



Securitas AB

Interim Report

January – September 1999

*Sales increased by 99 percent to MSEK 18,253 (9,154),
of which 9 percent is organic growth*

Income before taxes increased by 48 percent to MSEK 741 (502)

*Earnings per share after standard taxes increased by
28 percent to SEK 1.57 (1.22)*

Interim Report January-September 1999

Sales and result

Consolidated sales amounted to MSEK 18,253 (9,154). This is an increase of 99 percent. In local currencies, the corresponding increase is 98 percent over the year before. Organic growth excluding the acquisitions of Proteg, Raab Karcher, Pinkerton and Seguridad 7 was 9 percent (8). The acquisitions have increased the sales volume by 89 percent.

Operating income before amortization of goodwill amounted to MSEK 1,097 (661), which is an increase by 66 percent. This increase corresponds to 66 percent in local currencies. The operating margin was 6.0 percent (7.2).

The operating margin is improving gradually, according to plan, in the underlying operations as well as in the acquisitions Proteg, Raab Karcher and Pinkerton.

The operating margin during the third quarter was 6.6 percent.

Income before taxes amounted to MSEK 741 (502). This is an increase by 48 percent compared to the similar period last year. In local currencies, the increase is 47 percent.

Development in the areas of operation

Refinement and specialization in the area of Guard Services continues. Organic growth was 4 percent.

Business area Alarm Systems grows organically by 25 percent with good profitability. There is also sharp focus on small alarm systems, which show a very good rate of growth. The number of installed small alarms (excluding securitas Direct) amounts to 182,000 and the current growth is 11 percent.

Outsourcing in the banking sector and among retailers has brought a strong growth for the Cash In Transit Services business, which grows organically by 9 percent.

The business volume and operating result continued to show positive development in the Securitas Direct division. Some 27,000 units were installed during the period, an increase of about 35 percent over the similar period one year ago. The total installed base is now about 126,000 units. Sales increased organically by 29 percent.

All business areas, especially Cash In Transit, increased their operating earnings performance compared with the year-ago period.

Sales by country or division

Country	Jan-Sept	Share	Jan-Sept	Jan-Sept	Change in %	
	1999		1999	1998	organic	total
	MSEK	of total	M(local)	M(local)		
Sweden	2,236	12	2,236	2,141	8	4
Norway	973	5	918	836	10	10
Denmark	262	2	220	173	11	27
Finland	609	3	410	351	10	17
Germany	2,914	16	645	296	4	118
France	3,273	18	2,429	660	0	268
Great Britain	1,025	6	77	57	9	36
Spain	1,261	7	23,751	19,494	9	22
Switzerland	251	1	45	37	17	24
Austria	208	1	323	156	4	107
Portugal	653	4	14,809	13,246	12	12
Hungary	72	0	2,053	1,825	8	12
Poland	67	0	32	20	55	55
Estonia	34	0	61	20	192	201
Czech Republic	38	0	158	-	-	-
Latvia	7	0	1	-	-	-
USA*	3,416	19	409	-	-	-
Canada*	271	2	48	-	-	-
Mexico*	73	0	83	-	-	-
Securitas Direct	395	2	395	292	29	35
Consulting & Investigations*	276	2	33	-	-	-
TeleLarm Care	-	-	-	217	-	-
Elimination	-61		-61	-57		
Total (MSEK)	18,253		18,253	9,154	9	99

* Only included April 1 – September 30

Development in the countries of operation

The *Nordic Countries* post good organic growth for all products. Alarm Systems continue to show strong order bookings and volume development.

In *Germany*, the integration of Raab Karcher continues according to plan. Extensive restructuring work in *France* has meant a temporary decline in organic growth. Profitability improves according to plan. In *Spain*, the Guard Services and Alarm Systems businesses recorded a very good continued profitable growth. In *Great Britain*, the positive volume development and earnings performance continue for the Cash In Transit operations.

Portugal continues to display good growth, especially in Cash In Transit Services operations. The Portuguese operation continues to be the Group's most profitable unit.

Cash flow

Adjusted income amounted to MSEK 825 (505). The cash flow effect of changes in working capital amounted to MSEK -369 (-190). The change in working capital is due primarily to normal seasonal variations and to organic growth.

