Securitas AB

Year-End Report
January-December 1999

Sales increased by 87 percent to MSEK 25,646 (13,710), of which 9 percent is organic growth

Income before taxes increased by 46 percent to MSEK 1,116 (766)

Earnings per share after standard taxes increased by 27 percent to SEK 2.32 (1.82)

The Board of Directors proposes a dividend for 1999 of SEK 1.00 (0.85)

Year-End Report January-December 1999

Sales and income

Consolidated sales amounted to MSEK 25,646 (13,710), an increase of 87 percent. The corresponding increase in local currencies is 89 percent compared to the year before. Organic growth, excluding the acquisitions of Pinkerton, Seguridad 7, Securis and Sonasa was 9 percent (9) for the year. Acquisitions increased sales by MSEK 10,964, or 80 percent.

Operating income before amortization of goodwill amounted to MSEK 1,630 (1,003), which is an increase of 63 percent. This increase corresponds to 64 percent expressed in local currencies. The operating margin was 6.4 percent (7.3). The decrease compared to 1998 is explained mainly by the acquisitions of Proteg, Raab Karcher and Pinkerton, all of which had a lower operating margin at the time of acquisition than existing businesses in Securitas. Since the acquisitions, the operating margin has shown a positive development according to plan, both in the underlying business and in acquired entities. For the fourth quarter, the operating margin reached 7.2 percent.

Income before taxes amounted to MSEK 1,116 (766). This is an increase of 46 percent compared to the same period last year. Expressed in local currencies, the increase is 48 percent.

Earnings per share after 28 percent standard taxes amounted to SEK 2.32 (1.82), an increase of 27 percent.

Development in the Group's business areas

In *Guard Services*, the refinement and specialization of services offered continues. Organic growth was 5 percent (10). The lower rate of growth compared to the previous year results mainly from a temporarily lower rate of growth in Germany and France, after the acquisitions of Proteg and Raab Karcher.

Business area *Alarm Systems* grew organically by 16 percent (2) with good profitability. There is now a stable and profitable platform in the Nordic countries, which posted good growth and profitability during the year.

Within Securitas Direct, both volumes and profit continued to show a very positive development. The number of new units installed during the year was 38,000 (27,000), an increase of 39 percent compared to the year before. The total installed base is now 134,000 units (99,000). Sales grew organically by 32 percent (36).

In addition to Securitas Direct, business area Alarm Systems in Securitas had 198,000 alarm installations (176,000), with growth of 13 percent. 74,000 (61,000) of these are alarm connections for small businesses, with growth of 22 percent.

Continued outsourcing in the banking and retailing sectors as well as stable operations in Germany and Spain, has meant good growth for *Cash-in-Transit Services*, which grew by 12 percent (5) organically with improved profitability.

All business areas improved operating income before amortization of goodwill compared to the year before.

Development in the Group's countries of operation

The *Nordic countries* show good organic growth in all business areas. In *Germany* and *France*, restructuring work following the acquisitions of Raab Karcher and Proteg has been finalized. In *France*, the statutory shortening of the working week to 35 hours has been fully compensated for through higher prices to customers. Organic growth is expected to improve gradually in France and Germany. In *Great Britain*, the good volume and earnings performance continues.

In *Spain*, Guard Services and Alarm Systems operations continued their very good and profitable growth. Volumes are also increasing in the Spanish Cash-in-Transit Services business. *Portugal* shows good growth, particularly in Cash-in-Transit Services, and continues to be the Group's most profitable unit.

Cash flow

Adjusted income, defined as operating income before amortization of goodwill adjusted for net financial items and taxes paid, amounted to MSEK 1,185 (754). The cash flow effect of changes in working capital amounted to MSEK –93 (–42). The working capital tied up in France increased by MSEK 101, mainly through an increase in accounts receivable.

Investments in operating assets amounted to MSEK 1,044 (699). The increase is explained by organic growth and acquisitions.

