offices within the United States and 21 international offices.

### **Trends in the market**

One factor that drives growth in the market for consulting and investigations services is the increasing globalization of commerce. During 2000, C & I successfully integrated separate international units into a single, joint unit that responds to the market's demand for an international service provider. The market for consulting and investigations is highly fragmented. The eight largest players together account for only 9 percent of the world market. Pinkerton is the second largest company operating in this market.

### **Step by Step**

Several changes were made at C & I during the year. The organization has been flattened and has become more focused by integrating several international operations into one single organization spanning the world with a streamlined management structure, common service offering and common management systems.

The acquisition of First Security Corp. gave C & I a larger market share and business presence in the Boston area.

Through the Burns acquisition, C & I gained an investigative office in Baltimore, Maryland, as well as a resource for background checking in Tampa, Florida.

## The Market for Security Services USA

**Market:** The market\* for security services in the U.S. is worth about SEK 173 billion and grows at an annual rate of at least 5 percent. This figure includes the market for consulting and investigations, which is worth about SEK 47 billion.

**Largest markets:** Security services are concentrated to the large population areas in the western, central, northeastern and southeastern United States.

**Competitors:** Wackenhut, Allied, Guardsmark, AHLS/Argenbright, Initial, Outsource Partners (USSA) and TransNational Security Group.

**Securitas' market share:** Securitas has a market share of 19 percent of the U.S. market for security services. This figure does not include the market for consulting and investigations.

\* Excluding non-outsourced business.

### Sales and market shares

| Country           | Sales  |                | Market share %   |
|-------------------|--------|----------------|------------------|
|                   | MSEK   | Local currency |                  |
| USA <sup>1)</sup> | 25,313 | 2,681          | 19 <sup>2)</sup> |

<sup>1)</sup> Estimated annualized rate

<sup>2)</sup> Excluding C & I

### Facts about Security Services USA

| MSEK   | 1999*      | 2000*   | Five Year Vision 2005 |
|--|------------|---------|-----------------------|
| Sales  | 5,080      | 16,975  |                       |
| <i>Organic growth</i>                            | <i>n/a</i> | 4%      | 5%                    |
| Operating income before amortization of goodwill | 211        | 926     |                       |
| <i>Operating margin</i>                          | 4%         | 5%      | 8%                    |
| <i>Operating capital employed as % of sales</i>  | 9%         | 10%     | 10%                   |
| Total capital employed                           | 3,367      | 12,186  |                       |
| <i>Return on total capital employed</i>          | 6%         | 8%      | >20%                  |
| Number of employees                              | 35,000     | 117,000 |                       |

\* Pro-forma



Focus in the U.S. is now on refinement of permanent guarding while efforts are also being made to develop time-sharing concepts and combined solutions.



# Security Services Europe

---

*Securitas' security officer services are gathered in Security Services Europe—permanent guarding, time-sharing services and combined solutions with a technology content—in Europe, and in Canada and Mexico.*

## **The Nordic Region—the base for development of services**

The Nordic Region plays an important role in Securitas as a platform for development of services, concepts and models for the entire Group. Development work in Sweden over several years has led for instance to development of receptionist services, services in area guarding and public service assignments. An increasing number of contracts are signed for a combination of patrolling and alarm systems. The decentralized organization with responsibility at the front line is also apparent. Overall, these trends have led to good profitability.

In certain areas, for example time-sharing services such as area or city patrolling, Norway and Finland are becoming important complements to the Swedish operation.

The role as development base places a great deal of responsibility on the Nordic countries to share their competence and experience with newer countries in the Securitas Group. This applies to the rest of Europe as well as the United States.

Sales in the Nordic Region have developed positively, with strong organic growth and increased profitability, especially in Sweden and Finland. In Norway, strict concentration on improving profitability during the year held back sales growth somewhat. In Denmark, the strategy is to further develop the volumes achieved, organically and through acquisitions, and to develop the entire security industry in cooperation with the other security services companies.

The Nordic market is stable and homogenous. The industry has undergone positive consolidation and restructuring in recent years.

## **Germany—flatter organization in place**

After the acquisition of market leader Raab Karcher Sicherheit in 1998, attempts were made to integrate the company in Securitas' existing structure. The result was unsatisfactory. The security services part was therefore restructured according to the Nordic model during the year. Spain and Norway served as examples for the reorganization. The work has led to 30 profit centers becoming 115.

This has been an extensive process that made organic growth lower than that expected in the longer term. But in order to develop the operations further, the action taken was entirely necessary. The goal of the new organization is partly to come closer to customers in order to achieve faster development of services and organic growth, and also to achieve greater efficiency in the organization, with shorter decision routes and smaller staff units. This is expected to lead to higher margins. Securitas' German operations consist largely of permanent guarding, with several large assignments at locations such as airports and nuclear plants, for example.

Germany is the world's second largest market for security services. Competitors are mostly national or local companies. It is common for companies to have in-house guarding, which creates opportunities for Securitas.

## **France—successful introduction of the 35-hour working week**

France is today the largest market for Securitas in Europe. In 1998, Securitas made a strategic decision to acquire the market leader Proteg as a way of improving the development of the French security industry. The company has been restructured and a new flat organization in accordance with the Securitas Model has been created. During the year, the security services division—which consists of three major regions with about 100 offices—was put in place.

When the content of security services is refined, opportunities to use technical systems in security solutions increase for example. Spain is a good example of a country in which Securitas has taken responsibility for the development of the industry according to the Securitas Model. This has contributed to raising the status of guarding as a job as well as a sharp increase in the number of combined contracts thanks to the introduction of technology.

The introduction of the statutory 35-hour working week, which came into force January 1, 2000, was a major challenge. Securitas went on the offensive in the new situation. In order to compensate for higher costs as a result of the reduced number of hours worked, price increases were implemented. At the same time, the company made the strategic decision to exit markets in which customers did not accept higher prices for services. This has meant that organic growth has been held back, but that profitability has simultaneously improved significantly. Securitas will continue to raise the quality and the level of services. In its capacity as market leader, Securitas will also take the initiative in raising salaries and the status of the guard profession in France.

A restructuring of the French security services industry is to be expected since more major players have become active in the country. This is positive, since more companies can then assume responsibility for raising the industry's status in this fragmented market.

Securitas' operations in France consist mainly of permanent guarding, but after the acquisition of Proteg, opportunities for developing time-sharing services and combined contracts have increased.

#### **Great Britain—an increasingly important market**

Having been a small player in security services in Great Britain, Securitas, through the acquisition of Burns, is now becoming a factor in the British security industry.

A new manager was appointed for the British security services operations during the year. During the second half of 2000, much energy was expended on building a new structure according to the Securitas Model and exploiting synergy effects following the integration of Burns. The new organization was fully implemented in the beginning of November.

Securitas is today number five in the British security services market. The British security services market is characterized by low pay scales and a high degree of fragmentation. After the acquisition of Burns, Securitas has a greater opportunity to influence this development.

Securitas' British Security Services operations consist solely of permanent guarding.

#### **Spain—time-sharing services growing rapidly**

A few years ago, Securitas' business in Spain underwent a development towards a flatter organization. During this process, agreements were concluded with

the union organizations to increase guard salaries gradually each year. The strong organic growth and the substantial improvement in profitability seen in Spain today are results of these efforts. This confirms that the Nordic model works well also in other, larger markets. Another indication of this is the strong growth in time-sharing services and combined contracts in Spain.

During 2000, Ausysegur was acquired. The company is primarily active in cash handling services, but also has a small security services operation. The 1999 acquisition of Seguridad 7, with operations in the Canary Islands, was also completed. Both acquisitions were successfully integrated during the year.

Since Spain is culturally and linguistically closer to Latin America than the United States, Spain has been given responsibility for Securitas' operations in Mexico. Spain will serve as a model for the Latin American countries, thus taking on the same role as Sweden has had for Spain.

The Spanish security services market is currently undergoing a process of refinement as Securitas' principal competitor, Prosegur, has chosen to focus increasingly on security.

#### **Benelux—higher standard in the industry**

Securitas was established in Belgium in 1999 through the acquisition of the Securis group. This position was strengthened during the first half of 2000 when Baron Security was acquired. These companies were restructured and consolidated during the year. Securitas is now sufficiently large to begin influencing the Belgian security services industry. The development so far has been good, in part through higher prices in connection with higher standards and higher compensation. This trend is evident also in the rest of the Belgian security services industry.

In Belgium, operations to a relatively large extent depend on a number of large customers. It is therefore an important challenge for Securitas to strengthen its position among small and medium-sized customers.

Securitas entered the Dutch security services market during the year through the acquisition of B&M Beveiliging & Alarmering. This acquisition constitutes a platform for further development in the Netherlands, which will occur through a combination of organic growth and acquisitions.

On the strength of its management resources and experience in the area of airport security, Benelux has become Securitas' base for development of these services within the Group.



### The rest of Europe, Canada and Mexico

The positive development in Portugal continues, with good organic growth and high profitability. The same is true of Securitas' operations in Switzerland.

In Austria, the development of both the security services market and Securitas' operations was slower than desired. A new country president took office in January 2001.

Operations in Eastern Europe—in Poland, the Czech Republic, Hungary and Estonia—are going well. This is particularly true of Poland and the Czech Republic. Organic growth as well as the development of services is good and this has led to increased profitability. The Estonian operation began reporting to Finland during the year.

For practical reasons, Canada reports to France. Consolidation and restructuring are underway here following the acquisition of Burns. A new country president has been appointed. Operations in Canada are starting to become significant for Securitas. The Canadian security market is undeveloped and highly fragmented, mainly because no security services company has until now actively driven the development of the industry.

Mexico has a new country president. High costs and large losses previously affected operations in Mexico, but an improvement was seen already during the year.

In Canada as well as Mexico, the goal is to develop the existing permanent security services before Securitas can take additional steps towards further refinement and service development.

### The future—rapid development of operations

The goal is to continue to lead the development of the security industry and of security in Europe in a positive manner. The European operations will thus be an important model for the U.S. operations. The market will continue to be large and rich in opportunities. Organic growth of between 5 and 10 percent is therefore possible. At the same time, the differences in terms of profitability are large within the division, meaning that there is great potential for improving operations through service development.

Securitas' market share in Europe is about 15 percent. There are opportunities for Securitas to grow both in existing markets and in markets where Securitas has no current operations. Acquisitions can therefore be expected to complement European operations in Security Services.

## The Market for Security Services Europe

**Market:** The market\* for security services in Europe is worth SEK 104 billion and grows by 5–10 percent annually.

**Largest markets:** Great Britain, Germany and France.

**Competitors:** Group 4 Falck and GMIC (Rentokil), Prosegur and Securicor.

**Securitas' market share:** Securitas has a market share of 15 percent of the total European market for security services, of which the share in the Nordic region is about 50 percent.

\* Excluding non-outsourced business.

### Sales and market shares

| Country                     | Sales         |                | Market share % |
|-----------------------------|---------------|----------------|----------------|
|                             | MSEK          | Local currency |                |
| Sweden                      | 2,042         | 2,042          | 50             |
| Norway                      | 879           | 840            | 50             |
| Denmark                     | 152           | 134            | 24             |
| Finland                     | 571           | 400            | 50             |
| Germany                     | 3,272         | 756            | 15             |
| France                      | 3,702         | 2,865          | 31             |
| Great Britain <sup>1)</sup> | 1,123         | 80             | 6              |
| Spain <sup>1)</sup>         | 1,730         | 33,893         | 20             |
| Switzerland                 | 331           | 61             | 9              |
| Austria                     | 126           | 204            | 11             |
| Portugal                    | 727           | 17,196         | 37             |
| Belgium <sup>1)</sup>       | 1,058         | 5,008          | 41             |
| Netherlands <sup>1)</sup>   | 111           | 28             | 3              |
| Hungary                     | 49            | 1,507          | 9              |
| Poland                      | 139           | 65             | 3              |
| Estonia                     | 49            | 91             | 12             |
| Czech Republic              | 67            | 279            | 3              |
| Canada <sup>1)</sup>        | 991           | 158            | 6              |
| Mexico                      | 184           | 189            | 9              |
| <b>Total</b>                | <b>17,303</b> |                |                |

<sup>1)</sup> Estimated annualized rate

### Facts about Security Services Europe

| MSEK   | 1999*  | 2000*  | Five Year Vision 2005 |
|--|--------|--------|-----------------------|
| Sales  | 13,981 | 16,059 |                       |
| Organic growth                                   | 5%     | 4%     | 7%                    |
| Operating income before amortization of goodwill | 883    | 1,098  |                       |
| Operating margin                                 | 6%     | 7%     | 9%                    |
| Operating capital employed as % of sales         | 8%     | 9%     | 10%                   |
| Total capital employed                           | 4,721  | 5,756  |                       |
| Return on total capital employed                 | 19%    | 19%    | >20%                  |
| Number of employees                              | 68,000 | 78,000 |                       |

\*Pro-forma



The installer and the service technician play an important role in the Value Chain for all customer segments in Security Systems. However, installation and service are different businesses, and consequently Securitas in Sweden has continued the refinement process by establishing two separate organizations.

# Security Systems Europe and USA

---

*Through the two divisions Security Systems Europe and Security Systems USA, Securitas offers technical security solutions that can interact with security officer guarding at customer sites.*

**Security Systems covers three customer segments:**

- Banks, to which Securitas supplies advanced alarm systems with specialized alarm monitoring stations and call-out in a total solution.
- Major industrial and/or service companies in need of integrated solutions with burglar alarms, fire alarms, CCTV or access control systems as part of their total security.
- Medium sized customers and chains which require a security concept in which the alarm monitoring station forms the core and a standardized burglar alarm can be supplemented with for example an access control system or CCTV.

**SECURITY SYSTEMS EUROPE**

**Sweden—concept solutions increase**

The largest single business in Security Systems is in Sweden. Business is conducted in all segments of Securitas' Market Matrix—alarm systems for banks, large systems, as well as concept solutions for chains and medium-sized companies.

Growth and profitability in the latter sector was good during the year. In this sector, Securitas offers concept solutions with alarm systems, call-out and service from a 24-hour manned alarm monitoring station.

Combination solutions continue to grow, and today are an important part of Securitas' total assignments with many customers.

As far as larger installations are concerned—especially access control systems and integrated systems—growth was slow. Many companies Millennium-proofed their systems in 1999 and were therefore cautious in their investments in security technology during the year. Fire alarms showed good growth. Securitas together with Siemens/Cerberus is market leader in fire alarms in Europe.

In order to obtain a sharper focus on the different businesses in the large-customer segment in Security

Systems, operations have been split into two divisions: Sales/Installation and Service. The product program has been reduced and adapted to fit individual customer segments.

**The rest of the Nordic Region—combination solutions forge ahead**

As in Sweden, combination solutions are growing in all segments in the rest of the Nordic Region.

The Finnish operations are distinguished by large systems. For that reason the aftermath of the Millennium is felt also in Finland.

Securitas took over Sensormatic's installation and service unit during the year. This led to an increase in the important growth markets for CCTV and in the retail customer segment.

In Norway, an increase was seen in the intermediate sector but there was lower growth for large systems. The latter is due both to the Millennium and to increased competition from new players in this segment.

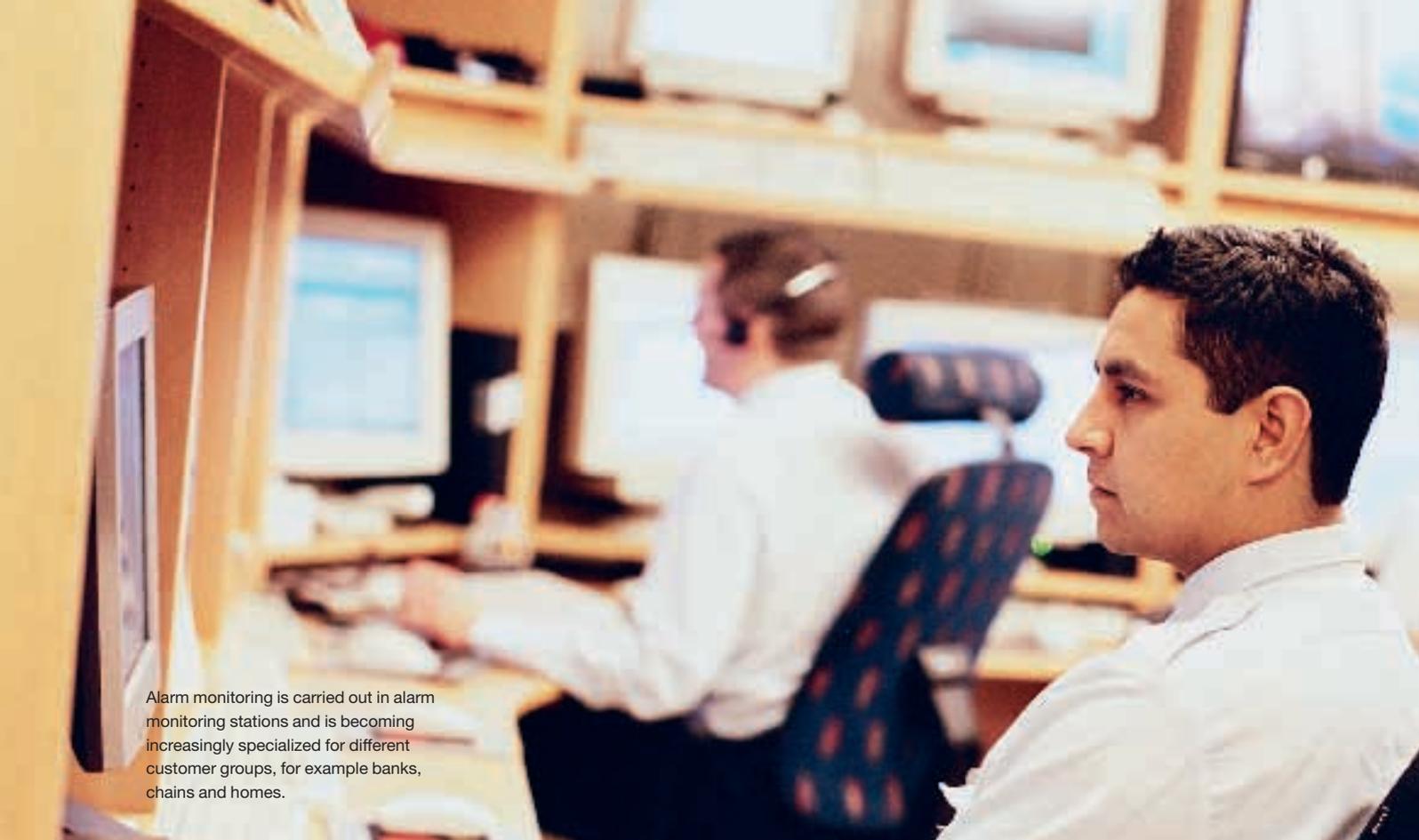
The Danish alarm systems business has traditionally been aimed at smaller customers. In Denmark, efforts are now being expended in the intermediate sector, but also on larger systems. For that reason, the organization was split into two divisions during the year: one for small customers and one for larger customers.

As a result of their focus on the intermediate and smaller segments, Norway and Denmark are the Nordic countries least affected by the Millennium effect.

**France—recovery of profitability**

In France, the alarm systems organization has been built up to focus on large and medium-sized customers. The concept development that exists in the Nordic countries does not exist to any large extent in the French operations so far.

The medium term goal is to move in the same direction, and develop concepts for banks and retail. Profitability has been weak in the installation area,



Alarm monitoring is carried out in alarm monitoring stations and is becoming increasingly specialized for different customer groups, for example banks, chains and homes.

but has now begun to recover as a result of the new organization.

As the French operation increasingly works according to the Nordic model, combination solutions will be developed. Since pay scales for guards have increased sharply, more customers will be interested in allowing technology to be a growing part of their total security solution.

#### **Spain and Portugal—strong in the intermediate segment**

Securitas' alarm systems operation in Spain generated strong growth and good profitability during the year. This was true across all segments: banks, as well as medium-sized and larger companies.

As a result of the strong growth, Securitas has created an organization that will place a sharper focus on larger systems and concept development, as well as on bank and chain customers.

The Portuguese operation is similar to the Spanish one, although Portugal is not as strong on larger systems. Securitas has developed several new concepts for banks and medium-sized customers, where the alarm monitoring stations increasingly play an important role in adding value to customers.

#### **The rest of Europe—a tool for delivering entire concepts**

Securitas also has security systems operations in Germany, Canada, Switzerland, Poland, the Czech

Republic, Hungary and Estonia. As the market develops and the need for security solutions increases, Security Systems will grow together with Security Services. Technology has enabled Securitas to deliver complete security solutions, but the businesses in Security Systems are small and have followed the development in Security Services. In countries in the rest of Europe, Security Systems helps build Securitas' brand name.

#### **SECURITY SYSTEMS USA**

##### **Focus on the after-sales market**

A new management team was put in place during the year at Security Systems USA.

The United States is the second largest country in business area Security Systems. The U.S. organization is mainly aimed at installation of integrated systems, with access control systems and CCTV as a base.

Growth and profitability were weak during the year. The business has now been restructured to change that situation. A new decentralized organization has been built, in which operations are divided into three regions and 17 branch operations. In addition hereto, a separate organization for nationwide accounts is being created. The objective is to sharpen the focus on local business, while simultaneously taking care of national contracts in an efficient manner. Concurrently, increased efforts will be expended on portfolio customers and the after-sales market. The goal is to be able to deliver complete solutions with



installation, alarm monitoring station services as well as long-term service and support to the customer. Security Systems will also broaden cooperation with Security Services in order to be able to offer concept solutions with technology and guarding to customers. This restructuring will contribute to higher quality and increased cost efficiency.

### The future

There is often a significant element of manufacturing, development and changing product programs in the security technology area. An important task for division Security Systems is to adapt the product program to selected customer segments. The products themselves are manufactured by and purchased from external suppliers.

Providing alarm concepts that support Securitas' personnel-based services becomes especially important when combined contracts increase—contributing to both higher security and a more cost-efficient solution for customers.

The overriding goal for Security Systems is to become a world leader also in this area of the security market, through clear management focus, and common functions and visions. In the first instance, Securitas will grow organically. In time, this creates opportunities for further growth through acquisition.

## The Market for Security Systems Europe and USA

**Market:** The market\* for security systems in Europe and North America is worth SEK 210 billion, of which Europe accounts for SEK 94 billion and the United States for SEK 116 billion. The growth rate of the alarms systems market is 9 percent annually.

**Largest markets:** USA, followed by Great Britain and Germany.

**Competitors:** USA: Tyco/ADT, Security Link and Best Access.

Europe: Siemens/Cerberus, Gunnebo, Group 4 Falck, Esmi, Tyco/ADT and Chubb.

**Securitas' market share:** Securitas has a market share of 3 percent in Europe and 1 percent in the U.S. In the Nordic Region, Securitas has a market share of 24 percent.

\* Excluding non-outsourced business

### Sales and market shares

| Country      | Sales        |                | Market share % |
|--------------|--------------|----------------|----------------|
|              | MSEK         | Local currency |                |
| Sweden       | 1,022        | 1,022          | 26             |
| Norway       | 308          | 294            | 39             |
| Denmark      | 138          | 122            | 10             |
| Finland      | 290          | 203            | 33             |
| France       | 381          | 295            | 7              |
| Spain        | 239          | 4,681          | 13             |
| Portugal     | 122          | 2,883          | 29             |
| USA          | 644          | 70             | 1              |
| <b>Total</b> | <b>3,144</b> |                |                |

### Facts about Security Systems Europe and USA

| MSEK   | 1999* | 2000* | Five Year Vision 2005 |
|--|-------|-------|-----------------------|
| Sales  | 2,897 | 3,102 |                       |
| Organic growth                                   | 16%   | 5%    | 9%                    |
| Operating income before amortization of goodwill | 271   | 151   |                       |
| Operating margin                                 | 9%    | 5%    | 12%                   |
| Operating capital employed as % of sales         | 21%   | 23%   | 22%                   |
| Total capital employed                           | 1,207 | 1,280 |                       |
| Return on total capital employed                 | 22%   | 12%   | >20%                  |
| Number of employees                              | 2,800 | 3,000 |                       |

\* Pro-forma



Proximity to the customer is crucial to Direct. The new concept, "aroundio", means that an area specialist is present in the customer environment and that installation and service are available immediately.

*In Direct Europe, differentiation and specialization are combined in developing customer-adapted solutions for homes and small businesses. With the customer as a starting-point and standardized alarm products as a base, the Direct Europe division builds entire alarm-to-response concepts where services such as a customer service center, guard call-out and technical service are included. The Direct Europe division is today established in eight countries across Europe.*

**The Nordic Region—  
common products and methods**

The Nordic countries form a strong base in the Direct Europe division, with development of common products and concepts as well as selling and operating methods.

In the Nordic region, 25,500 Direct alarms were installed during the year. Volume growth was good, especially in Sweden and Denmark. The Swedish and Norwegian organizations are the most profitable. One of the reasons for this is that these businesses are sufficiently large to have entirely independent alarm monitoring stations and systems, increasing opportunities for developing and differentiating the value chain, thereby achieving good results.

Sweden serves as a parent company for development of the entire Direct Europe division. For that reason, the Swedish company was manned during the year to function as a base for running projects in other Direct countries. This is particularly true in IT and sales operations. In Sweden, the proportion of homes to companies is approximately 70/30.

In Norway, the sale of alarm systems to small businesses has also been placed under Direct. Small businesses thus account for 15 percent of customers in the Norwegian company and homes account for 85 percent.

Through this new organization, opportunities for synergies in the form of cross-selling increase, whereby the Direct sales representatives with small businesses as a base can also cover residential customers via this channel.

From January 1, 2001, the Finnish small alarms operation is again part of Direct's organization. In Finland, the small business and home customer groups are about the same size. Finland had good growth in sales to business customers during the year.

Denmark posted good volume growth on the home and small business side. Concepts and products are increasingly being harmonized with the other Nordic countries.