Investments in operating assets amounted to MSEK 682 (492). The increase is explained by the organic growth and acquisitions.

Free cash flow amounted to MSEK 314 (214), which is equivalent to 38 percent (42) of adjusted income. For the quarter, free cash flow amounted to MSEK 225. For the full year, cash flow as a percentage of adjusted income, is expected to be on a par with prior years, i.e. 75 percent.

Capital employed, net indebtedness, and shareholders' equity

The Group's operating capital employed amounted to MSEK 3,582 (2,949 as of December 31, 1998), which

is equivalent to 13 percent (17) of sales, adjusted for full-year sales of acquired entities.

Proceeds of the sale of fire alarm operations in France and TeleLarm Care amounted to MSEK 1,044. The acquisition of Pinkerton increased the net indebtedness of MSEK 3,558. Goodwill arising in connection with this acquisition amounted to MSEK 2,844.

The proceeds of issuance of 28 million shares, at a price of SEK 124 per share, decreased the net indebtedness of MSEK 3,394. Conversion of convertible subordinated debentures has decreased net indebtedness by MSEK 73, raising shareholders' equity by an equivalent amount. Dividends were paid during the second quarter to the shareholders in an amount of MSEK 277.

The Group's net debt amounted to MSEK 2,046 (2,419 as of December 31, 1998). When translating the Group's indebtedness denominated in foreign currency to Swedish kronor, the strengthening of the Swedish krona during the period had a positive effect on the Group's net indebtedness in the amount of MSEK 70. Shareholders' equity amounted to MSEK 8,614 (5,351 as of December 31, 1998). The net debt equity ratio was 0.24 (0.45).

The total number of shares outstanding after full conversion was 365,123,348. The average number of shares outstanding after full conversion was 348,790,015. Interest expenses from the subordinated convertible debenture amounted to MSEK 18.7 during the period.

Acquisitions

Pinkerton

The process of integrating Pinkerton, consolidated in Securitas since April 1, is progressing according to plan. The management structure is in place with four units reporting to Group management and the decentralization process is well on track. The US Guard Services grows by around 2 percent, and the operating margin improves,

Business Area Overview					
	<u>Guard Services*</u>	<u>Alarm</u>	<u>Direct</u>	<u>Cash In Transit</u>	<u>Total</u>
	September 1999	September 1999	September 1999	September 1999	September 1999
Sales, MSEK	13,131	2,450	395	2,277	18,253
<i>Organic growth, %</i>	4	25	29	9	9
Operating income, MSEK	711	212	48	126	1,097
<i>Operating margin, %</i>	5	9	12	6	6
<i>Operating capital employed in % of sales</i>	6	22	24	39	13

* Includes Consulting & Investigations from April 1, 1999

due in part to lower head office costs. The US Alarm System business reached break-even during the third quarter. The European integration is completed and the UK Guard Services business is close to break-even.

Spain

In September, with effect from July 1, the Spanish security company *Seguridad 7* was acquired. Estimated annual sales are MSEK 170 and the number of employees is 1,000. The purchase price was MSEK 64 and the Group's goodwill increased by MSEK 57 as a consequence of the acquisition. This goodwill will be amortized over ten years. The acquisition will have a positive effect on consolidated income for 1999.

Belgium

The Belgian *Securis Group* was acquired in October. Securis is Belgium's second largest security company, with annual sales of MSEK 780 and 2,600 employees. Securis is consolidated in the Securitas Group from October 1, 1999. The total purchase price was MSEK 270, giving rise to goodwill in the amount of MSEK 220 to be amortized over 20 years. This acquisition is expected to have a positive effect on consolidated income before tax from year 2000.

