

February 8, 1999

Securitas AB

Year-End Report January – December 1998

*Sales increased by 27 percent to MSEK 13,710 (10,763),
of which 9 percent is organic growth*

Income before taxes increased by 25 percent to MSEK 766 (614)

Free cash flow increased by 29 percent to MSEK 583 (451)

*Earnings per share after standard taxes increased by
21 percent to SEK 1.82 (1.50)*

The Board of Directors proposes a dividend for 1998 of 0.85 SEK (0.69)

Securitas AB

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Financial Report January-December 1998

Sales and result

Consolidated sales amounted to MSEK 13,710 (10,763). This is an increase by 27 percent; in local currencies the corresponding increase is 26 percent over the year before. The acquisitions of Proteg in France, Raab Karcher and Deutsche Sicherheit in Germany, TeleLarm in Sweden, and Segurcat in Spain have increased sales by MSEK 1,835 which is an increase by 17 percent. Organic growth was 9 percent for the year, which is an increase by 2 percentage points over the year before.

Operating income before amortization of goodwill amounted to MSEK 1,003 (778), which is an increase by 29 percent. This increase corresponds to 28 percent in local currencies. The operating margin was 7.3 percent (7.2). Adjusted for the acquisitions of Proteg and Raab Karcher, the operating margin amounted to 7.7 percent.

Income before taxes amounted to MSEK 766 (614). This is an increase by 25 percent compared to the similar period last year. In local currencies, the increase is 24 percent.

Development in the countries of operation

Operations in Sweden, Norway, Denmark, and Finland record continued good volume and earnings growth, especially in Cash In Transit and Guard Services operations. Integration of TeleLarm, acquired during 1997, is now complete. A new unit, Securitas Larm, has been formed.

In Germany, the positive volume and earnings performance in Guard Services continues. Integration of Deutsche Sicherheits AG and Raab Karcher Sicherheit GmbH, acquired during 1998, is progressing according to plan. These acquisitions, consolidated in the Group since July 1 and October 1, respectively, have increased consolidated sales by MSEK 621. Volumes have stabilized in Cash In Transit Services operations after termination of certain unprofitable contracts. Continued improvement in results is expected.

In France, the merger of Proteg and Protectas continues according to plan. Proteg is consolidated in the Group since October 1, 1998 and has increased consolidated sales by MSEK 928.

Operations in Great Britain posted good volume and earnings growth.

In Spain, the positive volume and earnings performance continues in Guard Services and Alarm Systems operations. The Cash In Transit Services business was subject to restructuring and volumes are now stable.

Portugal maintains its position as Securitas' most profitable country.

The Securitas Direct division posted continued good volume and earnings performance, and the number of units installed during 1998 was 27,000, an increase of 44 percent compared to the corresponding

period one year ago. The total installed base is now about 100,000. Sales grew by 36 percent.

Cash flow

Adjusted operating income amounted to MSEK 754 (615). The cash flow effect of changes in working capital amounted to MSEK -42 (-57).

Investments in operating assets amounted to MSEK 699 (557), primarily consisting of investments in vehicles, the Direct Division, and in so-called combination agreements, where the customer rents security technology from Securitas.

Free cash flow amounted to MSEK 583 (451), which is equivalent to 77 (73) percent of adjusted operating income and is an increase of 29 percent.

Capital employed, net indebtedness and shareholders' equity

The Group's operating capital employed amounted to MSEK 2,948 (2,182), which is equivalent to 16.7 percent of sales, adjusted for full-year sales of acquired entities. The increase is primarily explained by the acquisition of Proteg and Raab Karcher.

Conversion of convertible subordinated debentures has affected the Group's net indebtedness positively by MSEK 22, raising shareholders' equity by an equivalent amount. Dividends were paid in May to the shareholders in an amount of MSEK 201 (174).

Acquisitions during the year have affected the Group's net liabilities negatively by MSEK 1,123. The Group's net liabilities amounted to MSEK 2,419 (1,532).

New stock was issued in connection with the acquisitions of Proteg and Raab Karcher in an amount of MSEK 2,541. Shareholders' equity stood at MSEK 5,351 (2,365). The net debt equity ratio was 0.45 (0.65).

Acquisitions

France

In January 1998, Securitas in France acquired the Kessler Group, consisting of Kessler Sécurité and Télésécur, with its primary business focus in Eastern France. Sales for 1997 amounted to about MSEK 120. This acquisition is consolidated in the Securitas Group from January 1, 1998.

