

February 9, 2012



# January – December 2011

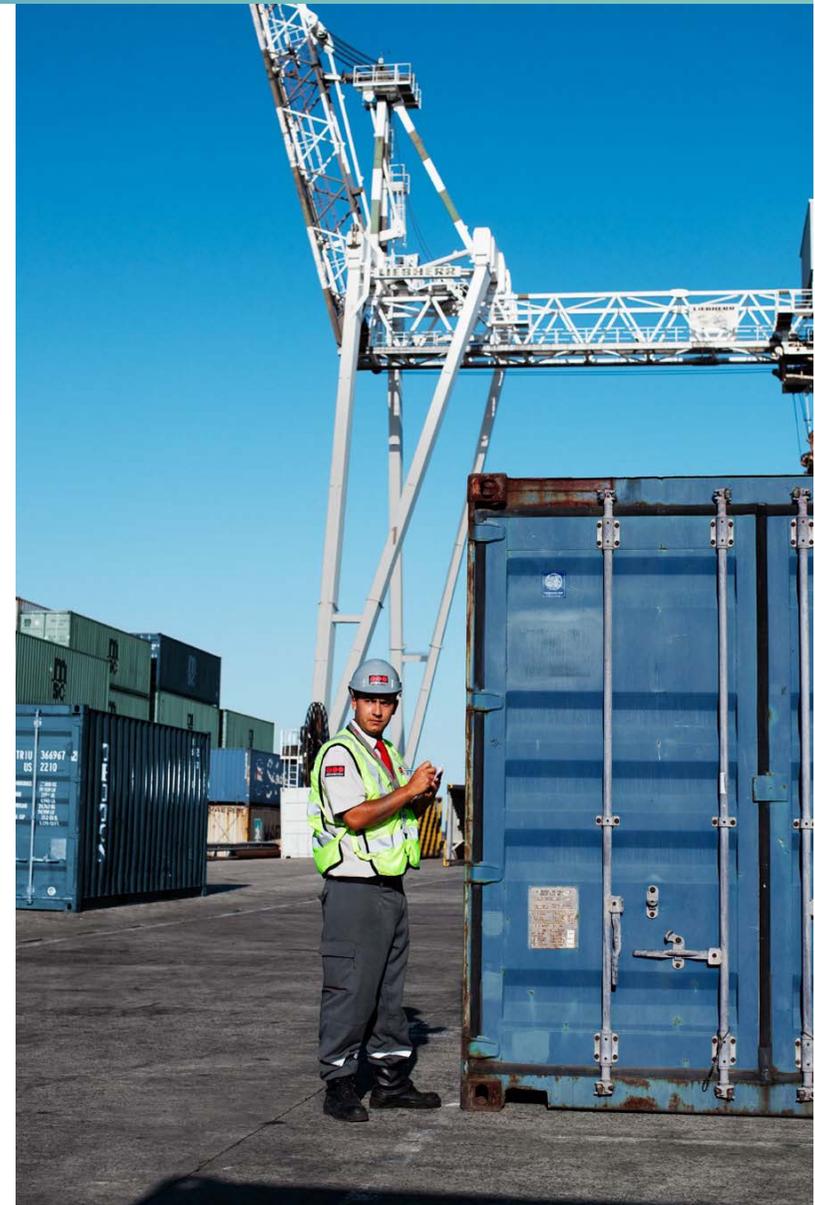


Alf Göransson, President and CEO

# Highlights 2011



- The positive organic sales growth continued in Security Services North America, Mobile and Monitoring and Security Services Ibero-America
- Organic sales growth 3% (1), real sales growth including acquisitions 11% - the highest since 2002
- The high growth has strained the cash flow during 2011 due to working capital needs
- Operating margin 5.3% (6.1)
- Proposed dividend SEK 3.00 (3.00)



