

G4S Capital Markets Day 2010

Second Session

Nick Buckles, Group CEO:

And now we're moving onto the second session of the morning. You've seen this slide before, this is our market characteristics for Government, clearly very different between the UK and US Government in terms of services provided and contract length. But here to talk about the UK Government outsourcing and then how we can role that capability across the Group is our regional CEO for the UK and Africa, David Taylor-Smith, or DTS.

David Taylor-Smith,
Regional President &
CEO G4S Secure Solutions
UK and Ireland:

Good morning my name is DTS, David Taylor-Smith. What I'd like to do in the next 20 minutes is give you a reminder of our UK Government activities, a description of our strategy in the UK, then how we're using that across that across G4S network worldwide and then just give you and insight into our pipeline, with some details around wins, rebids and extensions.

So in the UK our Government portfolio is £670 million that's about 55% of our revenue in the UK. And you see in traditional areas of strength that you would recognise us for in the justice area, police and justice and in immigration. And then also interestingly which I'll talk a little bit more about later is the work we've been doing around defence, the Foreign Office and health and welfare, so a growing portfolio in other areas of Government.

Here's a quick reminder of what the looks like in terms of activity. I think justice; immigration and police are areas where we have market leading positions. And then you can see the range of activities underneath there. What I've also included in on this slide though is just to give you an insight of our successes in three other areas and I think that shows you the success in Northern Ireland, that business grew by over 30% last year and is on target to grow by over 30% this year on the back of focusing on

government outsourcing. And in Ireland which is a country not traditionally noted for government outsourcing where we've had a couple of notable successes and I'll talk a little bit more about Dublin Criminal Courts later.

And then also interesting which is a good manifestation of our work in using the G4S network; in the UK we also managed some hostile environment work. And you can see here where we're working to support Government work in hostile environments. So good examples of kind of Government activity.

And interestingly there that's pretty strategically important, that's the first support services contract awarded to a foreign company by the Iraqi Government where we're now managing the security at Baghdad Airport. It was described to me as extra (?) in the desert by our aviation consultant expert.

Here's a sort of view, if you look at that in terms of range of complexity of services that we deliver. If you look at the bottom end here, manned security and then through a progression of services which add in complexity, culminating in what we would describe as secure outsourcing. You can see at the top of this chart that in a number of areas we're already delivering complex activities which deliver a range of solutions to a client.

So if you look at the top, electronic monitoring is a good example of where we're delivering an entire service where the Government doesn't deliver that service itself any more.

We've been asked a lot recently on what's our view on UK Government market dynamics in the wake of the General Election and the budget deficit? So I just want to give you our perspective on that.

I think the backdrop of this is the first two points, irrespective of Labour, Conservative or Liberal our view is that the major parties, and I do include three major parties, have a belief in the role of the private sector. And that belief is that it does deliver change, it's definitely regarded as a useful tool to reform the public sector and value for money.

So with that as the backdrop our view is that timing will be important in terms of the General Election. We have a sizable budget deficit to address, we believe that you may see a diminishing of capital programmes, PFI, and you will see a drive to reconfigure public services in bold ways. And I think that will see us talking about anything from business process outsourcing activity, through to asset sales, or investment in Gov Cos.

So in the last three or four months we've been engaged in conversations with different areas of Government that would have been unthinkable a year ago, at having anything from an interest in acquiring joint venturing or looking at ways that we can significantly reduce areas of Government spend. I mean the mantra from the Conservatives is cut costs and at least maintain or increase public service, but we're up for interesting ideas to do that. And believe me there are areas still in Government which are ripe for outsourcing, which would deliver value for money, and also significant improvements in public service.

We think that you can see from newspapers this will definitely have some kind of union opposition, there is no question; if you look at that in the commercial sector, British Airways, it will be a test to political will where the boundaries of outsourcing will occur.

Interestingly in Ireland we've seen the public sector there willing to take quite bold decisions in cutting pay with the spectre of outsourcing to the private sector as the backdrop to that, as a

threat. That culture I would say does not exist in the UK to the same extent, where use of the private sector is well understood as a tool to deliver change in public service delivery.

So that's our view, our view can be summarised, overall net positive; because the budget deficit needs to be addressed. Timing is important and that may see some bumps which will be positive and negative and that's the timing of programmes stopping in favour of other programmes starting. And I think that will bring both upside and downside.

I'd just like to move on now and just talk about the UK strategy before explaining about how we rollout Government strategy across the group and how we support that. So I'd like to focus on points two and three here, this is our plan in the UK. There's a bit here which has got plenty of detail behind it around doing what we do well, profit, service and growth; underpin that with effective organisational stuff, people, processes, brand and values. But then the bit in the middle for Government is using our existing government positions to do more of the same or do new services and then going into new areas of Government and supporting Group strategy globally.

So I want to focus on two and three, I just put up some examples here that in addition to our traditional areas of activity that we would bid and rebid, here are a few examples of the sort of things that we're looking at at the moment. So in the justice area, market testing of prison, these are public sector run facilities that will come out and be market tested against private sector bids. Our belief is this should be run for the entire portion of the prison estate not being delivered by the private sector, i.e. 124 prisons should be put through a programme over a ten year period. The last Government believed in this but never executed it at scale; they just nibbled around the edges.

So there is a programme, which is currently running, and it will be an increasing test to see whether the Government has commitment to scale that up. If they do that I think here are significant savings for taxpayers.

In police we're having some very interesting conversations with the police. We've always been slightly short term pessimistic on police and long term optimistic. The short term pessimistic is buying behaviour is not well configured for large decision, because of the 43 forces. But actually if you stood back and said what's the macro trend? Well it is towards more outsourcing. And we now have a significant police business, delivering a range of services in what they want. And that tends to be anything from quite tactical services in individual services to now forces acting in coalition with two or three forces.

Our encouragement to the Government is, look scale this up at a national level, pick some big areas and then outsource a programme of activity.

So a good example is under custody. So under custody here we estimate that we deliver about 40% savings compared to the public sector comparator around custody. And we've provided that information to the Government, which shows savings of north of £100 million if they were just to scale that up and run a national programme. And there are also good indicators around quality of service as well, so it's not at the expense of quality.

So we're excited about police because we think they will have a strong interest in looking at outsourcing anything other than uniformed bobby activity. So there's some good examples of new stuff to existing clients.

What are the areas we're looking at in new areas of Government? Well some of this is a bit of a continuation of what we described in previous presentations and Capital Market Days. So Department of Work and Pensions, we do a significant portfolio of security work for them throughout their estate. We are bidding currently on Welfare to Work programmes, this is getting the long term unemployed back into work, which we see as a logical extension around the care and justice skills that we have around offenders. A substantial proportion of long term unemployed are individuals either at risk of offending or ex offenders.

We're also talking to them about other areas of outsourced activity, ranging from medical assessments through to other aspects of their estate management.

In defence, we are growing and have grown our training activity, supporting and augmenting defence activity and pre deployment training for troops embarking in Afghanistan, that's going extremely well. The military are extremely pro it because they know it provides augmentation to the military who were doing it erratically and also interfering with rest cycles for troops coming back to the UK.

We are agitating for that to be expanded to other training overseas, Kenya, Belize, Canada, Poland, and the British Army on the Rhine.

You can see here work in health; we've got some work ongoing in the super decontamination areas where we see the skills around this are very similar in competence to the cash business. And then I've mentioned Northern Ireland where our interest there, being a small market, is we're interested in all forms of Government outsourcing activity where we think our brand is relevant and where we can add value for money.

So we will look at other areas, other Government Departments where we think our brand and skills are relevant and where attractive opportunities exist. Attractive opportunities to us usually mean is there likely to be a programme? You know one offs can mean you have a one in four chance of winning, we like programmes because you can learn from it; and then if you've got a one in four chance or better well then over a programme period you should secure work.

