

Half year results

13th August 2014



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Ashley Almanza

Chief Executive Officer



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Agenda

- Results Highlights
- Business Review
- Strategy: progress update
- Financial Review
- Conclusion
- Q&A

H1 2014 underlying results

- Revenue growth +4.1%; Emerging Markets +12.1%
- PBITA £185m +6.3%
- Earnings +13.2%
- Operating cash flow:
 - After corporate items £212m -5.3%
 - Before corporate items £185m +25.0%
- Net debt; £1.68bn incl. £109m EM contract settlement
- New contract sales £1.2bn TCV

Good progress – much more to do

Business review

Africa

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2014	2014	2014	2013	% chge
	239	12.7%	22	18	+22.2%

- Good revenue and profit growth: PBITA +22.2%
- Accelerated Best Practise (ABP) rollout: **direct labour efficiency**, route planning & organisational efficiency
- Growing technology sales – cash and secure solutions
- Strengthening sales & operations capability in mining, oil & gas, risk services and security technology

Delivering profitable growth – building capability

Business review

Asia Middle East

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2014	2014	2014	2013	% chge
	651	+11.5%	48	39	+23.1%

- Good revenue and profit growth:
 - Revenue +11.5%, PBITA +23.1%
- Manus Island contract ended in April
- Middle East: Technology team up and running
- ABP rollout: **direct labour efficiency**, route planning & **organisational efficiency**

Delivering profitable growth – building capability

Business review

Latin America

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2014	2014	2014	2013	% chge
	325	12.8%	16	18	-11.1%

- Revenue +12.8%: growth across markets and sectors
- PBITA -11.1%: legislated pay increase in Brazil – expect to partially recover in H2
- Strengthened management capacity and capability
- Starting roll-out of ABP programme
- Investing in sales and BD to strengthen pipeline

Delivering profitable growth - building capability

Business review

Europe

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2014	2014	2014	2013	% chge
	715	-1.2%	40	41	-2.4%

- Revenue -1.2%; PBITA -2.4%:
 - Dutch prisons contract ended
- Consolidated regional HQ in Amsterdam under new leadership
- Improving performance management
- Accelerated restructuring of Netherlands, Belgium & Finland
- Investing in sales and BD to strengthen pipeline

Restructure and invest

Business review

North America

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2014	2014	2014	2013	% chge
	651	4.2%	33	26	+26.9%

- Revenue +4.2%; Commercial, C&I and C&J businesses
- Profits +26.9%:
 - Direct labour and overhead efficiency
- US Govt. Solutions sales process: subject to terms
- US shared services to integrate Canada in 2015
- Strong pipeline and signs of market recovery

Strong franchise, world's largest security market

Business review

UK & Ireland

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2014	2014	2014	2013	% chge
	790	-2.0%	54	52	+3.8%

- Revenue -2.0%: EM contract ended Q1
- PBITA +3.8%: net effect of investment and restructuring
- Cash solutions: improved performance, more to do
- UK shared services: phase 1 to go live end 2014
- Sales pipeline: positive momentum in Outsourcing and FM