In June, an agreement was concluded with Finecco SA and the other shareholders in Proteg SA for acquisition of 100 percent of the shares outstanding in Proteg, which is the market-leading security company in France, with annual sales of MSEK 3,800. A limited proportion of this business is conducted outside France, where operations in Spain are the largest with sales of MSEK 160. The total number of employees is about 15,000.

The acquisition was completed in October and was paid for in part by newly issued stock to Proteg's shareholders, with 16,989,644 Class B shares in Securitas AB, each share with a nominal value of SEK 1.00, at a price of SEK 77.50 per share, in part by payment of MSEK 1,071 in cash to Proteg's shareholders. The Board of Directors of Securitas AB made the decision to issue stock in accordance with an authorization granted to the Board by an Extra General Meeting in Securitas AB held September 8, 1998. Payment for the newly issued shares was made in kind in the form of shares in Proteg SA. The dilutive effect of new shares added, after full conversion of outstanding subordinated convertible debentures, was 5 percent.

Goodwill arising in connection with the acquisition of Proteg amounts to MSEK 1,835, to be amortized over 20 years. Financing of the cash portion, not including proceeds of the sale of the fire alarm companies, is estimated to cause an annual interest cost of MSEK 12.

MSEK 142 was set aside in connection with the acquisition as a restructuring reserve. Remaining reserve amounts to MSEK 125. The integration of the acquisition proceeds according to plan.

The acquisition is consolidated in the Securitas Group from October

Sales by country

Country	1998 MSEK	Share of total	1998 M(local)	1997 M(local)	Change in % organic	Change in % total
Sweden	2,940	21	2,940	2,650	5	11
Norway	1,197	9	1,134	981	15	16
Denmark	290	2	243	192	27	27
Finland	718	5	480	429	12	12
Germany	2,307	17	502	382	0	31
France	2,064	15	1,488	721	7	106
UK	1,017	7	77	69	12	12
Spain	1,437	11	26,852	23,978	8	12
Switzerland	280	2	51	49	4	5
Austria	182	1	278	189	12	47
Portugal	786	6	17,734	16,354	8	8
Hungary	91	1	2,432	2,049	18	19
Poland	67	0	30	18	65	65
Estonia	20	0	34	14	112	150
Czech Republic	14	0	51	-	-	-
SecuritasDirect	423	3	423	312	36	36

1, 1998. The French competition authority has reserved the right to examine Protectas' and Proteg's market shares of the French security market until February 19, 1999.

Germany

In June, Deutsche Sicherheits AG, with sales of MSEK 290 and about 800 employees, was acquired. The company has specialized on the guarding of nuclear power plants, chemical factories, and other objects with high security requirements with good profitability. The price paid was MSEK 182 and the Group's goodwill increased by MSEK 182. Consolidated income during 1998 was positively affected by the acquisition.

In June, an agreement was reached with Raab Karcher/VEBA Immobilien Management to acquire 100 percent of the shares outstanding in Raab Karcher Sicherheit GmbH (Raab Karcher), which is market-leading guard services company in Germany, and a significant supplier to German industry, with sales of about MSEK 2,000, of which about MSEK 180 is attributable to operations in Austria, Hungary, and the Czech Republic. The alarm systems business in Raab Karcher was not part of the transaction. The number of employees is about 8,000. The price paid was MSEK 1,224, and goodwill arises as a result of the acquisition in an amount of MSEK 898 to be amortized over 20 years. In connection with the acquisition, a restructuring reserve of MSEK 60 was set aside. Remaining reserve amounts to MSEK 29. The integration proceeds according to plan. The German competition authority has approved the acquisition.

The acquisition was completed in October and was paid for in cash. In connection with the acquisition, 14,356,056 Class B shares in Securitas AB were issued to Raab Karcher/VEBA Immobilien Management, each share with a nominal value of SEK 1.00, at a price of SEK 85.25 per share, for a total of MSEK 1,224. Payment was made in cash. The dilutive effect of new shares added, after full conversion of outstanding subordinated convertible debentures, was 4.3 percent. This acquisition is consolidated in the Securitas Group from October 1, 1998.

Spain

Securitas in Spain acquired the Catalonian bank's, Caixa Cataluna, own security company, Segurcat SA, with annual sales of about MSEK 45. The price paid was MSEK 51, and goodwill increases by MSEK 42. The acquisition made a positive contribution to the Group's result during 1998. After this acquisition, Securitas is the largest security company in Catalonia. This acquisition is consolidated in the Securitas Group from April 1, 1998.