# Financial Highlights

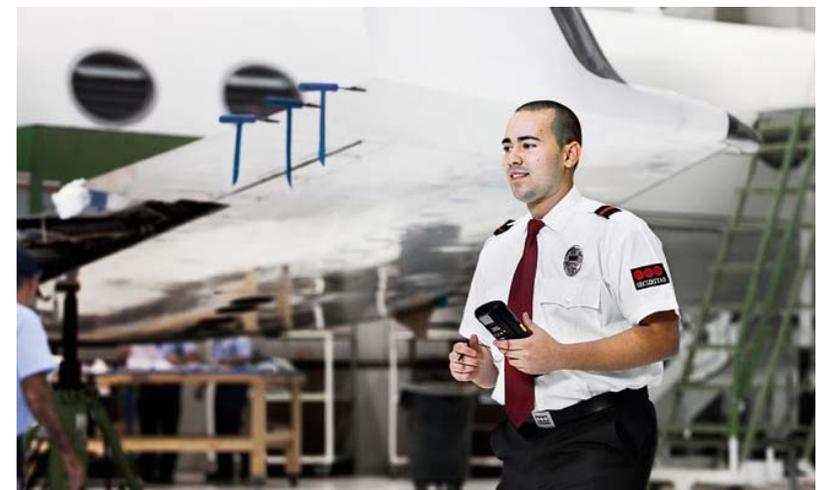
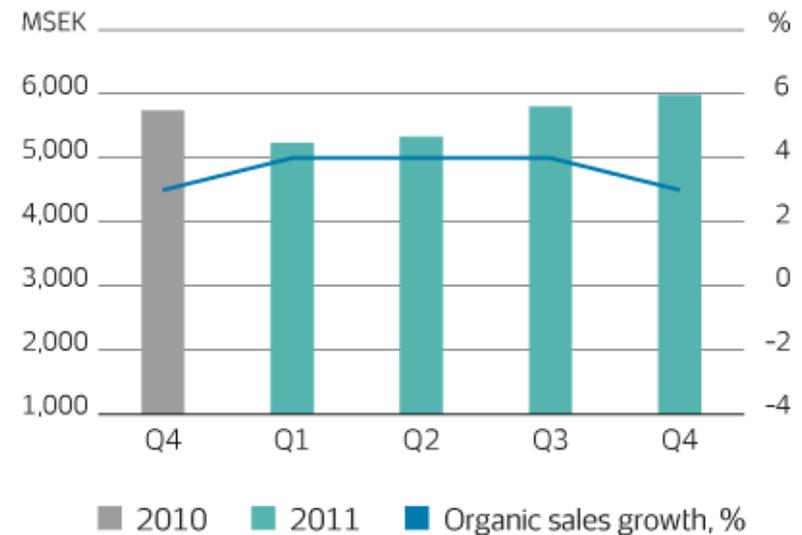


MSEK	Q4 2011	Q4 2010	Total change %	FY 2011	FY 2010	Total change %
<b>Sales</b>	<b>17,026</b>	<b>15,718</b>	<b>8</b>	<b>64,057</b>	<b>61,340</b>	<b>4</b>
<i>Organic sales growth, %</i>	2	4		3	1	
<i>Real sales growth, incl. acq. %</i>	10	10		11	5	
<b>Operating income before amortization</b>	<b>978</b>	<b>1,056</b>	<b>-7</b>	<b>3,385</b>	<b>3,724</b>	<b>-9</b>
<i>Operating margin, %</i>	5.7	6.7		5.3	6.1	
<i>Real change, %</i>	-6	7		-3	6	
<b>Income before taxes</b>	<b>687</b>	<b>834</b>	<b>-18</b>	<b>2,480</b>	<b>2,968</b>	<b>-16</b>
<i>Real change, %</i>	-15	0		-11	5	
<b>Net income</b>	<b>482</b>	<b>585</b>	<b>-18</b>	<b>1,739</b>	<b>2,081</b>	<b>-16</b>
Earnings per share (SEK)	1.32	1.60	-18	4.75	5.71	-17