Free cash flow amounted to MSEK 802 (583), which is equivalent to 68 (77) percent of adjusted income.

Capital employed, net debt, and shareholders' equity

The Group's average operating capital employed amounted to MSEK 3,394 (2,565) which is equivalent to 12 percent (15) of sales, adjusted for full-year sales of acquired entities. The decrease is primarily explained by the acquisitions made during the year which have a large share of guarding services business with lower capital requirements.

The Group's net debt amounted to MSEK 2,053 (2,419).

Proceeds received in connection with the sale last year of the fire alarm business in France and TeleLarm Care amount to MSEK 1,044. The year's acquisitions have affected net debt negatively by MSEK 4,439. Goodwill in connection with these acquisitions amounted to MSEK 3,327.

The new share issue during the year had a positive effect on net debt of MSEK 3,364. Conversion of subordinated convertible debentures had a positive effect on the Group's net debt of MSEK 73 whilst shareholders' equity increased by an equivalent amount.

When converting net foreign debt to Swedish kronor, the strengthening of the Swedish krona during the period had a positive effect of MSEK 105 on the Group's net debt.

Shareholders' equity amounted to MSEK 8,965 (5,351).

The total number of shares outstanding after issuance of new shares and full conversion was 365,123,348. The average number of shares outstanding during the period after full conversion was 355,790,015. The year's interest expense for the outstanding subordinated convertible debenture loan amounted to MSEK 29 (28). Dividends were paid in May to the shareholders totaling MSEK 277 (201).

The net debt equity ratio was 0.23 (0.45).

Business Area Overview

	Guarding [1]		Alarm		Direct		Cash In Transit		Total	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Sales, MSEK	18,515	8,558	3,460	2,092	544	423	3,127	2,638	25,646	13,710
Organic growth, %	*5*	*10*	*16*	*2*	*32*	*36*	*12*	*5*	*9*	*9*
Operating income before amortization of goodwill, *MSEK*	1,029	630	339	194	68	59	194	120	1,630	1,003
Operating margin, %	*6*	*7*	*10*	*9*	*13*	*14*	*6*	*5*	*6*	***7***
Operating capital employed as % of sales [2]	*7*	*12*	*21*	*19*	*23*	*25*	*41*	*50*	*12*	*15*

1) Including Consulting & Investigations
2) Adjusted for full-year sales of acquired entities

Acquisitions

USA

On 31 March, 1999 Securitas acquired *Pinkerton's, Inc*., which is the second largest guard services company in the United States, with annual sales of MSEK 9,200 and 48,000 employees. Pinkerton, which was listed on the New York Stock Exchange, was acquired through a cash tender offer of USD 29 per share,corresponding to a total price of MSEK 3,201. The Group's goodwill increased by MSEK 2,954. Goodwill arising from the acquisition will be amortized over 20 years. Pinkerton is consolidated in the Securitas Group as of 1 April, 1999 and made a positive contribution to the Group's income for 1999.

The management structure has been altered so that the country managers for the United States, Canada and Mexico, and Consulting & Investigations, now report directly to Group Management. The European business in Pinkerton has been integrated with that of Securitas. A decentralization process has also been implemented, whereby Pinkerton's head office functions have been allocated to each respective country and business area. This has resulted in significant cost savings.

The American Guard Services operations posted growth during 1999 of about 3 percent and operating margin improved, in part due to the lower head office costs. The American Alarm Systems operation reached break-even during the third quarter and now shows positive operating income. The British Guard Services business reached break-even during the fourth quarter of 1999.

On 6 December, 1999 an agreement was reached regarding the acquisition on 2 January, 2000, of *American Protective Services, Inc. (APS)* and *First Security Corporation (First Security)*, with combined annual sales of about MSEK 4,430 and 22,500 employees. The purchase price, which was paid on 2 January was MSEK 1,693 and the Group's goodwill will increase by MSEK 1,419. Goodwill arising from the acquisition will be amortized over 20 years. APS and First Security are consolidated in the Securitas Group from 1 January, 2000 and will make a positive contribution to the Group's income during 2000.