Other issues

To maintain and improve the focus on core business the following disposals have been done.

At an extra General Meeting in Securitas held December 17, 1998 it was unanimously decided to sell TeleLarm Care AB (Care) to Securitas' shareholders. The price for all shares outstanding in Care was MSEK 320, or SEK 98.50 per share.

The subscription period for the offer expired January 22, 1999 and Securitas' principal owners, SäkI and Melker Schörling together

subscribed for 74.6 percent of the capital and 82.8 percent of the votes in Care. The two principal owners share ownership equally. Payment will be received February 9, 1999. The total number of shareholders is 2,630.

In December, an agreement was reached with Williams PLC for the sale of fire alarm companies Proteg Incendie and Proteg Extincteurs. These businesses have sales of about MSEK 600. The price paid was MSEK 715, and possession will be taken in February 1999.

These divestments resulted in capital gains of MSEK 147 and MSEK 92 respectively. Together with provision for future long-term share price performance related bonus and pension commitments to management amounting to MSEK -237, these items had a net positive impact on Securitas' operating income of MSEK 2.

In January 1999, an agreement was concluded to sell Network Management Tcpip AB, with a total turnover of about MSEK 30, to Investment AB Bure.

In connection with an internal reorganization in Securitas' legal Group structure during 1996, a tax deduction item arose, which has reduced Securitas' tax burden with about MSEK 96 divided on two years. The taxation authorities in Stockholm have decided not to accept this tax deduction item. The deduction has been made in accordance with directions and advance notification from the National Tax Board. Thus Securitas considers the deduction correct and will, consequently, appeal against the resolution of the taxation authorities.

Bonus issue and split

An extra General Meeting held September 8, 1998 decided to increase the Company's share capital, amounting to SEK 146,871,922, to SEK 293,743,844 by a transfer of MSEK 146,871,922 from the Company's legal reserve to its share capital. The issue was consummated by writing up the nominal value of the shares from SEK 2.00 to SEK 4.00 per share.

The extra General Meeting also decided to reduce the nominal value of the shares from SEK 4.00 to SEK 1.00 through a split 4:1.

The number of shares outstanding amounts to 325,121,812. Computed after full conversion, the number of shares amounts to 337,122,312.

Proposed dividend and Annual General Meeting

The Board of Directors of Securitas AB proposes a dividend per share of SEK 0.85 for 1998 (0.69). The Annual General Meeting will be held at 4:30 p.m., April 15, 1999 at Essinge Konferenscenter Lärarnas Hus, Stockholm.

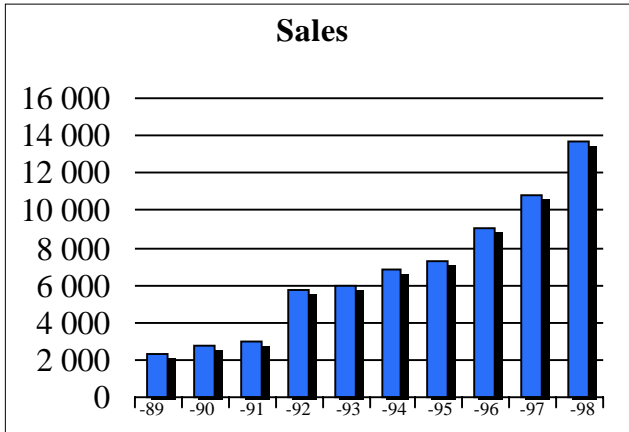
Development 1999

Continued organic growth and positive earnings performance is expected. The rate of earnings performance is therefore judged to be in line with the previous long-term trend of an increase in earnings per share of about a 20 percent.