# Security Services North America – Sales Development FY



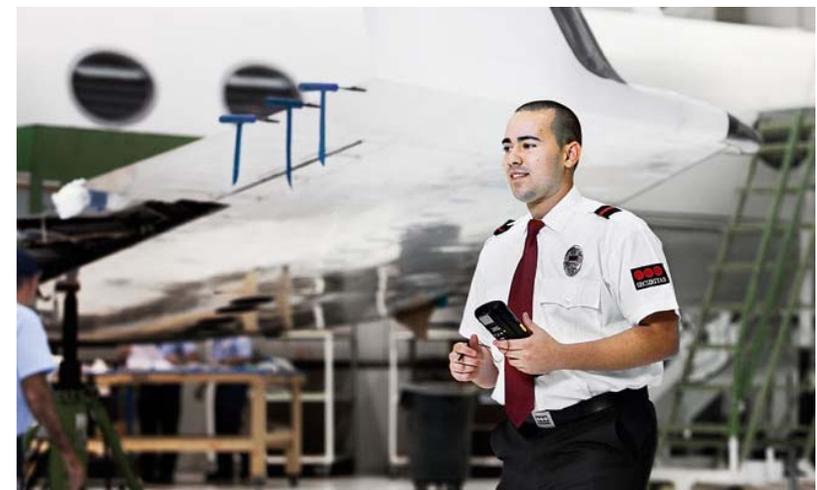
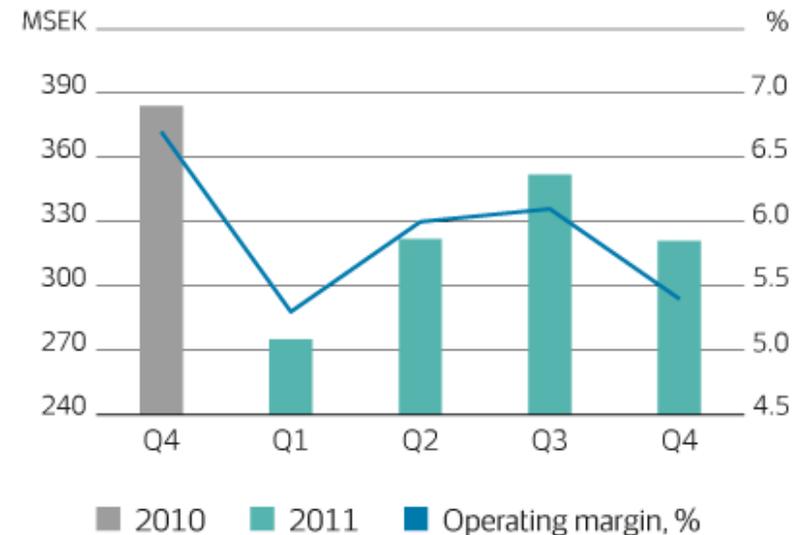
- Improved organic sales growth 4% (-2), driven by contract portfolio sales and extra sales
- In the fourth quarter, organic sales growth was supported by the airport security contract in Canada
- The sales of specialized security solutions as percentage of total sales has increased



# Security Services North America – Income Development FY



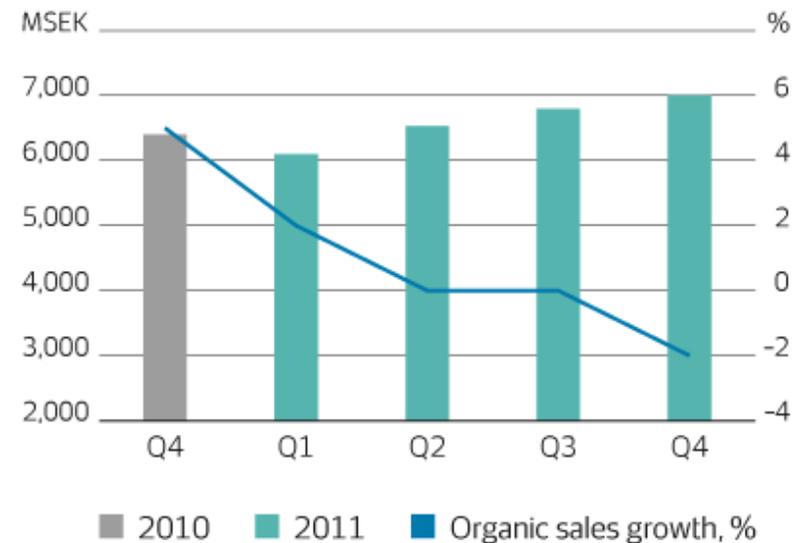
- The operating margin 5.7% (6.1)
- Payroll tax adjustments related to the Federal Unemployment Tax Act (FUTA) and State Unemployment Insurance (SUI) had a negative impact of -0.2 percent
- The consolidation of Security Consultants Group had a diluting impact of -0.1 percent and start up costs for the airport security contract in Canada impacted by -0.1 percent