**France—one of the largest markets in Europe**

France is one of the largest markets for small alarms systems in Europe. The French Direct operation has over 90 percent residential customers. Profitability continued to be high during the year as a result of high quality in the service offering.

In France, there is also a market where a large number of independent companies are active in alarm systems installation. In this market, Securitas' country organization also has, in addition to Direct, a special unit for connecting and monitoring of alarms which works with concept solutions with its own alarm monitoring station. The challenge to increase total sales of small alarm systems in France is to utilize synergies—such as production systems and marketing channels—between this unit and Direct.

**Spain—very good development**

More than 26,000 alarm systems were installed in Spain during the year, accounting for more than half of Direct's total installations during the year. The development is highly positive, with strong growth and good profitability.

Towards the end of the year, Direct initiated discussions with Securitas' country organization to explore whether the beat patrol and call-out service activities built during the past few years can be utilized as a complement to Direct's products. Until now, response to home alarms has mostly been a matter for the police, but in Spain, as in many other countries, there is a discussion as to what the police force should be concentrating its efforts on.



Connection to an alarm monitoring station, service and potential call-out are the basis of Direct's concept. In order to ensure good operation and uniform quality even in the event of high volumes, the entire alarm-to-response chain is standardized.

Residential customers dominate the Spanish operations with a share of 73 percent. In this segment, Direct works with so-called area specialists. These are personnel who via their vehicles are on location in a residential area to assist customers with installation, service and call-out.

During 2001, Direct will begin operations in Portugal and the business will be run according to the Spanish model.

**The rest of Europe—  
large opportunities in Germany**

Germany poses a new challenge for Direct Europe. It is a country with high potential but low consumption. Direct started operations there in 1999 and is still in the establishment phase.

Prices for home alarms are considerably higher in Germany than in other countries, largely for historical reasons and because of the structure of the market.

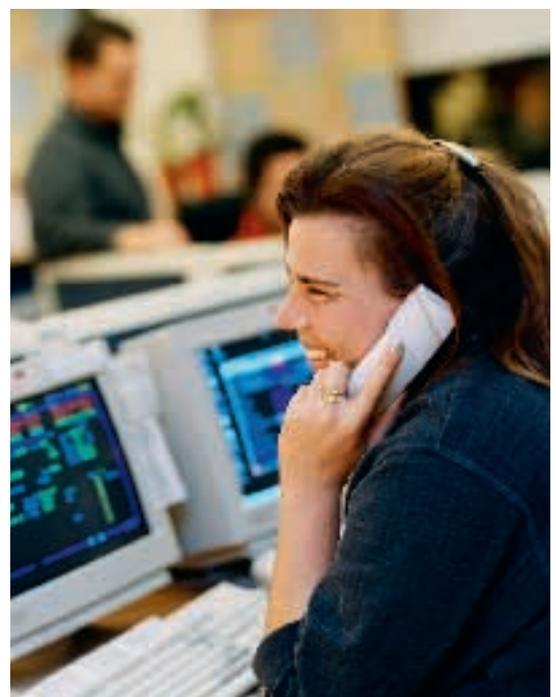
In order to succeed, it is necessary to begin from the bottom up, with an efficient sales method and organization—and that is what Securitas is building right now in Germany.

The Swiss market is unique compared to other Direct countries. Here, Direct has approximately 75

percent home alarms, especially in the upper market segments. However, Swiss people to a large extent live in rental apartments and so far this segment is not a big buyer of alarm systems. The Swiss Direct operation is profitable, but needs to grow in terms of volume to be more successful.

**The future—continue building with guards as a base**

There are today more than 210,000 guards in the Securitas organization, 117,000 of whom are active in the United States. They constitute the base for further development of service concepts, such as





Direct. The Spanish example with area specialists, who function as security consultants in a residential area, will be developed further in other countries.

Competition from so-called value-added companies will continue to grow. But it is the guards and the opportunities to offer peripheral services, that separates Direct from these players.

Direct also strives to develop value chains for new customer categories, thus moving towards larger potential volumes.

Even though there are potential acquisition targets, organic growth will be at the core of Direct's continued development. This leads to better control, higher quality and therefore higher profitability of services.

In cases where start-up in a country is of interest, it helps to have a base to start from. In such cases, acquisitions may be considered.

In the United States, where Direct is not yet established, the possibility of acquiring companies to form a base for an effort in the U.S. market is being explored. The goal is to find a company that not only works with alarm products, but which can also offer the same types of service concepts as Direct does in Europe. It is probable that potential acquisitions will be a matter of regional companies.

## The Market for Direct Europe

**Market:** The European market\* for small alarm systems is worth SEK 13 billion, one third of which is residential alarms. The annual growth rate is estimated to be about 20 percent. Small alarm systems is the fastest growing area in Securitas. Only during the past year, Direct installed 68,000 alarm systems in homes and small businesses. In total, there are now more than 300,000 connected alarms in the Securitas Group.

**Largest markets:** France, followed by Great Britain and Spain. The U.S. market for residential alarms has a higher rate of market penetration and is estimated to be several times larger than the European market.

**Competitors:** Group 4 Falck, CIPE (ADT/Tyco), CET (ProtectionOne), Prosegur, Viterra Sicherheit as well as Crédit Mutuel and Segurmap in the bank and insurance sector.

**Securitas' market share:** Securitas' European market share for home and small alarm systems is about 9 percent with emphasis on the Nordic countries where Securitas has a market share of 25 percent.

\* Excluding non-outsourced business

## Sales and market shares

| Country               | Sales      |                | Market share % |
|-----------------------|------------|----------------|----------------|
|                       | MSEK       | Local currency |                |
| Sweden                | 209        | 209            | 33             |
| Norway                | 173        | 165            | 30             |
| Denmark               | 44         | 39             | 14             |
| Finland <sup>1)</sup> | 29         | 21             | 30             |
| Germany               | 0          | 0              | 0              |
| France                | 105        | 82             | 9              |
| Spain                 | 194        | 3,799          | 20             |
| Switzerland           | 27         | 5              | 12             |
| <b>Total</b>          | <b>781</b> |                |                |

<sup>1)</sup> Estimated annualized rate

## Facts about Direct Europe

| MSEK   | 1999* | 2000* | Five Year Vision 2005 |
|--|-------|-------|-----------------------|
| Sales  | 560   | 762   |                       |
| <i>Organic growth</i>                            | 32%   | 31%   | 30%                   |
| Operating income before amortization of goodwill | 71    | 91    |                       |
| <i>Operating margin</i>                          | 13%   | 12%   | 12%                   |
| <i>Operating capital employed as % of sales</i>  | 23%   | 28%   | 26%                   |
| Total capital employed                           | 151   | 242   |                       |
| <i>Return on total capital employed</i>          | 47%   | 38%   | >20%                  |
| Number of employees                              | 600   | 900   |                       |

\* Pro-forma

|                    | Installations during the year | Total number of connected alarms | Growth     |
|--------------------|-------------------------------|----------------------------------|------------|
| Direct             | 53,000                        | 184,000                          | 41%        |
| Other small alarms | 15,000                        | 83,000                           | 17%        |
| <b>Total</b>       | <b>68,000</b>                 | <b>267,000</b>                   | <b>36%</b> |



# Cash Handling Services Europe

*Securitas' cash in transit operations were separated and placed in their own operative units in several countries already some years ago. The creation of division Cash Handling Services Europe is a natural continuation of this development. The name Cash Handling Services describes our ambition to support the entire monetary flow in society.*

## **The Nordic Region—Sweden is the model**

In Sweden, Securitas has been successful thanks to a successful organization model and the introduction of new concepts. The Swedish operation today offers services covering the entire chain.

In Finland, Securitas' Cash Handling Services started operations three years ago. The business has grown rapidly and today shows good profitability.

Norway has suffered several serious value transportation robberies in recent years. Securitas has successfully made large investments to reduce robberies. The next step is to revert to a stable operating situation in which profitability must increase.

In these three countries, banks dominate Securitas' operations, but the retail customer segment is growing rapidly.

In Denmark virtually all cash handling services are carried out for the retail trade. In Denmark also, there is great potential among the banks, since they are beginning to outsource this type of service.

## **Germany—new flatter organization**

Germany is Securitas' second biggest market in Europe. Here, Cash Handling Services have undergone the same type of restructuring towards a flatter organization as Security Services. Today, the operations consist of seven regions and some 40 profit centers. Cash Handling Services was previously a part of Security Services, but has now become a totally separate organization.

Pay scale differences between east and west have been an important issue in Germany. The situation is now stabilizing.

German banks have begun to outsource their cash handling services operations to a large extent. This

trend is also very apparent in several other European countries. The potential is therefore great for Securitas.

As in Great Britain, the retail trade customer segment accounts for a major share of Securitas' operations.

## **Great Britain—new services are added**

Great Britain is Securitas' largest country of operation in Cash Handling Services Europe. The positive development that began a few years ago continued during 2000. Organic growth and profitability have improved. This is the result of a conscious effort to develop Cash Handling Services structurally.

The business was expanded to cover more advanced service of cash dispensing machines through the acquisition of Micro-Route in 2000. After a relatively slow start, this part of the operation is now on the right track.

Robberies in connection with transportation of valuables are a relatively common occurrence in Great Britain, but for Securitas the situation is better than for other players.

Retail trade customers account for the majority of Securitas' British Cash Handling Services operations. In an effort to develop services for banks, Securitas is carrying out a major initiative in the ATM market.

The organization in Great Britain was changed during the year from regional to being split into business areas: Transport, Cash Processing and ATM. The objective is to gain sharper focus on the various parts of the chain and the reorganization has proven to be a success. The same model is already used in Portugal.



Securitas' Cash Handling Services operations have high demands in terms of security and have for example, incorporated advanced technology in briefcases, vehicles and buildings in order to protect both valuables and employees.

### **Spain—ready to develop the industry**

Ausysegur was acquired during the year. The seller was Lico Corporation S.A., a finance company owned by 46 savings banks in Spain. Major efforts have been made to integrate the acquisition with Securitas' existing operations in an entirely new operating structure. After this, a new president was appointed. The merger has progressed according to plan and was completed by January 1, 2001.

High expectations are placed on the new organization, which is comprised of close to 30 profit centers. Because of its size, Securitas is now ready to begin developing the entire Spanish cash handling industry. Furthermore, this increases opportunities for Securitas to offer customers better solutions, in terms of geographic cover and quality and in terms of functionality of services.

Banks account for an overwhelming majority of the Spanish Cash Handling Services business. New concepts adapted to the special needs of the retail trade are being introduced to expand into that segment.

Much like Security Services, Cash Handling Services is undergoing a process where guard pay scales as well as prices are being increased. The aim is to raise the level and status of the entire industry.

### **Portugal—successful concept development**

For several years, Portugal has operated a well functioning business with extensive development of services and concepts, especially to serve the needs of banks. This also contributed to continued high



The individual plays an important role in Cash Handling Services and security technology is therefore combined with thorough education and training of personnel.

growth during the year. The Portuguese situation is similar to the Spanish one, with banks as the dominant customers.

### The rest of Europe

Securitas' French Cash Handling Services business is concentrated to an area in northwestern France. The operation shows good growth as well as profitability.

Austria shows stable development in the retail trade segment, even though most services are performed for banks.

The Swiss business is just over a year old and growing rapidly.

Risks are high in Cash Handling in Eastern Europe due to the structure of society. Securitas has therefore deliberately adopted a policy of growing cautiously in Poland, the Czech Republic, Hungary and Estonia.

### The future—strong outsourcing trend

The clear trend towards outsourcing is expected to contribute to very strong organic growth in division Cash Handling Services Europe in coming years.

This is an industry distinguished by high levels of capital expenditure and risk and for that reason there is not room for many players in each country. In order to develop services and concepts further, there is also a need for stability in the business.

The industry is currently undergoing a restructuring process in Europe, where the larger companies, such as Securitas, Group 4 Falck and Securicor are increasingly establishing themselves across national boundaries. This leads to greater professionalism and higher quality—and to a positive development for the industry at large.

Great Britain has become a leading country of sorts in Cash Handling Services. An agreement was recently made with two banks in Great Britain to take over responsibility for their cash processing. At the same time, countries such as Portugal and Sweden play an important role in development.

Cash Handling Services is a business where common solutions can be used in various countries to a greater degree than is possible in Security Services or Systems. It may be a matter of systems, security solutions and service concepts. The division has an important role in ensuring that solutions are disseminated among the countries of operation.

## The Market for Cash Handling Services Europe

**Market:** The market for cash handling is worth SEK 44 billion, of which Europe accounts for SEK 25 billion and North America for SEK 19 billion. Annual growth is estimated to be about 10 percent.

**Largest markets:** Great Britain, France and Germany.

**Competitors:** Europe: Securicor, Group 4 Falck, Prosegur. USA: the largest companies are Brink's and Loomis. Securitas owns 49 percent of Loomis.

**Securitas' market share:** Securitas has a market share in all of Europe of about 16 percent. In the Nordic countries, Securitas has a market share of about 45 percent.

### Sales and market shares

| Country                     | Sales        |                | Market share % |
|-----------------------------|--------------|----------------|----------------|
|                             | MSEK         | Local currency |                |
| Sweden                      | 378          | 378            | 49             |
| Norway                      | 144          | 137            | 50             |
| Denmark                     | 90           | 80             | 48             |
| Finland                     | 83           | 58             | 26             |
| Germany                     | 787          | 182            | 24             |
| France                      | 162          | 126            | 4              |
| Great Britain <sup>1)</sup> | 1,284        | 92             | 22             |
| Spain <sup>1)</sup>         | 494          | 9,611          | 33             |
| Switzerland                 | 56           | 10             | 50             |
| Austria                     | 142          | 230            | 50             |
| Portugal                    | 204          | 4,814          | 50             |
| Hungary                     | 49           | 1,503          | 24             |
| Poland                      | 39           | 18             | 9              |
| Estonia                     | 5            | 9              | 14             |
| Czech Republic              | 2            | 10             | 14             |
| <b>Total</b>                | <b>3,919</b> |                |                |

<sup>1)</sup> Estimated annualized rate

### Facts about Cash Handling Services Europe

| MSEK   | 1999* | 2000*  | Five Year Vision 2005 |
|--|-------|--------|-----------------------|
| Sales  | 3,127 | 3,908  |                       |
| <i>Organic growth</i>                            | 12%   | 14%    | 12%                   |
| Operating income before amortization of goodwill | 194   | 294    |                       |
| <i>Operating margin</i>                          | 6%    | 8%     | 15%                   |
| <i>Operating capital employed as % of sales</i>  | 41%   | 41%    | 40%                   |
| Total capital employed                           | 1,574 | 2,308  |                       |
| <i>Return on total capital employed</i>          | 12%   | 13%    | >20%                  |
| Number of employees                              | 8,500 | 10,400 |                       |

\* Pro-forma

# The Securitas Share

The Securitas share has been listed on the A-list of the OM Stockholm Stock Exchange since 1991. Both the market capitalization and the number of shares traded have increased sharply, and in recent years the Securitas share has been among the most heavily traded in the Stockholm market. From January 2000, the Securitas share is also included in the OMX index, which contains the 30 most traded issues on the exchange. Securitas' weight in the OMX index was 2.11 percent at the beginning of 2001.\*

The market price of the Securitas share rose by 13.6 percent during 2000 whilst the composite index of the Stockholm Stock Exchange declined by 12.0 percent. The lowest paid price was SEK 149.00 and the highest paid price was SEK 251.00. The market capitalization at year-end amounted to MSEK 62,356 (54,873). A total of 285.8 (163.6) million Securitas shares were traded on the Stockholm Stock Exchange, a 75 percent increase from 1999.\*

## Dividend

The Board of Directors proposes a 20 percent dividend increase to SEK 1.20 (1.00) per share. This dividend is equivalent to a dividend yield of 0.7 percent (0.6) on the price of the Series B share on December 29, 2000. Future dividends will depend on consolidated earnings, and are expected to correspond to at least one third of income after financial items and standard taxes of 28 percent.

\* Source: OM Stockholm Stock Exchange

## PER-SHARE DATA<sup>1)</sup>

| SEK/share  | 1996    | 1997    | 1998    | 1999    | 2000                     |
|--|---------|---------|---------|---------|--------------------------|
| Income after taxes paid <sup>2)</sup>                            | 1.45    | 1.70    | 1.92    | 2.25    | <b>2.81</b>              |
| Income after 28% standard taxes <sup>2)</sup>                    | 1.37    | 1.50    | 1.82    | 2.32    | <b>2.75</b>              |
| Income after full taxes method <sup>2)</sup>                     | 1.32    | 1.51    | 1.73    | 2.30    | <b>2.39</b>              |
| Dividend   | 0.60    | 0.69    | 0.85    | 1.00    | <b>1.20<sup>3)</sup></b> |
| Dividend as % <sup>4)</sup>                                      | 44%     | 46%     | 47%     | 43%     | <b>44%</b>               |
| Dividend yield, % <sup>5)</sup>                                  | 1.2%    | 1.1%    | 0.7%    | 0.6%    | <b>0.7%</b>              |
| Free cash flow per share   | 1.32    | 1.52    | 1.86    | 2.25    | <b>2.98</b>              |
| Share price, end of period                                       | 49.65   | 60.00   | 126.00  | 154.00  | <b>175.00</b>            |
| Highest share price  | 50.75   | 62.50   | 130.00  | 171.00  | <b>251.00</b>            |
| Lowest share price   | 23.75   | 43.50   | 54.00   | 111.50  | <b>149.00</b>            |
| Average share price <sup>6)</sup>                                | 36.36   | 51.96   | 89.95   | 129.48  | <b>191.85</b>            |
| P/E-ratio, times   | 38      | 40      | 73      | 67      | <b>73</b>                |
| Beta value <sup>6)</sup>   | 0.33    | 0.41    | 0.44    | 0.48    | <b>0.81</b>              |
| Correlation coefficient <sup>6)</sup>                            | 0.06    | 0.06    | 0.07    | 0.09    | <b>0.23</b>              |
| Number of shares outstanding (000s)                              | 290,791 | 292,825 | 325,122 | 356,318 | <b>356,318</b>           |
| Average number of shares outstanding, fully diluted basis (000s) | 296,975 | 296,975 | 313,616 | 355,790 | <b>365,123</b>           |
| Number of shares outstanding, fully diluted basis (000s)         | 296,975 | 296,975 | 337,125 | 365,123 | <b>365,123</b>           |

- 1) After full conversion. Data per share adjusted for 4:1 split in 1998 and 3:1 split in 1996  
 2) Adjusted for interest and tax effects attributable to subordinated convertible debenture loan. See note 16 (page 73)

- 3) Proposed dividend  
 4) For 2000, calculated using proposed dividend  
 5) Dividend as a percentage of earnings per share calculated for 2000 after 28 percent standard taxes  
 6) Source: OM Stockholm Stock Exchange

## DEFINITIONS

**Dividend yield:** Dividend relative to share price at the end of each respective year. For 2000, the proposed dividend is used.

**P/E-ratio (price/earnings):** The share price at the end of each respective year, relative to earnings per share after full taxes.

**Beta value:** A measure of risk that shows a share price's fluctuation compared to the stock market as a whole. The Beta is calculated over a 48 month period.

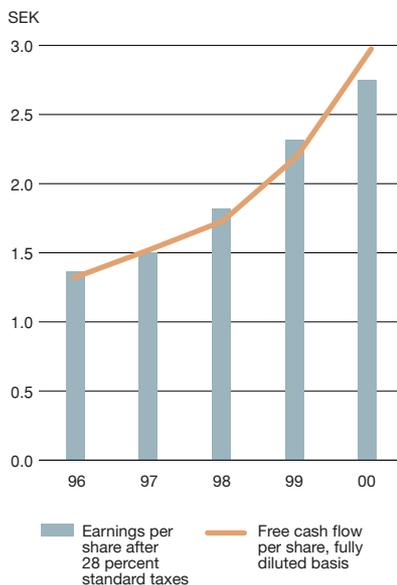
**Correlation coefficient:** Indicates the extent to which the Securitas share price can be explained by the development of the stock market as a whole.

**EBITA-multiple:** The Company's market capitalization and liabilities relative to operating income before amortization of goodwill, net financial items and taxes.

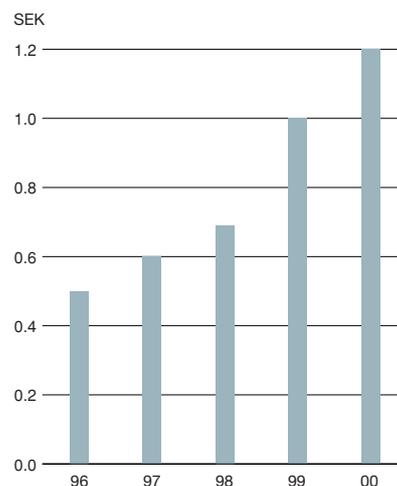
**Turnover rate:** Turnover during the year relative to the average market capitalization during the same period.

**Market capitalization:** The number of shares outstanding times the market price of the share price at year-end.

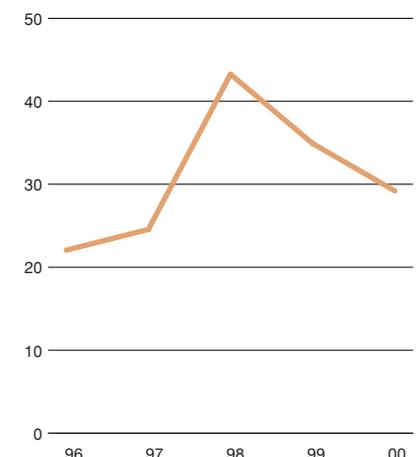
**EARNINGS AND FREE CASH FLOW PER SHARE**  
Earnings per share have increased by an average of 19 percent per year over the past five years



**DIVIDEND PER SHARE**  
The annual dividend has increased by an average of 19 percent per year over the past five years



**EBITA MULTIPLE**  
Securitas' market capitalization increased by 13.6 percent during 2000. The market capitalization has increased by an average of 44 percent per year over the past five years



## Share capital

The share capital amounted to SEK 356,318,317 as of December 31, 2000, divided into a like number of shares (see Note 17, page 73), each with a nominal value of SEK 1.00. 17,142,600 shares are Series A shares and 339,175,717 shares are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote.

### LARGEST OWNERS

| Owner, 31 December 2000                            | A-shares          | B-shares           | % shares of  |              |
|--|-------------------|--------------------|--------------|--------------|
|  |                   |                    | capital      | votes        |
| Investment AB Latour                               |                   | 27,900,000         | 7.8%         | 5.5%         |
| Janus Funds  |                   | 26,558,191         | 7.5%         | 5.2%         |
| Melker Schörling + companies                       | 3,000,000         | 13,502,300         | 4.6%         | 8.5%         |
| Row Price Fleming                                  |                   | 14,787,302         | 4.2%         | 2.9%         |
| Säki AB  | 14,142,600        |                    | 4.0%         | 27.7%        |
| Akila S.A.   |                   | 11,088,730         | 3.1%         | 2.2%         |
| Allm. Pensions 4:e fondstyrelse                    |                   | 10,800,000         | 3.0%         | 2.1%         |
| Alecta pensionsförsäkring ömsesidigt <sup>1)</sup> |                   | 9,320,250          | 2.6%         | 1.8%         |
| Robur  |                   | 8,992,150          | 2.5%         | 1.8%         |
| Handelsbanken Fonder                               |                   | 5,030,659          | 1.4%         | 1.0%         |
| <b>Total, ten largest owners</b>                   | <b>17,142,600</b> | <b>127,979,582</b> | <b>40.7%</b> | <b>58.7%</b> |

1) Formerly known as Försäkringsbolaget SPP ömsesidigt

Source: VPC (the Swedish Securities Register Centre) and changes known to Securitas.

### OWNERSHIP STRUCTURE

| Owners with:             | Number of owners | Number of shares   | Percentage of capital |
|--------------------------|------------------|--------------------|-----------------------|
| Up to 1,000 shares       | 19,465           | 4,893,559          | 1.4%                  |
| 1,001-5,000 shares       | 2,575            | 5,765,923          | 1.6%                  |
| 5,001-20,000 shares      | 518              | 5,355,946          | 1.5%                  |
| 20,001-50,000 shares     | 168              | 5,502,673          | 1.5%                  |
| 50,001-100,000 shares    | 97               | 7,185,603          | 2.0%                  |
| More than 100,000 shares | 251              | 327,614,613        | 92.0%                 |
| <b>Total</b>             | <b>23,074</b>    | <b>356,318,317</b> | <b>100.0%</b>         |

Source: VPC (the Swedish Securities Register Centre)

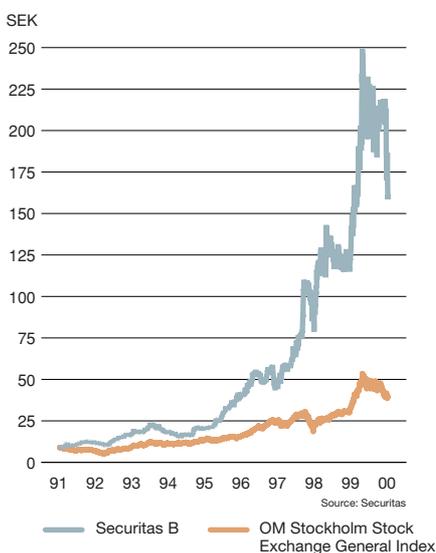
As of December 31, 2000 Securitas had about 23,000 shareholders—an increase of about 37 percent since 1999. The largest owner is Investment AB Latour, which together with Förvaltnings AB Wasatornet and Säki AB hold 13.2 percent (13.8) of the capital and 34.1 percent (34.5) of the votes, and Melker Schörling with companies, who own 4.6 percent (4.8) of capital and 8.5 percent (8.7) of votes. Institutional investors account for 97 percent (95) of capital. Investors outside Sweden account for 52 percent (56) of the capital.