So I'd now like to just turn to the activity we're doing and show you some of the success around spreading the Group Strategy globally. So just to start off the catalyst for outsourcing and interestingly we've seen this being repeated in really any market around the world. There is usually on the left a stimulus for outsourcing, which in our experience tends to be the budgetary or political. I think we're in the UK in a budgetary stimulus at the moment.

But interestingly if you take the political one, our Dutch Justice business, which is a significant business now - that was started in one week about seven or eight years ago when Pim Fortuyn was shot. Precipitating a political crisis on a change in the politicians' view on immigration policy resulting in a desire to detain and put through the Dutch legal system illegal immigrants coming into the country as drug mules which then stimulated a immediate demand for prison places, which the public sector couldn't do, which stimulated a change to the law, which stimulated the opening of three prisons. And all of that happened in a week. So there's nothing like a political crisis to stimulate a bit of change.

So what that then produces on the right hand side is a range of benefits. And it isn't just about value for money, it is - governments are realising it is also because they can use the

private sector as a tool and as a weapon in public sector reform, governments do understand that.

Interestingly the UK is regarded as a world centre of excellence in government outsourcing. We are continually referenced around the world, either coming directly to ourselves or through local G4S operations, or through Government, through Treasury or Partnerships UK, interest in Government around the world looking at outsourcing techniques. So that's normally the stimulus.

So what's our model? Well on the left hand side, local G4S operations identify opportunities or we can identify opportunities. Quite often we'll have the Minister of Justice approach us and say, look Bulgaria has an interest in doing some work around creating a probation service, or it might come from Bulgaria G4S where the Bulgarian Government says, we know that you have a broad interest in this area, can you help and work with us to advise how we might approach that.

So the leads are generated locally or globally and then locally we work with G4S country operations to then execute on those leads. And what I'd like to do is just take you through some examples of those.

So here is really the history of justice, justice didn't exist as an industry in the early '90s. And you can see here under the UK portions this is work in progress. So where we have won new work in new territories, basically leveraging the skills that we have in the UK.

So last year we opened two facilities in Abu Dhabi, we have a vibrant pipeline of electronic monitoring, it tends to be an area where there's less political union issues because it's a new area

of outsourcing for governments. You can see here that we're managing a new facility in Abu Dhabi in secure training centres.

Dublin Criminal Courts I mentioned earlier. This is the - we're part of the consortium that has designed and built the new Central Court complexes in Dublin. It's the first new public building built in over a hundred years in Ireland; and judging by the budget deficit probably the last. But we're really proud of that contract; it's mobilised extremely well, very high quality services where we now manage that facility. Ranging from handling - we don't provide like the UK the prisoner handling but we do jury minding, handling and we run all the FM of the facility. So a large complex secure facility where we're managing the life cycle of that building over a long concession, a period of 30 years.

So you can see here a range of activities where we use the G4S network. I mentioned UAE, so an opportunity was identified there, we've now executed on the opportunity, working closely with G4S in the UAE, working with the Ministry of Interior at a policy level. And as a result we've been able to start two new contracts and we are preferred bidder on a prison which we hope to conclude at some point in 2010.

I thought it would be a good thing now to conclude with a summary on what we're doing around wins, extensions, rebids and pipeline. So wins, here's some examples of recent wins in 2010. I've mentioned some already, Baghdad, Abu Dhabi, Dublin Criminal Courts, that's £550 million of new wins in 2010, whole life value.

Rebid successes - is £340 million over the life and - sorry that's £120, £120 million of rebid successes so far this year and then finally extensions which is £340. So you can see some significant extensions. Parc our prison in Wales, a new hours block, a 460

bed facility is being opened in November, that's effectively a new prison within the prison. Parc will then be the largest, most complex prison in Western Europe.

Extensions around electronic monitoring, we've significantly built and extended our Olympic work down at the Olympic site. So a good track record there of wins, extension and rebids.

Here's some extracts from our pipeline, so some major rebids coming up, up the top here you see some prisoner escorting and detention escorting, activity this year - start dates for those are in May and September 2011. So our revenue base for 2010 is secure. You can see here also a significant reversal of the situation of a couple of years ago where we'd had a high level of interest from the Government but little evidence of activity. In the Ministry of Justice area you can now see that we are busy in a buoyant pipeline of work in the Ministry of Justice. And I've already mentioned police there.

Some more opportunities which I've talked about there. I'm pleased to say we've just concluded this yesterday, which is a significant extension to our GCHQ contract, which will be delivered over this year. That's a significant win. And we would hope that Basra Airport is added to our portfolio in the next couple of months, we're very optimistic about that. And that will act as a very important platform for our oil and gas work in Iraq.

And the just to give you a flavour of our pipeline internationally, I've mentioned some of these. There's a fairly buoyant pipeline that we have teams currently scoping and working on in various countries around the world. The most imminent of that is the Israeli Policy Academy and the bid goes in on that later this something, where our Integrated Services teams in the UK are working with G4S in Israel and a local Israeli consortium. And

that is to build and then run a centralised police training academy in the Negev Desert.

So in conclusion, we are a good, trusted partner to the British Government, we have good market leadership positions in a number of sectors and that's important because we can leverage that to do more of the same and new stuff. We've added some significant scale of our Armor Group and GSL. We do think that the budget deficit represents upside, although there's some timing issues around the content of that programme.

We I hope have shared some examples of, it's not new, it is work in progress rolling out the Justice and the Global Government Strategy around the G4S network. And I hope I've shared with you then evidence of a good buoyant pipeline and a good track record in winning, rebidding and extending contracts. Thank you.

Nick Buckles:

Thank you very much David. Now we move onto the section where Graham Levinsohn will run the session with his sector heads to talk about our strategy and our sector strategy specifically. So over to you Graham.

Graham Levinsohn,
Group Strategy and
Development Director:

Thank you Nick. As said I'm Graham Levinsohn I've been with the Group for 16 years. In terms of the agenda I'm going to demonstrate why our sector approach is so critical to the revenue growth we are seeking to drive in the Group.

I'm going to drilldown into the aviation sector briefly and then later you'll hear detailed presentations on the port sector and the oil and gas sector and then I'm going to spend some time talking about the capability building process we are undergoing, specifically focusing on risk consultancy and technology.

So to start with, a model that many of you will have seen; we've actually refined this model and we've split this model into two. We've now got a strategy model for developed markets and major new markets. And that's really the BRIC plus markets where we seek to focus and build on the analyse and design phase which is building capability so that we move up to the managing and outsourcing the customer process.

A slightly different model in small to mid sized new markets. And as we went through our business planning with the markets last year we really started to understand in detail, this is - we can get to the same place, but this is really about providing a multi service security and safety strategy in these small to mid sized new markets. So that's going to be our focus in small to mid sized new markets. So a slightly different strategy in that space.

And we talk a lot about a solution, but what is a solution? We talked on an earlier slide about key customer drivers and we've listed really what the key six customer drivers are. And these apply mostly where we are in the commercial sector or in the government sector.

So the key customer drivers are protecting critical assets, complying with regulation, ensuring the business can continue in the event of a failure, improving our support in the end customer service. Clearly in the commercial sector, it doesn't apply so much in the government sector, enhancing and driving revenue with the customer, or driving their cost base or their operational efficiency. So those are the six key drivers we look to tie our solutions to.

And in terms of delivering a solution there's really a few core components, and that's around people, technology and process

and really at the start of that process using consultancy to understand fully what the risk is and then develop and build the right solution involving people, process and technology. So that's how we're looking to drive our strategy.

Nick earlier this morning talked about the customer attribute slide and he mentioned that I would come on and report back on how we are moving customers from the commodity end to the transformational and partnering end. And we've done some work on that which I'm now going to share with you.