# Security Services Europe – Sales Development FY



- Organic sales growth 0% (4)
- Most countries had positive organic sales growth but the negative impact from previously lost contracts in Belgium and the United Kingdom hampered the development

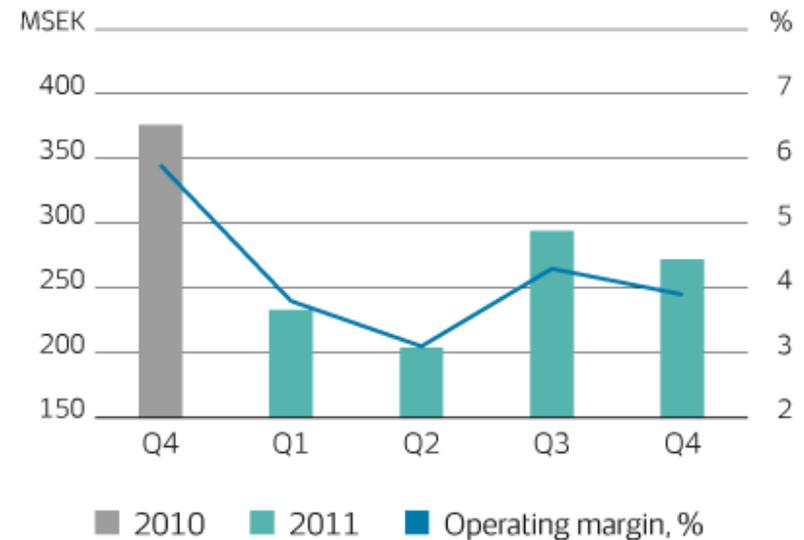


# Security Services Europe – Income Development FY



- Operating margin 3.8% (5.3\*)
- The negative development is explained by the loss of previously lost contracts impacting by -0.5 percent, acquisitions in the United Kingdom by -0.3 percent and discrepancies between price increases and wage cost increases of -0.5 percent, primarily in France and Sweden
- Actions taken to restore the performance in Europe resulted in restructuring costs with an impact of -0.2 percent

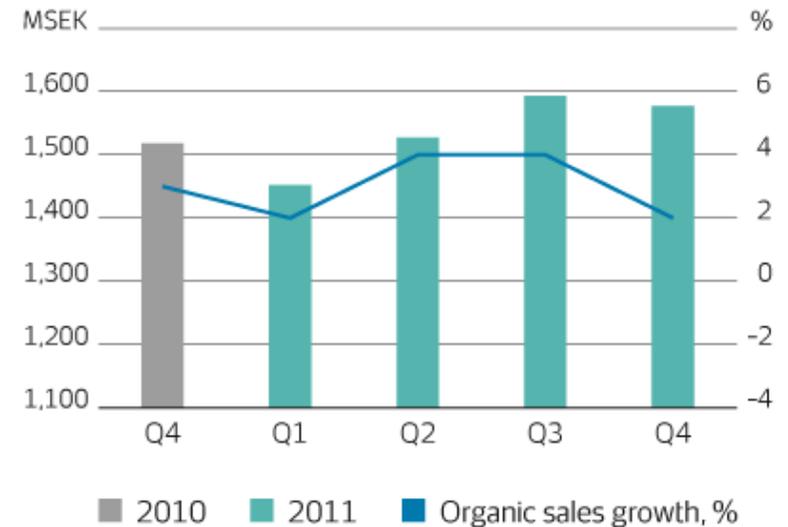
\* Restated due to operations moved between the segments Security Services Europe, Security Services Ibero-America and Mobile and Monitoring.