Restructure and grow

Strategy: progress update



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Strategy: progress update

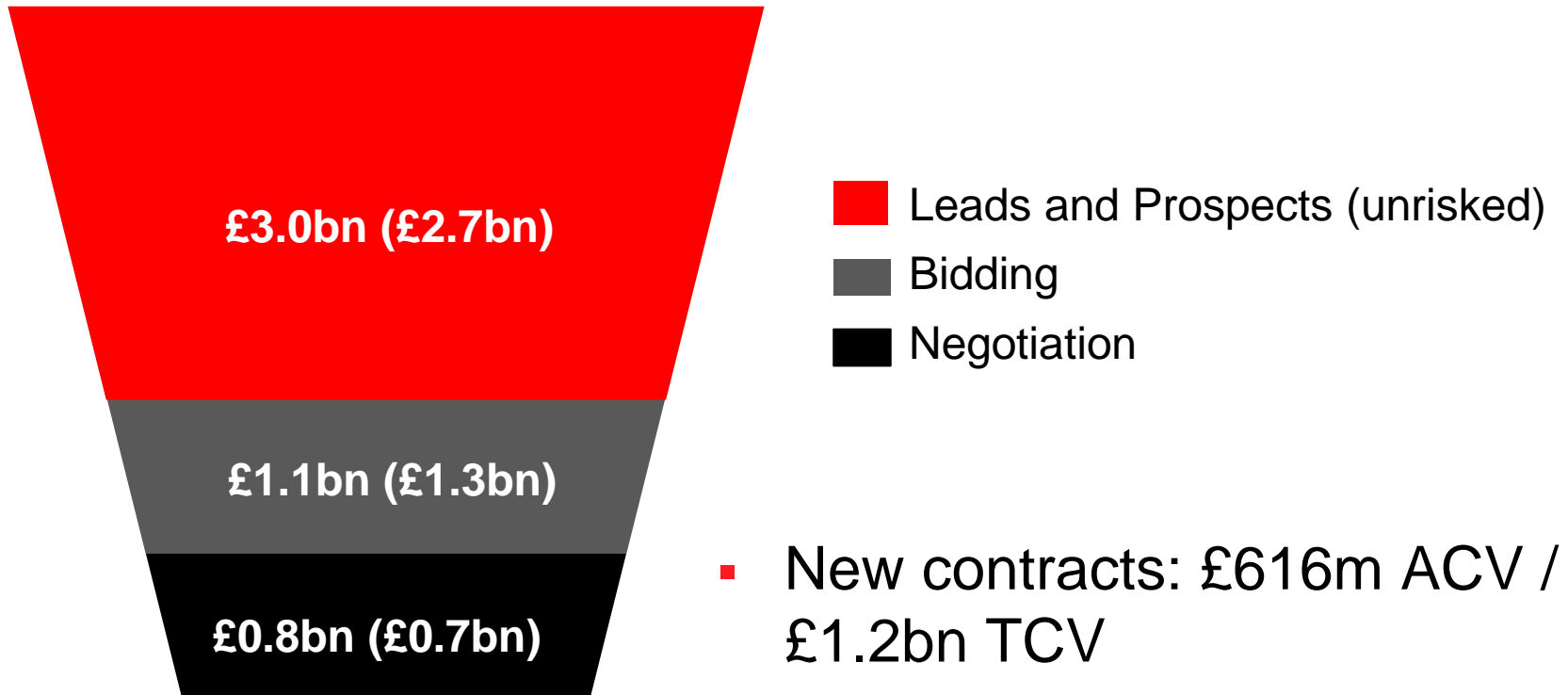
Organic investment

- New sales leadership: Group and in 3 Regions
- Revised sales incentive structures in 3 Regions
- Global sales forum
- Increasing rigour in sales processes
- Embedded sector specialists in Regions
- Established Technology team in the Middle East
- Over past 12 months 263 new sales and BD professionals have been hired globally

Investing in sales and BD

Strategy: progress update

Sales pipeline: £4.9bn ACV as at 1 July 2014



Note: As at 1 July 2014 (Jan 2014)

Diverse pipeline, strong conversion and replenishment

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Strategy: progress update

Accelerated Best Practice & cost leadership

- Direct labour efficiency
 - 39 countries in initial scope (376k employees)
 - Combined reviews – SEC and Regions: 14 underway
 - Building capability in region – pace and sustainability
- Route planning and telematics
 - Route planning: covering 9,000 vehicles by end 2015
 - Telematics: Fuel efficiency and driver behaviours, c.2,000 cash vehicles to be fitted within 12 months

Significant opportunity

Strategy: progress update

Accelerated Best Practice and cost leadership

- IT > £120m annual spend
 - Globalising IT – capture significant organisational efficiency
 - Rationalising infrastructure incl. Telecoms
 - Rationalising > 600 IT development projects
- Procurement – experienced CPO appointed
 - Conducted baseline study
 - Addressable spend £1.3bn
 - c.70% of spend across 8 categories – new category managers