Just to try and orient this a little bit, we're actually in the process of measuring our top 50 countries, that's about 85% of our revenue base. And we're measuring that top customers only in those countries. Here we've got our top 700, our 700 large customers in about 40 large countries. So it's not fully complete yet, we're still in the process of rolling out, but nevertheless it gives us a very good indication of where we are today.

In terms of the matrix on the bottom you'll see we measured commodity customers, bundlers and we've brought together early outsourcers and partners. And in truth that's because there was - they really came together as we started to look at that, so we've tried to put them together here.

Typically these 700 customers are £1 million plus turnover customers, so they are our largest customers. As a group we have 5 to 600 customers turning over £1 million.

So you can see in that large customer base by turnover, about half the turnover from this sample is solutions type customers. It comes however from about 10% of our 700 customer based that we've measured.

So you can see the trend is the bigger the customer, currently the more likely we are to have a solution in this space. If you go to the bottom end about 5% of our turnover in this space is categorised as commodity customers. But that comes from about 20% of our customer base, again in that 700 customers.

So even above £1 million the smaller customers above £1 million still tend today to look at the service as a commodity service. That's clearly something we've got to address.

In terms of the sample size, it covers about 40% of our Group turnover. So it's a really good sample, but it is those bigger customers, it is the £1 million customers.

So we assume that smaller customers still are buying commodity services today, that suggests about a quarter of our Group turnover today is in the solutions space. So that gives us a good benchmark to start to drive solutions turnover forward and measure and report on that at future Capital Market Days.

Clearly also a key part of driving solutions is understanding how satisfied your customers are. And over the years we've tried many different customer satisfaction indices. We've come back to what's becoming an increasingly industry standard, something called Net Promoter Score or the Ultimate Question. And this is really where you ask your customer a really key, one key question, which is how likely are you to recommend G4S to a friend or colleague?

Clearly if they're happy to recommend that suggests they're fairly satisfied, so it really does drive down to the key satisfaction indices.

And here you can see just over a third of our customers scored nine or ten, so they're very likely to recommend us to a friend or colleague, and they're categorised as active promoters. When they scored 7 to 8 that suggests they are much more in the neutral range. They will still recommend, but it tends to be a fairly lukewarm recommendation. And you can see below six is where you get into the detractor range. And you can see good news there is we've maybe got 5, 6% of our customers here that are in the detractor range.

So in terms of the science of this, you take the net promoter score and detract - or take away the detractor score and that gives you your score. That gives you plus 36 and that's a reasonably good place to start from. It's the first time we've measured this, but again it gives us that baseline measure, to look at, to measure and to drive many more people into the net promoter score in future years. And clearly the good news is we've got a big amount of neutrals that we should be able to move into that promoter range reasonably easily. It also gives us a solid base for selling in solutions.

So now looking at the sector strategy and looking really at the critical national infrastructure side. Again people will have seen a variant of this model before, we've now put a lot more detail in it. You understand the services we operate at the bottom in terms of the operate type services. And our focus as a Group has been on building capability in that analyse and design phase.

So we've gone out and we've acquired risk consultancies such Hill & Associates. And you heard early that we've gone out and acquired system integrators, such as Adesta. We've built in, as you will see today, more sector expertise into our group. So we are spending a lot of our time, our effort and focus on really driving this analysing and design sector so we can then move into

this managed phase many more times, it becomes an industrial process and we can repeat it more and more.

Again a new piece of data - and we have looked at the global marketplace and this is a business to business and the business to government marketplace. We've excluded business to consumer because that's not where our focus is.

So the business to business and business to government market we believe is around £75 billion. That clearly fluctuates, it depends on exchange rates, but we believe currently around £75 billion. And we've used sources from Freedonia, Frost & Sullivan, Turner and Townsend and a lot of our own business plan analysis to come to that number.

We then looked at the key sectors and of course that's key because of the investment we're putting in certain sectors. And you see down the bottom about a quarter of the total marketplace is what we call critical national infrastructure. So the transport side, the ports, the airports, the rail - the energy which is oil and gas, about mining and the utility side, about a quarter of that marketplace. Of course some of that quarter includes the Government. So 20% of the Government - it's probably a little higher if we split some of the CNI back into Government. That Government also includes the care and justice marketplace.

You've then got about 15% of the marketplace is financial institutions. And about half of that number resides in our Cash Solutions base, the other half residing in our Secure Solutions space. 5% on retail and the majority of that resides in our Cash Solutions space. And then you can see the other 35% in the industrial and commercial side.

So starting to drive down this sector strategy. We have invested, we have gone out and employed some key individuals; some of whom you'll hear from today. So we employed Andrew Whittaker who is not here today, who is our Aviation Sector Head. He was a global aviation lead for Unisys is a really good heavy hitter in that sector, well respected and is helping us drive that sector very well.

We employed Jorge in the oil and gas sector and I'll talk a little bit more about him in a few moments and David in the ports sector. And DTS talked about the government area. And in terms of the sector head responsibilities it's really about being a catalyst for change. It's about developing the strategy, it's about leading big bids, finding big bids, and it's about building capability in countries, both people and acquisitions. It's about sharing best practice and it's about mobilising internal resource, so it's a real catalyst type - job.

But of course they can't do that on their own, so we also have invested very heavily in security technology and we have a global technology lead to help us do that, again coming from the technology sector.

We're clearly investing in acquisitions and you've heard about some of those. It's equally key we drive knowledge and management across our business, so that we share knowledge in a much more consistent way. And we are currently putting in a knowledge management system driven by sector, or consultancy, or by technology areas to help us share best practice.

We're developing country sector experts through global forums that the sector heads are running. We're clearly developing big capability in each of these sectors and we're developing risk consultancy focusing on each of these sectors.

So how does that translate in terms of targeting customers - the business development side? Well you see here a chart that talks about the top end where the corporate headquarters is interested in intelligence and risk assessment and risk mitigation, down to the bottom end of that chart where people are interested in the physical operational activities, the manpower, the systems.

So clearly at the top end of that pyramid we will focus as sector heads, that's where we're develop the board level relationships. We'll focus our risk consultancy very carefully in that area and I'll talk about that in a moment. And as you get down to the sites we'll clearly have an in country sales activity driving that area. We'll have site risk assessments and we'll have technology and manpower coming to deliver the solution in a real situation.

So now looking at that in practice just briefly in the aviation sector. The aviation sector we estimate is around a £4 billion security opportunity. So that's just under 5% of the total global market of £75 billion. We've picked this sector for very good reasons. Over a very long period of time traffic in the aviation space grows at a multiple of global GDP, so it grows much faster and of course it grows much faster in emerging economies.

Airport operators have a protected permission and make that a high margin business. Airlines clearly are quite different, but in terms of operating airports it is a high margin resilient business. It is a large CAPEX project driven culture, which again fits our solutions approach.

Emerging economies are investing very heavily in this sector and just to give you one example, in India and China over the next ten years they will invest and build 300 new airports, that's a

phenomenal growth just in two major economies. And of course security is a must do in this sector so it makes it very attractive.

And we have a good base on which to build, this map shows you the spread of airports we do all over the world. Now our current turnover in the aviation space is around £250 million. That makes us one of the market leaders and clearly gives us a great base on which to drive solutions into this space.

And we understand the aviation sector very well, this is just a typical airport, mid sized international airport, so it's not a large international airport and it's equally not a small national airport, this is a mid sized international airport. And you can see typically in that space the core airport staff number is about 500, half of the 500 is security staff.