# Mobile and Monitoring – Sales Development FY



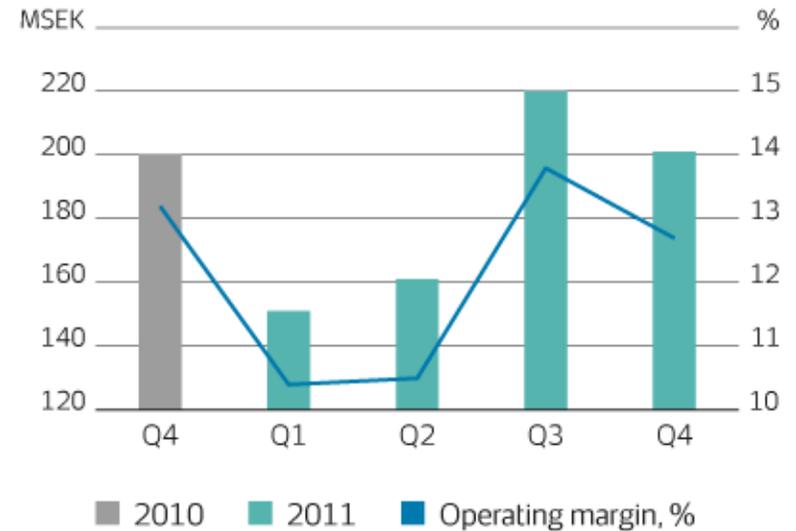
- Organic sales growth 3% (2)
- In Mobile, the improvement was supported by countries such as Belgium and Norway
- In Monitoring, good organic sales growth was seen in Sweden, the Netherlands, Norway and Poland, while Belgium, France and Spain had negative organic sales growth



# Mobile and Monitoring – Income Development FY



- Operating margin 11.9% (12.4\*)
- The operating margin in Mobile was negatively affected by increased fuel costs and fewer call outs
- In Monitoring, the operating margin was affected by restructuring costs in Belgium, France, the Netherlands and Spain and due diligence costs for a non-completed acquisition



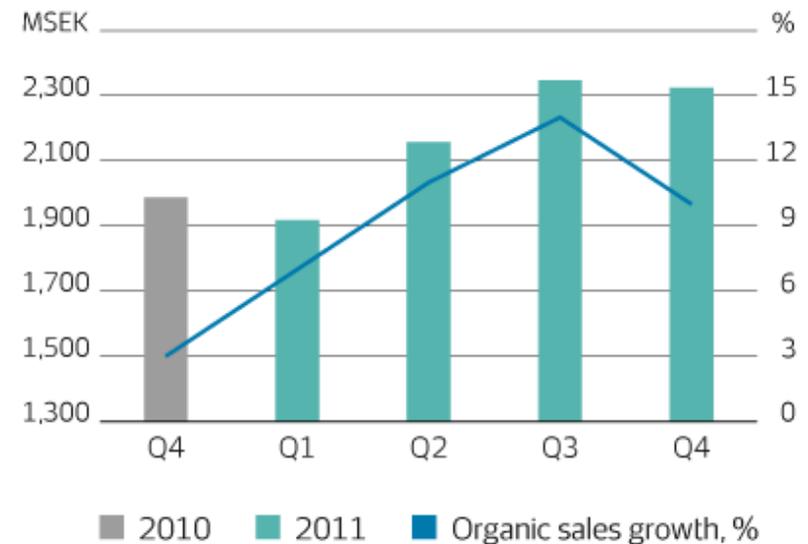
*\* Restated due to operations moved between the segments Security Services Europe and Mobile and Monitoring.*



# Security Services Ibero-America – Sales Development FY



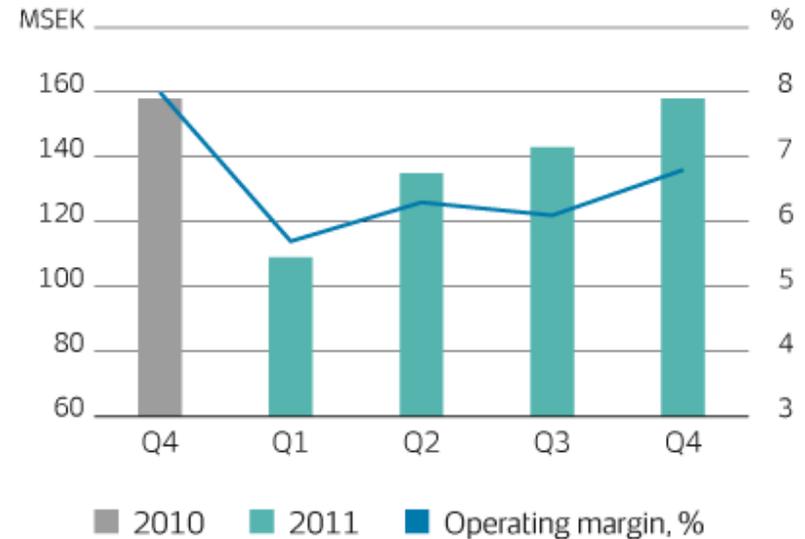
- Organic sales growth 11% (1)
- All countries had positive organic sales growth except Portugal
- In Argentina, the organic sales growth is largely due to inflation, while e.g. Uruguay and Peru derives more from volume increase in the contract portfolio
- Effective in the first quarter 2012, contracts with poor profitability worth app. MSEK 450 will be terminated in Spain