Significant opportunity

Strategy: progress update

Portfolio Management

- Sold six businesses at attractive exit multiples
- Raised proceeds of c.£160m
- US Govt. Solutions sale process ongoing
- Discontinuing a further 15 businesses

Disciplined portfolio management

Himanshu Raja

Chief Financial Officer



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H1 Highlights

Underlying Results

	6 months ended 30 June		Change
	2014	2013	YoY%
Revenue	£3,371m	£3,239m	4.1%
PBITA (before Corporate costs)	£213m	£194m	9.8%
Corporate Costs	£28m	£20m	40.0%
PBITA	£185m	£174m	6.3%
PBITA margin	5.5%	5.4%	
Operating cash flow	£212m	£224m	(5.3%)
Cash from operations*	£185m	£148m	25.0%
Earnings	£86m	£76m	13.2%
EPS	5.6p	5.4p	3.7%

- Corporate costs £28m (2013:£20m) increase mainly due to £6m non-cash items
- FX impact: -8% on revenues; -9% on PBITA

* Excludes corporate items of £27m (EM receivable) in H1 2014 and £76m Olympic receivable in H1 2013



H1 Highlights

Total Results

	6 months ended 30 June		Change
	2014	2013	YoY%
Revenue	£3,371m	£3,249m	3.8%
PBITA	£179m	£47m	280.9%
Operating cash flow	£212m	£224m	(5.3%)
Earnings	£78m	£(196)m	-
EPS	5.0p	(14.0p)	-
Dividend	3.42p	3.42p	

Specific items:

- £2m credit relating to successful settlement of a legal claim in Europe
- £8m restructuring charge in UK/Europe

Group income statement

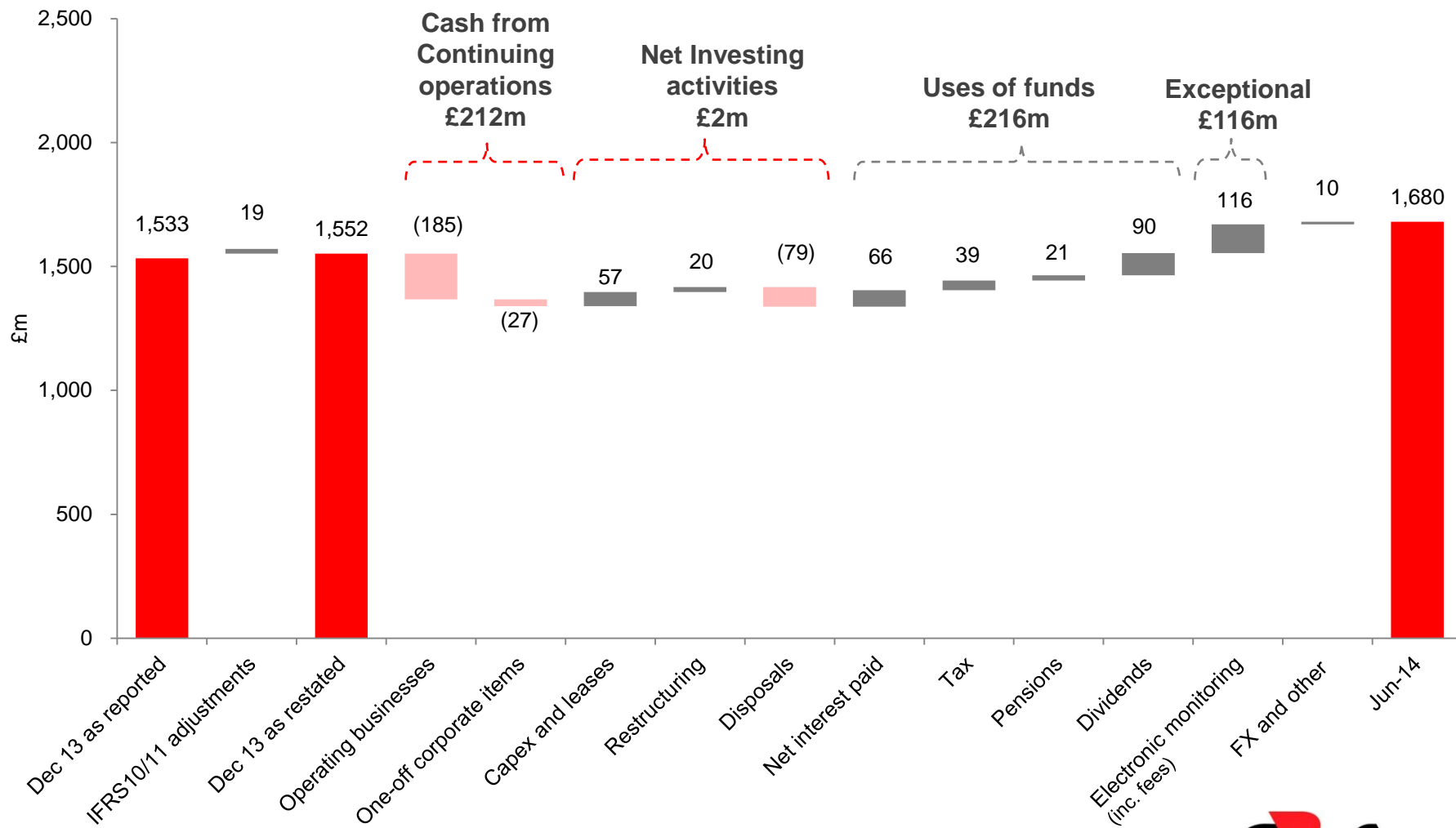
£m	6 months ended			6 months ended	
	June 2014			June 2013	
	Underlying Results	Specific items	Total	Underlying Results	Total
PBITA	185	(6)	179	174	47
Interest (incl. pensions)	(61)	-	(61)	(63)	(63)
Amortisation & acquisition expenses	-	(33)	(33)		(37)
Goodwill impairment	-				(41)
PBT	124	(39)	85	111	(94)
Tax	(31)	8	(23)	(28)	(14)
Discontinued operations	-	23	23		(84)
PAT	93	(8)	85	83	(192)
Minority interests	(7)	-	(7)	(7)	(4)
Attributable to equity holders	86	(8)	78	76	(196)