These acquisitions should be seen as an element of Securitas' strategy of growing locally in the United States. The acquisitions of APS, with its primary business on the West Coast, and First Security with operations in the North Eastern United States, contribute to Securitas becoming market leader in the Western United States, with a market share of 14 percent, as well as in the North Eastern United States, with a market share of 19 percent. Overall, Securitas' market share, as the leading Guard Services Company in the United States is 10 percent of the US guarding services market and 4 percent of the total security market in the US.

Spain

In September 1999, with effect from 1 July, Securitas acquired the Spanish guard services company *Seguridad 7*. Sales on an annual basis are estimated to be MSEK 170 and the number of employees is 1,000. The purchase price was MSEK 64 and gave rise to goodwill of MSEK 57 to be amortized over 10 years. The acquisition made a positive contribution to the Group's income for 1999.

On January 20, 2000 Securitas concluded an agreement to acquire *Ausysegur*, with annual sales of about MSEK 530. The acquisition will be accomplished in three steps whereby Securitas will firstly acquire 75 percent of the shares from LICO Corporation SA, a financial services company owned by 46 savings banks in Spain. The total purchase price is estimated to be MSEK 335. The synergies and long-term effects of this acquisition will strengthen Securitas' Cash-in-Transit business in Spain significantly and make it possible to achieve good profitability. The acquisition is subject to approval by the competition authorities and will be consolidated in Securitas from the date of approval. Such approval is expected to be received earliest in March and latest in July, 2000. The acquisition is expected to make a positive contribution to the Group's income from 2001.

Portugal

In November, effective as of 1 December, 1999, Securitas acquired the Portuguese company *Sonasa Madeira S.A. (Sonasa)*. Sonasa conducts business on Madeira and the Azores. The company has about 500 employees and annual sales of MSEK 59, with Guard Services accounting for most of this volume. The purchase price amounts to MSEK 25 and gave rise to goodwill of MSEK 24 to be amortized over 5 years. The acquisition is expected to make a positive contribution to the Group's income from 2000.

Belgium

In October, the Belgian *Securis Group (Securis)* was acquired. Securis is Belgium's second largest security company, with annual sales totaling MSEK 780 and with 2,600 employees. The purchase price was MSEK 270 and gave rise to goodwill of MSEK 230, to be amortized over 20 years. Securis is consolidated in the Securitas Group from 1 October, 1999. The acquisition has not had any significant effect on 1999 income, but is expected to make a positive contribution to consolidated income from 2000.

New issue

On 21 April, 1999 the Board of Directors decided to issue 24,347,826 Class B shares pursuant to a resolution of the General Meeting of Shareholders held 15 April, 1999. The Board of Directors also approved an option to a syndicate of banks led by Deutsche Bank to subscribe for an additional 3,652,174 new Class B shares. This option was exercised on 12 May, 1999. A total of 28,000,000 new Class B shares were issued.

The price of the new shares was SEK 124 per share and a total of MSEK 3,364 was raised. The issue was placed with institutional investors in Sweden, the rest of Europe and the United States, broadening the ownership base, whilst securing the capital base for the Group's future expansion.

Groups sales by country and division

Country	1999 MSEK	Share of total	1999 M(local)	1998 M(local)	Change in % organic	Change in % total
Sweden	3,080	12	3,080	2,940	8	5
Norway	1,324	5	1,250	1,134	10	10
Denmark	359	2	304	243	18	34
Finland	860	3	583	480	13	21
Germany	3,915	15	872	502	3	74
France	4,345	17	3,246	1,488	0	118
UK	1,450	6	108	77	10	41
Spain	1,726	7	32,738	26,852	10	22
Switzerland	350	1	64	51	19	26
Austria	277	1	434	278	5	56
Portugal	885	4	20,220	17,734	14	14
Belgium[1)]	196	1	924	-	-	-
Hungary	99	<1	2,867	2,432	13	18
Poland	102	<1	49	30	55	67
Estonia	50	<1	90	34	156	162
Czech Republic	55	<1	229	51	39	346
USA[2)]	5,167	20	617	-	-	-
Canada[2)]	407	2	72	-	-	-
Mexico[2)]	110	<1	125	-	-	-
Securitas Direct	544	2	544	423	32	29
Consulting & Investigations[2)]	418	2	50	-	-	-
Elimination	-73	-	-73	-123	-	-
Total (MSEK)	**25,646**	**100**	**25,646**	**13,710**	**9**	**87**