### SHARE OF OWNERSHIP OUTSIDE SWEDEN

|   | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|------|------|------|------|------|------|
| % | 46   | 50   | 49   | 52   | 56   | 52   |

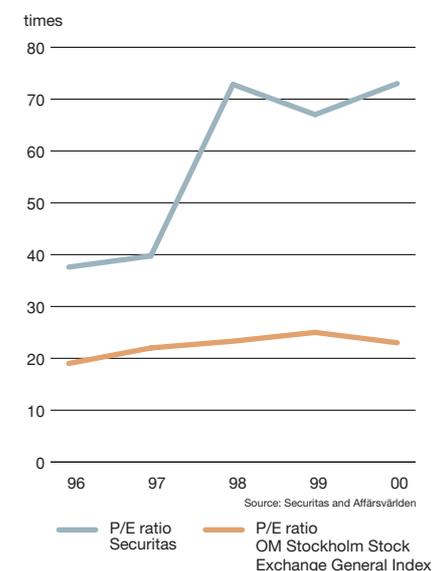
### SHARE PRICE PERFORMANCE

The market price of the Securitas share has increased by an average of 37 percent per year over the past five years.



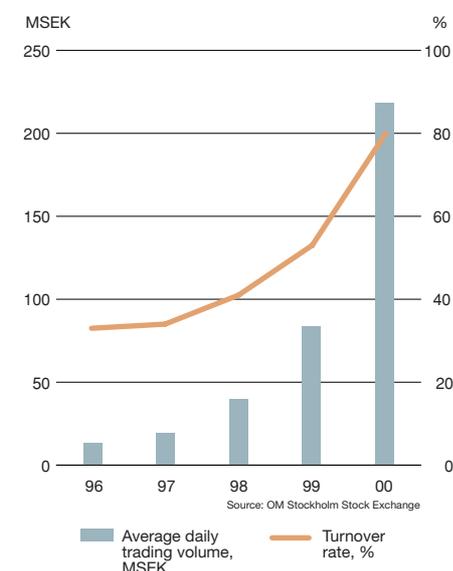
### VALUATION

Securitas' P/E ratio was 73 at year-end 2000.



### LIQUIDITY OF THE SECURITAS SHARE

Securitas' share turnover rate has increased to 80 percent, an increase of 27 percentage points compared with 1999.





# Report of the Board of Directors

---

*The Board of Directors and the President of Securitas AB (publ), corporate registration number 556302-7241, with its principal office in Stockholm, hereby submit their Annual Accounts and consolidated financial statements for the 2000 financial year.*

## **Ownership structure**

The principal owner of Securitas AB is Investment AB Latour, which together with Förvaltnings AB Wasatornet and Säki AB hold 13.2 percent (13.8) of the capital and 34.1 percent (34.5) of the votes, and Melker Schörling with companies, who hold 4.6 percent (4.8) of the capital and 8.5 percent (8.7) of the votes. These owners are represented by Gustaf Douglas and Melker Schörling on the Board of Directors.

## **The Company's management**

The Board of Directors decides on the Group's overall strategy, corporate acquisitions and investments in fixed assets. In addition, the Board of Directors is responsible for the Group's organization and administration in accordance with the Swedish Companies Act. The rules of procedure of the Board of Directors are documented in a written instruction.

The Board of Directors has eight regular members, three employee representatives and two deputy employee representatives. The Board of Directors meets a minimum of four times annually, with at least one meeting in conjunction with a visit to, and in-depth review of, one country of operation. The Board of Directors held four meetings during the year.

The Auditors participate in the annual meeting of the

Board of Directors in conjunction with the annual closing of the books; no separate audit committee has been appointed.

The nomination committee to elect members of the Board of Directors and auditors consists of the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors as representatives of the principal owners.

The Securitas Group is organized as a group of companies owned directly or indirectly by the Swedish publicly listed parent company, Securitas AB.

Group Management leads the day-to-day operations of the Group. Group Management is charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors of Securitas AB.

Group Management comprises nine executives. Group Management includes Thomas Berglund, President and Chief Executive Officer, Amund Skarholt, Deputy Chief Executive Officer and Divisional President Security Services Europe, Håkan Winberg, Executive Vice President and Chief Financial Officer, Tore K. Nilsen, Executive Vice President, Large Customers and Security Services Europe, Don Walker, Executive Vice President and Divisional President Security Services USA, Mats Wahlström, Executive Vice President

Securitas is well positioned prior to the transition to the euro. New business opportunities in cash handling services are expected in the countries concerned, partly due to the change in means of payment in these countries and partly due to new monetary flows.

and Divisional President Security Systems USA, Juan Vallejo, Executive Vice President and Divisional President Security Systems Europe, Dick Seger, Divisional President Direct Europe and Santiago Galaz, Executive Vice President and Divisional President Cash Handling Services Europe.

The divisional presidents are responsible for day-to-day operations in each respective division's countries of operation being conducted according to law as well as the guidelines and instructions laid down by Group Management. Reporting of the divisions' operations takes place through the divisional presidents' direct representation in Group Management, or through a specially appointed Group Management representative.

The Board of Directors and Group Management set the framework for the operations as part of the annual budget process, while the foundation is laid for a high degree of decentralization of the business. A common financial and accounting policy, Securitas Financial Policies and Guidelines, sets the framework for financial control and follow-up.

Until December 31, 2000 the operations in each respective country were managed by a country president with overall responsibility for the country's operations in the business areas of Guard Services, Alarm Systems and Cash In Transit Services. Divisions Securitas Direct and Consulting & Investigations were led by two divisional presidents with responsibility for each respective division's operations in all countries of operation.

Against the background of the Group's strong growth, and with the aim of further increasing focus on all of the

business areas in every country, a new organization was introduced effective as of January 1, 2001. The new organization is based on the Group's five business areas, that are divided into six divisions. The new organization will ensure that all of the business areas receive the level of attention required in order to attain the goal of achieving a world leader position in each business area.

From 2001, each country/region has a Country/Regional President for each business area as opposed to previously, when all of the business areas in the Group's countries of operation were managed by one Country President. Each business area hereby has its own focused management, both at individual country level and at Group level.

The business areas are Security Services (Guard Services), Security Systems (Alarm Systems), Direct, Cash Handling Services (Cash In Transit) and Consulting & Investigations. The six divisions are Security Services USA (including Consulting & Investigations), Security Services Europe, Security Systems Europe, Security Systems USA, Direct Europe and Cash Handling Services Europe.

The Group's reporting will reflect the new organization from the first quarter of 2001.

### European Group Council

Since 1996, Securitas has a European Group Council which constitutes a forum for information and consultation among Group Management and the employees in Securitas' countries of operation. The Group Council convened once during the year.

### BUSINESS AREA OVERVIEW

|  | Guard Services <sup>1)</sup> |        | Alarm Systems |       | Direct |      | Cash In Transit Services |       | Total  |        |
|--|------------------------------|--------|---------------|-------|--------|------|--------------------------|-------|--------|--------|
|  | 2000                         | 1999   | 2000          | 1999  | 2000   | 1999 | 2000                     | 1999  | 2000   | 1999   |
| Sales, MSEK  | 32,440                       | 18,515 | 3,753         | 3,460 | 706    | 544  | 3,908                    | 3,127 | 40,807 | 25,646 |
| <i>Organic growth, %</i>                                     | 4                            | 5      | 5             | 16    | 31     | 32   | 14                       | 12    | 6      | 9      |
| Operating income before amortization of goodwill, MSEK       | 1,932                        | 1,029  | 252           | 339   | 82     | 68   | 294                      | 194   | 2,560  | 1,630  |
| <i>Operating margin, %</i>                                   | 6                            | 6      | 7             | 10    | 12     | 13   | 8                        | 6     | 6      | 6      |
| <i>Operating capital employed as % of sales<sup>2)</sup></i> | 10                           | 7      | 23            | 21    | 28     | 23   | 41                       | 41    | 13     | 12     |

<sup>1)</sup> Including Consulting & Investigations.

<sup>2)</sup> Adjusted for full-year sales of acquired entities.

## Sales and income

Consolidated sales amounted to MSEK 40,807 (25,646), an increase of 59 percent. In local currencies, the corresponding increase is 58 percent. Organic growth was 6 percent (9).

Acquisitions made during the year have increased sales by MSEK 13,361, equivalent to 52 percent. With the exception of the three countries that are affected by substantial changes (USA, France and Germany), organic growth during the year has been 10 percent. Distribution of sales among countries and business areas is detailed in Note 2 of Notes to the Financial Statements.

Operating income before amortization of goodwill was MSEK 2,560 (1,630), an increase of 57 percent. Operating margin was 6.3 percent (6.4).

The refund from SPP of MSEK 129 was set off by new pension contributions and for one-off structural costs in the American operations.

Income before taxes amounted to MSEK 1,364 MSEK (1,116), an increase of 22 percent. In local currencies, the corresponding increase is 23 percent.

### BREAKDOWN OF CHANGE

| MSEK                                     |                |
|--|----------------|
| Income before taxes 1999                 | 1,115.8        |
| Volume increase and acquisitions         | 932.1          |
| Increased amortization of goodwill       | -303.4         |
| Interest expense related to acquisitions | -365.6         |
| Effects of cash flow                     | -3.0           |
| Currency effects                         | -12.4          |
| <b>Income before taxes 2000</b>          | <b>1,363.5</b> |

Earnings per share after 28 percent standard taxes amounted to SEK 2.75 (2.32), an increase of 19 percent. In local currencies, the corresponding increase is 20 percent. Earnings per share after taxes paid amounted to SEK 2.81 (2.25).

Earnings per share after full taxes amounted to SEK 2.39 (2.30).

## Development in the Group's business areas

Organic growth in business area Guard Services was 4 percent (5). The operating margin, including all acquisitions completed, was 6 percent (6).

The U.S. guarding operations excluding Burns showed organic growth of 4 percent (3) and an operating margin of 5 percent (4) and are also developing otherwise according to plan.

Organic growth in business area Alarm Systems was 5 percent (16). The lower growth rate is explained mainly by last years' increased sales as a result of the turn of the Millennium. The operating margin was 7 percent (10).

The lower operating margin compared to last year is explained mainly by the fact that the acquired alarm business in Pinkerton has not followed plan. In total, the loss in the U.S. alarm business reached about MUSD 11. In the U.S., new management for Alarm Systems was introduced in June. The operations have now been organized in independent entities with managers who have responsibility for profitability. The continuing operations have stabilized and had positive cash flow during the fourth quarter. Break-even is expected to be achieved during the first quarter of 2001.

In Europe, development of technical maintenance and alarm monitoring has continued to be stable with good profitability, while installation volumes for larger systems have been lower than originally expected. As previously reported, costs have been adjusted in line with the lower growth rate. The product range is being changed in the direction of more standardized sub-systems, which leads to a decrease of overhead costs for product development and support. These costs have been reduced by about MSEK 25 on an annual basis.

In the Securitas Direct division, volumes and profitability continue to show positive development. The number of newly installed units during the year was 52,900 (37,600), corresponding to an increase of 41 percent compared to the previous year. The total installed base is now about 184,000 (134,000). Sales increased organically by 31 percent (32) and the operating margin was 12 percent (13).

In addition to Direct, Securitas had 214,000 (198,000) alarm connections in business area Alarm Systems. The number of newly installed units during the year was 29,000 (22,000), of which about 15,200 (13,000) are alarm connections to small companies, with growth of 17 percent.

Organic growth in business area Cash in Transit was 14 percent (12). The operating margin was 8 percent (6). The Cash in Transit business continues to develop positively and the rate of outsourcing from banks is expected to further increase in 2001.

### Development in the Group's countries of operation

The Nordic Countries continue to show good organic growth with increased profitability.

The reorganization in Germany is complete. The Guard Services business now consists of about 110 profit centers compared to the previous level of 30. A similar process has taken place in the German Cash in Transit business. These organizational changes give the German business better opportunities to increase both organic growth and profitability.

Operations in France have developed beyond expectations. France has successfully implemented price increases that fully offset the effects of the 35-hour working week. During the fourth quarter, France showed organic growth of 6 percent compared to the previous year.

In Great Britain, the positive development of earnings performance continues.

In Spain, the Guard Services and Alarm Systems businesses recorded very good and profitable growth. The merger in cash in transit with Ausysegur is now complete.

Portugal continues to display good growth in all business areas, and continues to be the Group's most profitable unit.

In connection with the acquisition of Burns, the cash in transit operations in Canada were divested. The Canadian operation, including Burns but excluding the divested cash in transit operations, now has sales of about MSEK 970 on an annual basis.

### GROUP SALES PER COUNTRY AND DIVISION

| Country                     | 2000          | Share<br>of total | 2000          | 1999          | Change in % |           |
|-----------------------------|---------------|-------------------|---------------|---------------|-------------|-----------|
|                             | MSEK          |                   | M(local)      | M(local)      | organic     | total     |
| Sweden                      | 3,267         | 8                 | 3,267         | 3,080         | 6           | 6         |
| Norway                      | 1,337         | 3                 | 1,279         | 1,250         | 2           | 2         |
| Denmark                     | 377           | 1                 | 332           | 304           | 9           | 9         |
| Finland                     | 923           | 2                 | 647           | 583           | 7           | 11        |
| Germany                     | 4,035         | 10                | 931           | 872           | 5           | 7         |
| France                      | 4,238         | 10                | 3,278         | 3,246         | 1           | 1         |
| Great Britain               | 1,960         | 5                 | 140           | 108           | 2           | 30        |
| Spain                       | 2,373         | 6                 | 46,534        | 32,738        | 13          | 42        |
| Switzerland                 | 388           | 1                 | 71            | 64            | 11          | 11        |
| Austria                     | 264           | 1                 | 429           | 434           | -1          | -1        |
| Portugal                    | 1,052         | 3                 | 24,893        | 20,220        | 18          | 23        |
| Belgium                     | 924           | 2                 | 4,396         | 924           | 0           | 376       |
| Netherlands <sup>1)</sup>   | 55            | <1                | 14            | -             | -           | -         |
| Hungary                     | 98            | <1                | 3,016         | 2,867         | 5           | 5         |
| Poland                      | 178           | <1                | 84            | 49            | 49          | 70        |
| Estonia                     | 54            | <1                | 100           | 90            | 11          | 11        |
| Czech Republic              | 69            | <1                | 289           | 229           | 19          | 26        |
| USA                         | 16,928        | 41                | 1,801         | 617           | 4           | 192       |
| Canada                      | 779           | 2                 | 125           | 72            | 3           | 74        |
| Mexico                      | 194           | <1                | 199           | 125           | -15         | 59        |
| Direct                      | 706           | 2                 | 706           | 544           | 31          | 30        |
| Consulting & Investigations | 692           | 2                 | 75            | 50            | 8           | 50        |
| Elimination                 | -84           | -                 | -84           | -73           | -           | -         |
| <b>Total (MSEK)</b>         | <b>40,807</b> | <b>100</b>        | <b>40,807</b> | <b>25,646</b> | <b>6</b>    | <b>59</b> |

<sup>1)</sup> Acquired July 2000

### Acquisitions

Acquisitions increased sales for the year 2000 by MSEK 13,361. Consolidated goodwill increased by MSEK 8,038 and amortization of goodwill by MSEK 225. Acquisitions made increase sales by an additional approximately MSEK 9,400 on an annualized basis, while depreciation of goodwill increases by an additional approximately MSEK 200 per year.

### *USA*

On September 2, Burns International Services Corporation in the USA was acquired, with annual sales of about MSEK 13,300 (MUSD 1,475) and 58,000 employees. Burns, which was listed on the New York Stock Exchange, was acquired through a cash bid of USD 21.50 per share, or a total consideration of MUSD 446.

Burns was founded in 1909 and was the second largest guarding company in the USA. The company provides permanent and mobile guarding services, alarm monitoring, and security consulting and investigation services, and has operations in Canada (MUSD 82), Great Britain and Ireland (MUSD 50) as well as in the USA. In addition, operations in staffing and facility management were included (MUSD 120). Securitas now also owns, through the acquisition of Burns, 49 percent of the shares in Loomis Fargo Inc, the second largest cash in transit company in the USA with sales of MUSD 384 during 2000.

Income from synergies is expected in the short term in the form of lower head office costs through the combination of functions with Pinkerton. The operations in Great Britain and Canada have been combined with existing operations within Securitas.

Burns is included in the Securitas Group from September and has not notably affected the Group's income before taxes. The Group's goodwill in connection with the acquisition amounts to MSEK 5,225 (MUSD 548) which will be amortized over 20 years.

In addition, Securitas has completed five regional acquisitions in the USA during the year: American Protective Services Inc. (APS), First Security Corporation, Smith Security Inc., Doyle Protective Service Inc., and APG Security Inc. In total, the sales of these companies amount to MSEK 5,080 and the number of employees is 26,300. In total, the Group's goodwill in connection with the US acquisitions increased by MSEK 7,460.

Through the acquisition of Pinkerton in 1999 and Burns, as well as the regional acquisitions completed in 2000, Securitas has established itself as a market leader in the U.S. guarding market with a market share of 19 percent, and has built a platform for continued profitable growth. The operations have annualized sales of about MSEK 27,000 and as such presently account for about half of the Group.

### *Great Britain*

The task of integrating Micro-Route, which is consolidated in Securitas from February 1, 2000, is now complete. The total acquisition price was MSEK 109 and gave rise to goodwill of about MSEK 107 which will be amortized over 10 years.

### *Spain*

The task of integrating Ausysegur, which is consolidated in Securitas from April 1, 2000, is now complete. Synergies have been achieved during the second half of 2000 and the Spanish cash in transit operations are expected to achieve good profitability in 2001. The acquisition price to date, equivalent to 85 percent of shares is MSEK 256 and gives rise to goodwill of about MSEK 291 which will be amortized over 20 years.

### *Belgium*

On May 8, 2000, Securitas received approval from the Belgian competition authorities for the acquisition of Baron Security S.A. The acquisition is included in the Securitas Group from May 1, 2000. The task of integrating Baron's operations with the existing operations in Securitas was completed during the fourth quarter, 2000. The total acquisition price was MSEK 123 and gave rise to goodwill of MSEK 105 which will be amortized over 20 years.

### *The Netherlands*

On July 7, 2000, Securitas signed an agreement to acquire B&M Beveiliging & Alarmering B.V. based in Amsterdam, the Netherlands, a country in which Securitas has not previously had operations. The company has guarding and alarm monitoring operations, has sales of about MSEK 116 and has 430 employees. The acquisition price was MSEK 66, and gave rise to goodwill of about MSEK 49, which will be amortized over 20 years.

## ACQUISITIONS 1998–2000, MSEK

| Date              | Company              | Country     | Annual sales  | Business   |
|-------------------|----------------------|-------------|---------------|--|
| Jan. 98           | Kessler              | France      | 120           | Guard Services & Alarm Systems                           |
| Apr. 98           | Segurcat             | Spain       | 45            | Alarm Systems  |
| Jun. 98           | Deutsche Sicherheit  | Germany     | 290           | Guard Services   |
| Oct. 98           | Proteg               | France      | 3,800*        | Guard Services, Alarm Systems & Cash in Transit Services |
| Oct. 98           | Raab Karcher         | Germany     | 2,000         | Guard Services   |
| <b>Total 1998</b> |                      |             | <b>6,255</b>  |  |
| Mar. 99           | Pinkerton            | USA         | 9,200         | Guard Services & Alarm Systems                           |
| Sep. 99           | Seguridad 7          | Spain       | 170           | Guard Services   |
| Oct. 99           | Securis              | Belgium     | 780           | Guard Services   |
| Nov. 99           | Sonasa Madeira       | Portugal    | 59            | Guard Services   |
| <b>Total 1999</b> |                      |             | <b>10,209</b> |  |
| Jan. 00           | APS                  | USA         | 3,300         | Guard Services   |
| Jan. 00           | First Security Corp. | USA         | 1,130         | Guard Services   |
| Feb. 00           | Micro-Route          | UK          | 168           | Cash in Transit Services                                 |
| Apr. 00           | Ausysegur            | Spain       | 530           | Guard Services & Cash in Transit Services                |
| Apr. 00           | Smith Security Inc.  | USA         | 150           | Guard Services   |
| May 00            | Baron Security       | Belgium     | 300           | Guard Services, Alarm Systems & Cash in Transit Services |
| Jul. 00           | Doyle                | USA         | 240           | Guard Services & Alarm Systems                           |
| Jul. 00           | B&M                  | Netherlands | 116           | Guard Services & Alarm Systems                           |
| Aug. 00           | APG Security         | USA         | 260           | Guard Services   |
| Sep. 00           | Burns                | USA         | 13,300        | Guard Services   |
| <b>Total 2000</b> |                      |             | <b>19,494</b> |  |

\* Including the fire alarm business, about MSEK 600.

**Cash flow**

Adjusted income, defined as operating income before amortization of goodwill, adjusted for financial items and taxes paid, amounted to MSEK 1,712 (1,185). The cash flow effect of changes in working capital amounted to MSEK –363 (–93). The temporary increase in customer receivables in the USA has been reduced by 7 days from 53 to 46 days billing. The goal is to return to the original level of about 40 days billing during the first half of 2001.

Investment in operating assets amounted to MSEK 1,202 (1,044). The increase is in relation to organic growth and acquisitions.

| MSEK  | 2000       | 1999       |
|---|------------|------------|
| Investments in operating assets                       | 1,202.3    | 1,044.3    |
| Depreciation according to plan (excluding goodwill)   | 942.2      | 754.3      |
| <i>Capital expenditure as percent of depreciation</i> | <i>128</i> | <i>138</i> |

Free cash flow increased by 36 percent to MSEK 1,088 (802), equivalent to 64 percent (68) of adjusted income.

**Capital employed**

Accounts receivable amounted to MSEK 8,180 (4,559), an increase of MSEK 3,621. The increase is a consequence of acquisitions and organic growth and the temporary increase in accounts receivable in the United States. Expressed as a percentage of sales, and adjusted for full-year sales of acquired entities, accounts receivable reached 16.6 percent (16.1).

The Group's operating capital employed was MSEK 6,639 (3,840), corresponding to 13 percent (12) of sales, adjusted for full year sales of acquired entities.

The Group's capital employed increased to MSEK 22,375 (11,019). Acquisitions made during the year have increased the Group's goodwill by MSEK 8,038.

The return on average operating capital employed was 49.0 percent (48.0).

The return on average capital employed was 11.1 percent (13.1).

| MSEK  | 2000            | 1999            |
|---|-----------------|-----------------|
| Non-interest-bearing fixed assets (excluding goodwill and shares in associated companies) | 7,090.8         | 4,753.0         |
| Non-interest-bearing current assets   | 9,890.6         | 5,560.3         |
| Non-interest-bearing current liabilities  | –8,144.1        | –5,251.2        |
| Non-interest-bearing long term liabilities and provisions                                 | –2,198.3        | –1,222.3        |
| <b>Operating capital employed</b>   | <b>6,639.0</b>  | <b>3,839.8</b>  |
| <i>As percent of sales</i>  | <i>13.2</i>     | <i>12.0</i>     |
| Shares in associated companies  | 602.6           | 0.9             |
| Goodwill  | 15,133.7        | 7,178.4         |
| <b>Capital employed</b>   | <b>22,375.3</b> | <b>11,019.1</b> |

## Net debt

The Group's net debt was MSEK 12,419 (2,053). The net debt equity ratio was 1.25 (0.23). The year's acquisitions had a negative effect on net debt of MSEK 10,722.

In connection with the acquisition of Burns, Securitas obtained a syndicated credit facility of which MUS\$ 489 was outstanding at year-end. The Group's long-term financing is primarily comprised of a syndicated loan, in the form of a Multi-currency Revolving Credit Facility, totaling MEUR 900, equivalent to MSEK 7,953. In addition, in December, a five year bond of MEUR 350 was issued on the international capital market.

The average period of fixed interest on net liabilities is 18 months (4). The remaining life of committed long-term credit facilities is approximately 4.3 years (5.0) on average.

Available long-term financing in the form of committed credit facilities and shareholders' equity was 115 percent (159) of the Group's capital employed.

When converting the Group's net debt denominated in foreign currencies to Swedish Kronor, the weakening of the Swedish Krona has had a negative effect of MSEK 154.1 (105.0) on the Group's net debt.

Minority interest was MSEK 1.5 (1.8).

| MSEK                                    | 2000             | 1999            |
|---|------------------|-----------------|
| Interest-bearing fixed assets           | 97.8             | 37.8            |
| Interest-bearing current assets         | 2,024.5          | 3,244.8         |
| Interest-bearing provisions             | -24.9            | -27.3           |
| Subordinated convertible debenture loan | -700.0           | -700.0          |
| Loan liabilities                        | -6,343.8         | -3,039.0        |
| Interest-bearing current liabilities    | -7,472.4         | -1,568.9        |
| <b>Net debt</b>                         | <b>-12,418.8</b> | <b>-2,052.6</b> |

## Shareholders' equity

Total shareholders' equity amounted to MSEK 9,955 (8,965), equivalent to SEK 27.27 (25.20) per share. The total number of shares outstanding after the new issue and full conversion was 365,123,348. The average number of shares during the period after conversion was 365,123,348. The year's interest expense for the outstanding subordinated convertible debenture loan was MSEK 29 (29).

Dividends were paid to the shareholders in May totaling MSEK 356 (277).

Return on equity was 8.6 percent (9.7) and the equity ratio was 28.6 percent (43.2).

### CHANGE IN SHAREHOLDERS' EQUITY

| MSEK   |                |
|--|----------------|
| Opening shareholders' equity January 1, 2000           | 8,964.7        |
| Dividend   | -356.3         |
| Net income for the year                                | 851.3          |
| Translation differences                                | 495.5          |
| <b>Closing shareholders' equity, December 31, 2000</b> | <b>9,955.2</b> |

## Introduction of the euro

The new single European currency, the euro, was introduced in eight of the Group's countries of operation January 1, 1999. The countries in the Securitas Group affected are Finland, Germany, France, Austria, Spain, Portugal, Belgium and the Netherlands. These countries account for about 28 percent of the Group's sales, based on full-year sales of companies acquired during 2000. No Group units have so far transferred to the euro as reporting currency. This is expected to occur during the period until the year 2002, when the euro replaces the national currencies in each respective country. However, some invoicing and payments in euro are recorded already now in the countries affected.