# Security Services Ibero-America – Income Development FY



- Operating margin 6.2% (6.6)
- The decline is primarily due to the development in Spain and Portugal, where market conditions remain difficult
- Also, the operating margin was negatively impacted by restructuring costs in Portugal and Spain



***The real change improvement was 10% in 2011***



# Cash flow

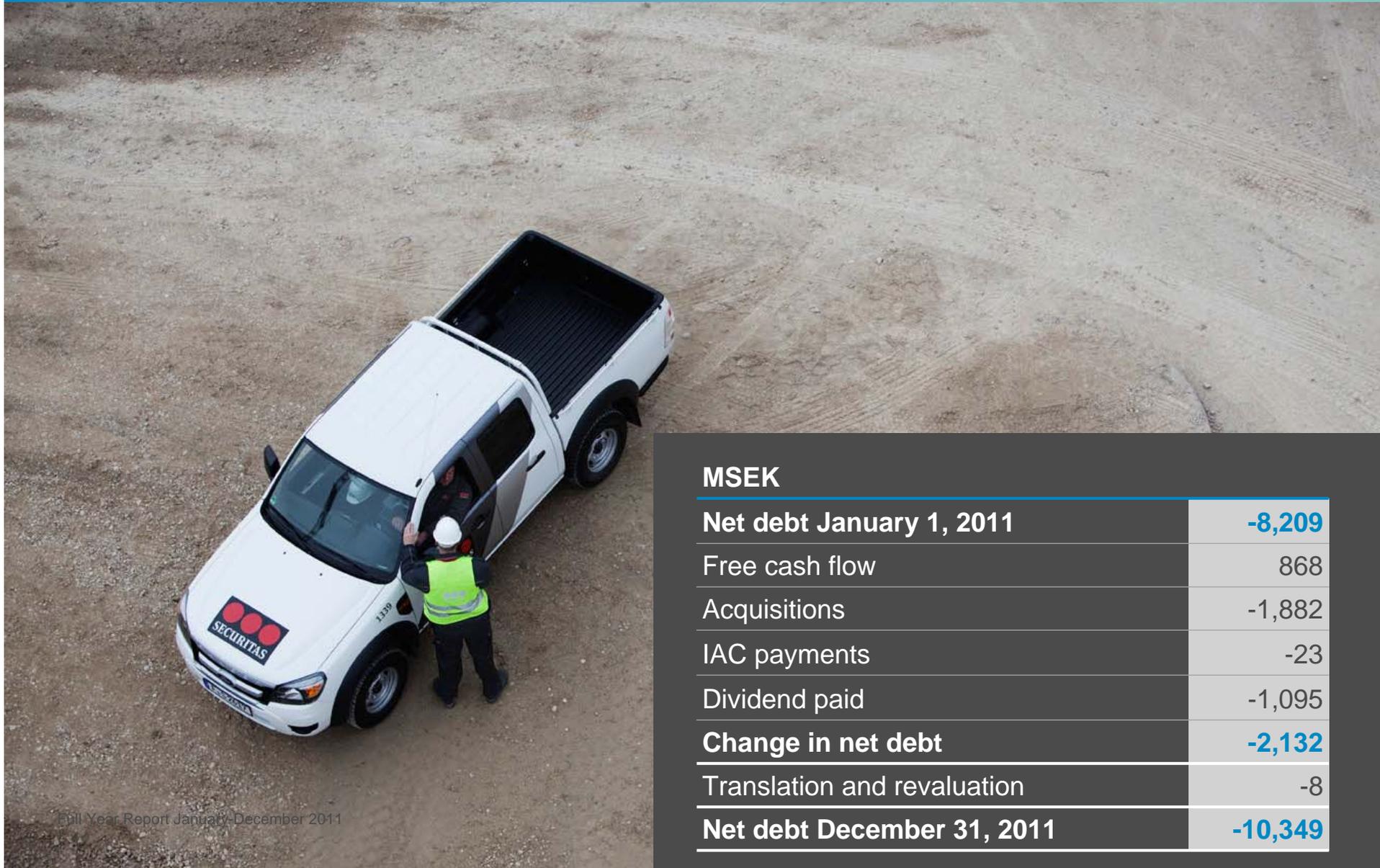


MSEK	Q4 2011	Q4 2010	FY 2011	FY 2010
<b>Operating income before amortization</b>	<b>978</b>	<b>1,056</b>	<b>3,385</b>	<b>3,724</b>
Investments in non-current tangible and intangible assets	-321	-289	-1,010	-902
Reversal of depreciation	233	224	902	901
Change in accounts receivable	73	234	-723	-769
Change in other operating capital employed	142	208	-447	313
<b>Cash flow from operating activities</b>	<b>1,105</b>	<b>1,433</b>	<b>2,107</b>	<b>3,267</b>
<i>Cash flow from operating activities, %</i>	<i>113</i>	<i>136</i>	<i>62</i>	<i>88</i>
Financial income and expenses paid	-59	-53	-475	-521
Current taxes paid	-218	-209	-764	-735
<b>Free cash flow</b>	<b>828</b>	<b>1,171</b>	<b>868</b>	<b>2,011</b>
<i>As % of adjusted income</i>	<i>130</i>	<i>152</i>	<i>39</i>	<i>81</i>
<i>Free cash flow to net debt</i>	<i>-</i>	<i>-</i>	<i>0.08</i>	<i>0.24</i>

Cash flow 2011 strained due to:

- High sales growth, organic and acquired
- Decrease in earnings in the business segments
- A slight increase of DSO's
- Higher net investments

# Net Debt Development



## MSEK

<b>Net debt January 1, 2011</b>	<b>-8,209</b>
Free cash flow	868
Acquisitions	-1,882
IAC payments	-23
Dividend paid	-1,095
<b>Change in net debt</b>	<b>-2,132</b>
Translation and revaluation	-8
<b>Net debt December 31, 2011</b>	<b>-10,349</b>