1) Included as from 1 October, 1999
2) Included as from 1 April, 1999

Other matters

During 1999, Securitas' Board of Directors and Group Management decided to terminate the long-term bonus program for executive management in such a way that the amount accrued as of 16 June, 1999, corresponding to MSEK 251, of which MSEK 22 was charged to 1999 operating income, has been invested in an insurance policy owned by Securitas. The value of the insurance policy follows the market performance of the Securitas share until 2002. Subject to the individuals in the executive management still being in the employment of Securitas on 31 December, 2002, the insurance will be transferred to them. The agreement means that Securitas will not be burdened by additional costs for the long-term bonus program and that the desired continuity of management is maintained, the latter being an important consideration when the program was established.

On 8 December Securitas signed a new syndicated loan facility totaling EUR 900 million. The facility is a so-called Multi-Currency Revolving Credit Facility and is divided into two tranches; a 364-day tranche of EUR 300 million with an option for Securitas to extend, and a five-year tranche of EUR 600 million. The credit facility was arranged by Citibank N.A., Deutsche Bank AG and SEB Debt Capital Markets. The facility replaces the syndicated loan facility of DEM 800 million, which was negotiated in December 1997.

The larger amount of the facility reflects Securitas' strong growth since 1997 and existing plans for continued international expansion.

On 16 December Securitas sold all its shares in Multicom Security AB, equivalent to 45 percent of the capital and voting stock, to Telia. The purchase price was MSEK 305.

Proposed dividend and Annual General Meeting

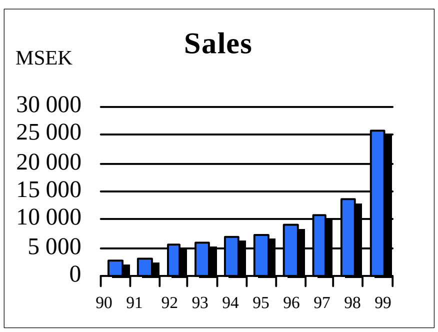
The Board of Directors of Securitas AB proposes a dividend of SEK 1.00 for 1999 (0.85) per share. The Annual General Meeting will be held at the Grand Hotel in Stockholm on 2 May, 2000 at 5:30 p.m.

Development in 2000

We expect a minimum increase in earnings per share for the year 2000 of 25 percent, which is in line with the *five year vision* presented in conjunction with the new issue in April 1999.

STOCKHOLM, 8 FEBRUARY, 2000

Thomas Berglund
President and Chief Executive Officer



Sales have increased by an average of 28 percent per year over the past ten years.

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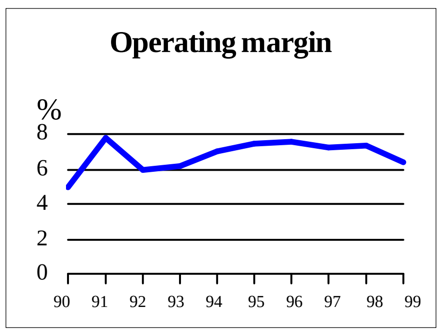
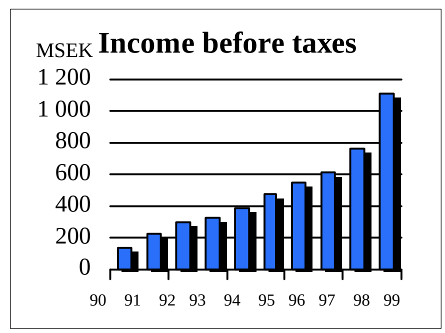
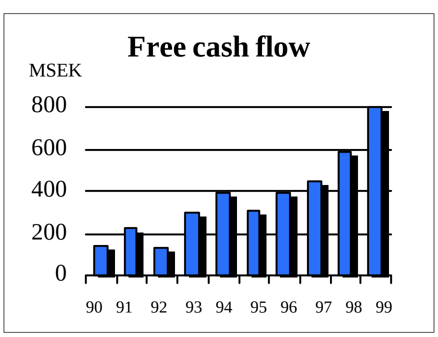