You then move to the next phase in terms of movement outside the buildings and again you have a hundred airfield security staff in that typical airport. You have ground handling, border agencies that are third party providers in this aviation space. And then of course you move into the fixed assets, the asset side in the outer ring. So not only are airport operators key customers and potential prospects, so are airlines, so are retailers, so are the border agencies, so are the ground handlers. So we have a large customer base to go after and indeed a large array of activities to build in the aviation space.

So leaving the aviation behind and now moving onto the consultancy space. And in this part of the presentation I want to talk about how we are building capability.

We now have a clear definition of what we mean by risk consulting which is driving our acquisition and our organic growth. On the left hand side you'll see travel risk management and that's

really protecting executives, engineers, when they go to hostile or unfamiliar territories. So the first time somebody goes to Nigeria, or indeed Bangkok or Thailand now, clearly - and we need to help train the individuals, orientate them in terms of that space and then if necessary we'll do journey management right the way across our new markets territory.

So we are currently in the process of building a significant travel risk management proposition to take to marketplace. And of course that's key in terms of positioning us in the boardroom.

We have a crisis management piece, a big part of that is clearly the kidnap and random expertise we already have within the Group. And again that's really about helping position us as a risk consultancy within the boardroom of our key customers.

On the right hand side we have fraud prevention and integrity risk and corporate intelligence. And again we see that really as positioning in the boardroom, getting us access to the key boardroom decision makers and repositioning G4S as a key stakeholder.

In the middle we have the core activity within countries, which is around risk management. And that's really supporting the core strategy and I'll come onto that in more detail in a few moments. So I want to focus on that risk management piece because that's core to delivering our strategy.

And this is really now the different levels of risk assessment that we are going to drive into each of our country models. Level one is a fairly standard tool; it's very much used as part of the business development process. It was actually developed as a result of our activity in international accounts. It's a tool that's

easy to train, you can do it via webinar and it's easy to rollout, but it really is part of the business development process.

Level two is using a little bit more of an advanced tool; and really this is where we start to bring in subject matter experts to help develop the right type of risk assessment. And a good example of that would be the work Hill & Associates do, our recently acquired consultancy in Asia.

Level three is really in the critical national infrastructure where you need a much more detailed risk assessment and you really need a really detailed site and asset security plan. And a good example of a recent acquisition there would be NSSC which we acquired in the US that does this type of work in nuclear sites and chemical sites in the US.

So where do we sit in terms of building capability? Well we have a lot more to do but we've made good progress. Today we have over 500 consultants across the globe, true consultants that we charge out for. That gives us about - just over a £50 million consultancy revenue. That puts us in the top three risk consultancies in the world, along with caller (?) and control risks.

But we have more to do; we have more acquisitions to make in this space. We also have more to do in terms of standardising process. And we are introducing standard G4S methodology, so wherever you are in the world our risk assessment is the same and the report is the same. We're introducing standard pricing protocols, we're introducing G4S accredited consultants, and so we have a standard proposition wherever we operate, whether that's an acquired company or an organically grown company. And as I've said we will build this further via acquisitions and as I've already talked about we will build the travel risk management proposition.

So moving onto the technology space in terms of building capability. And we wanted to understand really where this sat, 'cos we don't want to be a technology company we want technology to help us deliver service.

So we started to look at technology and started to look at our customer attribute slide and you'll recognise the customer attribute descriptors along the bottom, the commodity provider, the bundler, the process outsourcer and the partner. Well most of our competitors that are manned security or armoured car companies are really in that manpower commodity provider space. Pure systems businesses that deliver just systems are in that technology - but still we think are a single service commodity provider. Today we think ourselves and certainly at least one of our competitors is still manpower led but we use technology to support our offer. And I guess Secure Trax is a good example of that.

You then have business process outsourcers, clearly slightly to the right of us today. And clearly we do some of that in the government space. But where we indeed to move the Group to is being consultancy and system integrator lead, with manpower still as the key component. But our complex solutions will come as we go to market, as we're driving risk consultancy, as we do more complex system integration.

The majority of our turnover and the majority of our profit will still come from manpower, but it will be just part of a solution as we go forward. And hence the arrow as we move to become a transformational solutions partners, taking on those activities.

But there is some tension as we push technology into the business, because a typical technology business will look to go

into the mass marketplace, the business to consumer, the SME marketplace, where they get recurring revenues. And clearly we get more manpower where we have large sites. So we have to manage that tension, we have to make sure that we do have good system integration capability at the top of that curve that supports our manpower solution. But equally we can do that as we come down that inverted pyramid.

And this is really what I'm talking about, it's not aiming below the line at the homes, the SMEs it's really aiming at the major critical national infrastructure site, the multinationals, the national accounts, the network sites, the schools, the hospitals, large offices and the major corporates. And that's really the market that we are trying to drive the sector strategy into and where technology will play such a key part.

So in summary we've identified key sectors which I think we've demonstrated are large and significant, but do require a more complex security solution. We are building the sector expertise and will continue to build the sector expertise to go with our global reach that differentiates us significantly from our competitors. We will continue to focus heavily on measuring customer attributes and net promoter score to demonstrate we have sound relationships to build the global security solutions for our customers. And that will enable us to deliver sustainable growth opportunities for the Group.

So that concludes my presentation. I'd now just like to introduce David Fairnie. David Fairnie joined us late in 2009, so he's still relatively new to the Group. He joined the Group from DP World where he was the global security director. Before that he worked in a risk consultancy business, so he not only understands the port sector, he understands the consultancy side and clearly he understands the security side. David.

David Fairnie,

Director - Global Port Solutions:

Thanks Graham. Hi good morning ladies and gentlemen. It's my aim during this session to give you an update on the port sector from my personal experience having just moved from inside the sector to join G4S. And also more importantly look at and explain G4S's sector solution strategy in terms of our opportunities that we've identified, the competition that we see, our experience and our developing capabilities within the sector and an explanation of our progress to date, even although I've only been here for six months. And more importantly our intent to realise and capitalise on those identified opportunities.

So by way of a very quick explanation of the trends and the outlook for the market, rather like the aviation sector long term container growth multiple of GDP, traditionally 2% multiple GDP. And despite the sector having a terrible year in 2008 and 2009, the OECD and IMF are projecting a rebound in 2010 through to 2014, which would suggest that long term container growth is going to be projected in the regions of 6% per year.

Just to put that in context, there's some 480 million containers being shipped around the world as we speak so it's a very large industry. That's projected to increase to some 640 million containers by 2014. So it's a quite staggering very large organisation. That is entirely dependent on vital, critical national infrastructure and government supporting.

And just to give you an example of how government's are supporting this industry, here in the United Kingdom one of the largest port and logistics park projects to be developed in the last 40 years in Europe is the London Gateway Project. And that's a £2.5 billion project which when complete in 2012 will be the largest ports and logistics park in the United Kingdom and will

fundamentally change the way that we conduct logistics in the United Kingdom.

That's a very large and complex project but as a general rule of thumb to build a port that is capable of moving a million containers roughly will cost between \$4 and \$500 million to build. And emerging economies are definitely driving the whole container traffic and if I can give you an example, the whole market, in India the Indian government have invested \$25 billion in developing new facilities around their whole coastline, 7500 coastline, a considerable amount of port facilities.

And last but not least, and probably the primary driver for our sector choice, is that this sector itself, and specifically the container part of the industry, is very much driven by regulation as a must do activity. Hence the reason why I'll concentrate slightly more on this particular part of the sector in my presentation.

So I wanted to drill down a little bit more into the detail to give you a little bit more of an appreciation of the sector and therefore our choice and how we based our strategy. So if we begin with the Hong Kong based Hutchison Port Holdings or HPH, who are the leading global port terminal operator as measured by total throughput of containers across their group. Last year their global network which is based in 49 terminals, 25 countries, accounted for 67.6 million container moves, or 20 foot equivalent containers, and that equates to some 13% of the market share.