A requirement for a unit in the Securitas Group to be permitted to make the switch to the euro as functional or accounting currency is that the rate of exchange between the national currency and the euro has been fixed.

Securitas anticipates a positive effect on the Group's operation from the introduction of the euro. On the commercial side, especially in Cash Handling Services, new business opportunities are expected to emerge over time, in part as a consequence of the switch of means of payment in the countries in question, in part due to new monetary flows.

The introduction of the euro is expected to lead to reduced financial risks in the Group. Methods of raising finance will be broadened if Europe's capital markets are integrated, reducing the Group's financing risk. The Group's currency flows are modest, since the businesses in each respective country in principle have all their revenue and costs in local currency, meaning that the effects of the introduction of the euro in this respect will be relatively small.

### Rating

In October, Securitas obtained the long-term rating BBB+ with Stable Outlook from Standard & Poor's and Baa1 with Stable Outlook from Moody's. The ratings enable Securitas to access the international capital markets in an effective manner.

### Parent Company operations

The Parent Company of the Group, Securitas AB, conducts no operations. Securitas AB contains only Group Management and support functions. Restructuring of the legal organization has led to an accounting capital gain in Securitas AB of MSEK 9,250 which is included in the parent company's net financial items.

### Development 2001

For 2001, continued good development of income is expected, through both refinement of the existing business and restructuring of acquired companies, in accordance with the previously presented Five Year Vision.

### Proposed allocation of earnings

The Group's non-restricted shareholders' equity according to the Consolidated Balance Sheet amounts to SEK 2,184,819,721. No transfer to restricted shareholders' equity in the Group is required.

Funds in the Parent Company available for distribution:

|                         |                           |
|-------------------------|---------------------------|
| Net income for the year | SEK 10,573,490,811        |
| Retained earnings       | SEK 2,283,093,352         |
| <b>Total</b>            | <b>SEK 12,856,584,163</b> |

The Board of Directors and the President propose a dividend to the shareholders of:

|                       |                           |
|-----------------------|---------------------------|
| SEK 1.20 per share    | SEK 427,581,980           |
| To be carried forward | SEK 12,429,002,183        |
| <b>Total</b>          | <b>SEK 12,856,584,163</b> |

# Definitions

## DEFINITIONS—FINANCE

**Financing risk** The risk that the Group's access to financing is made more difficult.

**Credit/Counterparty risk** The risk that losses are suffered because the borrower or the counterparty is unable to meet its obligations.

**Interest risk** The risk that changes in the general interest rate level will affect income.

**Foreign exchange risk 1—transaction risk** The risk that changes in foreign exchange rates will affect income due to changes in the value of commercial flows in foreign currency.

**Foreign exchange risk 2—translation risk** The risk that changes in foreign exchange rates will affect the value of the Group's foreign net assets.

## DEFINITIONS—RATIOS

**Production expenses** Guard wages and related costs, the cost of equipment used by the guard in performing professional duties, and all other costs directly related to the performance of services invoiced. Operating expense is allocated to production and administration in the Statement of Income. Depreciation and amortization is allocated to production, administration and goodwill. Securitas' value added (gross income) and operating income (operating income before amortization of goodwill) are thus disclosed.  
Actual 2000: MSEK 35,118.7

**Selling and administrative expenses** All costs of selling, administration and management. The selling expense is insignificant relative to the total administration expenses and is therefore not reported separately.  
Actual 2000: MSEK 3,127.5

**Adjusted income** Operating income before amortization of goodwill, adjusted for net financial items and taxes paid.  
Actual 2000: 2,560.3-489.4-359.0=MSEK 1,711.9

**Gross margin** Gross income as a percentage of sales.  
Actual 2000: 5,687.8/40,806.5=13.9 percent

**Operating margin** Operating income before amortization of goodwill as a percentage of sales.  
Actual 2000: 2,560.3/40,806.5=6.3 percent

**Net margin** Income before taxes as a percentage of sales.  
Actual 2000: 1,363.5/40,806.5=3.3 percent

**Interest coverage ratio** Operating income before amortization of goodwill, plus interest income, in relation to interest expense.  
Actual 2000: (2,560.3+287.8)/771.5=3.7 times

**Capital employed** Non-interest-bearing fixed assets and current assets, less non-interest-bearing long-term and current liabilities and non-interest-bearing provisions.  
Actual 2000: 22,925.0-97.8+9,890.6-313.5-8,144.1-1,884.8=MSEK 22,375.3

**Operating capital employed** Capital employed, less goodwill and shares in associated companies.  
Actual 2000: 22,375.3-15,133.7-602.6=MSEK 6,639.0

**Return on capital employed** Operating income after amortization of goodwill, as a percentage of average capital employed.  
Actual 2000: 1,852.9/((22,375.3+11,019.1)/2)=11.1 percent

**Return on operating capital employed** Operating income before amortization of goodwill, as a percentage of average operating capital employed.  
Actual 2000: 2,560.3/((6,639.0+3,839.8)/2)=48.9 percent

**Total capital employed** Operating capital employed plus goodwill.

**Return on total capital employed** Operating income before amortization of goodwill, as a percentage of total capital employed.

**Adjusted shareholders' equity** Equity adjusted for outstanding subordinated convertible debentures.  
Actual 2000: 9,955.2+700.0=MSEK 10,655.2

**Return on equity** Net income for the year, adjusted for interest on subordinated convertible debentures after taxes, as a percentage of average adjusted shareholders' equity, weighted for new issues.  
Actual 2000: (851.3+29.0 x 0.72)/10,160.0=8.6 percent

**Net debt** Interest-bearing fixed and current assets, less interest-bearing provisions, subordinated convertible debentures, loan liabilities and interest-bearing current liabilities.  
Actual 2000: 97.8+2,024.5-24.9-700.0-6,343.8-7,472.4=MSEK -12,418.8

**Net debt equity ratio** Net debt in relation to shareholders' equity.  
Actual 2000: 12,418.8/9,955.2=1.25 times

**Equity ratio** Shareholders' equity as a percentage of total assets.  
Actual 2000: 9,955.2/34,840.2=28.6 percent

## Consolidated Statement of Income

| MSEK  | NOTE | 2000            | 1999            | 1998            |
|---|------|-----------------|-----------------|-----------------|
| Sales, continuing operations                            |      | 27,445.5        | 14,681.9        | 11,875.4        |
| Sales, acquired business                                |      | 13,361.0        | 10,964.4        | 1,834.7         |
| <b>Total sales</b>                                      | 2    | <b>40,806.5</b> | <b>25,646.3</b> | <b>13,710.1</b> |
| Production expenses                                     | 3    | -35,118.7       | -21,477.1       | -10,981.5       |
| <b>Gross income</b>                                     |      | <b>5,687.8</b>  | <b>4,169.2</b>  | <b>2,728.6</b>  |
| Selling and administrative expense                      | 3    | -3,127.5        | -2,538.7        | -1,725.8        |
| <b>Operating income before amortization of goodwill</b> |      | <b>2,560.3</b>  | <b>1,630.5</b>  | <b>1,002.8</b>  |
| Amortization of goodwill                                | 8    | -707.4          | -403.9          | -171.4          |
| <b>Operating income after amortization of goodwill</b>  |      | <b>1,852.9</b>  | <b>1,226.6</b>  | <b>831.4</b>    |
| Net financial items                                     | 6    | -489.4          | -110.8          | -65.3           |
| <b>Income before taxes</b>                              |      | <b>1,363.5</b>  | <b>1,115.8</b>  | <b>766.1</b>    |
| Taxes paid  |      | -359.0          | -334.5          | -183.7          |
| Deferred taxes  |      | -153.0          | 18.0            | -60.4           |
| Minority interest                                       |      | -0.2            | -1.5            | -0.5            |
| <b>Net income for the year</b>                          |      | <b>851.3</b>    | <b>797.8</b>    | <b>521.5</b>    |

## Consolidated Statement of Cash Flow

| MSEK  | NOTE | 2000             | 1999           | 1998           |
|---|------|------------------|----------------|----------------|
| Operating income before amortization of goodwill  |      | 2,560.3          | 1,630.5        | 1,002.8        |
| Capital expenditure on operating assets   |      | -1,202.3         | -1,044.3       | -699.0         |
| Depreciation (excluding amortization of goodwill)   | 5    | 942.2            | 754.3          | 569.6          |
| Changes in working capital  |      | -363.3           | -93.4          | -41.7          |
| <b>Cash flow from operations</b>  |      | <b>1,936.9</b>   | <b>1,247.1</b> | <b>831.7</b>   |
| Net financial items   | 6    | -489.4           | -110.8         | -65.3          |
| Taxes paid  |      | -359.0           | -334.5         | -183.7         |
| <b>Free cash flow</b>   |      | <b>1,088.5</b>   | <b>801.8</b>   | <b>582.7</b>   |
| Reversal of capital expenditure on operations   |      | 1,202.3          | 1,044.3        | 699.0          |
| <b>Cash flow from current operations</b>  |      | <b>2,290.8</b>   | <b>1,846.1</b> | <b>1,281.7</b> |
| Cash flow from capital expenditure activities   |      |                  |                |                |
| Goodwill  | 7    | -8,038.0         | -3,327.2       | -3,211.0       |
| Other capital employed  | 7    | -2,405.6         | -1,376.8       | -501.9         |
| Shares in associated companies  | 7    | -457.6           | -              | -              |
| Disposals   | 7    | -                | 1,314.6        | -              |
| Other   |      | -43.1            | -311.5         | -              |
| Capital expenditure on operations   |      | -1,202.3         | -1,044.3       | -699.0         |
| Cash flow from financing activities, not including change in interest-bearing liabilities |      |                  |                |                |
| Dividend paid   |      | -356.3           | -276.6         | -201.3         |
| New issue   |      | -                | 3,436.7        | 2,562.2        |
| Translation differences   |      |                  |                |                |
| Liquid funds  |      | 23.6             | -41.2          | -13.4          |
| Other net debt  |      | -177.7           | 146.2          | -103.4         |
| <b>Change in net debt</b>   |      | <b>-10,366.2</b> | <b>366.0</b>   | <b>-886.1</b>  |
| Change in interest-bearing liabilities  |      | 10,530.9         | -515.4         | 1,138.6        |
| <b>Change in cash and liquid funds</b>  |      | <b>164.7</b>     | <b>-149.4</b>  | <b>252.5</b>   |

## Consolidated Balance Sheet

| MSEK as at December 31                                   | NOTE | 2000            | 1999            | 1998            |
|--|------|-----------------|-----------------|-----------------|
| <b>ASSETS</b>  |      |                 |                 |                 |
| <b>Fixed assets:</b>                                     |      |                 |                 |                 |
| Goodwill   | 8    | 15,133.7        | 7,178.4         | 4,564.0         |
| Other intangible fixed assets                            | 9    |                 |                 |                 |
| Intangible rights  |      | 222.9           | 201.4           | 193.1           |
| Other intangible assets                                  |      | 62.4            | 74.3            | 53.3            |
| <b>Total other intangible fixed assets</b>               |      | <b>285.3</b>    | <b>275.7</b>    | <b>246.4</b>    |
| Tangible fixed assets                                    | 10   |                 |                 |                 |
| Buildings and land                                       |      | 961.7           | 921.0           | 1,002.0         |
| Machinery  |      | 1,692.2         | 1,361.0         | 1,214.6         |
| Equipment  |      | 1,037.9         | 797.9           | 431.0           |
| <b>Total tangible fixed assets</b>                       |      | <b>3,691.8</b>  | <b>3,079.9</b>  | <b>2,647.6</b>  |
| Shares in associated companies                           | 12   | 602.6           | 0.9             | 261.0           |
| Non-interest-bearing financial fixed assets              |      |                 |                 |                 |
| Deferred tax claims                                      |      | 1,550.6         | 886.1           | 520.1           |
| Other fixed assets                                       |      | 1,563.2         | 511.3           | 56.4            |
| <b>Total non-interest-bearing financial fixed assets</b> |      | <b>3,113.8</b>  | <b>1,397.4</b>  | <b>576.5</b>    |
| Interest-bearing financial fixed assets                  |      |                 |                 |                 |
|  |      | 97.8            | 37.8            | 145.6           |
| <b>Total fixed assets</b>                                |      | <b>22,925.0</b> | <b>11,970.1</b> | <b>8,441.1</b>  |
| <b>Current assets:</b>                                   |      |                 |                 |                 |
| Non-interest-bearing current assets                      |      |                 |                 |                 |
| Inventories  |      | 302.7           | 263.4           | 231.2           |
| Accounts receivable                                      |      | 8,179.5         | 4,559.4         | 2,879.2         |
| Other receivables  | 13   | 1,408.4         | 737.5           | 1,706.1         |
| <b>Total non-interest-bearing current assets</b>         |      | <b>9,890.6</b>  | <b>5,560.3</b>  | <b>4,816.5</b>  |
| Interest-bearing current assets                          |      |                 |                 |                 |
| Short-term investments                                   | 14   | 1,482.7         | 2,867.6         | 1,662.3         |
| Cash and bank deposits                                   |      | 541.9           | 377.2           | 526.6           |
| <b>Total interest-bearing current assets</b>             |      | <b>2,024.6</b>  | <b>3,244.8</b>  | <b>2,188.9</b>  |
| <b>Total current assets</b>                              |      | <b>11,915.2</b> | <b>8,805.1</b>  | <b>7,005.4</b>  |
| <b>TOTAL ASSETS</b>                                      |      | <b>34,840.2</b> | <b>20,775.2</b> | <b>15,446.5</b> |
| Pledged assets   | 15   | 31.4            | 37.3            | 25.5            |

## Consolidated Balance Sheet

| MSEK as at December 31                                | NOTE | 2000            | 1999            | 1998            |
|---|------|-----------------|-----------------|-----------------|
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>           |      |                 |                 |                 |
| <b>Shareholders' equity:</b>                          |      |                 |                 |                 |
| Restricted equity                                     |      |                 |                 |                 |
| Share capital   |      | 356.3           | 356.3           | 325.1           |
| Restricted reserves                                   |      | 7,414.0         | 7,215.1         | 3,756.3         |
| <b>Total restricted equity</b>                        |      | <b>7,770.3</b>  | <b>7,571.4</b>  | <b>4,081.4</b>  |
| Non-restricted equity                                 |      |                 |                 |                 |
| Non-restricted reserves                               |      | 1,333.6         | 595.5           | 748.1           |
| Net income for the year                               |      | 851.3           | 797.8           | 521.5           |
| <b>Total non-restricted equity</b>                    |      | <b>2,184.9</b>  | <b>1,393.3</b>  | <b>1,269.6</b>  |
| <b>Total shareholders' equity</b>                     | 17   | <b>9,955.2</b>  | <b>8,964.7</b>  | <b>5,351.0</b>  |
| <b>Minority interest</b>                              |      |                 |                 |                 |
|   |      | <b>1.5</b>      | <b>1.8</b>      | <b>3.9</b>      |
| <b>Provisions:</b>                                    |      |                 |                 |                 |
| Interest-bearing provisions                           |      |                 |                 |                 |
| Provision for pensions, other                         |      | 24.9            | 27.3            | 54.3            |
| <b>Total interest-bearing provisions</b>              |      | <b>24.9</b>     | <b>27.3</b>     | <b>54.3</b>     |
| Non-interest-bearing provisions                       |      |                 |                 |                 |
| Deferred taxes  |      | 369.2           | 185.1           | 341.4           |
| Other provisions                                      | 18   | 1,515.6         | 726.0           | 186.9           |
| <b>Total non-interest-bearing provisions</b>          |      | <b>1,884.8</b>  | <b>911.1</b>    | <b>528.3</b>    |
| <b>Total provisions</b>                               |      | <b>1,909.7</b>  | <b>938.4</b>    | <b>582.6</b>    |
| <b>Long-term liabilities:</b>                         |      |                 |                 |                 |
| Non-interest-bearing long-term liabilities            |      |                 |                 |                 |
|   |      | 313.5           | 311.2           | 38.1            |
| Interest-bearing long-term liabilities                |      |                 |                 |                 |
| Subordinated convertible debenture loan               | 16   | 700.0           | 700.0           | 772.9           |
| Loan liabilities                                      |      | 6,343.8         | 3,039.0         | 2,450.2         |
| <b>Total interest-bearing long-term liabilities</b>   |      | <b>7,043.8</b>  | <b>3,739.0</b>  | <b>3,223.1</b>  |
| <b>Total long-term liabilities</b>                    | 19   | <b>7,357.3</b>  | <b>4,050.2</b>  | <b>3,261.2</b>  |
| <b>Current liabilities:</b>                           |      |                 |                 |                 |
| Non-interest-bearing current liabilities              |      |                 |                 |                 |
| Accounts payable                                      |      | 1,318.1         | 684.4           | 654.4           |
| Other current liabilities                             | 20   | 6,826.0         | 4,566.8         | 4,117.7         |
| <b>Total non-interest-bearing current liabilities</b> |      | <b>8,144.1</b>  | <b>5,251.2</b>  | <b>4,772.1</b>  |
| <b>Interest-bearing current liabilities</b>           |      |                 |                 |                 |
|   |      | <b>7,472.4</b>  | <b>1,568.9</b>  | <b>1,475.7</b>  |
| <b>Total current liabilities</b>                      |      | <b>15,616.5</b> | <b>6,820.1</b>  | <b>6,247.8</b>  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>     |      | <b>34,840.2</b> | <b>20,775.2</b> | <b>15,446.5</b> |
| Contingent liabilities                                |      |                 |                 |                 |
|   | 21   | 1,605.4         | 876.8           | 642.2           |

## Parent Company Statement of Income

## Parent Company Statement of Cash Flow

| MSEK   | NOTE | 2000            | 1999         | 1998           | MSEK   | 2000            | 1999            | 1998            |
|--|------|-----------------|--------------|----------------|--|-----------------|-----------------|-----------------|
| Administrative contribution and other revenues |      | 140.7           | 103.8        | 77.4           | Operating income   | 18.4            | 10.3            | 0.1             |
| <b>Gross income</b>                            |      | <b>140.7</b>    | <b>103.8</b> | <b>77.4</b>    | Capital expenditure on operating assets  | 0.9             | -1.4            | -1.3            |
| Administrative expenses                        | 3    | -122.3          | -93.5        | -77.3          | Depreciation   | 3.1             | 1.4             | 2.2             |
| <b>Operating income</b>                        |      | <b>18.4</b>     | <b>10.3</b>  | <b>0.1</b>     | Changes in working capital   | -106.0          | -165.4          | 283.5           |
| Result of financial investments                |      |                 |              |                | <b>Cash flow from operations</b>   | <b>-83.6</b>    | <b>-155.1</b>   | <b>284.5</b>    |
| Result of sales of shares in subsidiaries      |      | 9,250.3         | 433.0        | 186.2          | Net financial items  | 10,536.4        | 778.1           | 1,017.1         |
| Dividend                                       |      | 1,827.8         | 459.5        | 947.6          | Taxes paid   | -2.6            | -5.5            | -5.6            |
| Interest income                                |      | 237.5           | 78.8         | 59.6           | <b>Free cash flow</b>  | <b>10,450.2</b> | <b>617.5</b>    | <b>1,296.0</b>  |
| Interest expense                               |      | -575.5          | -248.3       | -170.2         | Reversal of capital expenditure on operations  | -0.9            | 1.4             | 1.3             |
| Other financial items                          |      | -203.7          | 55.1         | -6.1           | <b>Cash flow from current operations</b>   | <b>10,449.3</b> | <b>618.9</b>    | <b>1,297.3</b>  |
| <b>Total financial income and expense</b>      |      | <b>10,536.4</b> | <b>778.1</b> | <b>1,017.1</b> | Cash flow from capital expenditure activities  |                 |                 |                 |
| <b>Income after financial items</b>            |      | <b>10,554.8</b> | <b>788.4</b> | <b>1,017.2</b> | Shares in subsidiaries   | -11,640.6       | -5,724.4        | -5,126.0        |
| Year-end appropriations                        |      |                 |              |                | Capital expenditure on operations  | 0.9             | -1.4            | -1.3            |
| Reversal of tax equalization reserve           |      | 30.3            | 0.3          | 0.2            | Cash flow from financing activities not including change in interest-bearing liabilities |                 |                 |                 |
| Allocation to timing difference reserve        |      | -3.1            | -5.8         | -4.8           | Dividend paid  | -356.3          | -276.6          | -201.3          |
| Accelerated depreciation                       |      | -5.9            | -0.1         | -0.3           | New issue  | -               | 3,436.7         | 2,562.2         |
| <b>Total year-end appropriations</b>           |      | <b>21.3</b>     | <b>-5.6</b>  | <b>-4.9</b>    | <b>Change in net debt</b>  | <b>-1,546.7</b> | <b>-1,946.8</b> | <b>-1,469.1</b> |
| <b>Income before taxes</b>                     |      | <b>10,576.1</b> | <b>782.8</b> | <b>1,012.3</b> | Change in interest-bearing liabilities   | 4,675.8         | 2,173.8         | 1,073.6         |
| Taxes paid                                     |      | -2.6            | -5.5         | -5.6           | <b>Change in cash and liquid funds</b>   | <b>3,129.1</b>  | <b>227.0</b>    | <b>-395.5</b>   |
| <b>Net income for the year</b>                 |      | <b>10,573.5</b> | <b>777.3</b> | <b>1,006.7</b> |  |                 |                 |                 |

## Parent Company Balance Sheet

| MSEK as at December 31                                   | NOTE | 2000            | 1999            | 1998            | MSEK as at December 31                            | NOTE | 2000            | 1999            | 1998            |
|--|------|-----------------|-----------------|-----------------|---|------|-----------------|-----------------|-----------------|
| <b>ASSETS</b>  |      |                 |                 |                 | <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |      |                 |                 |                 |
| <b>Fixed assets</b>                                      |      |                 |                 |                 | <b>Shareholders' equity</b>                       |      |                 |                 |                 |
| Intangible fixed assets                                  |      |                 |                 |                 | Restricted equity                                 |      |                 |                 |                 |
| Intangible rights  | 9    | 15.5            | 17.2            | 0.0             | Share capital                                     |      | 356.3           | 356.3           | 325.1           |
| <b>Total intangible fixed assets</b>                     |      | <b>15.5</b>     | <b>17.2</b>     | <b>0.0</b>      | Premium reserve and other reserves                |      | 6,676.5         | 6,676.5         | 3,271.0         |
| Tangible fixed assets                                    |      |                 |                 |                 | Total restricted equity                           |      |                 |                 |                 |
| Buildings and land                                       | 10   | 8.8             | 9.0             | 9.2             |   |      | <b>7,032.8</b>  | <b>7,032.8</b>  | <b>3,596.1</b>  |
| Machinery  |      | 0.1             | 0.1             | 0.1             | Non-restricted equity                             |      |                 |                 |                 |
| Equipment  |      | 2.8             | 3.1             | 2.9             | Retained earnings                                 |      | 2,283.1         | 1,862.1         | 1,131.9         |
| <b>Total tangible fixed assets</b>                       |      | <b>11.7</b>     | <b>12.2</b>     | <b>12.2</b>     | Net income for the year                           |      | 10,573.5        | 777.3           | 1,006.7         |
| Non-interest-bearing financial fixed assets              |      |                 |                 |                 | Total non-restricted equity                       |      |                 |                 |                 |
| Shares in subsidiaries                                   | 11   | 26,837.5        | 15,197.0        | 9,472.5         |   |      | <b>12,856.6</b> | <b>2,639.4</b>  | <b>2,138.6</b>  |
| Shares in associated companies                           | 12   | 18.4            | —               | —               | Total shareholders' equity                        |      |                 |                 |                 |
| Other fixed assets                                       |      | 366.1           | 319.6           | —               |   | 17   | <b>19,889.4</b> | <b>9,672.2</b>  | <b>5,734.7</b>  |
| <b>Total non-interest-bearing financial fixed assets</b> |      | <b>27,222.0</b> | <b>15,516.6</b> | <b>9,472.5</b>  | <b>Untaxed reserves</b>                           |      |                 |                 |                 |
| Interest-bearing financial fixed assets                  |      |                 |                 |                 | Tax equalization reserve                          |      |                 |                 |                 |
|  |      | —               | —               | 61.1            |   |      | —               | 0.3             | 0.6             |
| <b>Total fixed assets</b>                                |      | <b>27,249.2</b> | <b>15,546.0</b> | <b>9,545.8</b>  | Timing difference reserve                         |      | 28.8            | 55.7            | 49.9            |
| <b>Current assets</b>                                    |      |                 |                 |                 | Accumulated accelerated depreciation              |      |                 |                 |                 |
| Non-interest-bearing current assets                      |      |                 |                 |                 | Total untaxed reserves                            |      |                 |                 |                 |
| Due from subsidiaries                                    |      | 894.6           | 591.5           | 466.1           |   |      | <b>35.3</b>     | <b>56.6</b>     | <b>50.9</b>     |
| Other receivables  |      | 10.0            | 4.6             | 17.1            | <b>Long-term liabilities</b>                      |      |                 |                 |                 |
| Tax claims   |      | 5.3             | 1.3             | —               | Non-interest-bearing long-term liabilities        |      |                 |                 |                 |
| Prepaid expenses and accrued income                      |      | 93.5            | 40.2            | 340.3           | Due to subsidiaries                               |      |                 |                 |                 |
| <b>Total non-interest-bearing current assets</b>         |      | <b>1,003.4</b>  | <b>637.6</b>    | <b>823.5</b>    |   |      | 160.2           | 103.6           | 114.1           |
| Interest-bearing current assets                          |      |                 |                 |                 | Total non-interest-bearing long-term liabilities  |      |                 |                 |                 |
| Due from subsidiaries                                    |      | 3,818.0         | 526.4           | 461.9           |   |      | <b>160.2</b>    | <b>103.6</b>    | <b>114.1</b>    |
| Short-term investments                                   |      | —               | 162.5           | —               | Interest-bearing long-term liabilities            |      |                 |                 |                 |
| Cash and bank deposits                                   |      | 0.0             | 0.0             | 0.0             | Subordinated convertible debenture loan           |      |                 |                 |                 |
| <b>Total interest-bearing current assets</b>             |      | <b>3,818.0</b>  | <b>688.9</b>    | <b>461.9</b>    |   | 16   | 700.0           | 700.0           | 772.9           |
| <b>Total current assets</b>                              |      | <b>4,821.4</b>  | <b>1,326.5</b>  | <b>1,285.4</b>  | Group account bank overdraft                      | 14   | 61.8            | 100.2           | 43.5            |
| <b>TOTAL ASSETS</b>                                      |      | <b>32,070.6</b> | <b>16,872.5</b> | <b>10,831.2</b> | Long-term loans                                   |      | 6,227.9         | 3,000.0         | 2,400.0         |
| Pledged assets   |      |                 |                 |                 | Total interest-bearing long-term liabilities      |      |                 |                 |                 |
|  |      | None            | None            | None            |   |      | <b>6,989.7</b>  | <b>3,800.2</b>  | <b>3,216.4</b>  |
|  |      |                 |                 |                 | Total long-term liabilities                       |      |                 |                 |                 |
|  |      |                 |                 |                 |   | 19   | <b>7,149.9</b>  | <b>3,903.8</b>  | <b>3,330.5</b>  |
|  |      |                 |                 |                 | <b>Current liabilities</b>                        |      |                 |                 |                 |
|  |      |                 |                 |                 | Non-interest-bearing current liabilities          |      |                 |                 |                 |
|  |      |                 |                 |                 | Due to subsidiaries                               |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | 174.5           | 37.1            | 29.1            |
|  |      |                 |                 |                 | Accounts payable                                  |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | 2.2             | 4.3             | 5.0             |
|  |      |                 |                 |                 | Tax liability                                     |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | —               | —               | 2.2             |
|  |      |                 |                 |                 | Accrued expenses and prepaid income               |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | 166.8           | 33.0            | 41.6            |
|  |      |                 |                 |                 | Other current liabilities                         |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | 1.6             | 1.2             | 1.8             |
|  |      |                 |                 |                 | Total non-interest-bearing current liabilities    |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | <b>345.1</b>    | <b>75.6</b>     | <b>79.7</b>     |
|  |      |                 |                 |                 | Interest-bearing current liabilities              |      |                 |                 |                 |
|  |      |                 |                 |                 | Due to subsidiaries                               |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | 367.7           | 1,631.0         | 320.0           |
|  |      |                 |                 |                 | Short-term loans                                  |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | 4,283.2         | 1,533.3         | 1,315.4         |
|  |      |                 |                 |                 | Total interest-bearing current liabilities        |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | <b>4,650.9</b>  | <b>3,164.3</b>  | <b>1,635.4</b>  |
|  |      |                 |                 |                 | Total current liabilities                         |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | <b>4,996.0</b>  | <b>3,239.9</b>  | <b>1,715.1</b>  |
|  |      |                 |                 |                 | <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> |      |                 |                 |                 |
|  |      |                 |                 |                 |   |      | <b>32,070.6</b> | <b>16,872.5</b> | <b>10,831.2</b> |
|  |      |                 |                 |                 | Contingent liabilities                            |      |                 |                 |                 |
|  |      |                 |                 |                 |   | 21   | 2,217.6         | 1,463.0         | 965.8           |

# Risk Management

## Operational risks

### *Risk perspective*

Securitas delivers services and products that are associated with high security. The risks that occur as a direct consequence of the operations—operational risks—are therefore closely monitored in the countries of operation in order to minimize their impact on customers, employees and on the Group's earnings and cash flow in the short and long term.