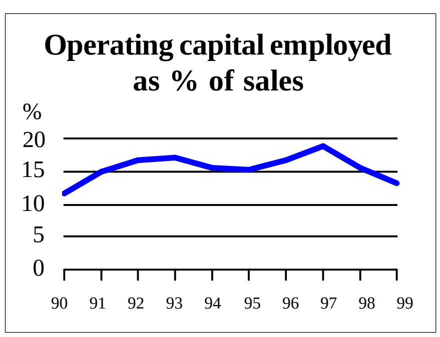
The decrease compared to 1998 is explained mainly by the acquisitions of Proteg, Raab Karcher and Pinkerton, all of which had a lower operating margin at the time of acquisition than existing businesses in Securitas.



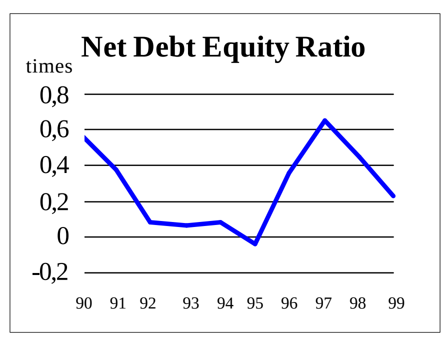
Income before taxes has increased by an average of 27 percent per year over the last ten years.



Free cash flow increased by 38 percent during 1999.



Operating capital employed was 12 percent of sales, adjusted for full-year sales of acquired entities. The decline compared to 1998 is explained primarily by a larger proportion of guard services business with lower capital requirements.



The net debt equity ratio was 0.23.

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

Sales, continuing operations	14,681.9	11,875.4	9,760.3	7,290.1	7,309.1
Sales, acquired businesses	10,964.4	1,834.7	1,002.6	1,784.2	-
Total Sales	**25,646.3**	**13,710.1**	**10,762.9**	**9,074.3**	**7,309.1**
Production expenses	-21,477.1	-10,981.5	-8,665.5	-7,252.9	-5,828.0
Gross income	**4,169.2**	**2,728.6**	**2,097.4**	**1,821.4**	**1,481.1**
Administration expenses	-2,538.7	-1,725.8	-1,319.6	-1,133.5	-932.4
Operating income before amortization of goodwill	**1,630.5**	**1,002.8**	**777.8**	**687.9**	**548.7**
Operating margin, %	*6.4*	*7.3*	*7.2*	*7.6*	*7.5*
Amortization of goodwill	-403.9	-171.4	-115.5	-99.4	-65.9
Operating income after amortization of goodwill	**1,226.6**	**831.4**	**662.3**	**588.5**	**482.8**
Net financial items	-110.8	-65.3	-48.2	-38.7	-11.0
Income before taxes	**1,115.8**	**766.1**	**614.1**	**549.8**	**471.8**
Net margin, %	*4.4*	*5.6*	*5.7*	*6.1*	*6.5*
Taxes paid	-334.5	-183.7	-114.4	-127.7	-104.6
Deferred taxes	18.0	-60.4	-54.7	-39.8	-19.8
Minority interests	-1.5	-0.5	0.9	-0.2	-0.4
Income for the period	**797.8**	**521.5**	**445.9**	**382.1**	**347.0**