If we then add or look at APMT or APM Terminals which is part of the Moller-Maersk Group, it has interests in 44 terminals in over 34 countries, and last year its operations accounted for 12.3% of global container market, translating into 64.4 million containers.

And then we look at the rising operator which is Dubai Ports, DP World which has operations in 24 countries at 48 terminals across the globe. And it moved 42.6 million containers last year which accounted for 10% of the market.

And finally, but not least, is the Port of Singapore Authority which has operations of 34 terminals in 10 countries with its flagship, Singapore Port, itself the largest single port in the world. Last year PSA accounted for 11.4% of the market which equates to 59.7 million container moves, however 26 million of those moves were through the port of Singapore itself.

So putting in some context, collectively the largest four port operators in the world account for approximately 50% of container traffic, or nearly 250 million container moves per year. And taken collectively they operate on every continent in over 100 countries at 170 operational facilities. And each and every one of these facilities requires regular - driven by the compliance agenda, regular risk assessment, development of plans, resiliency and business continuity investments, training, exercising and of course fundamentally asset protective measures in the form of technical systems and physical security measures.

So as you can see from this slide, I've added the next top six global operators to compile the top ten. And they operate across, as you can see, all G4S regions, and from my personal experience in my former role as the Director of Security at DP World, I know that the market for systems and physical securities is extremely fragmented with multiple providers servicing all of these operators to a variety of levels and standards, and generally on a very localised basis. And again based on my experience on managing the global budget for security, I've extrapolated my knowledge across the market and assessed that

from an operational security cost point of view these operators would probably spend in the region of \$750 million per year in servicing just operational security.

Now just to keep that in context as I said, this is container operations. When you take into account the other modes of port operations such as crews, ferry, brick built, oil and gas, this operational figure in cost and spend would multiply significantly.

The second area of opportunity that we identified is new port infrastructure projects. And I mentioned the London Gateway Project as a large government investment and I explained that there's a rationale behind that investment, continued GDP growth. These locations or new port developments are invariably classified as critical national infrastructure due to their link to national economic growth, and consequently all of these facilities have to comply and are driven very much by the security compliance requirements.

We believe that there's very clear opportunities for G4S. We've identified 60 such projects, infrastructure projects across all of G4S's regions, and as I've mentioned typical cost of building one of these structures would be in the region of \$4 to \$500 million, and therefore we see the security infrastructure spend would be in the region of \$1 million. And G4S would be looking to offer a full range of solutions from the initial regulatory, compliance and security system design consultancy, all the way through to the full systems integration, and finally onto providing the day to day full operational and physical security measures.

Also additionally looking into the potential sector and the markets, we've paid a lot of attention to where we believe our port customers will need capable and credible partners and solutions into the future as new threats emerge. And in his opening speech

last month at the Global Nuclear Security Summit in Washington, President Obama did comment that one of the greatest threats to global security, to our collective security, is the threat of nuclear terrorism. And it's commonly accepted within the industry and within governments that if terrorists were able to only once use the transportation system as a delivery mechanism for a WMD it would be economically catastrophic for us all.

We believe at G4S that these types of global port security initiatives focused on mitigating this type of threat is entirely consistent with our strategy, it's one that we wish to participate in, and in doing so be able to offer compliance and resilience solutions to the international port community.

The largest and most prominent of these global initiatives focused on ports is the US government's Megaports. This is where the US government works with foreign port stakeholders, customs, port operators and other third party entities in the host nation to build and deploy radiation detection systems into the port environment. And their ultimate goal is obviously to scan as many containers moving through the international system as possible. They have an objective of achieving 100 seaports or deploying such systems to 100 seaports internationally, and they've got considerable funding to the tune of \$7.9 billion to achieve those objectives.

And we bear in mind the \$7.9 billion is to build and deploy the systems. It is then the responsibility of the host nation government or the receiving entity to maintain and service these. So we recognise that in the longer term there may be an opportunity to manage and operate these systems into the future.

This slide gives you an appreciation of how the programme has been rolled out so far. As you can see it's still at the early stages

with only 12 locations fully operationally deployed. But many, many more following up in the implementation phase as they try to target their 100 ports. And additionally, following on from the Global Nuclear Summit, we can see traction picking up in adoption and other countries embracing the programme with Argentina and Italy now in the process of ratifying. And we expect many, many more countries to actually join this type of programme.

So to summarise the market and potential opportunities in this sector that we see, I've segmented it into security operations at port, security infrastructure and global security initiatives. From an operational security point of view, i.e. the management of the day to day of systems and manpower, we believe that there's a market potential of \$750 million plus. We believe that the infrastructure very much driven by global trade and GDP, particularly so in emerging markets, we assess in the region of \$1 billion. And finally driven by the international commitment to address emerging threats, we assess that the markets for a Megaport type systems to be in the region of \$8 billion, or probably more as other nations join or adopt their own systems.

Obviously there is competition in this marketplace and in our analysis we've recognised, we broken it down again into our three specific segmented areas. From an operational security point of view we see traditional international or localised manned security companies such as Securitas or Transguard being our main competition. In infrastructure we see large and medium system integrators such as Talis, L-3 or a Honeywell type organisation to be our main competition.

And on the risk consultancy aspects of such projects we would expect to see organisations such as Olive Group or Control Risks type of organisations to be our main competition. And on the

global security initiatives focused on ports, such as Megaports, we would expect competition to come from traditional US based companies that have the experience. We're talking about L-3s and SEICs.

So obviously we're in competition with some credible organisations within the sector. We do however believe and are confident that G4S's Port Solution Strategy, and in particular our approach, will be a key differentiator that will set us apart and be the state ports operator's partner of choice.

But first of all I'd like to give you an appreciation, having come from the industry, of the reality of what's actually happening on the ground from a security provision point of view. And this graphic details the reality out there. So if you look from the left hand side, as a commodity moves through a supply chain and handed off to the different stakeholders within the port community. You have third party logistics companies in the country of origin and the commodity moves through the supply chain and is handed off to the third party logistics companies in the destination country. And as I've said each of these stakeholders has a requirement for security services. That should ensure the safe custody of the commodity as it moves through the supply chain.

If however you add, it's already complex, but if you add to this complexity the ever evolving and continually increasing challenges that regulation is bringing in, then it becomes very difficult for both governments to facilitate trade and for businesses to undertake business in this environment.

But to give you a very quick appreciation of how additional regulation and government's driving regulation is impacting and making it very challenging for operators within the community, if we look at evolving regulation here's a list of three that are

focused specifically on port infrastructure. ISPS code is about to be updated, speaking to the IMO last week. It's going to be released later in 2010 and it will impact on more requirements for port operators and shipping companies.

The US has just done a review of their port security regulations under the Safe Ports Act. It has resulted in additional requirements such as the common port access card to be deployed across all US ports.

We look at the European Union who are conscious of protecting the critical infrastructure. They've introduced the Port Directives. This is going to have to be complied with at some 1200 seaports and 4000 facilities across the European Union. We look at the UK as a direct result of this EU Directive having to implement new regulations as of September 2009 which will impact every port in the United Kingdom. So you can see that this is being driven, regulation is being driven, it's a primary driver for investment in security.

If we look at screening initiatives globally. I talked about Megaports but there are three other initiatives that are driving the requirement for ports to comply with container screening, the CSI the container security initiative, and Proliferation Security Initiative. The primary one that's the driver here is the SFI. This is a specific requirement for the US government stating and legislating that all containers no matter where they originate, if they are being shipped to the United States by the 1st of July 2012 will have to be scanned using radiation detection or X-ray systems.