A flat and simple organization with clear division of responsibilities, selective recruitment and well trained guards and modern equipment are important factors in control of operational risks. Securitas has however decided to transfer certain risks to the insurance market. Examples of such risks are the risk of physical loss of or damage to property in the care, custody and control of Securitas, for example in the cash handling operations, and the risk of physical injury to individuals or damage to property in security services and security systems activities.

Certain insurance types are of strategic importance to Securitas and are therefore purchased centrally. Examples of such insurance programmes are General Liability and Cash insurance. By purchasing these insurance programmes centrally, Securitas obtains broad and uniform cover at a competitive cost. These insurance programmes are placed in the international insurance markets with counterparties with high official credit ratings.

Securitas makes use of an internal insurance company, a so-called captive. In this way, the handling of risks and premium payments is made more efficient. Furthermore, Securitas can optimize the risk it retains in the different insurance programmes and can thereby gain a degree of independence from the insurance markets. Any risks that are retained are always capped to levels that are considered appropriate with regard to for instance, the size and profitability of the operations.

## Financial risks

### *Background*

The financial risks that normally arise in the Group's operations are limited. Operations in the various countries basically operate only with income and costs in local currency. There is practically no commercial flow of funds between countries. Capital requirements are on average low and vary between the divisions where Cash Handling Services has the highest requirement and Security Services the lowest. Strong cash flow from operations reduces dependency on external financing. Depending on the method of financing chosen, an external financing requirement may arise in connection with acquisitions.

### *Organization and activities*

The aim of the treasury organization in Securitas is to support business operations by identifying, quantifying and minimizing financial risks.

Securitas *Financial Policy and Guidelines* sets the framework for treasury activities within the Group.

### *Subsidiaries/Divisions*

Treasury operations in the subsidiaries and divisions concentrate on improving cash flow through focus on profitability in

the business operations, reduction of capital tied-up in accounts receivable and inventories and through a balanced capital expenditure programme and efficient local cash management.

### *Countries*

In countries with more extensive operations, surpluses and deficits in the local subsidiaries are matched at the country level with the help of cashpooling solutions. Aggregated surpluses and deficits are invested and financed respectively with the Group's internal bank.

Securitas operates a cashpooling structure for the countries within the Euro zone. This structure enables efficient liquidity management and reduces float time and transaction costs.

### *Group Treasury Centre*

By concentrating internal and external financing to the Group's internal bank (Group Treasury Centre), in Dublin, Ireland, economies of scale are utilized for pricing of investments and loans, and advantage is taken of opportunities to match local surpluses and deficits among the various countries. A centralised treasury function also provides a better overview and control of financial risks.

### *Capital structure and interest cover*

The Group's strategy over the long term is to operate with a net debt to equity ratio measured on book values in the range of 0.8–1.0. The ratio can exceed this level over shorter periods of time; however it is never to exceed 1.35.

The interest coverage ratio should always be above 3.0.

## Financial Risks and risk management

### *Financing Risk and Liquidity*

The Group's short term liquidity is assured by maintaining a liquidity reserve (cash, bank deposits, short-term investments and the unutilized portion of committed credit facilities) which shall correspond to a minimum of 5 percent of the Group's annual sales.

The long term financing risk of the Group is minimized by ensuring that the level of long term financing (shareholders' equity, convertible debenture loans with maturity beyond 1 year, long term committed loan facilities and long term bond loans) at least matches the Group's capital employed. The long term financing of the Group should well be well balanced among different sources of financing and structured in such a way that the Group's five year vision can be fulfilled. The aim is that long term committed loan facilities and long term bond loans should have an average maturity over more than three years, and this is the case.

Long term committed loan facilities consists of a MEUR 900 Multicurrency Revolving Credit Facility that was established in 1999 with a syndicate of international banks with maturity in 2004.

In order to be able to access the international debt capital markets in an effective manner Securitas obtained long term credit ratings from Standard & Poor's and Moody's in October 2000. The rating from Standard & Poor's is BBB+ with stable outlook and the rating from Moody's is Baa1 with stable outlook.

In December 2000, Securitas established a Euro Medium Term Note Programme with a maximum limit of MEUR 1,500 under which public and private debt capital market issues can be made. The debut Eurobond issue was made in December when a MEUR 350 eurobond with a maturity of 5 years was issued. The proceeds were used to repay existing bank debt.

In combination with the Group's strong cash flow, these sources of financing provide liquidity on a short- and long-term basis as well as flexibility in financing the Group's expansion.

The Group's current net debt of SEK 12.4 billion has arisen as a consequence of acquisitions during the year. Net debt is financed by utilization of the Group's committed credit facilities and issuance of bonds in the capital markets.

#### *Interest rate risk*

The Group's income is mostly tied to annual contracts and usually follows the development of each country's economic performance and inflation rate. Interest rate risk is therefore minimized by maintaining short fixed interest rate periods, on average under one year. Strong cash flow, i.e. the ability to repay any outstanding loans at short notice, also implies short periods of interest rate fixings.

The increase in the net debt to SEK 12.4 billion during 2000 has increased the exposure to changes in interest rate levels. In order to reduce this exposure, Securitas decided to increase the fixed interest rate period for USD denominated debt to 2 years. The average fixed interest period on total net debt following this is 1.5 years.

The Group utilizes financial instruments such as interest rate swaps to alter the tenor of net debt in the desired direction in order to minimize the effect of interest rate fluctuations and to limit borrowing costs. Financial instruments are not used for speculative purposes.

#### **Foreign currency risks**

##### *Financing of foreign assets*

The Group's foreign capital employed per December 31, 2000 amounted to approximately SEK 21.4 billion. Capital employed is financed by loans in local currency and shareholders' equity. This means that the Group has shareholders' equity in foreign currency that is exposed to changes in exchange rates. However, Securitas has established a long term presence in the countries in question and intends to develop the operations, meaning that having equity in foreign currency is important.

##### *Transaction exposure*

Foreign exchange risk in the form of transaction exposure is very limited and consists of export and import of goods and components in the security systems operations and of payment of central insurance premiums. Net foreign exchange flows are only about MSEK -92, meaning that the Group is a net buyer of currency. Largest single currencies are USD, GBP, DEM and CHF.

The consolidated statement of income is affected to some degree by the fact that foreign subsidiary income statements are translated to SEK. Since the subsidiaries essentially oper-

ate only in local currency and their competitive situation is not affected by changes in exchange rates, this exposure is not hedged.

#### *Credit/Counterparty risk*

Investment of liquid funds may only be made in government paper, with banks with a high official credit rating or with creditworthy counterparties. This also applies to the use of derivatives for managing financial risks.

#### GROUP NET DEBT

Interest Rate Maturity Profile Per December 31, 2000

| months       | EUR          | USD          | Other      | SEK        | Total         |
|--------------|--------------|--------------|------------|------------|---------------|
| 0 - 12       | 2,815        | 2,677        | 665        | 430        | 6,587         |
| 12 - 24      | 0            | 0            | 0          | 0          | 0             |
| 24 - 36      | 950          | 4,882        | 0          | 0          | 5,832         |
| <b>Total</b> | <b>3,765</b> | <b>7,559</b> | <b>665</b> | <b>430</b> | <b>12,419</b> |

The average fixed interest rate period on net debt is 18 months.

#### INTEREST RATE SENSITIVITY

|              | % of Book   | Current interest rate | Group P/L effect for next 12 month if rates |              |
|--------------|-------------|-----------------------|---|--------------|
|              |             |                       | move up 1%                                  | move down 1% |
| EUR          | 30%         | 5.4%                  | 6.0%  | 4.5%         |
| USD          | 60%         | 7.2%                  | 7.2%  | 6.1%         |
| Other        | 7%          | 6.0%                  | 7.0%  | 5.0%         |
| SEK          | 3%          | 4.6%                  | 5.5%  | 3.9%         |
| <b>Total</b> | <b>100%</b> | <b>6.5%</b>           | <b>6.8%</b>                                 | <b>5.5%</b>  |

# Accounting Principles

Securitas' consolidated financial statements are prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council and Generally Accepted Accounting Standards in Sweden. The accounting principles are unchanged since last year.

## Consolidation

### *Principles of consolidation*

The consolidated financial statements include the parent company Securitas AB and all companies in which Securitas AB, directly or indirectly, owns more than 50 percent of the voting rights.

The consolidated financial statements are prepared in accordance with the purchase method of accounting, which means that the purchase values of shares in subsidiaries, including estimated shares of untaxed reserves, are eliminated against their equity at the time of acquisition. The estimated tax liability with respect to untaxed reserves in acquired companies is carried in non-interest-bearing provisions in accordance with the percentage applicable in each respective country. Equity in the acquired company is then determined based on a market valuation of the assets and liabilities at the time of acquisition. Following an acquisition analysis, an appropriation may be made to a so-called restructuring reserve. Where the cost of the shares in the subsidiary acquired exceeds the market value of the acquired company's net assets, consolidated goodwill exists. The method means that only the portion of equity in subsidiaries created after the time of acquisition is included in consolidated shareholders' equity.

The Consolidated Statement of Income includes companies acquired during the year from the time of acquisition. Companies sold during the year are excluded from the time of sale.

### *Shares in associated companies*

Companies in which the Group's holding exceeds 20 percent, but is a maximum of 49 percent of the voting rights, are accounted for according to the equity accounting method. Share in profits of associated companies is included in the Consolidated Statement of Income in income after financial items. In cases where the cost of shares in an associated company exceeds equity in the acquired company at the time of acquisition, the difference, after analysis of the nature of the surplus value, is amortized according to the same principles as consolidated goodwill, and has been charged against the share in profit of the associated company. Share in the income taxes of associated companies is included in the Group's tax expense. In the Consolidated Balance Sheet, shareholdings in associated companies are accounted for at cost, adjusted

for dividends and share in profits after the date of purchase. In determining the equity value, untaxed reserves have been allocated to shareholders' equity after deduction of estimated taxes.

The proportional method is applied when the share of ownership is 50 percent, so-called joint ventures. This method means that all income statement and balance sheet items are carried in the Consolidated Statement of Income and Balance Sheet in proportion to ownership.

### *Transfer pricing*

Pricing of deliveries among Group companies is set using normal business principles. Internal income resulting from sales between Group companies is eliminated.

### *Goodwill*

In cases where the cost of the shares in the subsidiary acquired exceeds acquired equity as computed above, the difference is allocated to goodwill in the balance sheet, and is amortized over a certain period of time. Consolidated goodwill is amortized at a rate of 5 to 20 percent annually, depending on the type of company acquired. Goodwill in companies where customer contracts, systems or specially trained personnel constitute the greatest asset, is amortized at a rate of 20 percent annually. Goodwill in well-established companies, with independent and well-known trade marks, is amortized at a rate of 10 percent annually. Goodwill in companies that also constitute strategic acquisitions, with respect to either products or markets, is amortized at a rate of 5 percent annually. All amortization is on a straight-line basis.

### *Restatement of foreign subsidiaries*

The accounts of foreign subsidiaries have been translated into SEK in accordance with the current rate method. Statements of income are translated using an average rate of exchange based on the exchange rate prevailing on the last day of each month. This means that income for each individual month is not affected by foreign exchange fluctuations during subsequent periods.

Balance sheet items are converted using the year-end rate of exchange. Restatement differences arising in translation of balance sheets are carried directly to shareholders' equity and thus do not affect the year's income. Restatement differences arising as a result of translating income statements using the average rate of exchange and balance sheets using the year-end rate of exchange, are carried directly to non-restricted shareholders' equity.

Where loans have been raised to reduce the Group's foreign exchange translation exposure in foreign net assets, exchange rate differences on such loans are offset against exchange rate differences arising in the translation of net foreign assets.

### Foreign exchange rates

The exchange rates of the currencies used in the Group were as follows:

| Country        | Currency |     | Weighted average 2000 | Dec. 2000 | Weighted average 1999 | Dec. 1999 |
|----------------|----------|-----|-----------------------|-----------|-----------------------|-----------|
| Norway         | NOK      | 100 | 104.59                | 107.15    | 105.94                | 106.05    |
| Denmark        | DKK      | 100 | 113.66                | 118.70    | 117.99                | 115.05    |
| Finland        | FIM      | 100 | 142.62                | 148.96    | 147.48                | 144.03    |
| Germany        | DEM      | 100 | 433.27                | 452.86    | 448.92                | 437.84    |
| France         | FRF      | 100 | 129.26                | 135.02    | 133.86                | 130.55    |
| Great Britain  | GBP      | 1   | 14.00                 | 14.22     | 13.41                 | 13.80     |
| Spain          | ESP      | 100 | 5.10                  | 5.32      | 5.27                  | 5.15      |
| Switzerland    | CHF      | 100 | 545.10                | 581.35    | 547.93                | 533.60    |
| Austria        | ATS      | 100 | 61.56                 | 64.37     | 63.80                 | 62.23     |
| Portugal       | PTE      | 100 | 4.23                  | 4.42      | 4.38                  | 4.27      |
| Belgium        | BEF      | 100 | 21.03                 | 21.96     | 21.23                 | 21.23     |
| Netherlands    | NLG      | 100 | 390.83                | 401.91    | –                     | –         |
| Hungary        | HUF      | 100 | 3.25                  | 3.24      | 3.46                  | 3.36      |
| Poland         | PLN      | 1   | 2.13                  | 2.30      | 2.07                  | 2.06      |
| Estonia        | EEK      | 1   | 0.54                  | 0.57      | 0.56                  | 0.55      |
| Czech Republic | CZK      | 1   | 0.24                  | 0.25      | 0.24                  | 0.24      |
| USA            | USD      | 1   | 9.39                  | 9.54      | 8.37                  | 8.53      |
| Canada         | CAD      | 1   | 6.24                  | 6.36      | 5.67                  | 5.87      |
| Mexico         | MXN      | 1   | 0.97                  | 0.99      | 0.89                  | 0.90      |

### Valuation

#### Receivables and liabilities in foreign currency

In preparing the financial statements of individual companies, receivables and liabilities in foreign currency are translated using the year-end rate of exchange.

Where the payment rate of exchange for commercial receivables and liabilities has been fixed through a forward transaction, the forward rate is used. The premium or discount on the contract, which is the difference between the forward rate and the spot rate at the time of the relative contract, is reported as part of operating income.

#### Taxes

Provisions are made for all taxes expected to be levied on reported income. These taxes have been calculated in accordance with the tax regulations in the countries concerned, and are reported as taxes paid.

In Sweden and certain other countries, the tax regulations permit deferral of the payment of taxes by making allocations to untaxed reserves. In preparing the Consolidated Balance Sheet, untaxed reserves are divided into a deferred tax liability and shareholders equity among restricted reserves, i.e. reserves not available for payment as dividends. Changes in the untaxed reserves are thus not included in the Consolidated Statement of Income.

The Group also reports deferred taxes on other differences between book values and taxable values of assets and liabilities. Deferred tax claims are reported only to the extent it is probable that they can be utilized within the foreseeable

future. Loss deductions arising during the current year are not valued in the Consolidated Balance Sheet. The current nominal tax rate in each country is used for computing estimated deferred taxes.

#### Accounts receivable

Accounts receivable are reported net after provision for probable bad debts. Payments received in advance are reported under other current liabilities.

#### Inventories

Inventories are valued at the lower of cost and market at year-end according to the FIFO (first-in, first-out) method. A due deduction for obsolescence has been made.

#### Intangible and tangible fixed assets

Intangible and tangible fixed assets are reported on the asset side of the Balance Sheet at cost less deduction for accumulated amortization and depreciation according to plan.

#### Depreciation and amortization

Depreciation and amortization is based on the historical cost of the assets, with due consideration to the estimated economic life of the relative assets.

|                                 |               |
|---------------------------------|---------------|
| Intangible assets               | 5–25 percent  |
| Machinery and equipment         | 10–25 percent |
| Buildings and land improvements | 1.5–4 percent |
| Land                            | 0 percent     |
| Goodwill                        | 5–20 percent  |

#### Leasing contracts

Financial leasing contracts are carried in the balance sheet as fixed assets and liabilities and in the income statement the leasing contracts are split into depreciation and interest. Operational leasing contracts are reported in the income statement as operating expense.

#### Interest-bearing current assets

Interest-bearing current assets are valued at the lower of cost and market at year-end. Where so-called off-balance-sheet instruments, such as foreign exchange forward contracts, are used to hedge a financial claim or a liability in foreign currency, that asset or liability is valued at the spot rate of the relative foreign exchange forward contract. The premium or discount of the contract is then amortized over the life of the hedged asset/liability and is reported as interest income or interest expense, as appropriate.

# Notes to the Financial Statements

## NOTE 1 SALES, OPERATING INCOME AND OPERATING CAPITAL EMPLOYED BY BUSINESS AREA

| MSEK                     | Sales    |          |         | Operating income |         |       | Operating capital employed as % of sales <sup>1)</sup> |      |      |
|--------------------------|----------|----------|---------|------------------|---------|-------|--|------|------|
|                          | 2000     | 1999     | 1998    | 2000             | 1999    | 1998  | 2000   | 1999 | 1998 |
| Guard Services           | 32,439.5 | 18,515.0 | 8,557.8 | 1,931.9          | 1,029.4 | 629.5 | 10   | 7    | 12   |
| Alarm Systems            | 3,753.0  | 3,460.2  | 2,091.6 | 252.2            | 338.8   | 194.3 | 23   | 21   | 19   |
| Direct                   | 706.0    | 543.8    | 422.9   | 81.8             | 68.4    | 59.1  | 28   | 23   | 25   |
| Cash In Transit Services | 3,908.0  | 3,127.3  | 2,637.8 | 294.4            | 193.8   | 119.9 | 41   | 41   | 50   |

<sup>1)</sup> Adjusted for full-year sales of acquired units.

## NOTE 2 SALES BY COUNTRY AND BUSINESS AREA

| MSEK                      | Guard Services  |                 |                | Alarm Systems  |                |                | Direct       |              |              | Cash In Transit Services |                |                |
|---------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------------------|----------------|----------------|
|                           | 2000            | 1999            | 1998           | 2000           | 1999           | 1998           | 2000         | 1999         | 1998         | 2000                     | 1999           | 1998           |
| Sweden                    | 1,856.6         | 1,735.6         | 1,641.9        | 1,051.9        | 1,059.1        | 1,046.5        | 208.5        | 158.7        | 127.8        | 358.3                    | 284.9          | 252.1          |
| Norway                    | 857.9           | 853.0           | 822.2          | 339.1          | 329.8          | 259.5          | 127.1        | 108.8        | 85.7         | 140.3                    | 140.9          | 115.3          |
| Denmark                   | 150.5           | 142.0           | 74.9           | 136.9          | 138.9          | 119.6          | 44.9         | 30.9         | 18.9         | 89.5                     | 78.4           | 76.7           |
| Finland                   | 541.3           | 510.3           | 448.1          | 302.8          | 290.3          | 211.9          | —            | 10.1         | 15.6         | 78.7                     | 59.1           | 58.3           |
| Germany                   | 3,225.3         | 3,287.0         | 1,727.4        | 27.0           | 31.1           | 22.3           | 0.3          | —            | —            | 782.4                    | 596.7          | 557.8          |
| France                    | 3,312.2         | 3,492.0         | 1,824.8        | 763.4          | 708.3          | 203.1          | 105.3        | 95.5         | 82.3         | 161.9                    | 145.3          | 36.5           |
| Great Britain             | 683.3           | 320.9           | —              | —              | —              | —              | —            | —            | —            | 1,277.0                  | 1,129.1        | 1,016.5        |
| Spain                     | 1,696.8         | 1,320.0         | 1,070.3        | 242.1          | 180.6          | 139.6          | 193.8        | 117.2        | 70.0         | 433.8                    | 225.5          | 227.3          |
| Switzerland               | 322.8           | 299.1           | 242.1          | 8.7            | 7.3            | 6.2            | 26.2         | 22.6         | 22.6         | 56.4                     | 43.5           | 31.7           |
| Austria                   | 124.1           | 135.1           | 46.0           | —              | —              | —              | —            | —            | —            | 140.0                    | 141.7          | 136.0          |
| Portugal                  | 726.6           | 605.0           | 561.0          | 122.1          | 108.8          | 98.8           | —            | —            | —            | 203.6                    | 171.1          | 125.9          |
| Belgium                   | 924.3           | 196.2           | —              | —              | —              | —              | —            | —            | —            | —                        | —              | —              |
| Netherlands <sup>1)</sup> | 54.7            | —               | —              | —              | —              | —              | —            | —            | —            | —                        | —              | —              |
| Hungary                   | 42.9            | 46.1            | 34.2           | 6.2            | 8.1            | 11.8           | —            | —            | —            | 49.0                     | 45.2           | 44.6           |
| Poland                    | 100.8           | 67.5            | 62.0           | 38.3           | 21.8           | 2.5            | —            | —            | —            | 39.1                     | 12.8           | 2.3            |
| Estonia                   | 36.7            | 30.3            | 6.8            | 12.5           | 15.6           | 8.2            | —            | —            | —            | 5.0                      | 4.6            | 4.7            |
| Czech Republic            | 64.3            | 52.7            | 13.8           | 2.1            | 0.6            | —              | —            | —            | —            | 2.4                      | 1.2            | —              |
| USA <sup>2)</sup>         | 16,974.9        | 5,080.4         | —              | 644.8          | 505.3          | —              | —            | —            | —            | —                        | —              | —              |
| Canada                    | 662.6           | 318.4           | —              | 19.1           | 24.8           | —              | —            | —            | —            | 96.8                     | 64.2           | —              |
| Mexico                    | 186.1           | 110.4           | —              | 7.4            | —              | —              | —            | —            | —            | —                        | —              | —              |
| Elimination               | -105.2          | -87.0           | -17.7          | 28.6           | 29.8           | -38.4          | -0.1         | —            | —            | -6.2                     | -16.9          | -47.9          |
| <b>Group</b>              | <b>32,439.5</b> | <b>18,515.0</b> | <b>8,557.8</b> | <b>3,753.0</b> | <b>3,460.2</b> | <b>2,091.6</b> | <b>706.0</b> | <b>543.8</b> | <b>422.9</b> | <b>3,908.0</b>           | <b>3,127.3</b> | <b>2,637.8</b> |

<sup>1)</sup> Included only July 1 – December 31.

<sup>2)</sup> Includes Consulting & Investigations.