Cash Flow

MSEK	1999	1998	1997	1996	1995
Operating income before amortization of goodwill	1,630.5	1,002.8	777.8	687.9	548.7
Capital expenditures	-1,044.3	-699.0	-557.4	-475.6	-339.1
Depreciation	754.3	569.6	450.5	354.0	289.8
Change in working capital	-93.4	-41.7	-57.3	-8.5	-75.6
Operating cash flow	**1,247.1**	**831.7**	**613.6**	**557.8**	**423.8**
Net financial items	-110.8	-65.3	-48.2	-38.7	-11.0
Taxes paid	-334.5	-183.7	-114.4	-127.7	-104.6
Free cash flow	**801.8**	**582.7**	**451.0**	**391.4**	**308.2**
Reversal of capital expenditures	1,044.3	699.0	557.4	475.6	339.1
Cash flow from operating activities	**1,846.1**	**1,281.7**	**1,008.4**	**867.0**	**647.3**
Cash flow from investing activities	-4,745.2	-4,411.9	-1,689.1	-1,590.3	-339.1
Cash flow from financing activities excl. change in interest-bearing debt	3,160.1	2,360.9	-128.1	-112.9	-120.6
Foreign exchange differences	105.0	-116.8	14.9	22.6	10.0
Change in net debt	**366.0**	**-886.1**	**-793,9**	**-813,6**	**197.6**
Change in interest-bearing debt	-515.4	1,138.6	808.6	921.9	-135.4
Change in liquid funds	**-149.4**	**252.5**	**14.7**	**108.3**	**62.2**

Balance

MSEK	Dec 1999	Dec 1998	Dec 1997	Dec 1996	Dec 1995
Operating capital employed	3,839.8	2,948.5	2,182.1	1,590.7	1,103.2
Return on operating capital employed, % [1]	*34.0*	*34.0*	*35.6*	*43.2*	*49.7*
Operating capital employed as % of sales	*12*	*15*	*16*	*14*	*15*
Shares in associated companies	0.9	261.0	258.4	-	-
Goodwill	7,178.4	4,564.0	1,457.4	1,180.7	590.5
Net debt	-2,052.6	-2,418.6	-1,532.5	-738.6	75.0
Minority interests	1.8	3.9	0.3	0.2	0.9
Shareholders' equity	8,964.7	5,351.0	2,365.1	2,032.6	1,767.8
Equity ratio, %	*43.2*	*34.6*	*29.9*	*31.6*	*35.3*

Data per Share

SEK	1999	1998 [3]	1997 [3]	1996 [3]	1995 [3]
Share price, end of period	154.00	126.00	60.00	49.60	26.25
Earnings after paid taxes [2]	2.25	1.92	1.70	1.45	1.27
Earnings after 28% standard taxes [2]	2.32	1.82	1.50	1.37	1.18
Earnings after full taxes [2]	2.30	1.73	1.51	1.32	1.21
Dividend	-	0.85	0.69	0.60	0.50
P/E-ratio [2]	67	73	40	38	22
Number of shares outstanding	356,318,317	325,121,812	292,825,260	290,790,956	289,397,400
Average number of shares	355,790,015	313,616,039	296,974,583	296,974,583	296,974,583
Number of shares [2]	365,123,348	337,125,314	296,974,583	296,974,583	296,974,583

1) Adjusted for full-year sales of acquired entities

2) After full conversion

3) Adjusted for split 4:1

Securitas – a World Leader in Security

Securitas is a world leader in security with operations in more than 30 countries
in Guard Services, Alarm Systems and Cash In Transit Services.
The number of employees is more than 140,000.

Financial information from Securitas

The Annual Report for 1999 will be published in April 2000.
The Annual General Meeting will be held on 2 May, 2000, at 5.30 pm., at the Grand Hotel in Stockholm
The Interim Report for January-March will be published 2 May, 2000.
The Interim Report for January-June will be published 3 August, 2000.
The Interim Report for January-September will be published 2 November, 2000.

SECURITAS

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