And finally if we look at government and industry security initiatives there's a whole raft of these coming online and increasing, driven very much by World Customs Organisation,

the EU, APAC regions now adopting specifically in Australia and Singapore. So as you can see in these three areas of regulation more and more are being imposed on the industry and becoming more and more challenging.

If you add that to this already complex inefficient and no doubt costly service provision picture, we believe at G4S that we do have a solution that will differentiate us. We believe that because we're uniquely positioned, and I truly believe that having come from the industry because it's the difficulty that I had. I couldn't find somebody that would address these solutions which is a primary reason why I moved here. And I believe that because this is the only organisation that has the global reach to provide true solutions end to end, an understanding of sector drivers, not least evolving regulation, and most important the capacity and the capability to deliver these solutions.

Graham touched upon understanding the sector and the sector drivers and I don't want to labour the point. We talked about regulatory compliance, those are key business drivers, asset protection, yes that regulation is going to impose more requirements to protect assets and business continuity and resiliency. But I wanted to focus on operational efficiencies and cost savings and revenue generating opportunities because that's where I believe our methodology should be focused and will be focused.

In essence and in summary, our strategic methodology for implementing port solutions is integrating G4S security technology process and people with customers' core risk drivers, resiliency, regulatory compliance, asset protection, with their business drivers improving their operational efficiencies, or saving them costs or assisting them generate more revenue. And doing that by moving their product much more quickly, safely and

securely and doing it in a manner which is cost effective through innovative solutions.

You'll be glad to know that I'm coming to the end of the presentation and it's not all strategic rhetoric. What I would like to do now is give you an understanding of, or an explanation of, how our port solutions is actually being implemented in reality.

We've already started to educate the industry and the organisation internally. We've articulated and we've gone out there and communicated that G4S's offering port solutions. And I'm pretty lucky and pretty fortunate having moved to G4S to find that we've got a fantastic building block already in place in terms of the current operations that we are undertaking in ports around the world, as seen on this viewgraph, which in my opinion is probably unequalled in my experience and opinion. And this generates in excess of 100 million for us already which is a great building block to leverage from.

In terms of G4S's executive commitment to solutions, what I'm extremely encouraged with is the commitment to developing and investing in capability to deliver the sector specific solutions, such as the fantastic investment in Adesta. And what I'd like to do now is just conclude the presentation by giving you a short selection of some of these operations in reality, in the context of highlighting the business drivers and the risk drivers and the solutions that have been employed and deployed to these examples, and how it has benefited the customer.

So if I start with Gothenburg Port in Sweden. This is one of the busiest short sea routes or trade routes between the United Kingdom and the EU. It imports hundreds of thousands of vehicles and passengers from predominantly the Humber Ports in the United Kingdom. And from their point of view their driver to

invest in security was to protect their asset, prevent losses and protect their brand from illegal immigrants.

We were able to provide a solution which incorporated a technological solution and a manpower solution which mitigated their risks. But the primary reason they were really interested in engaging with us, as you can see from the slide, was that we were providing security in Humber, we were providing security to the ferry companies and it made absolute sense that they had consistency of provision right through their supply chain. And that was one of the major factors because it improved their operational efficiency and that was one of the major factors of them engaging with us.

If I then go across to the United States and this is in reference to Adesta which I've studied this one and I think it's fantastic. In the Port of Los Angeles clearly the port's driver for investing in security was compliance and asset protection. But as you can read from this slide the way that Adesta implemented the solution added considerably, i.e. it added it cost effectively across multiple locations in a cost effective manner which was clearly one of the port's business drivers.

If we look in the UK again, Dover Port. The customer's primary driver here was ISPS regulatory compliance first and foremost. But as you can see this has now extended into other aspects of their business to improve operational efficiency, where we're now also providing as you can see operational safety and of course fundamental security solutions.

And finally if we look at Long Beach. I think this is a great example because their driver for investing in security was improved resiliency and business continuity and improved communications. Adesta was able to provide that in such a

manner and cost effectively which achieved one of their business drivers as well.

And the last example, looking to the future and looking industry wide to the evolving threats is the Megaports Project. We believe that this is an emerging market. It's an established international global programme backed by the US government and it's a strategic sector that we would like to be in and involved in.

We've consequently formed an organisation called Global Detection Solutions and that's a joint venture between ourselves and a known and key entity in the Megaports Project called Detector Networks International. And what we've done is we're bidding on Megaports projects to build these systems which the US government will deploy to international ports. We've already bid on one project, one RFP and have been down selected to the final bidders. And that will be to produce 27 type systems in the region of \$75 million of business.

So in summary ladies and gentlemen I'd like to conclude the presentation and summarise why I believe that G4S's Port Solution Strategy will be effective, is that we believe the port sector will be a long term viable opportunity for our solutions approach. It has a direct link to global GDP growth and therefore has longevity. We also believe that despite the market being fragmented it does have a large security spend that is underpinned primarily by regulatory compliance must do activities and therefore great opportunity.

We understand the sector, we understand the port stakeholder risks and business drivers, the threats that are emerging, the increasing challenges they face. And our solution strategy is focused on addressing these challenges, mitigating their risks and adding value to their business which in turn will provide long

term partnership with these port players. That concludes the presentation.

Graham Levinsohn:

Good thank you David. Conscious we're running a little behind so I've asked Jorge to speed up so we can catch up some time. Jorge joined again the business late 2009. He's held very senior jobs in Halliburton and Schlumberger and he was actually born in an oilfield in South America so he truly was born to the oil and gas industry. Jorge.

Jorge Machnizh,

Director -

Global Oil and Gas Solutions:

Thank you very much. Thank you, a real pleasure to be here with you today. What I hope to do is to create some excitement about the oil and gas industry and why G4S has a great opportunity in this industry. And I'll just pick up the pace a little bit and go through my presentation fairly efficiently. So on the agenda I'm going to discuss a little bit of the industry fundamentals, the sector spend and the market size and why we want to play in this space, the market opportunity, the competitive landscape and our approach. And I'll have three examples on how we're creating value for our customers.

But on the industry fundamentals, and this is the main reason why I'm here today, is that I truly believe that the access to reserves and security go hand on hand. In fact throughout my career it's been closely to about 30 years, ten years plus in Schlumberger and ten years plus at Halliburton. And I've been running also a consulting business and technology businesses in our global bases and have a pretty good understanding of how the industry assesses sub surface risk. And now I'm transporting some of that same learning up to above surface risk.

But basically I think if you look at the industry fundamentals, the easy oil and gas are past. In fact there's significant challenges in the industry to come up with new reserves. There is a projected 35% increase of oil and gas needs by 2030. And we see a significant amount of changing dynamics in between the national oil companies and the international oil companies. We see national oil companies expanding overseas, companies like Petrobras, Petronas, PetroChina are expanding way beyond their borders, some of them operating in 20 / 30 countries, expanding in West Africa, North Africa, Asia Pacific, former Soviet Union. And we see an interesting opportunity there for the Group.

Also we see a significant amount of independent players such as the Tullows of the world, the Apaches, the Anadarkos, BG, that are expanding beyond their own projects and going in and taking on projects in places like North Africa, West Africa, Asia Pacific. And that creates a significant opportunity for us to partner with those companies and help them access those reserves in some of those remote regions.

And we also noticed, over the last few years, an entrenching of the ministries of energy, particularly in these countries where they saw the price of oil go to \$140 a barrel, and they saw a significant amount of their natural resources exiting and improving the balance sheets of the oil and gas companies. So now their government take are looking at taxes, they're entrenching and we see some of those in fact have changed their rules, like that we've experienced in some places like Venezuela, former Soviet Union, Nigeria for example.