## NOTE 3 OPERATING EXPENSES

### Audit fees and reimbursements

|                        | Group           |                 | Parent Company |                |
|------------------------|-----------------|-----------------|----------------|----------------|
|                        | 2000            | 1999            | 2000           | 1999           |
| PricewaterhouseCoopers |                 |                 |                |                |
| – audit assignments    | 14,144.1        | 10,782.4        | 1,442.0        | 1,173.0        |
| – other assignments    | 6,148.1         | 6,358.9         | 650.0          | 1,781.5        |
|                        | <b>20,292.2</b> | <b>17,141.3</b> | <b>2,092.0</b> | <b>2,954.5</b> |
| Other auditors         |                 |                 |                |                |
| – audit assignments    | 5,147.2         | 6,670.0         | —              | —              |
|                        | <b>5,147.2</b>  | <b>6,670.0</b>  | <b>—</b>       | <b>—</b>       |
|                        | <b>25,439.4</b> | <b>23,811.3</b> | <b>2,092.0</b> | <b>2,954.5</b> |

### Operating leasing contracts

Leasing fees paid during the year under operating leases for buildings and vehicles amount to MSEK 507.0 (407.9) in the Group. The nominal values of contractual future leasing fees for contracts with maturity exceeding one year are distributed as follows:

| MSEK               | 2000    | 1999  |
|--------------------|---------|-------|
| Maturity <1 years  | 527.7   | 410.7 |
| Maturity 1–5 years | 1,026.1 | 847.4 |
| Maturity > 5 years | 777.8   | 593.3 |

Financial leasing is on a limited scale.

**NOTE 4 PERSONNEL**
**Average number of employees; distribution women and men**

| Group                    | Women         |               |              | Men            |               |               | Total          |                |               |
|--------------------------|---------------|---------------|--------------|----------------|---------------|---------------|----------------|----------------|---------------|
|                          | 2000          | 1999          | 1998         | 2000           | 1999          | 1998          | 2000           | 1999           | 1998          |
| Sweden                   | 1,520         | 1,369         | 1,287        | 4,817          | 4,573         | 4,452         | 6,337          | 5,942          | 5,739         |
| Norway                   | 652           | 632           | 582          | 2,005          | 2,047         | 1,919         | 2,657          | 2,679          | 2,501         |
| Denmark                  | 122           | 154           | 121          | 454            | 635           | 375           | 576            | 789            | 496           |
| Finland                  | 597           | 524           | 369          | 1,791          | 1,671         | 1,641         | 2,388          | 2,195          | 2,010         |
| Germany                  | 3,630         | 2,294         | 1,983        | 11,262         | 12,239        | 11,603        | 14,892         | 14,533         | 13,586        |
| France                   | 2,740         | 2,584         | 2,050        | 16,066         | 17,017        | 17,624        | 18,806         | 19,601         | 19,674        |
| Great Britain            | 839           | 597           | 435          | 6,792          | 3,826         | 2,189         | 7,631          | 4,423          | 2,624         |
| Spain                    | 2,072         | 2,065         | 974          | 10,998         | 7,802         | 7,454         | 13,070         | 9,867          | 8,428         |
| Switzerland              | 99            | 109           | 55           | 745            | 673           | 561           | 844            | 782            | 616           |
| Austria                  | 120           | 184           | 192          | 706            | 692           | 752           | 826            | 876            | 944           |
| Portugal                 | 1,006         | 799           | 681          | 6,572          | 5,813         | 5,231         | 7,578          | 6,612          | 5,912         |
| Belgium                  | 520           | 468           | –            | 2,916          | 2,223         | –             | 3,436          | 2,691          | –             |
| Netherlands              | 82            | –             | –            | 311            | –             | –             | 393            | –              | –             |
| Hungary                  | 71            | 23            | 55           | 537            | 700           | 1,012         | 608            | 723            | 1,067         |
| Poland                   | 293           | 186           | 110          | 2,184          | 1,219         | 1,183         | 2,477          | 1,405          | 1,293         |
| Estonia                  | 66            | 63            | 62           | 522            | 502           | 467           | 588            | 565            | 529           |
| Czech Republic           | 186           | 234           | 103          | 1,117          | 996           | 892           | 1,303          | 1,230          | 995           |
| USA                      | 30,146        | 9,831         | –            | 80,242         | 25,649        | –             | 110,388        | 35,480         | –             |
| Canada                   | 757           | 490           | –            | 5,080          | 2,713         | –             | 5,837          | 3,203          | –             |
| Mexico                   | 197           | 221           | –            | 1,954          | 2,125         | –             | 2,151          | 2,346          | –             |
| Ireland                  | 3             | 2             | 4            | 5              | 2             | 2             | 8              | 4              | 6             |
| <b>Total</b>             | <b>45,718</b> | <b>22,829</b> | <b>9,063</b> | <b>157,076</b> | <b>93,117</b> | <b>57,357</b> | <b>202,794</b> | <b>115,946</b> | <b>66,420</b> |
| Of which Parent Company: |               |               |              |                |               |               |                |                |               |
| Sweden                   | 14            | 17            | 17           | 7              | 15            | 13            | 21             | 32             | 30            |
| Great Britain            | 5             | –             | –            | 6              | –             | –             | 11             | –              | –             |

**Compensation; Board of Directors and Presidents**

| Group,<br>MSEK           | 2000        |             |                    | 1999        |             |                    | 1998        |             |                    | Of which bonus |             |             |
|--------------------------|-------------|-------------|--------------------|-------------|-------------|--------------------|-------------|-------------|--------------------|----------------|-------------|-------------|
|                          | Salaries    | Soc. benef. | (of which pension) | Salaries    | Soc. benef. | (of which pension) | Salaries    | Soc. benef. | (of which pension) | 2000           | 1999        | 1998        |
| Sweden                   | 31.9        | 14.1        | (2.0)              | 20.7        | 10.0        | (1.9)              | 23.2        | 12.4        | (3.9)              | 7.3            | 8.0         | 4.9         |
| Norway                   | 1.2         | 0.2         | (0.1)              | 1.5         | 0.3         | (0.0)              | 9.3         | 1.6         | (0.1)              | 0.3            | 0.4         | 7.2         |
| Denmark                  | 1.9         | 0.1         | (0.1)              | 3.0         | 0.0         | (0.0)              | 2.6         | 0.3         | (0.0)              | 0.0            | 0.0         | 0.0         |
| Finland                  | 1.8         | 0.4         | (0.1)              | 1.2         | 0.3         | (0.2)              | 1.8         | 0.3         | (0.2)              | 0.0            | 0.4         | 0.5         |
| Germany                  | 3.9         | 0.3         | (0.0)              | 5.4         | 0.2         | (0.2)              | 4.3         | 0.2         | (0.0)              | 1.4            | 2.8         | 1.9         |
| France                   | 13.4        | 5.7         | (0.0)              | 14.2        | 6.5         | (0.0)              | 8.9         | 3.8         | (0.0)              | 3.8            | 3.4         | 1.4         |
| Great Britain            | 8.4         | 1.4         | (0.4)              | 11.3        | 1.8         | (0.5)              | 2.8         | 0.4         | (0.1)              | –              | 5.1         | 0.0         |
| Spain                    | 4.3         | 0.1         | (0.0)              | 1.7         | 0.1         | (0.0)              | 2.5         | 0.2         | (0.0)              | 1.8            | 0.5         | 0.4         |
| Switzerland              | 2.0         | 0.4         | (0.1)              | 1.8         | 0.3         | (0.2)              | 1.9         | 0.3         | (0.1)              | –              | 0.0         | 0.0         |
| Austria                  | 4.1         | 2.2         | (1.1)              | 3.7         | 1.6         | (0.6)              | 2.1         | 2.3         | (0.6)              | 0.2            | 0.2         | 0.2         |
| Portugal                 | 2.4         | 0.4         | (0.0)              | 2.5         | 0.4         | (0.0)              | 2.5         | 0.3         | (0.0)              | –              | 1.0         | 1.1         |
| Belgium                  | 3.4         | 2.0         | (0.4)              | 0.5         | 0.3         | (0.1)              | –           | –           | –                  | 1.1            | –           | –           |
| Netherlands              | 0.5         | 0.2         | (0.1)              | –           | –           | –                  | –           | –           | –                  | –              | –           | –           |
| Hungary                  | 0.3         | 0.1         | (0.0)              | 0.3         | 0.1         | (0.0)              | 0.3         | 0.1         | (0.0)              | –              | 0.0         | 0.0         |
| Poland                   | 2.5         | 0.1         | (0.1)              | 2.0         | 0.1         | (0.0)              | 1.4         | 0.2         | (0.2)              | 0.1            | 0.3         | 0.1         |
| Estonia                  | 0.9         | 0.3         | (0.0)              | 0.9         | 0.3         | (0.0)              | 1.1         | 0.3         | (0.0)              | –              | 0.0         | 0.0         |
| Czech Republic           | 0.6         | 0.3         | (0.0)              | 1.4         | 0.5         | (0.3)              | 0.2         | 0.1         | (0.1)              | 0.0            | 0.0         | 0.0         |
| USA                      | 7.1         | 2.5         | (1.6)              | 6.7         | 3.3         | (3.3)              | –           | –           | –                  | 0.6            | 0.0         | –           |
| Canada                   | 2.2         | 0.2         | (0.0)              | 1.8         | 0.1         | (0.0)              | –           | –           | –                  | 0.6            | 0.9         | –           |
| Mexico                   | 1.7         | (0.0)       | (0.0)              | 0.6         | 0.0         | (0.0)              | –           | –           | –                  | 0.0            | 0.0         | –           |
| Ireland                  | 0.0         | (0.0)       | (0.0)              | 0.0         | 0.0         | (0.0)              | 0.0         | 0.0         | (0.0)              | –              | 0.0         | 0.0         |
| <b>Total</b>             | <b>94.5</b> | <b>31.0</b> | <b>(6.1)</b>       | <b>81.2</b> | <b>26.2</b> | <b>(7.3)</b>       | <b>64.9</b> | <b>22.8</b> | <b>(5.3)</b>       | <b>17.2</b>    | <b>23.0</b> | <b>17.4</b> |
| Of which Parent Company: |             |             |                    |             |             |                    |             |             |                    |                |             |             |
| Sweden                   | 23.0        | 9.9         | (1.5)              | 12.8        | 5.7         | (0.8)              | 9.5         | 4.3         | (0.8)              | 3.8            | 4.7         | 1.3         |
| Great Britain            | 5.8         | 0.7         | (0.0)              | –           | –           | –                  | –           | –           | –                  | –              | –           | –           |

**NOTE 4 PERSONNEL CONT.**
**Wages and salaries; other employees**

| Group,<br>MSEK              | 2000                  |                                   |                       | 1999                              |                       |                                   | 1998 |  |  |
|-----------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|------|--|--|
|                             | Wages and<br>Salaries | Soc. (of which<br>benef. pension) | Wages and<br>Salaries | Soc. (of which<br>benef. pension) | Wages and<br>Salaries | Soc. (of which<br>benef. pension) |      |  |  |
| Sweden                      | 1,446.8               | 602.3 (50.8)                      | 1,309.0               | 553.0 (97.9)                      | 1,260.4               | 507.2 (91.9)                      |      |  |  |
| Norway                      | 727.4                 | 202.3 (20.1)                      | 722.4                 | 186.5 (17.9)                      | 687.7                 | 144.0 (17.2)                      |      |  |  |
| Denmark                     | 207.2                 | 7.6 (7.6)                         | 183.6                 | 6.8 (6.8)                         | 144.3                 | 22.5 (4.3)                        |      |  |  |
| Finland                     | 455.3                 | 103.5 (64.3)                      | 401.5                 | 89.5 (52.7)                       | 374.2                 | 80.8 (49.3)                       |      |  |  |
| Germany                     | 2,809.1               | 563.3 (1.2)                       | 2,645.8               | 432.5 (2.2)                       | 1,564.1               | 310.4 (0.9)                       |      |  |  |
| France                      | 2,650.5               | 796.0 (661.6)                     | 2,132.5               | 1,155.0 (0.1)                     | 1,172.4               | 654.3 (0.0)                       |      |  |  |
| Great Britain               | 666.8                 | 93.0 (10.4)                       | 877.8                 | 96.2 (24.2)                       | 538.7                 | 64.5 (19.8)                       |      |  |  |
| Spain                       | 1,598.9               | 424.7 (0.0)                       | 1,098.3               | 290.8 (0.0)                       | 886.8                 | 360.9 (0.0)                       |      |  |  |
| Switzerland                 | 282.1                 | 52.0 (9.4)                        | 231.1                 | 45.2 (7.6)                        | 198.8                 | 34.9 (7.3)                        |      |  |  |
| Austria                     | 148.2                 | 44.0 (0.2)                        | 120.1                 | 57.9 (0.2)                        | 106.6                 | 15.9 (0.2)                        |      |  |  |
| Portugal                    | 615.5                 | 129.7 (0.0)                       | 478.2                 | 103.5 (0.0)                       | 424.7                 | 93.4 (0.0)                        |      |  |  |
| Belgium                     | 601.7                 | 344.4 (58.5)                      | 102.4                 | 66.3 (9.0)                        | –                     | –                                 |      |  |  |
| Netherlands                 | 31.7                  | 4.9 (0.5)                         | –                     | –                                 | –                     | –                                 |      |  |  |
| Hungary                     | 15.2                  | 6.8 (0.0)                         | 16.2                  | 8.1 (0.0)                         | 23.7                  | 10.0 (0.0)                        |      |  |  |
| Poland                      | 97.8                  | 18.7 (13.2)                       | 57.2                  | 11.7 (11.7)                       | 35.1                  | 12.6 (12.6)                       |      |  |  |
| Estonia                     | 19.0                  | 5.6 (0.0)                         | 25.5                  | 5.8 (0.0)                         | 9.0                   | 2.8 (0.0)                         |      |  |  |
| Czech Republic              | 7.7                   | 4.1 (0.0)                         | 27.5                  | 9.9 (6.9)                         | 29.9                  | 11.3 (10.4)                       |      |  |  |
| USA                         | 12,592.0              | 1,662.4 (50.8)                    | 3,861.9               | 6.6 (6.6)                         | –                     | –                                 |      |  |  |
| Canada                      | 517.0                 | 78.4 (7.3)                        | 303.8                 | 50.6 (5.3)                        | –                     | –                                 |      |  |  |
| Mexico                      | 108.4                 | 21.8 (0.3)                        | 25.2                  | 5.5 (0.4)                         | –                     | –                                 |      |  |  |
| Ireland                     | 3.7                   | 0.7 (0.4)                         | 2.1                   | 0.5 (0.3)                         | 2.1                   | 0.5 (0.3)                         |      |  |  |
| <b>Total</b>                | <b>25,602.0</b>       | <b>5,166.2 (956.6)</b>            | <b>14,622.1</b>       | <b>3,181.9 (249.8)</b>            | <b>7,458.5</b>        | <b>2,326.0 (214.2)</b>            |      |  |  |
| Of which<br>Parent Company: |                       |                                   |                       |                                   |                       |                                   |      |  |  |
| Sweden                      | 16.2                  | 7.2 (1.5)                         | 25.6                  | 10.3 (1.5)                        | 16.4                  | 7.5 (1.7)                         |      |  |  |
| Great Britain               | 4.1                   | 0.4 (0.0)                         | –                     | –                                 | –                     | –                                 |      |  |  |

**Total compensation; Board of Directors, Presidents and other employees**

| Group,<br>MSEK              | 2000                  |                                   |                       | 1999                              |                       |                                   | 1998 |  |  |
|-----------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|------|--|--|
|                             | Wages and<br>Salaries | Soc. (of which<br>benef. pension) | Wages and<br>Salaries | Soc. (of which<br>benef. pension) | Wages and<br>Salaries | Soc. (of which<br>benef. pension) |      |  |  |
| Sweden                      | 1,478.7               | 616.4 (52.8)                      | 1,329.7               | 563.0 (99.8)                      | 1,283.6               | 519.6 (95.8)                      |      |  |  |
| Norway                      | 728.6                 | 202.5 (20.2)                      | 723.9                 | 186.8 (17.9)                      | 697.0                 | 145.6 (17.3)                      |      |  |  |
| Denmark                     | 209.1                 | 7.7 (7.7)                         | 186.6                 | 6.8 (6.8)                         | 146.9                 | 22.8 (4.3)                        |      |  |  |
| Finland                     | 457.1                 | 103.9 (64.4)                      | 402.7                 | 89.8 (52.9)                       | 376.0                 | 81.1 (49.5)                       |      |  |  |
| Germany                     | 2,813.0               | 563.6 (1.2)                       | 2,651.2               | 432.7 (2.4)                       | 1,568.4               | 310.6 (0.9)                       |      |  |  |
| France                      | 2,663.9               | 801.7 (661.6)                     | 2,146.7               | 1,161.5 (0.1)                     | 1,181.3               | 658.1 (0.0)                       |      |  |  |
| Great Britain               | 675.2                 | 94.4 (10.8)                       | 889.1                 | 98.0 (24.7)                       | 541.5                 | 64.9 (19.9)                       |      |  |  |
| Spain                       | 1,603.2               | 424.8 (0.0)                       | 1,100.0               | 290.9 (0.0)                       | 889.3                 | 361.1 (0.0)                       |      |  |  |
| Switzerland                 | 284.1                 | 52.4 (9.5)                        | 232.9                 | 45.5 (7.8)                        | 200.7                 | 35.2 (7.4)                        |      |  |  |
| Austria                     | 152.3                 | 46.2 (1.3)                        | 123.8                 | 59.5 (0.8)                        | 108.7                 | 18.2 (0.8)                        |      |  |  |
| Portugal                    | 617.9                 | 130.1 (0.0)                       | 480.7                 | 103.9 (0.0)                       | 427.2                 | 93.7 (0.0)                        |      |  |  |
| Belgium                     | 605.1                 | 346.4 (58.9)                      | 102.9                 | 66.6 (9.1)                        | –                     | –                                 |      |  |  |
| Netherlands                 | 32.2                  | 5.1 (0.6)                         | –                     | –                                 | –                     | –                                 |      |  |  |
| Hungary                     | 15.5                  | 6.9 (0.0)                         | 16.5                  | 8.2 (0.0)                         | 24.0                  | 10.1 (0.0)                        |      |  |  |
| Poland                      | 100.3                 | 18.8 (13.3)                       | 59.2                  | 11.8 (11.7)                       | 36.5                  | 12.8 (12.8)                       |      |  |  |
| Estonia                     | 19.9                  | 5.9 (0.0)                         | 26.4                  | 6.1 (0.0)                         | 10.1                  | 3.1 (0.0)                         |      |  |  |
| Czech Republic              | 8.3                   | 4.4 (0.0)                         | 28.9                  | 10.4 (7.2)                        | 30.1                  | 11.4 (10.5)                       |      |  |  |
| USA                         | 12,599.1              | 1,664.9 (52.4)                    | 3,868.6               | 9.9 (9.9)                         | –                     | –                                 |      |  |  |
| Canada                      | 519.2                 | 78.6 (7.3)                        | 305.6                 | 50.7 (5.3)                        | –                     | –                                 |      |  |  |
| Mexico                      | 110.1                 | 21.8 (0.3)                        | 25.8                  | 5.5 (0.4)                         | –                     | –                                 |      |  |  |
| Ireland                     | 3.7                   | 0.7 (0.4)                         | 2.1                   | 0.5 (0.3)                         | 2.1                   | 0.5 (0.3)                         |      |  |  |
| <b>Total</b>                | <b>25,696.5</b>       | <b>5,197.2 (962.7)</b>            | <b>14,703.3</b>       | <b>3,208.1 (257.1)</b>            | <b>7,523.4</b>        | <b>2,348.8 (219.5)</b>            |      |  |  |
| Of which<br>Parent Company: |                       |                                   |                       |                                   |                       |                                   |      |  |  |
| Sweden                      | 39.2                  | 17.1 (3.0)                        | 38.4                  | 16.0 (2.3)                        | 25.9                  | 11.7 (2.5)                        |      |  |  |
| Great Britain               | 9.9                   | 1.1 (0.0)                         | –                     | –                                 | –                     | –                                 |      |  |  |

**Benefits of senior management**
*Chairman of the Board*

For the 2000 financial year, the Chairman of the Board received a fee of SEK 500 thousand. The Chairman of the Board has no pension benefits or agreement for severance payment.

*President*

For the 2000 financial year, the President received a salary of SEK 3,597 thousand, and a bonus related to the profit for 2000 of SEK 3,952 thousand. The President also has a long-term bonus program related to the market price of the share. The accrued amount of this bonus, corresponding to SEK 125,363 thou-

sand was invested in an insurance policy owned by Securitas during 1999. The value of the insurance policy follows the market performance of the Securitas share. In order to maintain the long term nature of the program, the Board of Directors and the President agreed during 2000 to delay the maturity date of the insurance from the turn of the year 2002/3 until June 30, 2006 on condition that the President's employment continues until the turn of the year 2004/5. Should the President continue in his position beyond the turn of the year 2004/5, the bonus will be calculated 18 months after his employment ends.

Upon termination at the initiative of the Company, the President has the right to a severance payment equivalent to 12 months' salary and earned portion of bonus and pension benefits.

*Members of Group Management, other*

Other members of Group Management, consisting of 8 persons, received during the financial year salaries of SEK 23,704 thousand, and bonuses related to the profit for 2000 of SEK 10,937 thousand. Amund Skarholt, Håkan Winberg, Tore K. Nilsen and Juan Vallejo also have a long-term bonus related to the market price of the share. The accrued amount of this bonus, corresponding to SEK 125,363 thousand, was invested in an insurance policy owned by Securitas during 1999. The value of

the insurance will follow the market value of the Securitas share. On condition that these four persons are still in the employment of Securitas on December 31, 2002, the insurance policy will be transferred to them.

Group Management is entitled to pension benefits equivalent to the ITP-plan.

Upon termination at the initiative of the Company, members of Group Management have the right to a severance payment equivalent to 12–24 months' salary and earned portion of bonus and pension benefits.

**NOTE 5 DEPRECIATION AND AMORTIZATION  
(EXCL. GOODWILL)**

| Group, MSEK   | 2000         | 1999         | 1998         |
|---|--------------|--------------|--------------|
| Intangible rights   | 35.5         | 23.8         | 18.7         |
| Intangible assets   | 8.6          | 5.5          | 5.7          |
| Machinery   | 519.5        | 444.3        | 369.6        |
| Equipment   | 324.4        | 233.8        | 124.7        |
| Buildings   | 54.2         | 46.9         | 50.9         |
| <b>Total depreciation and amortization<br/>(excl. goodwill)</b> | <b>942.2</b> | <b>754.3</b> | <b>569.6</b> |

**NOTE 6 NET FINANCIAL ITEMS**

| Group, MSEK                                 | 2000          | 1999          | 1998         |
|---|---------------|---------------|--------------|
| Interest income                             | 287.8         | 150.9         | 129.7        |
| Interest expense                            | -771.5        | -258.9        | -211.4       |
| Net interest income                         | -483.7        | -108.0        | -81.7        |
| Dividend                                    | 0.1           | 8.7           | –            |
| Other financial income and expense          | -30.6         | -11.5         | 2.7          |
| Share in profits of associated<br>companies | 24.8          | –             | 13.7         |
| <b>Net financial items</b>                  | <b>-489.4</b> | <b>-110.8</b> | <b>-65.3</b> |

The share in profits of associated companies relates to the Group's share in Loomis Fargo Inc. (see note 12).