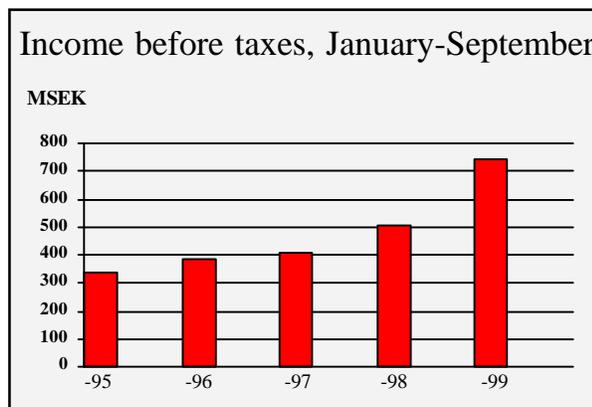
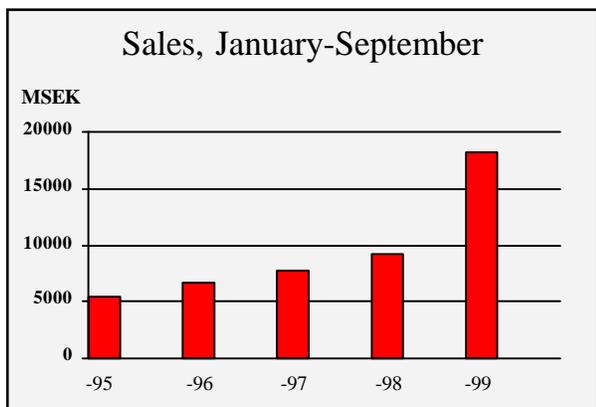
Changes in Group management

In line with a change in the overall structure of Pinkerton in accordance with the Securitas Model, with each country as a base and direct reporting to Group management as a consequence thereof, the position as group chief executive of Pinkerton has been eliminated. Denis R. Brown will therefore vacate the position as group chief executive of Pinkerton and member of Group management effective as of November 1, 1999. He will continue to serve as a member of the Board of Directors of Securitas AB.

Tore K. Nilsen, previously Country President in Norway, has been appointed Executive Vice President of Securitas AB and strengthens the operative Group management.

Development during 1999

For the full year 1999, the previous forecast of an increase in earnings per share of about 25 percent remains unchanged.



STOCKHOLM, NOVEMBER 4, 1999

Thomas Berglund
President and Chief Executive Officer

The Interim Report has not been subject to a specific review by the Company's auditors.

For further information please contact Thomas Berglund, President and Chief Executive Officer, Amund Skarholt, Executive Vice President and Chief Operational Officer or Håkan Winberg, Executive Vice President and Chief Financial Officer, telephone +46 8 657 74 00.

Income

MSEK	Jan–Sept 1999	Jan–Sept 1998	Jan–Dec 1998	Jan–Dec 1997
Sales, continuing operations	10,038.4	8,349.1	11,875.4	9,760.3
Sales, acquired businesses	8,214.5	804.7	1,834.7	1,002.6
Total sales	18,252.9	9,153.8	13,710.1	10,762.9
Production expenses	-15,310.7	-7,309.2	-10,981.5	-8,665.5
Gross income	2,942.2	1,844.6	2,728.6	2,097.4
Selling and administrative expenses	-1,845.2	-1,183.9	-1,725.8	-1,319.6
Operating income before amortization of goodwill	1,097.0	660.7	1,002.8	777.8
Operating margin, %	6.0	7.2	7.3	7.2
Amortization of goodwill	-282.2	-105.1	-171.4	-115.5
Operating income after amortization of goodwill	814.8	555.6	831.4	662.3
Net financial items	-74.0	-53.4	-65.3	-48.2
Income before taxes	740.8	502.2	766.1	614.1
Net margin, %	4.1	5.5	5.6	5.7
Taxes paid	-198.1	-102.2	-183.7	-114.4
Deferred taxes	-52.8	-38.3	-60.4	-54.7
Minority interest	-0.4	-0.8	-0.5	0.9
Net income for the period	489.5	360.9	521.5	445.9

Cash Flow

MSEK	Jan–Sept 1999	Jan–Sept 1998	Jan–Dec 1998	Jan–Dec 1997
Operating income before amortization of goodwill	1,097.0	660.7	1,002.8	777.8
Net financial items	-74.0	-53.4	-65.3	-48.2
Taxes paid	-198.1	-102.2	-183.7	-114.4
Adjusted income	824.9	505.1	753.8	615.2
Change in working capital	-369.3	-190.4	-41.7	-57.3
Capital expenditures	-681.8	-492.0	-699.0	-557.4
Depreciation	539.9	391.1	569.6	450.5
Free cash flow	313.7	213.8	582.7	451.0