The industry in 2010 in fact is expected to spend about \$330 billion in 2010. In fact we're going back to the levels compared to 2007, 2008. Over the next three years the industry is expected to increase that spend. In fact in three years we'll probably spend

over about a trillion in OPEX going forward in the industry. Large industry projects are getting back online again. We saw a slowdown of those projects in 2009, but over 2010 we see a significant opportunity there. Infrastructure investments, they've tried to optimise the distribution systems, their network systems, their pipeline systems, we see opportunities there. And a significant challenge in security environment as we see those reserves.

So over the next few slides I'm just going to set a little bit of context of the industry. I'm going to go through these very, very quickly and I'm going to get down to what matters which is the G4S strategy and how we're going to address this. But oil and gas have been significant; if we look back all the way back to 1983 over the last close to 30, years oil and gas plays a significant role in the provision of energy.

If we look at going forward up until 2030 oil and gas demand is going to continue to grow. In fact Exxon Mobil expects this to grow on an average of about 1.2% per year and we'll need about 35% more of energy by 2030. We see a significant growth in population, the growth in GDP I think that is going to continue to drive demand in oil and gas going forward in the future.

Where is that demand going to come from? Primarily it's going to come from non OECD countries, driven primarily by India and China as they expand their economies, they improve their standards of living and some of the investments that are going into those domestic countries, Brazil also part of that. And we see that the OECD countries basically flattening out their needs for energy as the energy efficiency comes into play and alternative energies may play within the OECD countries going forward.

So all the sectors are pretty much forecasting a continued requirement for energy for oil and gas in particular. And we also see that alternative energies are going to be part of the mix. By 2030 Exxon Mobil is projecting that that will be about 15% of the mix so it's not a question of one versus the other, which one is going to be more important. I think that we need all of those various different types of energy sources in order to meet the demand that we see going forward in the world. However we see oil and gas continuing to play a significant role of that.

And it's not only coming from OPEC. In fact some of that growth is coming from OPEC sources which will continue to lead the way regarding some of the largest reserves and I'll have a few slides which represent that. But also that half of that growth and increase is going to come in from non-OPEC sources, so we're going to be looking at deepwater, offshore, high arctic type of regions and very remote regions on the planet to meet the demand.

Also what's very important for everyone to know is that the oil and gas supply has a challenge and the challenge today is that we're reaching a level of maturity in a lot of the producing fields. And currently today if you look at the current graph and you project out to 2010, you see that reserves that are found under development and found under appraisal are reaching a peak. So there's a significant opportunity for yet to be found reserves that will have to be identified in various different locations in the globe to meet the demand going forward. So the industry is going to have to continue to invest significantly in exploration and production projects in order to meet the demand that's established and forecasted.

So where are the reserves coming from? Well Middle East clearly is one of the areas where we have significant amount of

reserves. Europe and Asia and Africa lead the way and have another further breakdown that breaks down where the countries which have the significant amount of reserves, Saudi being the biggest, Iran and Iraq that's why all the excitement around Iraq, significant amount of reserves untapped, ready to go in and begin to produce some of that infrastructure. And if you look at this graphic and you see the countries that are actually have the proven reserves and the countries that need, the consumer countries like Brazil, China and India offers a tremendous amount of challenge for an industry to transport from the producing countries into the consumer markets.

So one of the things that I wanted to do early on in my tenure at G4S was try to quantify the size of the market, how big is this market. And in fact I had some challenges actually collecting this information because a lot of the operators, the oil and gas companies, the oilfield services companies, engineering companies, keep security buried within their health, safety and environment expenses.

However I had the opportunity to discuss and talk to most of the security directors for the super majors, the independent and the oilfield services and engineering firms, and we all came to a conclusion that on average the industry spends about 3% on security matters operating around the world. And in fact in some cases where there are some challenges around security, 15% would be normal for example in a country where you have significant amount of security challenges.

So I've quantified the total market potential for G4S to be about 9 to \$10 billion on a global basis. Not all of that is accessible to us simply because some of that expanse are internal organisations, the security directors and their organisations. There are some projects within - may undertake and I've quantified that to about

G4S Capital Markets Day 2010 - Second Session

40% of that spend. So I think that the size of the market that G4S can go after is about a 5 to \$6 billion market if you would.

These figures do not include the cost of the ministry and the national oil companies to support the infrastructure, the government forces which - the accountability for the oil companies to protect their facilities really lays down its accountability of the government forces. Insurance premiums are not a part of this.

But significant spend is in business disruptions. In fact I was quite impressed on how much we actually spend as an industry on non-direct cost if you would. This was business disruption, productivity on a pipeline that may be impacted by a robbery or some kind of an attempt into that pipeline or transportation problems they might be facing. In fact I would quantify that to be another \$10 billion and this is the core of the value propositions for G4S, is to be able to not only look at the current spend which has been on the rise over the last few years, but also look at the indirect cost and the business disruption cost and impact that part of the equation.

So G4S market share today, serviceable market, it's about 5%. And I would say that we're the largest player in this space. So we have the largest player that only has 5% market share. That means there is 95% market share that we can go out there and go after ourselves. In fact it's equal to about 3.5% of global G4S revenues.

And then if I look at the footprint which we have, the presence and the type of locations where oil and gas activity is taking place today and where G4S has presence, we have a very good match in between those two. So in fact we have oil and gas activities in about 85 countries with over 100 customers which we do one

type of another of services today, which is very encouraging for me because it really provides a very good platform for us to take off from.

So where are the market opportunities? Well in a critical infrastructure such for example of LNG, liquefied natural gas projects, there's one example in Papua New Guinea there's a significant project that's starting. We're playing a significant role and I have a better description in more detail a little bit later in my presentation. We're looking at about a \$15 billion investment by a super major. This is entering the construction phase. This is the type of project that will be there for the next 30 years, and establishing a relationship early in the project then enables us to have significant presence with this particular customer.

There's another 19 projects which are on the way, LNG projects here today, totalling about a \$75 billion investment in the industry. These projects are projects that include the transportation of gas from the well source down to a terminal, and then the transportation of a marine into the consuming market which is a significant opportunity for us. So we see also the pipeline segment, any transportation, we see new investments coming in in the pipeline segment as well as the existing pipeline network. That's being revitalised, a significant amount of investment coming into the existing pipeline and I think that that provides an opportunity for G4S and the sector.

Access to reserves, typical example is Iraq example. Currently today there's a significant amount of proven reserves. The oil and gas industry has been very excited about coming into Iraq and developing some of those reserves. There's been some contracts which have been awarded already and we see that combining, working with the rest of the G4S group in our

capabilities in a country this is going to be an important opportunity for us.

And the issue in Iraq is that everyone is looking at this individually. So super majors are coming in, some of the national companies are looking at that, also services companies, and what we can do is to be the integrator of the entire security needs in Iraq across all of these various different players that would exist so they can optimise the cost on how they actually operate in Iraq. There'll be significant outlay in infrastructure there. West Africa example is new discoveries offshore in Ghana for example where there's significant new reserves. There's investments going into and we'll see a pipeline opportunity at terminals and a significant development offshore.

And emerging opportunities in deepwater for example that we've seen. And I think the emphasis on health, safety and security in the environment is going to increase, particularly with the event that just happened in the Gulf of Mexico. I think that that's going to drive significant amount of new regulations going to come in and significant amount of focus on HSSE matters in the industry, and that's going to create significant opportunities for G4S to expand on.

So if I look at our competitive landscape. We have three sources of type of competitors. We've got international risk consulting firms that provide the type of consulting, kidnap and ransom in some cases, journey management. We also have the international manned security companies which might have some global presence in the guarding world. And then we have international security systems companies that play in the technology and the global presence. And what we're proposing - our value proposition is to integrate our way across this entire

value chain. And I'll describe a little bit on how we hope to do that.