- Minority interests £7m
- £30m profit on disposal
- £7m operating losses on discontinued businesses

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Cash flow and net debt



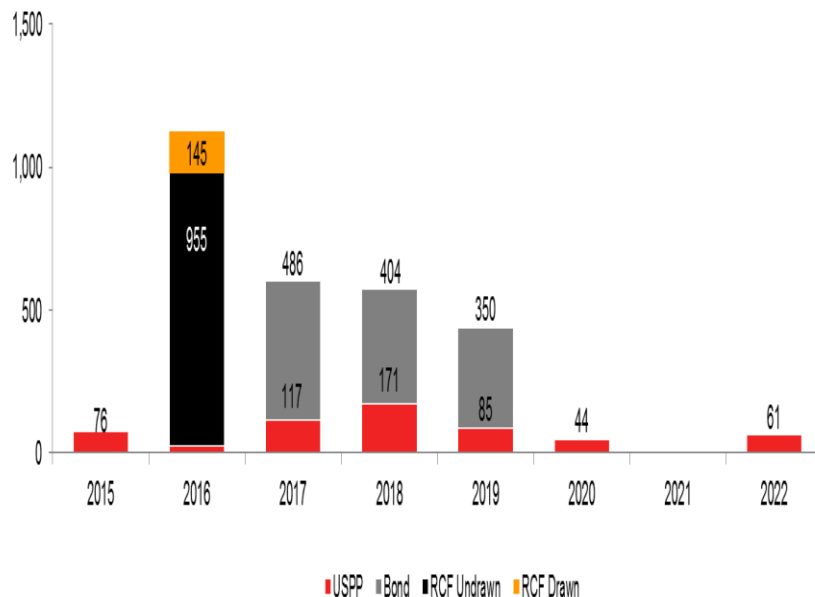
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Soundly financed