**NOTE 7 ACQUISITIONS**

| Group, MSEK                                 | Acquisition price | Other effects net debt | Total            | Goodwill        | Of which Operating capital employed | Shares in associated companies | Remaining structural reserve |
|---|-------------------|------------------------|------------------|-----------------|-------------------------------------|--------------------------------|------------------------------|
| Acquisitions completed during 1998 and 1999 | –                 | -177.9                 | -177.9           | 1.2             | -179.1                              | –                              | 16.0                         |
| Acquisitions completed during 2000          |                   |                        |                  |                 |                                     |                                |                              |
| Burns                                       | -4,807.2          | -2,392.8               | -7,200.0         | -5,116.7        | -1,625.7                            | -457.6                         | 158.9                        |
| Other acquisitions                          | -2,843.9          | -679.4                 | -3,523.3         | -2,922.5        | -600.8                              | –                              | 67.5                         |
| <b>Total acquisitions</b>                   | <b>-7,651.1</b>   | <b>-3,250.1</b>        | <b>-10,901.2</b> | <b>-8,038.0</b> | <b>-2,405.6</b>                     | <b>-457.6</b>                  | <b>242.4</b>                 |

**NOTE 8 GOODWILL**

| Group, MSEK                       | 2000            | 1999           | 1998           |
|-----------------------------------|-----------------|----------------|----------------|
| Opening balance                   | 8,155.4         | 5,198.7        | 1,896.2        |
| Capital expenditures/divestitures | 8,195.4         | 3,341.8        | 3,211.0        |
| Translation difference            | 527.5           | -385.1         | 91.5           |
| Closing accumulated balance       | 16,878.3        | 8,155.4        | 5,198.7        |
| Opening amortization              | -977.0          | -634.7         | -438.8         |
| Amortization for the year         | -707.4          | -403.9         | -171.4         |
| Translation difference            | -60.2           | 61.6           | -24.5          |
| Closing accumulated amortization  | -1,744.6        | -977.0         | -634.7         |
| <b>Closing residual value</b>     | <b>15,133.7</b> | <b>7,178.4</b> | <b>4,564.0</b> |

**NOTE 9 OTHER INTANGIBLE FIXED ASSETS**

| MSEK                             | Group             |              |              | Parent Company          |             |             |                   |             |            |
|----------------------------------|-------------------|--------------|--------------|-------------------------|-------------|-------------|-------------------|-------------|------------|
|                                  | Intangible rights |              |              | Other intangible assets |             |             | Intangible rights |             |            |
|                                  | 2000              | 1999         | 1998         | 2000                    | 1999        | 1998        | 2000              | 1999        | 1998       |
| Opening balance                  | 224.6             | 201.5        | 220.9        | 102.5                   | 81.6        | 68.6        | 17.2              | 3.1         | 3.1        |
| Capital expenditures             | 29.7              | 34.0         | 23.7         | 12.7                    | 24.1        | 10.0        | –                 | 17.2        | –          |
| Sales/disposals                  | -11.7             | -8.4         | -44.1        | -24.8                   | -3.0        | -3.7        | –                 | -3.1        | –          |
| Reclassification                 | 29.7              | 3.5          | -0.9         | 4.4                     | 7.1         | 0.4         | –                 | –           | –          |
| Translation difference           | 2.9               | -6.0         | 1.9          | 3.4                     | -7.3        | 6.3         | –                 | –           | –          |
| Closing accumulated balance      | 275.2             | 224.6        | 201.5        | 98.2                    | 102.5       | 81.6        | 17.2              | 17.2        | 3.1        |
| Opening amortization             | -23.2             | -8.4         | -9.6         | -28.2                   | -28.3       | -23.9       | –                 | -3.1        | -2.1       |
| Sales/disposals                  | 8.1               | 5.9          | 23.5         | 2.9                     | 2.0         | 3.7         | –                 | 3.1         | –          |
| Reclassification                 | 0.9               | -1.0         | -2.4         | -0.7                    | 1.0         | –           | –                 | –           | –          |
| Amortization for the year        | -35.5             | -23.8        | -18.7        | -8.6                    | -5.5        | -5.7        | -1.7              | –           | -1.0       |
| Translation difference           | -2.6              | 4.1          | -1.2         | -1.2                    | 2.6         | -2.4        | –                 | –           | –          |
| Closing accumulated amortization | -52.3             | -23.2        | -8.4         | -35.8                   | -28.2       | -28.3       | -1.7              | –           | -3.1       |
| <b>Closing residual value</b>    | <b>222.9</b>      | <b>201.4</b> | <b>193.1</b> | <b>62.4</b>             | <b>74.3</b> | <b>53.3</b> | <b>15.5</b>       | <b>17.2</b> | <b>0.0</b> |

**NOTE 10 TANGIBLE FIXED ASSETS**

| Group, MSEK                      | Buildings and land |              |                | Machinery      |                |                | Equipment      |              |              |
|----------------------------------|--------------------|--------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|
|                                  | 2000               | 1999         | 1998           | 2000           | 1999           | 1998           | 2000           | 1999         | 1998         |
| Opening balance                  | 1,134.2            | 1,200.3      | 1,023.6        | 2,558.4        | 2,340.1        | 1,901.7        | 1,323.2        | 768.2        | 578.4        |
| Capital expenditures             | 322.4              | 163.0        | 305.8          | 902.2          | 694.2          | 633.2          | 592.6          | 602.9        | 335.3        |
| Sales/disposals                  | -270.6             | -95.0        | -187.1         | -174.4         | -208.8         | -295.1         | -206.0         | -182.1       | -167.4       |
| Reclassification                 | -23.1              | -44.2        | 7.2            | -30.0          | -134.0         | -8.0           | 24.0           | 172.3        | 10.8         |
| Translation difference           | 38.3               | -89.9        | 50.8           | 72.8           | -133.1         | 108.3          | 57.4           | -38.1        | 11.1         |
| Closing accumulated balance      | 1,201.2            | 1,134.2      | 1,200.3        | 3,329.0        | 2,558.4        | 2,340.1        | 1,791.2        | 1,323.2      | 768.2        |
| Opening depreciation             | -213.2             | -198.3       | -221.7         | -1,197.4       | -1,125.5       | -918.2         | -525.3         | -337.2       | -321.4       |
| Sales/disposals                  | 41.2               | 6.8          | 97.3           | 131.6          | 165.9          | 228.9          | 127.7          | 159.7        | 122.8        |
| Reclassification                 | -2.3               | 7.0          | -10.1          | -              | 124.1          | 5.5            | -2.9           | -135.8       | -4.8         |
| Depreciation for the year        | -54.2              | -46.9        | -50.9          | -519.5         | -444.3         | -369.6         | -324.4         | -233.8       | -124.7       |
| Translation difference           | -11.0              | 18.2         | -12.9          | -51.5          | 82.4           | -72.1          | -28.4          | 21.8         | -9.1         |
| Closing accumulated depreciation | -239.5             | -213.2       | -198.3         | -1,636.8       | -1,197.4       | -1,125.5       | -753.3         | -525.3       | -337.2       |
| <b>Closing residual value</b>    | <b>961.7</b>       | <b>921.0</b> | <b>1,002.0</b> | <b>1,692.2</b> | <b>1,361.0</b> | <b>1,214.6</b> | <b>1,037.9</b> | <b>797.9</b> | <b>431.0</b> |

| Parent Company, MSEK             | Buildings and land |            |            | Machinery  |            |            | Equipment  |            |            |
|----------------------------------|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                  | 2000               | 1999       | 1998       | 2000       | 1999       | 1998       | 2000       | 1999       | 1998       |
| Opening balance                  | 9.8                | 9.8        | 9.8        | 0.6        | 0.6        | 0.6        | 8.4        | 7.2        | 5.9        |
| Capital expenditures             | -                  | -          | -          | -          | -          | -          | 1.2        | 1.4        | 1.5        |
| Sales/disposals                  | -                  | -          | -          | -          | -          | -          | -1.9       | -0.2       | -0.2       |
| Closing accumulated balance      | 9.8                | 9.8        | 9.8        | 0.6        | 0.6        | 0.6        | 7.7        | 8.4        | 7.2        |
| Opening depreciation             | -0.8               | -0.6       | -0.4       | -0.5       | -0.5       | -0.5       | -5.3       | -4.3       | -3.4       |
| Sales/disposals                  | -                  | -          | -          | -          | -          | -          | 1.6        | 0.2        | 0.1        |
| Depreciation for the year        | -0.2               | -0.2       | -0.2       | -          | -          | -0.0       | -1.2       | -1.2       | -1.0       |
| Closing accumulated depreciation | -1.0               | -0.8       | -0.6       | -0.5       | -0.5       | -0.5       | -4.9       | -5.3       | -4.3       |
| <b>Closing residual value</b>    | <b>8.8</b>         | <b>9.0</b> | <b>9.2</b> | <b>0.1</b> | <b>0.1</b> | <b>0.1</b> | <b>2.8</b> | <b>3.1</b> | <b>2.9</b> |

**NOTE 11 SHARES IN SUBSIDIARIES\***

| Name of subsidiary  | Corporate registration no. | Domicile        | Number of shares | Proportion of |               | Valuta | Book value Parent Company |
|---|----------------------------|-----------------|------------------|---------------|---------------|--------|---------------------------|
|   |                            |                 |                  | Share capital | Voting rights |        |                           |
| Securitas Nordic Holding AB   | 556248-3627                | Stockholm       | 1,000,000        | 100           | 100           | MSEK   | 3,978.3                   |
| Securitas Holding A/S   |                            | Oslo            | 8,000            | 100           | 100           | MNOK   | 111.5                     |
| Securitas Deutschland Holding GmbH                                  |                            | Düsseldorf      | -                | 100           | 100           | MDEM   | 2,345.2                   |
| Securitas France Holding SA   |                            | Paris           | 880,183          | 100           | 100           | MFRF   | 1,413.8                   |
| Securitas Holding UK Ltd  |                            | London          | 659,879          | 100           | 100           | MGBP   | 745.7                     |
| Securitas Services International BV (Securitas Seguridad España SA) |                            | Amsterdam       | 25,000           | 100           | 100           | MNLG   | 572.2                     |
| Protectas S A   |                            | Lausanne        | 50,000           | 100           | 100           | MCHF   | 36.8                      |
| Securitas Werttransporte GmbH                                       |                            | Vienna          | -                | 98            | 98            | MATS   | 55.3                      |
| Securitas Sicherheitsdienstleistungen GmbH                          |                            | Vienna          | -                | 100           | 100           | MATS   | 58.3                      |
| Securitas Serviços e Tecnologia de Segurança SA                     |                            | Lisbon          | 350,000          | 100           | 100           | MPTE   | 79.6                      |
| Securis NV  |                            | Brussels        | 999              | 100           | 100           | MBEF   | 272.8                     |
| Moolenheurel Beheer BV  |                            | Amsterdam       | 72               | 100           | 100           | MNLG   | 59.5                      |
| Securitas Hungária RT   |                            | Budapest        | 47,730           | 100           | 100           | MHUF   | 29.7                      |
| Securitas Polska Sp z o o   |                            | Warsaw          | 19,700           | 100           | 100           | MPLN   | 14.1                      |
| Securitas C I T Sp z o o  |                            | Warsaw          | 1,472            | 100           | 100           | MPLN   | 8.4                       |
| Securitas Eesti AS  |                            | Tallinn         | 1,369            | 100           | 100           | MEEK   | 23.1                      |
| Securitas CR s r o  |                            | Prague          | 100              | 100           | 100           | MCZK   | 8.8                       |
| Securitas Holdings Inc  |                            | Los Angeles, CA | 100              | 100           | 100           | MUSD   | 3,355.7                   |
| Pinkerton's of Canada Ltd   |                            | Montreal        | 4,004            | 100           | 100           | MCAD   | 85.6                      |
| Pinkerton Servicios de Seguridad Privada S A de C V                 |                            | Monterrey       | 4,999            | 100           | 100           | MMXN   | 14.5                      |
| Securitas Direct International AB                                   | 556222-9012                | Linköping       | 109,000          | 100           | 100           | MSEK   | 13.1                      |
| Securitas Treasury Ireland Ltd                                      |                            | Dublin          | 21,075,470       | 100           | 100           | MSEK   | 13,546.9                  |
| Securitas Rental AB   | 556376-3829                | Stockholm       | 500              | 100           | 100           | MSEK   | 3.6                       |
| Other holdings  |                            |                 |                  |               |               |        | 5.0                       |
| <b>Total shares in subsidiaries</b>                                 |                            |                 |                  |               |               |        | <b>26,837.5</b>           |

\* A complete list may be obtained from the Parent Company.

**NOTE 12 SHARES IN ASSOCIATED COMPANIES**

| Group                  | Domicile     | Share of equity |
|------------------------|--------------|-----------------|
| Loomis Fargo Inc       | Houston      | 49%             |
| Organización Fiel S.A. | Buenos Aires | 40%             |

The difference between the consolidated book value and the Group's share in the shareholders' equity of associated companies was MSEK 593 (-). The book value in the Parent Company of Organización Fiel S.A. is MSEK 18.4.

**NOTE 13 OTHER RECEIVABLES**

| Group, MSEK                         | 2000           | 1999         | 1998           |
|-------------------------------------|----------------|--------------|----------------|
| Tax claims                          | 181.4          | 154.1        | 37.5           |
| Prepaid expenses and accrued income | 520.9          | 283.3        | 505.1          |
| Other items                         | 706.1          | 300.1        | 1,163.5        |
| <b>Total other receivables</b>      | <b>1,408.4</b> | <b>737.5</b> | <b>1,706.1</b> |

For 1998, prepaid expenses and accrued income include a claim arising in the sale of TeleLarm Care totaling MSEK 320. For 1998, other items include a claim arising in the sale of Proteg's fire alarm business in France totaling MSEK 715.

**NOTE 17 CHANGES IN SHAREHOLDERS' EQUITY**

| Group, MSEK   | Share capital | Restricted reserves | Non-restricted reserves | Total          |
|---|---------------|---------------------|-------------------------|----------------|
| Opening balance   | 356.3         | 7,215.1             | 1,393.3                 | 8,964.7        |
| Dividend paid   | -             | -                   | -356.3                  | -356.3         |
| Net income for the year                                 | -             | -                   | 851.3                   | 851.3          |
| Transfer between restricted and non-restricted reserves | -             | -84.3               | 84.3                    | -              |
| Translation differences                                 | -             | 283.2               | 212.3                   | 495.5          |
| <b>Closing balance</b>                                  | <b>356.3</b>  | <b>7,414.0</b>      | <b>2,184.9</b>          | <b>9,955.2</b> |

| Parent Company, MSEK    | Share capital | Legal reserve | Premium reserve | Non-restricted equity | Total           |
|-------------------------|---------------|---------------|-----------------|-----------------------|-----------------|
| Opening balance         | 356.3         | 695.2         | 5,981.3         | 2,639.4               | 9,672.2         |
| Dividend paid           | -             | -             | -               | -356.3                | -356.3          |
| Net income for the year | -             | -             | -               | 10,573.5              | 10,573.5        |
| <b>Closing balance</b>  | <b>356.3</b>  | <b>695.2</b>  | <b>5,981.3</b>  | <b>12,856.6</b>       | <b>19,889.4</b> |

Number of shares outstanding December 31, 2000

|              |                    |  |              |
|--------------|--------------------|--|--------------|
| Series A     | 17,142,600         | each with a par value of SEK 1.00        | 17.1         |
| Series B     | 339,175,717        | each with a par value of SEK 1.00        | 339.2        |
| <b>Total</b> | <b>356,318,317</b> | <b>each with a par value of SEK 1.00</b> | <b>356.3</b> |

**DEVELOPMENT OF SHARE CAPITAL**

| Year | Transaction                | Number of shares | SEK         | Year | Transaction                            | Number of shares | SEK         |
|------|----------------------------|------------------|-------------|------|--|------------------|-------------|
| 1987 | Opening capital            | 200,000          | 20,000,000  | 1999 | Conversion                             | 327,926,707      | 327,926,707 |
| 1989 | Non-cash issue             | 285,714          | 28,571,400  | 1999 | New issue                              | 355,926,707      | 355,926,707 |
| 1989 | New issue                  | 342,856          | 34,285,600  | 1999 | Conversion                             | 356,318,317      | 356,318,317 |
| 1989 | Split 50:1                 | 17,142,800       | 34,285,600  | 2000 |  | 356,318,317      | 356,318,317 |
| 1989 | Stock dividend             | 17,142,800       | 85,714,000  | 2003 | Non-converted debentures <sup>3)</sup> | 365,123,348      | 365,123,348 |
| 1992 | Rights issue               | 22,142,800       | 110,714,000 |      |  |                  |             |
| 1993 | Conversion                 | 23,633,450       | 118,167,250 |      |  |                  |             |
| 1994 | Non-cash issue (Spain)     | 24,116,450       | 120,582,250 |      |  |                  |             |
| 1996 | Split 3:1 <sup>1)</sup>    | 72,349,350       | 120,582,250 |      |  |                  |             |
| 1996 | Rights issue <sup>1)</sup> | 72,349,350       | 144,698,700 |      |  |                  |             |
| 1996 | Conversion                 | 72,697,739       | 145,395,478 |      |  |                  |             |
| 1997 | Conversion                 | 73,206,315       | 146,412,630 |      |  |                  |             |
| 1998 | Conversion                 | 73,439,693       | 146,879,386 |      |  |                  |             |
| 1998 | Rights issue <sup>2)</sup> | 73,439,693       | 293,758,772 |      |  |                  |             |
| 1998 | Split 4:1 <sup>2)</sup>    | 293,758,772      | 293,758,772 |      |  |                  |             |
| 1998 | New issue Raab Karcher     | 308,114,828      | 308,114,828 |      |  |                  |             |
| 1998 | New issue Proteg           | 325,104,472      | 325,104,472 |      |  |                  |             |
| 1998 | Conversion                 | 325,121,812      | 325,121,812 |      |  |                  |             |

**NOTE 14 INTEREST-BEARING CURRENT ASSETS**

The net position in Group country cashpool accounts is reported as Cash and bank deposits in the Consolidated Balance Sheet. Utilized internal credit is reported as Group account bank overdraft in the Parent Company's Balance Sheet. Short-term investments refer to fixed interest rate bank deposits with a maturity of less than 12 months, valued at cost.

**NOTE 15 PLEDGED ASSETS**

| Group, MSEK           | 2000 | 1999 | 1998 |
|-----------------------|------|------|------|
| Real estate mortgages | 31.4 | 37.3 | 25.5 |
|                       | 31.4 | 37.3 | 25.5 |
| Parent Company, MSEK  | 2000 | 1999 | 1998 |
| Pledged assets        | None | None | None |

**NOTE 16 SUBORDINATED CONVERTIBLE DEBENTURE LOAN**

The loan carries a variable interest rate equivalent to 12-month STIBOR less 0.25 percent. The loan runs from April 24, 1998 to February 28, 2003. The loan has burdened the year's result by MSEK 29.0 in the form of interest expense. Conversion may be requested during the period May 30, 2001 to January 31, 2003 into Series B shares. The conversion price is SEK 79.50 per share, which corresponds to a maximum of 8,805,031 Series B shares.

<sup>1)</sup> A 3:1 split was effected in 1996 and a stock dividend, changing the par value of the share from SEK 5 to SEK 2.

<sup>2)</sup> A 4:1 split was effected in 1998 and a stock dividend, changing the par value of the share from SEK 2 to SEK 1.

<sup>3)</sup> See note 16.

**NOTE 18 OTHER PROVISIONS**

| <b>Group, MSEK</b>            | <b>2000</b>    | <b>1999</b>  | <b>1998</b>  |
|-------------------------------|----------------|--------------|--------------|
| Personnel related provisions  | 1,322.1        | 556.3        | –            |
| Other items                   | 193.5          | 169.7        | 186.9        |
| <b>Total other provisions</b> | <b>1,515.6</b> | <b>726.0</b> | <b>186.9</b> |

**NOTE 19 LOAN LIABILITIES**

The Group's long-term financing is primarily comprised of a syndicated loan, in the form of a Multicurrency Revolving Credit Facility, totaling MEUR 900, equivalent to MSEK 7,953. In addition, a five year bond was issued in December totaling MEUR 350, equivalent to MSEK 3,093.

**Long-term liabilities**

| <b>Group, MSEK</b>                 | <b>2000</b>    | <b>1999</b>    | <b>1998</b>    |
|------------------------------------|----------------|----------------|----------------|
| Maturity < 5 year                  | 3,909.6        | 1,032.3        | 843.3          |
| Maturity > 5 year                  | 3,447.7        | 3,017.9        | 2,417.9        |
| <b>Total long-term liabilities</b> | <b>7,357.3</b> | <b>4,050.2</b> | <b>3,261.2</b> |

**Parent Company, MSEK**

|                                    | <b>2000</b>    | <b>1999</b>    | <b>1998</b>    |
|------------------------------------|----------------|----------------|----------------|
| Maturity < 5 year                  | 4,057.0        | 903.8          | 930.5          |
| Maturity > 5 year                  | 3,092.9        | 3,000.0        | 2,400.0        |
| <b>Total long-term liabilities</b> | <b>7,149.9</b> | <b>3,903.8</b> | <b>3,330.5</b> |

**NOTE 20 OTHER CURRENT LIABILITIES**

| <b>Group, MSEK</b>                     | <b>2000</b>    | <b>1999</b>    | <b>1998</b>    |
|--|----------------|----------------|----------------|
| Employee-related items                 | 3,753.7        | 2,467.1        | 1,898.9        |
| Tax liabilities                        | 939.8          | 400.8          | 290.2          |
| Accrued expenses and prepaid income    | 596.0          | 553.4          | 411.7          |
| Advance payments from customers        | 215.4          | 225.4          | 227.1          |
| Other current liabilities              | 1,321.1        | 920.1          | 1,289.8        |
| <b>Total other current liabilities</b> | <b>6,826.0</b> | <b>4,566.8</b> | <b>4,117.7</b> |

**NOTE 21 CONTINGENT LIABILITIES**

| <b>MSEK</b>                          | <b>Group</b>   |              |              | <b>Parent Company*</b> |                |              |
|--------------------------------------|----------------|--------------|--------------|------------------------|----------------|--------------|
|                                      | <b>2000</b>    | <b>1999</b>  | <b>1998</b>  | <b>2000</b>            | <b>1999</b>    | <b>1998</b>  |
| Sureties                             | 722.9          | 135.6        | 109.7        | 605.2                  | 236.8          | 243.9        |
| Guaranties                           | 364.3          | 305.2        | 383.6        | 1,073.7                | 733.0          | 388.9        |
| Other                                | 518.2          | 436.0        | 148.9        | 538.7**                | 493.2**        | 333.0**      |
| <b>Other contingent liabilities</b>  | <b>1,605.4</b> | <b>876.8</b> | <b>642.2</b> | <b>2,217.6</b>         | <b>1,463.0</b> | <b>965.8</b> |
| (Of which pension commitments)       | (43.2)         | (39.6)       | (60.8)       | (354.6)                | (312.0)        | (60.8)       |
| (Of which on behalf of subsidiaries) | –              | –            | –            | (1,673.4)              | (952.8)        | (535.8)      |

\* The Parent Company carries guaranties for loan liabilities at full value even if the underlying facilities in the subsidiaries are not fully utilized.

\*\* This item includes a provision for share-price-related pension and bonus reserve and contingent liability relating to ongoing tax litigation.

Stockholm, March 8, 2001

*Melker Schörling*  
Chairman

*Gustaf Douglas*  
Vice Chairman

*Carl Douglas*

*Philippe Foriel-Destezet*

*Anders Frick*

*Berthold Lindqvist*

*Fredrik Palmstierna*

*Ulf Jarnefford*  
Employee Representative

*Thomas Lind*  
Employee Representative

*Rune Lindblad*  
Employee Representative

*Thomas Berglund*  
President and Chief Executive Officer

# Audit Report

To the general meeting of the shareholders of Securitas AB (publ)  
Corporate identity number 556302-7241

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Securitas AB for the year 2000. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the Report of the Board of Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 12, 2001

PricewaterhouseCoopers AB

*Göran Tidström*  
Authorized Public Accountant  
Chief Auditor

*Anders Lundin*  
Authorized Public Accountant

# Group Management



*Front row, from left: Santiago Galaz, Thomas Berglund, Tore K. Nilsen, Håkan Winberg.  
Back row, from left: Mats Wahlström, Juan Vallejo, Amund Skarholt, Dick Seger, Don Walker.*

**Thomas Berglund** b 1952

President of Securitas AB and Chief Executive Officer of the Securitas Group.  
Employed by Securitas since 1984.  
Shares in Securitas: 2,395,877 Series B shares and convertibles equivalent to 62,880 Series B shares.

**Amund Skarholt** b 1948

Deputy Chief Executive Officer of the Securitas Group, Executive Vice President of Securitas AB and Divisional President Security Services Europe.  
Employed by Securitas since 1991.  
Shares in Securitas: Convertibles equivalent to 62,880 Series B shares.

**Håkan Winberg** b 1956

Executive Vice President and Chief Financial Officer of Securitas AB. CFO Division Security Services USA.  
Employed by Securitas since 1985.  
Shares in Securitas: 250,442 Series B shares and convertibles equivalent to 62,880 Series B shares.

**Santiago Galaz** b 1959

Executive Vice President of Securitas AB and Divisional President Cash Handling Services Europe.  
Employed by Securitas since 1995.  
Shares in Securitas: Convertibles equivalent to 62,880 Series B shares.

**Tore K. Nilsen** b 1956

Executive Vice President of Securitas AB, Large Customers and Security Services Europe.  
Employed by Securitas since 1988.  
Shares in Securitas: 10,013 Series B shares.

**Dick Seger** b 1953

Divisional President of Securitas Direct Europe and Country President Direct Sweden.  
Employed by Securitas since 1984.  
Shares in Securitas: 10,326 Series B shares and convertibles equivalent to 62,880 Series B shares.

**Juan Vallejo** b 1957

Executive Vice President of Securitas AB and Divisional President Security Systems Europe.  
Employed by Securitas since 1990.  
Shares in Securitas: 36,400 Series B shares and convertibles equivalent to 62,880 Series B shares.

**Mats Wahlström** b 1954

Executive Vice President of Securitas AB and Divisional President Security Systems USA.  
Employed by Securitas since 2000.  
Shares in Securitas: 3,750 Series B shares.

**Don Walker** b 1941

Executive Vice President of Securitas AB and Divisional President Security Services USA.  
Employed by Securitas since 1999.  
Employed by Pinkerton since 1991.  
Shares in Securitas: 10,000 Series B shares.

Data refers to shares held as of February 2001.

# Board of Directors and Auditors



*Front row, from left: Thomas Berglund, Philippe Foriel-Destezet, Carl Douglas, Thomas Lind.  
Middle row, from left: Melker Schörling, Gustaf Douglas, Rune Lindblad, Anders Frick.  
Back row, from left: Berthold Lindqvist, Magnus Thelander, Björn Drewa, Ulf Jarnefjord, Fredrik Palmstierna.*

## BOARD OF DIRECTORS

**Melker Schörling** (Chairman) b 1947  
President of Securitas 1987–1992. Chairman of Hexagon AB and TeleLarm Care AB. Vice Chairman of Assa Abloy AB. Director of Cardo AB, Hennes & Mauritz AB and Skandia AB. Director of Securitas AB since 1987 and Chairman since 1993.  
Shares in Securitas: 3,000,000 Series A shares, 12,902,300 Series B shares, privately and through companies.

**Gustaf Douglas** (Vice Chairman) b 1938  
Owns with family Förvaltnings AB Wasatornet (principal owner of Investment AB Latour). Chairman of Investment AB Latour, AB Fagerhult, Stockholm Chamber of Commerce and Säki AB. Director of Assa Abloy AB and Stiftelsen Svenska Dagbladet. Chairman of Securitas AB 1985–1992 and Vice Chairman since 1993.  
Shares in Securitas: through Investment AB Latour, 26,900,000 Series B shares, through Säki AB, 14,142,600 Series A shares, and through Förvaltnings AB Wasatornet 5,000,000 Series B shares.

**Thomas Berglund** b 1952  
President of Securitas AB and Chief Executive Officer of the Securitas Group. Director of Securitas AB since 1993.  
Shares in Securitas: 2,395,877 Series B shares and convertibles equivalent to 62,880 Series B shares.