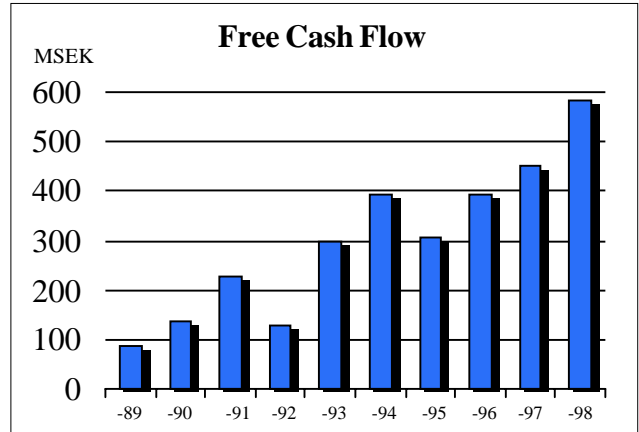
STOCKHOLM, FEBRUARY 8, 1999

Thomas Berglund
President and Chief Executive Officer

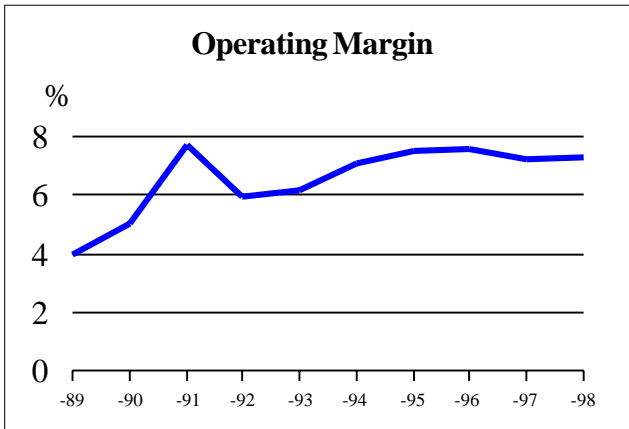
For further information please contact Mr. Thomas Berglund, President and Chief Executive Officer, Mr. Håkan Winberg, Executive Vice President and Chief Financial Officer or Mrs. Camilla Weiner, Manager Investor Relations telephone +46 8 657 74 00.



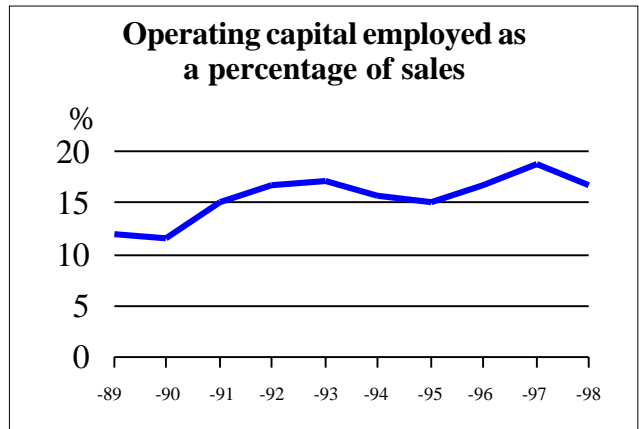
Sales have grown by an average of 22 percent per year over the last ten-year period.



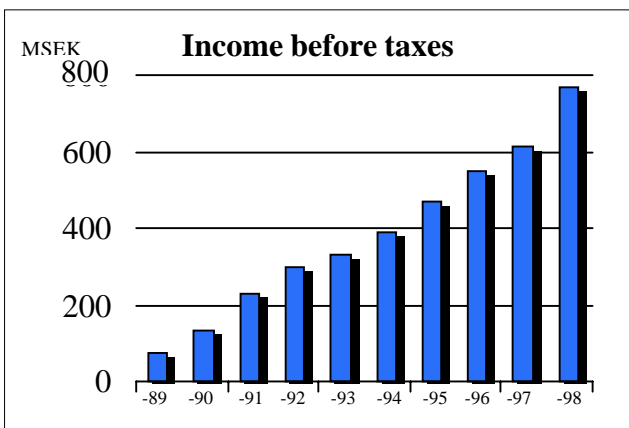
The free cash flow increased by 29 percent in 1998.



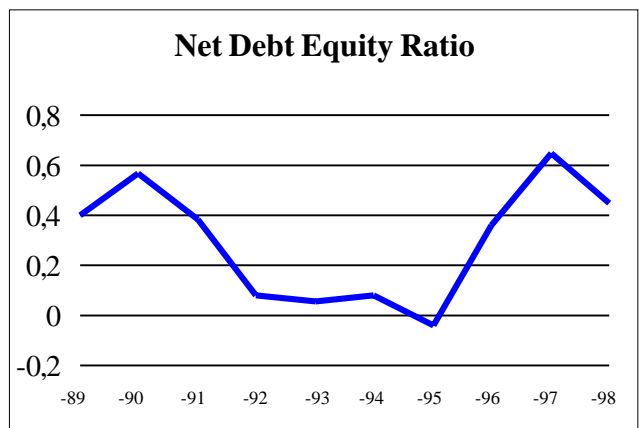
Refinement and improved efficiency have gradually raised the operating margin to 7.3 percent.