Focused on cashflow

Available funding – maturity profile (£m) at 30/06/14 *



(*exchange rates @ 30/06/14 or hedged/drawn rates where applicable)

- Unutilised committed facilities of £955m
- Flexible access to long-term capital markets
- Focus on cash generation
 - Weekly review of cash collection
 - Event to bill cycle
 - Working capital management
- Committed to investment grade credit rating and long term net debt/EBITDA <2.5x

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Chief Executive Officer



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Conclusion

- Executing against clear and focused strategy
- Diverse and growing sales pipeline
- Investing in resource and capability
- Embedding performance management and capital/cash discipline
- Strong array of performance improvement opportunities
- Good progress – much more to do to realise full potential of group strategy

Investing in sustainable, profitable growth

Appendix



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Strategy: progress update

Delivering sustainable growth

1. Investing in organic growth

- Sales and BD investment
- Leveraging service capability
- Technology & Innovation
- Sector expertise and Global accounts

2. ABP & Cost leadership

- Labour efficiency
- Route planning
- Telematics
- Organisation efficiency
- Procurement
- IT

3. Capital discipline / Cash culture

- Capex rationing
- Weekly review of cashflow
 - Cash management
 - Event to billing
- Portfolio management

Value Drivers

Revenue Growth

ABP & Cost Leadership

PBITA

Cash Generation

Sustainable
Shareholder Value

People &
Values

Risk
Management

Performance
Management

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2013 Revenue and PBITA

Adjustments to prior year reported numbers for discontinued businesses, adoption of IFRS10/11 and exchange rate movements:

REVENUE (£m)	Prior year reported		IFRS 10/11	Sub-total June 2013	FX	Current year reported June 2013	FX percentage impact
	June 2013 (*)	Discontinued					
Africa	248	-	(2)	246	(34)	212	-13.8%
AME	760	(6)	(87)	667	(83)	584	-12.4%
Latam	368	(16)	-	352	(64)	288	-18.2%
Europe	823	(64)	-	759	(35)	724	-4.6%
North America	624	60	-	684	(59)	625	-8.6%
UK&I	825	-	(17)	808	(2)	806	-0.2%
Total	3,648	(26)	(106)	3,516	(277)	3,239	-7.9%

PBITA (£m)	Prior year reported		IFRS 10/11	Sub-total June 2013	FX	Current year reported June 2013	FX percentage impact
	June 2013 (*)	Discontinued					
Africa	21	-		21	(3)	18	-14.3%
AME	54	-	(10)	44	(5)	39	-11.4%
Latam	23	(1)		22	(4)	18	-18.2%
Europe	45	(2)		43	(2)	41	-4.7%
North America	26	3		29	(3)	26	-10.3%
UK&I	53		(1)	52	-	52	0.0%
Corporate office	(21)		1	(20)	-	(20)	0.0%
Total	201	-	(10)	191	(17)	174	-8.9%

(*) As part of the December 2013 year end process, some businesses were reallocated between regions to better align the reporting with how the businesses are managed. Numbers are presented following current managements' basis.



G4S Strategy

Market Led

**Customer
Focused**

Sustainable

Execution: People, Investment, Excellence

**People &
Values**

**Investment in
organic
growth,
customer
service &
operational
excellence**

**Leveraging
our
capabilities,
technology
and best
practice
worldwide**

**Portfolio and
performance
management**

**Disciplined
financial
management**

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G4S Strategy

Group values

Performance:

We seek to improve performance year-on-year to create long-term sustainability

Teamwork & Collaboration:

We collaborate for the benefit of our customers and G4S

Best People:

We employ the best people, develop their competence, provide opportunity and inspire them to live our values

Safety First:

We prioritise safety management to protect the health and wellbeing of our colleagues and those around us

Expertise:

We develop and demonstrate our expertise through our innovative approach to creating and delivering the right solutions

Customer Focus:

We have close, open relationships with our customers which generate trust and we work in partnership for the mutual benefit of our organisations

Integrity:

We can always be trusted to do the right thing

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