Balance Sheet

MSEK	Sept 1999	Dec 1998	Sept 1998	Dec 1997
Operating capital employed	3,582.0	2,948.5	2,571.4	2,182.1
Return on operating capital employed, %	40.8	34.0	37.8	35.6
Operating capital employed as a % of sales ¹⁾	13.3	16.7	20.6	18.8
Goodwill	6,822.5	4,564.0	1,668.0	1,457.4
Shares in associated companies	257.0	261.0	260.1	258.4
Net debt	-2,045.9	-2,418.6	-1,866.3	-1,532.5
Minority interest	2.0	3.9	0.1	0.3
Shareholders' equity	8,613.6	5,351.0	2,633.1	2,365.1
Equity ratio, %	46.3	34.6	31.7	29.9

Data per share

SEK	Sept 1999	Dec 1998	Sept 1998	Dec 1997
Stock price, end of period	123.00	126.00	100.50	60.00
Earnings after taxes paid ²⁾	1.59	1.92	1.35	1.70
Earnings after 28 % standard taxes ²⁾	1.57	1.82	1.22	1.50
Earnings after full taxes ²⁾	1.44	1.73	1.22	1.51
Dividend	-	0.85	-	0.69
P/E-ratio ²⁾	64	73	62	40
Number of shares outstanding	356,318,317	325,121,812	293,758,772	292,825,260
Average number of shares ²⁾	348,790,015	313,616,039	305,776,612	296,971,584
Number of shares ²⁾	365,123,348	337,125,314	305,776,612	296,971,584

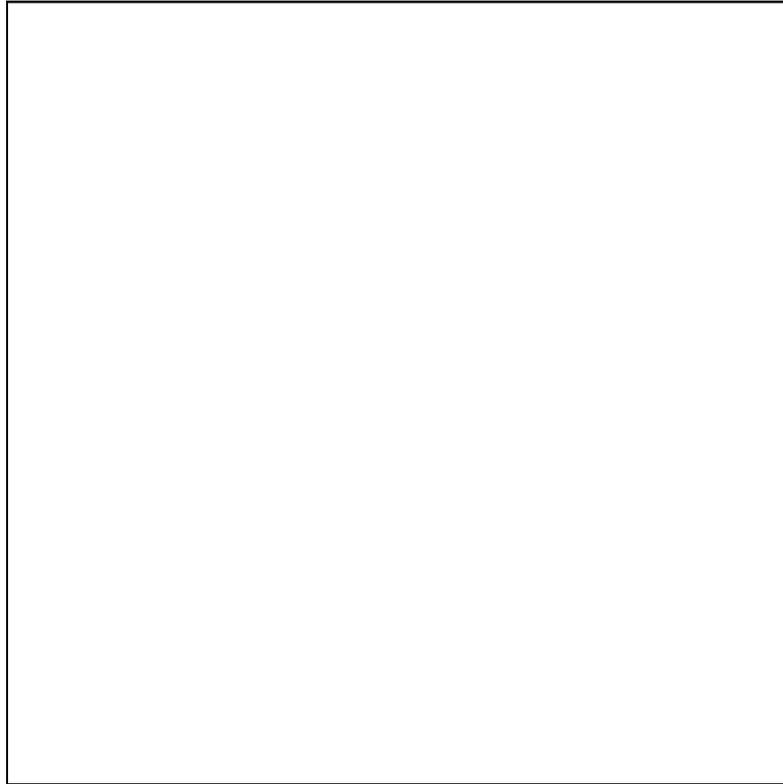
1) Adjusted for full year sales of acquired entities

2) After full conversion

Securitas – a World Leader in Security

Securitas is a world leader in security with operations in thirty countries
in Guard Services, Alarm Systems and Cash In Transit Services.

The number of employees is more than 118,000.



Financial information from Securitas

The Year-End Report will be published February 8, 2000.

The Annual Report will be published in March 2000.



Integrity Vigilance Helpfulness

Securitas AB P.O. Box 12307 SE-102 28 Stockholm

Tel+46 8 657 74 00 Fax +46 8 657 70 72

www.securitasgroup.com

Visiting address Lindhagensplan 70