The operating capital employed amounted to 16.7 percent of sales, adjusted for full year's sales of acquired entities. The decrease from 1997 is mainly explained by increased share of Guard Services operation with lower capital requirements.



Income before taxes has over the last ten-year period increased by an average of 30 percent per year.



The net debt equity ratio amounted to 0.45.

Income

MSEK	1998	1997	1996	1995	1994
Sales, continuing operations	11,875.4	9,760.3	7,290.1	7,309.1	6,022.9
Sales, acquired businesses	1,834.7	1,002.6	1,784.2	–	820.9
Total sales	13,710.1	10,762.9	9,074.3	7,309.1	6,843.8
Production expenses	-10,981.5	-8,665.5	-7,252.9	-5,828.0	-5,443.6
Gross income	2,728.6	2,097.4	1,821.4	1,481.1	1,400.2
Administration expenses	-1,725.8	-1,319.6	-1,133.5	-932.4	-917.7
Operating income before amortization of goodwill	1,002.8	777.8	687.9	548.7	482.5
<i>Operating margin, %</i>	7.3	7.2	7.6	7.5	7.0
Amortization of goodwill	-171.4	-115.5	-99.4	-65.9	-63.9
Operating income after amortization of goodwill	831.4	662.3	588.5	482.8	418.6
Net financial items	-65.3	-48.2	-38.7	-11.0	-26.6
Income before taxes	766.1	614.1	549.8	471.8	392.0
<i>Net margin, %</i>	5.6	5.7	6.1	6.5	5.7
Taxes paid	-183.7	-114.4	-127.7	-104.6	-98.9
Deferred taxes	-60.4	-54.7	-39.8	-19.8	-50.2
Minority interests	-0.5	0.9	-0.2	-0.4	-0.2
Income for the period	521.5	445.9	382.1	347.0	242.7

Cash Flow

MSEK	1998	1997	1996	1995	1994
Operating income before amortization of goodwill	1,002.8	777.8	687.9	548.7	482.5
Net financial items	-65.3	-48.2	-38.7	-11.0	-26.6
Taxes paid	-183.7	-114.4	-127.7	-104.6	-98.9
Adjusted operating income	753.8	615.2	521.5	433.1	357.0
Change in working capital	-41.7	-57.3	-8.5	-75.6	67.9
Capital expenditures	-699.0	-557.4	-475.6	-339.1	-292.7
Depreciation	569.6	450.5	354.0	289.8	262.2
Free cash flow	582.7	451.0	391.4	308.2	394.4

Balance

MSEK	dec 1998	dec 1997	dec 1996	dec 1995	dec 1994
Operating capital employed	2,948.5	2,182.1	1,590.7	1,103.2	1,068.7
<i>Return on operating capital employed, %</i>	34.0	35.6	43.2	49.7	45.1
<i>Operating capital employed as a % of sales¹⁾</i>	16.7	18.8	16.7	15.1	15.6
Shares in associated companies	261.0	258.4	–	–	–
Goodwill	4,564.0	1,457.4	1,180.7	590.5	649.5
Net debt	-2,418.6	-1,532.5	-738.6	75.0	-122.6
Minority interests	3.9	0.3	0.2	0.9	5.9
Shareholders' equity	5,351.0	2,365.1	2,032.6	1,767.8	1,589.7
<i>Equity ratio, %</i>	34.6	29.9	31.6	35.3	35.1

Data per Share

SEK	1998	1997 ³⁾	1996 ³⁾	1995 ³⁾	1994 ³⁾
Stock price, end of period	126.00	60.00	49.60	26.25	16.75
Earnings after paid taxes ²⁾	1.92	1.70	1.45	1.27	1.02
Earnings after 28% standard taxes ²⁾	1.82	1.50	1.37	1.18	0.98
Earnings after full taxes ²⁾	1.73	1.51	1.32	1.21	0.85
Dividend	0.85	0.69	0.60	0.50	0.42
P/E-ratio ²⁾	73	40	38	22	20
Number of shares ²⁾	337,122,312 ⁴⁾	296,971,584	296,971,584	296,971,584	296,971,584
Number of shares outstanding	325,121,812	292,825,260	290,790,956	289,397,400	289,397,400

1) Adjusted for full year's sales of acquired entities

2) After full conversion

3) Adjusted for split 4:1

4) Average number of shares 313,605,270