# How to improve EPS 10% in average annually?



Organic sales growth



Acquisitions



Improving the operating margin



# Solution – One partner to manage and deliver a complete Security Program



**Physical**  
Security Solutions  
Specialization  
Segmentation



Customizing a solution that meets client's needs

**Technology Solutions**  
Concept  
Installation  
Monitoring  
Maintenance

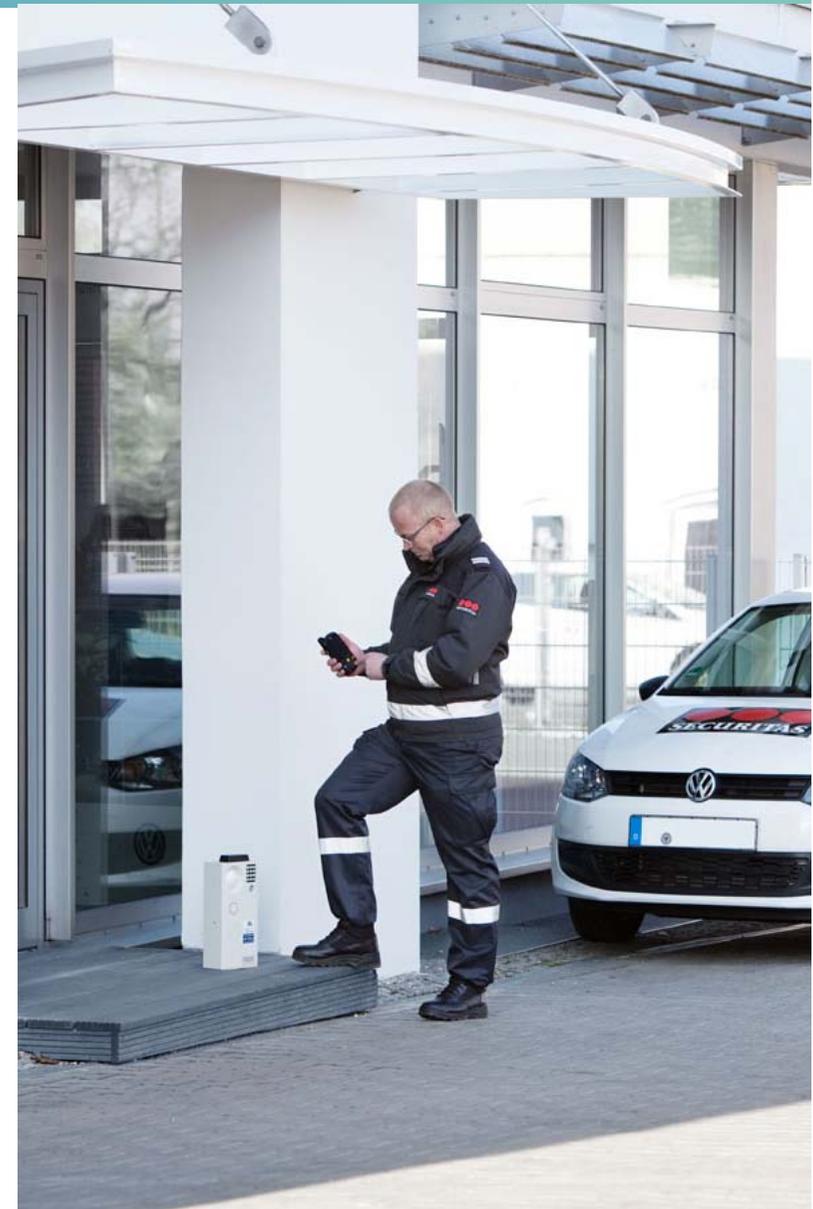


**Consulting & Investigation**  
Solutions  
Risk management

# Summary FY 2011

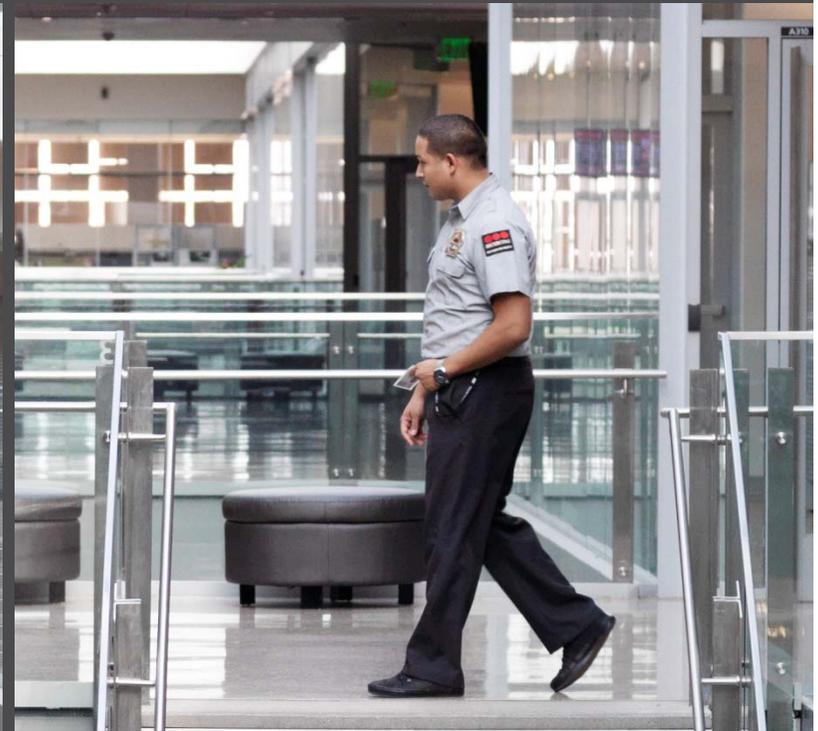


- Organic sales growth 3% (1)
- Real sales growth including acquisitions 11%
- Operating margin 5.3% (6.1), negatively affected by the margin development primarily in Security Services Europe
- Organic and acquired growth of system integration and technology resources - first acquisition in Turkey in September
- After a difficult 2011, we sense optimism entering 2012 through the actions taken in 2011 to grow, optimize and develop the business





# Questions and Answers





Integrity | Vigilance | Helpfulness

[securitas.com](https://www.securitas.com)