**Carl Douglas** b 1965  
Director of PM-Luft AB, Specma AB and Säki AB. Deputy Director of Securitas AB since 1992. Director of Securitas since 1999.  
Shares in Securitas: 100,000 Series B shares.

**Philippe Foriel-Destezet** b 1935  
Chairman of Adecco S.A., Akila S.A. and Nescofin UK Ltd. Director of Vivendi S.A., Carrefour S.A. and Akila Finance S.A. Director of Securitas AB since 1998.  
Shares in Securitas: 7,142 Series B shares privately, and 11,088,730 Series B shares through Akila S.A. (excluding 1,126,250 shares lent to Société Générale).

**Anders Frick** b 1945  
Director of AB Fagerhult, Getinge AB, Nordbanken – Southern Region, ProstaLund AB and Sweco AB. Director of Securitas AB since 1985.  
Shares in Securitas: 2,880 Series B shares.

**Berthold Lindqvist** b 1938  
Chairman of Munters AB. Director of Pharmacia Corp. Inc., Trelleborg AB, Novotek AB and Probi AB. Director of Securitas AB since 1994.  
Shares in Securitas: 2,000 Series B shares.

**Fredrik Palmstierna** b 1946  
President of Säki AB. Director of Investment AB Latour, AB Fagerhult, Almedahls AB, Hultafors AB and Bravida ASA. Deputy Director of Securitas AB since 1985. Director of Securitas AB since 1992.  
Shares in Securitas: 80,224 Series B shares.

**Ulf Jarnefjord** b 1955  
Response Guard and Chief Safety Representative in Securitas Bevakning AB, Gothenburg, Employee Representative in Swedish Transport Workers' Union. Deputy Director of Securitas AB 1989–1999. Director of Securitas AB since 2001.  
Shares in Securitas: convertibles equivalent to 2,520 Series B shares.

**Thomas Lind** b 1966  
Local Chairman of Securitas Region Stockholm. Employee Representative, Swedish Transport Workers' Union. Director of Securitas AB since 2000.  
Shares in Securitas: 0.

**Rune Lindblad** b 1947  
Service technician in Securitas Larm AB. Employee Representative, Swedish Electricians' Union. Director of Securitas AB since 1995.  
Shares in Securitas: 2,400 Series B and convertibles equivalent to 2,524 Series B shares.

**Björn Drewa** b 1946  
Staff Engineer in Securitas. Employee Representative, HTF Local in Stockholm. Deputy Director of Securitas AB since 1996.  
Shares in Securitas: 0.

**Magnus Thelander** b 1968  
Employee Representative, Swedish Transport Workers' Union. Deputy Director of Securitas AB since 2000.  
Shares in Securitas: 0.

## AUDITORS

**Göran Tidström** b 1946  
Authorised Public Accountant, Pricewaterhouse-Coopers AB  
Auditor of Securitas AB since 1999.

**Anders Lundin** b 1956  
Authorised Public Accountant, Pricewaterhouse-Coopers AB  
Auditor of Securitas AB since 1991.

# Country Management per Division

## Security Services USA



**Don Walker**  
b 1941  
Executive Vice  
President Securitas  
AB. Divisional  
President Security  
Services USA,  
Country President USA  
and Security Services.



**Laura Cerar**  
b 1962  
Executive Vice  
President Security  
Services USA.



**Jim McNulty**  
b 1949  
Executive Vice  
President Security  
Services USA.



**Mats Wahlström**  
b 1954  
Executive Vice  
President Securitas  
AB, Executive Vice  
President Security  
Services USA.



**Håkan Winberg**  
b 1956  
Executive Vice  
President Securitas  
AB, Chief Financial  
Officer Securitas AB.  
CFO Security Services  
USA.



**Sam D'Amico**  
b 1943  
Regional President  
Security Services,  
Southern California/  
Hawaii Region.



**Rocco Defelice**  
b 1958  
Regional President  
Security Services,  
Mid-Atlantic Region.



**Jack Donahue**  
b 1938  
Regional President  
Security Services,  
New York/New Jersey  
Region.



**Ken Jenkins**  
b 1951  
Regional President  
Security Services,  
New England Region.



**William N. Barthelemy**  
b 1954  
Regional President  
Security Services,  
East Central Region.



**Tony Majka**  
b 1955  
Regional President  
Security Services,  
North Central Region.



**Jack Serpas**  
b 1957  
Regional President  
Security Services,  
South Central Region.



**Craig Smith**  
b 1958  
Regional President  
Security Services,  
South East Region.



**Larry Taylor**  
b 1942  
Regional President  
Security Services,  
Northern California  
Region.



**Brad Van Hazel**  
b 1957  
Regional President  
Security Services,  
Rocky Mountain  
Region.



**Nicholas Walsh**  
b 1942  
Country President  
Pinkerton Automotive  
Services.



**N. Ronald Thunman**  
b 1932  
Chairman of the  
Board, Pinkerton  
Governmental  
Services.



**Thomas Clark**  
b 1942  
Business Area  
President Consulting  
& Investigations.

## Security Services Europe



**Amund Skarholt**  
b 1948  
Deputy Chief Executive  
Officer and Executive  
Vice President  
Securitas AB.  
Divisional President  
Security Services  
Europe.



**Tore K. Nilsen**  
b 1956  
Executive Vice  
President Securitas  
AB, Large Customers  
and Security Services  
Europe.



**Manfred Buhl**  
b 1952  
Country President  
Security Services  
Germany.



**David Cairns**  
b 1954  
Country President  
Security Services UK.



**Patrick Coutand**  
b 1950  
Country President  
France and Security  
Services.



**Artur Grilo**  
b 1940  
Country President  
Portugal and Security  
Services.



**Jorma Hakala**  
b 1944  
Country President  
Finland.



**Michel Mathieu**  
b 1962  
Regional Vice  
President Security  
Services France.



**Jarmo Mikkonen**  
b 1963  
Country President  
Security Services  
Finland.



**Jan-Ove Nilsson**  
b 1955  
Country President  
Sweden and Security  
Services.



**Marc Pissens**  
b 1950  
Country President  
Belgium and Security  
Services.



**Luis Posadas**  
b 1958  
Country President  
Spain and Security  
Services.



**Morten Rønning**  
b 1960  
Country President  
Norway and Security  
Services.



**Richard H. Chenoweth**  
b 1952  
Country President  
Canada and Security  
Services.



**Michael Clausen**  
b 1959  
Regional Vice  
President Security  
Services Denmark.



**Antoine Epiney**  
b 1950  
Country President  
Switzerland.



**Patrice Girard**  
b 1946  
Regional Vice  
President Security  
Services France.



**Sergio González Cortina**  
b 1946  
Country President  
Mexico and Security  
Services.



**Michal Jezewski**  
b 1960  
Country President  
Poland.



**Michal Kuník**  
b 1965  
Country President Czech  
Republic.



**Hans Mulder**  
b 1954  
Country President  
Netherlands.



**Jaanus Pajumaa**  
b 1952  
Country President  
Estonia.



**Yannick Rineau**  
b 1955  
Regional Vice  
President Security  
Services France.



**Peter Rosenberg**  
b 1960  
Country President  
Denmark and Security  
Services.



**Péter Szabó**  
b 1964  
Country President  
Hungary and Security  
Services.



**Wolfgang  
Waschulewski**  
b 1949  
Country President  
Germany.



**Martin Wiesinger**  
b 1962  
Country President  
Austria and Security  
Services.

## Security Systems USA



**Mats Wahlström**  
b 1954  
Executive Vice  
President Securitas  
AB, Divisional  
President Security  
Systems USA.



**Björn Lohne**  
b 1954  
Executive Vice  
President and COO  
Security Systems USA.



**Martin C. Guay**  
b 1964  
Regional President  
North Region.



**Robert Roller**  
b 1952  
Regional President  
West Region.



**Richard Ruppert**  
b 1946  
Regional President  
South Region.



**Richard Pea**  
b 1946  
Vice President of  
Operations, Pinkerton  
System Integration.

## Security Systems Europe



**Juan Vallejo**  
b 1957  
Executive Vice  
President Securitas AB,  
Divisional President  
Security Systems  
Europe, Country  
President Security  
Systems Sweden.



**Kéo Douang**  
b 1958  
Country President  
Security Systems  
France.



**Artur Grilo**  
b 1940  
Country President  
Portugal and Security  
Systems.



**Hannu Kankkunen**  
b 1952  
Country President  
Security Systems  
Finland.



**Pål Kreile**  
b 1958  
Country President  
Security Systems  
Norway.



**Hardy Vad**  
b 1944  
Country President  
Security Systems  
Denmark.



**Antonio Villaseca**  
b 1954  
Country President  
Security Systems  
Spain.

## Direct Europe



**Dick Seger**  
b 1953  
Divisional President  
Direct Europe and  
Country President  
Direct Sweden.



**Arne Fanuelsen**  
b 1958  
Country President  
Direct Norway.



**Luis M. Gil**  
b 1961  
Country President  
Direct Spain.



**Patrick Grevet**  
b 1955  
Regional Vice  
President Direct  
France.



**Stéphane Grodner**  
b 1957  
Country President  
Direct France.



**Jesper Paulsen**  
b 1963  
Country President  
Direct Denmark.



**Christian Schemann**  
b 1962  
Country President  
Direct Germany.



**Luc Sergy**  
b 1960  
Country President  
Direct Switzerland.



**Kim Willgren**  
b 1967  
Country President  
Direct Finland.

## Cash Handling Services Europe



**Santiago Galaz**  
b 1959  
Executive Vice  
President Securitas  
AB and Divisional  
President Cash  
Handling Services.



**Johan Eriksson**  
b 1965  
Country President  
Cash Handling  
Services Sweden.



**Bill Istdale**  
b 1953  
Country President  
Cash Handling  
Services Germany.



**Melville Scott**  
b 1961  
Country President UK  
and Cash Handling  
Services.



**Steve Gilberg**  
b 1958  
Country President  
Cash Handling  
Services Norway.



**Juha Hakavuori**  
b 1964  
Country President  
Cash Handling  
Services Finland.



**Christian Lerognon**  
b 1960  
Country President  
Cash Handling  
Services France.



**Georges López**  
b 1965  
Country President  
Cash Handling  
Services Spain.



**Pawel Rafalski**  
b 1956  
Country President  
Cash Handling  
Services Poland.



**Rui Sanches**  
b 1962  
Country President  
Cash Handling  
Services Portugal.



**Michael Schnabl**  
b 1960  
Country President Cash  
Handling Services  
Austria.



**Kim Sorgenfri**  
b 1963  
Country President  
Cash Handling  
Services Denmark.



**Péter Szabó**  
b 1964  
Country President  
Hungary and Cash  
Handling Services.

# Addresses

## HEAD OFFICE

### Securitas AB

Lindhagensplan 70  
P.O. Box 12307  
SE-102 28 Stockholm, Sweden  
tel: +46 8 657 74 00  
fax: +46 8 657 70 72

### Securitas Services Ltd

Berkshire House  
3 Maple Way, Feltham,  
Middlesex TW13 7AW, UK  
tel: +44 20 8432 6500  
fax: +44 20 8432 6505

### Securitas Treasury Ireland Limited

Harbourmaster 4  
1 Harbourmaster Street  
I.F.S.C., Custom House Docks,  
Dublin 1, IRELAND  
tel: +353 1 670 06 26  
fax: +353 1 670 07 01

## COUNTRY AND DIVISION OFFICES

### AUSTRIA

#### Securitas Sicherheitsdienstleistungen GmbH

Nordbahnstrasse 36  
A-1020 Vienna  
tel: +43 1 211 960  
fax: +43 1 211 96 555

#### Securitas Werttransporte GmbH

Nordbahnstrasse 36  
A-1020 Vienna  
tel: +43 1 211 960  
fax: +43 1 211 96 319

### BELGIUM

#### Securis NV

Brucargo 744  
BE-1931 Zaventem  
tel: +32 2 752 35 11  
fax: +32 2 752 35 03

### CANADA

#### Securitas Canada

340 Ferrier Street, Suite 2,  
Markham, Ontario  
Canada L3R 2Z5  
tel: +1 905 948 2500  
fax: +1 905 948 2544

### CZECH REPUBLIC

#### Securitas ČR s.r.o.

Českokobratrská 1  
CZ-Praha 3, 130 00  
tel: +420 2 8401 7111  
fax: +420 2 7177 2999

### DENMARK

#### Dansikring A/S

Sydvestvej 98  
DK-2600 Glostrup  
tel: +45 43 43 43 88  
fax: +45 43 96 99 37

#### Dansikring Direct A/S

Sydvestvej 102  
DK-2600 Glostrup  
tel: +45 43 43 43 88  
fax: +45 43 43 08 48

### ESTONIA

#### Securitas Eesti AS

Suur-Sõjamäe 44/46  
EE-11415 Tallinn  
tel: +372 6 139 266  
fax: +372 6 139 278

### FINLAND

#### Securitas Oy

Elimäenkatu 30  
P.O. Box 93  
FI-00520 Helsinki  
tel: +358 204 911  
fax: +358 204 91 2210

#### Securitas Tekniikka Oy

Elimäenkatu 30  
P.O. Box 47  
FI-00520 Helsinki  
tel: +358 204 911  
fax: +358 204 91 2461

### Securitas Direct Oy

Elimäenkatu 30  
FI-00520 Helsinki  
tel: +358 204 911  
fax: +358 204 91 2919

### Securitas Oy

Suometsäntie 1  
FI-01740 Vantaa  
tel: +358 204 91 2800  
fax: +358 204 91 2807

### FRANCE

#### Securitas Holding

#### Securitas France S.A.R.L.

Le Sextant  
2 bis, rue Louis Armand  
FR-75741 Paris Cedex 15  
tel: +33 1 53 98 15 00  
fax: +33 1 40 60 61 60

#### Domen Sécurité S.A.

1 Centrale Parc - bâtiment 1  
Avenue Sully Prud'homme  
FR-92298 Châtenay Malabry Cedex  
tel: +33 1 46 61 16 16  
fax: +33 1 41 87 87 07

#### Securitas France TF S.A.R.L.

3, Rue de la Savonnerie  
BP 70  
FR-68460 Lutterbach  
tel: +33 3 89 52 89 69  
fax: +33 3 89 52 89 98

### GERMANY

#### Securitas Deutschland Holding GmbH

Wilhelm-Raabe-Straße 14  
Postfach 300203  
DE-40402 Düsseldorf  
tel: +49 211 64 003 0  
fax: +49 211 64 003 100

#### Securitas Direct Deutschland GmbH

Bonsiepen 6  
DE-45136 Essen  
tel: +49 201 747 99 0  
fax: +49 201 747 99 10

#### Securitas Wertdienste Holding GmbH

Wilhelm-Raabe-Str. 14  
DE-40470 Düsseldorf  
tel: +49 211 64 003 251  
fax: +49 211 64 003 250

### GREAT BRITAIN

#### Securitas UK Limited

5th Floor  
The Ziggurat  
Grosvenor Road  
St. Albans, Herts AL1 3AW  
tel: +44 1727 86 86 66  
fax: +44 1727 86 86 45

#### Securitas Security Services Ltd

203/205 Lower Richmond Road  
Richmond, Surrey, TW9 4LN  
tel: +44 208 392 60 00  
fax: +44 208 392 20 88

### HUNGARY

#### Securitas Hungary RT

Hauszmann Alajos u. 9-11  
HU-1119 Budapest  
tel: +36 1 204 02 00  
fax: +36 1 204 01 98

### MEXICO

#### Pinkerton Servicios de Seguridad Privada, S.A. de C.V.

Ave Hidalgo 1911 Pte.,  
Col. Obisipado  
Monterrey, N.L., Mexico C.P 64060  
tel: +52 8 122 6200  
fax: +52 8 122 6203

### NETHERLANDS

#### B&M Beveiliging & Alarmering B.V.

Groene Zoom 1  
NL-1171 AA Badhoevedorp  
tel: +31 20 449 84 84  
fax: +31 20 449 84 85

### NORWAY

#### Securitas A/S

Urtegeta 9  
Postboks 35, Grønland  
NO-0133 Oslo  
tel: +47 23 03 88 00  
fax: +47 23 03 88 01

#### Securitas Direct A/S

Urtegeta 9  
Postboks 35, Grønland  
NO-0133 Oslo  
tel: +47 23 03 85 55  
fax: +47 23 03 85 85

### POLAND

#### Securitas Polska Sp. z o.o.

#### Securitas Services Sp. z o.o.

ul. Postępu 2  
PL-02-676 Warszawa  
tel: + 48 22 549 07 35  
fax: + 48 22 549 07 84

#### Securitas C.I.T. Sp. z o.o.

#### Securitas Cash Handling Sp. z o.o.

ul. Postępu 2  
PL-02-676 Warszawa  
tel: + 48 22 549 07 35  
fax: + 48 22 549 07 84

### PORTUGAL

#### Securitas S.A.

Rua Rodrigues Lobo No. 2  
Edifício Securitas  
PT-2795-147 Linda-a -Velha  
tel: +351 21 46 00  
fax: +351 21 53 36

### SPAIN

#### Securitas Seguridad España S.A.

C/Arrastaría, 11  
Poligono Las Mercedes  
ES-28022 Madrid  
tel: +34 91 277 60 00  
fax: +34 91 329 51 54

#### Securitas Direct España S.A.

Ctra. de la Coruña, km 17,8  
Edificio F.L. Smidth  
ES-28230 Las Rozas, Madrid  
tel: +34 916 023 300  
fax: +34 916 023 344

#### Securitas Tratamiento Integral de Valores S.A.

C/Maria Tubau, 4 Torre A 2a  
ES-28050 Madrid  
tel: +34 91 376 22 00  
fax: +34 91 358 87 21

### SWEDEN

#### Securitas Bevakning AB

Lindhagensplan 70  
P.O. Box 12516  
SE-102 29 Stockholm  
tel: +46 8 657 70 00  
fax: +46 8 657 73 50

#### Securitas Larm AB

Lindhagensplan 70  
P.O. Box 12545  
SE-102 29 Stockholm  
tel: +46 8 657 70 00  
fax: +46 8 657 74 69

#### Securitas Direct AB

Östgötagatan 3  
P.O. Box 2511  
SE-580 02 Linköping  
tel: +46 13 32 75 00  
fax: +46 13 13 25 79

#### Securitas Värde AB

Lindhagensplan 70  
P.O. Box 12516  
SE-102 29 Stockholm  
tel: +46 8 657 70 00  
fax: +46 8 657 73 80

### SWITZERLAND

#### Protectas S.A.

Rue de Genève 70  
Case Postale 3595  
CH-1002 Lausanne  
tel: +41 21 623 20 20  
fax: +41 21 623 20 21

### Securitas Direct S.A.

Chemin de Béré 50  
CH-1010 Lausanne  
tel: +41 21 651 16 16  
fax: +41 21 651 16 77

### USA

#### Pinkertons Inc.

#### U.S. Security, Western Operations Center

4330 Park Terrace Drive  
Westlake Village, CA 91361  
tel: +1 818 706 6839  
fax: +1 818 706 5613

#### Eastern Operations Center

#### 2 Campus Drive

Parsippany, NJ 07054-4467  
tel: +1 973 397 6500  
fax: +1 973 397 2491

#### Securitas USA

#### 200 South Michigan Ave

Chicago, IL 60604  
tel: +1 312 322 8507  
fax: +1 312 322 8636

#### Northern California Region

#### 5776 Stoneridge Mall Road, Suite 130

Pleasanton, CA 94588  
tel: +1 925 468 0124  
fax: +1 925 468 0207

#### Southern California/Hawaii Region

#### 500 South Main Street, Suite 500

Orange, CA 92868  
tel: +1 714 541 4277  
fax: +1 714 541 8565

#### Rocky Mountain Region

#### 10170 E. Mississippi Avenue, Suite 200

Denver, CO 80231  
tel: +1 303 751 8877  
fax: +1 303 748 0411

#### North Central Region

#### 3040 Finley Road, Suite 250

Downers Grove, IL 60515  
tel: +1 630 241 2577  
fax: +1 630 241 2660

#### South Central Region

#### 333 North Belt Drive, Suite 950

Houston, TX 77060  
tel: +1 281 820 2426  
fax: +1 281 820 2834

#### East Central Region

#### 9265 Counselors Row, Suite 106

Indianapolis, IN 46240  
tel: +1 317 569 1149  
fax: +1 317 569 1375

#### New England Region

#### One Harborside Drive, Suite 3025

Boston, MA 02128  
tel: +1 617 568 8706  
fax: +1 617 568 8814

#### New York/New Jersey Region

#### Eastern Operations Center

#### 2 Campus Drive

Parsippany, NJ 07054-4467  
tel: +1 973 397 6500  
fax: +1 973 397 2491

#### Mid-Atlantic Region

#### 1100 Washington Avenue, Suite 300

Carnegie PA 15106  
tel: +1 412 279 3668  
fax: +1 412 279 3623

#### South East Region

#### 300 Chastain Center, Suite 305

Kennesaw, GA 30144  
tel: +1 770 426 5262  
fax: +1 770 426 5480

#### Pinkerton System Integration Division

#### 3475 Corporate Way

Duluth, CA 30096  
tel: +1 678 474 1720  
fax: +1 678 474 1756

#### Pinkerton Consulting & Investigations

#### 13950 Ballantyne Corporate Place

Charlotte, NC 28277  
tel: +1 704 552 6257  
fax: +1 704 553 7805

# Financial Information and Invitation to the Annual General Meeting

## FINANCIAL INFORMATION

Securitas will publish the following financial reports during 2001:

### *Interim reports 2001*

|                        |                  |
|------------------------|------------------|
| January–March 2001     | May 8, 2001      |
| January–June 2001      | August 9, 2001   |
| January–September 2001 | November 7, 2001 |

*Annual General Meeting* April 18, 2001

All financial information is available in Swedish and English and may be requested from:

Securitas Services Ltd., Investor Relations,  
Berkshire House  
Feltham Corporate Centre  
3 Maple Way, Feltham  
Middlesex TW13 7AW, Great Britain  
Telephone +44 20 8432 6500, Fax +44 20 8432 6520

or

Securitas AB, Investor Relations,  
P.O. Box 12307, SE-102 28 Stockholm, Sweden.  
Telephone +46 8 657 74 00, Fax +46 8 657 74 85

or via

Securitas AB's home page:  
[www.securitasgroup.com](http://www.securitasgroup.com)

## FINANCIAL ANALYSTS WHO FOLLOW SECURITAS

| Company                       | Name                             |
|-------------------------------|----------------------------------|
| ABG Securities                | Elisabeth Kruth                  |
| Alfred Berg Fondkommission    | Sandra Frimann-Clausen           |
| Aros Securities               | Lars Larsen                      |
| BNP Paribas                   | Christian Diebitsch              |
| Bryan, Garnier & Co           | Laurent Brunelle                 |
| Carnegie                      | Carsten Leth                     |
| Cazenove                      | Jonas Pålsson                    |
| Cheuvreux                     | Jeff Saul                        |
| Commerzbank                   | David Greenall/<br>Andrew Brooke |
| Crédit Suisse First Boston    | Andrew Sweeting                  |
| Danske Securities             | Allan Nielsen                    |
| Deutsche Bank                 | Paul Ginocchio                   |
| Enskilda Securities           | Monika Elling                    |
| Goldman Sachs                 | Boris Bernstein                  |
| Handelsbanken                 | Torben Sand                      |
| HSBC                          | Tom Sykes                        |
| Merrill Lynch                 | Andrew Ripper                    |
| Oddo Securities               | Alexandre Dergatcheff            |
| Schroder Salomon Smith Barney | Nick Williamson                  |
| Swedbank                      | Stefan Stjernholm                |
| Sydbank                       | Christian Kirk-Thomsen           |
| UBS Warburg                   | Mark Shepperd                    |
| Öhman Fondkommission          | Rolf Karp                        |

## INVITATION TO THE ANNUAL GENERAL MEETING

Securitas AB's shareholders are invited to attend the Annual General Meeting to be held on Wednesday, April 18, 2001, at 4.30 p.m. in Vinterträdgården, at the Grand Hotel, Stockholm, entry via Royal entré, Stallgatan 6. Registration for the Annual General Meeting begins at 3.45 p.m.

### Right to attend

Right to attend the Annual General Meeting of Securitas is held by shareholders who:

1. are recorded in the print-out of the Share Register made on Sunday, April 8, 2001. Due to the intervening weekend, such record must be made by Friday, April 6, 2001 at the latest.
2. notify Securitas of their intention to participate in the Meeting no later than 4.00 p.m. on Tuesday, April 10, 2001.

### Ownership registration

The Share Register of Securitas is maintained by the Swedish Securities Register Centre (VPC AB). Only shareholdings registered in the owner's own name are listed in the Share Register. Attendance at the Meeting is reserved for shareholders who are registered under their own name. Shareholders with nominee-registered shares wishing to attend, should request temporary owner-registration, known as voting-right registration, from their bank or broker in due time before Friday, April 6, 2001.

### Notice

Notice of intent to participate in the Meeting may be provided to the company by mail at address: Securitas AB, "Annual General Meeting", Box 12307, 102 28 Stockholm, by telephone +46 8 657 74 74, or by fax +46 8 657 74 85, by 4.00 p.m. on Tuesday, April 10, 2001 at the latest. When giving notice, please state your name, personal registration number (or equivalent), address and telephone number. Proxy and representative of a juridical person shall submit papers of authorization prior to the Meeting. As confirmation of notification, Securitas AB will send an entry card, which should be presented at registration for the General Meeting.

### Dividend

The Board of Directors has proposed a dividend of SEK 1.20 per share. As record date, the Board of Directors proposes Monday, April 23, 2001. If the Annual General Meeting approves these proposals, the dividend is expected to be distributed by VPC on Thursday, April 26, 2001.





*Integrity, Vigilance, Helpfulness*

Securitas AB Box 12307 SE-102 28 Stockholm Sweden

Telephone +46 8 657 74 00 Fax +46 8 657 70 72

[www.securitasgroup.com](http://www.securitasgroup.com)

Street address Lindhagensplan 70