So our approach is going to be more leveraging our current capabilities and presence around the world, particularly around new markets. And really move from a transactional type of relationship to more of a trusted partnership. Customer centric approach and a value add type of relationship where we understand key performance indicators; we develop those key performance indicators and deliver against those. And aligned with the customer's objectives and leveraging technologies, people and process.

So how do we do this? We've seen this pyramid which Graham was able to present earlier today which has a strong foundation of manned security and incident tracking. An integrated process and technology and an intelligence risk assessment. So in a value creation I see the bottom of this an activity centric type of relationship where we measure the numbers of hours, number of people that we have, and the result centric at the very top of this pyramid.

What's important today, and which no one is actually able to provide, is the ability to interact with the two where you can have a dynamic system where this information can then be translated into knowledge and the knowledge into a decision making process which helps drive strategy. And those decision support systems are the ones that enable customers to be successful in the markets that they want to operate. And there's a different relationship that began at the bottom of this, at the plant level relationship, and at the very top of this pyramid being at the board level relationship, and the integration all the way across the vertical organisation of our customers and how we can impact that.

So we've got significant experience within G4S for the last 20 years, and the integrated solutions approach we have significant capabilities within the toolbox. We've just added some significant capabilities with the acquisition of Adesta and Hill & Associates and others, that is going to be able to provide our customers with an integrated type of solution and we'll see a significant toolbox. We can come in with different type of approaches for a specific customer requirement.

So briefly I'll just describe three case studies on how we're actually creating value with our customer. We have a consulting project. This is in Asia Pacific where we work directly for the CEO in a very complex geopolitical environment. A large presence in the country and this customer was not getting reliable intelligence information and they didn't have any risk process and profile and they were at risk. And it felt that any time they could have a catastrophic type of event.

The G4S solution was to develop a comprehensive intelligence and a risk assessment process to understand and mitigate the risk and aligned specifically with the CEO business objectives. In fact when I visited the CEO in his office he had the specific metrics, key performance indicators which we were going by. This work was performed by Hill & Associates and the customer value creation was to reduce the business disruption risk. It elevated the company reputation by their approach within the marketplace, within their competitors, within the government and improved the duty of care to its employees and the business performance against the competitors.

Case number two, this is a global super major. It has operations in over 85 countries. Wanted to optimise its cost. There was lack of innovation all the way across these relationships because they

had numerous relationships and contracts with various different players. There was an inconsistency service quality and a high cost of service. And we were able to optimise, simplify, standardise and automate this relationship in a way that enables and improved the HSE performance and security standards as well as reduce cost, improve quality and bring innovation in that particular type of relationship.

And the third case study, this was a significant opportunity with Papua New Guinea. We've been in Papua New Guinea for the last 20 years and now there's a significant investment coming in trying to develop some of the gas fields. We've been operating with the mining industry; understand the requirements there. It's very remote, lack of infrastructure, limited skilled resources and we've been able to develop significant capabilities there in country by training people. And we're growing this presence significantly. So what was important there was the G4S capability to deliver a wrap up aligned with the customer needs.

So in summary the sector opportunity. I would say that we have strong, sustainable industry fundamentals for the long term. We have a large segment which is basically untapped at the moment so we have significant opportunity that we can go capture. We have a fragmented market that taking the leadership will enable us to be able to consolidate some of this market and provide a critical offering to the market. It's an untapped opportunity, we're the first ones off the gate, and I think that that's going to help us be the first movers. And our G4S global presence and this represents a significant long term sustainable opportunity for G4S.

So I want to thank you very much for your time and I now pass it onto you Graham or to you Nick. Okay thank you.

Nick Buckles:

Thanks very much for that Jorge. I know you had to rush it and sorry about that but it was still very good. Going to conclude with a presentation, short presentation, from Trev on some financial issues. And then we'll have a Q&A and then I'll wrap up which is a slightly different order from the programme but it's nearly right. So over to you Trev.

Trevor Dighton,
Group CFO:

Okay I will keep it short. Morning everyone. I just want to finish off all the presentations today with a quick look at some of the overviews on the financial issues that relate to the group and start with the funding position.

This hasn't really changed since the year end presentation that we did in March, so that you can still see plenty of headroom, good range of sources of finance and a nice maturity profile. We do have the renegotiation of our main bank revolver of a billion pounds in 2012. Now the bank market is very much more friendly now than it was at this time last year and I don't think there'll be much problem in getting sort of five year deals for the full amount of our revolver, pretty reasonable rates at the moment. We do have quite a good range of funding sources as I said and we'll keep our options open I think about how we actually replace that bank debt until probably the end of next year because it is such a moving feast.

I mean the overriding principle on our funding profile is that we're pretty happy with the triple B rating that we've got and the profile that this requires is pretty much in line with our thinking anyway of the sort of leverage that we should be having. So that discipline is just about where we want it which is fine.

Okay next onto dividends. The Chairman showed you in his first slide I think how the excellent progress on dividends has been. A

31% compound annual growth rate since the merger in 2004. Interestingly over the same period the average for the FTSE 100 growth dividends was 10% and we were the seventh highest in our growth rate. But also from 2005 to 2009, so if you just drop off that first year, our dividend growth is 20% but the FTSE 100 dividend growth average was only 2% over that period of time. So we were well ahead of the average across the FTSE.

Okay looking at the other main use of the cash that we generate from the organisation, that's acquisitions. We continue to grow our business with this combination of very strong organic growth backed by this good programme of good acquisitions. But the two things that acquisitions have to bring are additional capability that you've been hearing so much about in the first part of this morning, but also good returns on the money that we actually spend on the acquisitions.

We've got an extremely good and tight system of controlling and implementing acquisitions. All the acquisitions in the group are channelled through our group CAPEX committee and it's a very meticulously controlled process and the progress of each of the potential acquisitions right through to implementing and bedding them down with a post CAPEX review. So a lot of discipline involved in that.

Just to demonstrate the capability expansion from the acquisition strategy, these are the examples of the acquisitions that we've made over the past couple of years. You already saw in Graham's presentation the US capability expansion through acquisitions. This is more of a group overview. Starting back in May 2008 the RockSteady acquisition has made us the largest event security and safety company in the UK. And that expertise that we acquired through that's already helped us to develop some international expertise with some Grand Prix events that

you again heard about earlier; some international work with FIFA actually and some pretty good prospects in various parts of the world.

GSL and Armor, you know those well, and they certainly have provided extremely beneficial expansion of our government and high risk area specialisation. Touchcom you've heard a lot about from Graham and it's been very important to us in the development of the security solutions. Firstly in the US but also internationally as Graham mentioned.

RONCO added to the initial mine action work that we got from the Armor acquisition and that's made us now the largest commercial mine clearing organisation in the world. And in January 2009 we added some strong banking consultancy credentials that Ken mentioned with SMI.

SecPoint brought us into the fast growing systems market in Ghana and at the end of last year we made two very strong US acquisitions again that Graham went through in detail, Adesta with its excellent systems integration capability and expertise in ports, and All Star which expanded our offering to the government outsourcing market. So far this year we've got the market leader in risk consultancy in Asia which is Hill & Associates. And another consultancy business specialising in nuclear power in the US, NSSC.

Okay so as well as the additional capability requirement from acquisitions we also need to generate good returns. You saw the left hand bit of this slide on Nick's earlier presentation. But it is about this combination of organic and acquired growth that we need to balance well with the returns. The individual return criteria for specific acquisitions is post tax return of 12.5% within three years for the normal add on deals. We can take this lower

for more strategic larger deals and still have good group returns but only do this in pretty exceptional cases. Our WACC actually at the moment is currently 7.4%.

I'll show you the details of how this ROIC calculation is made on the next slide, but just look at the total picture here. You can see that our ROIC was mid to high teens in 2005 to 2007. Then it went to 13.3 in 2008. This was mainly due to the two large acquisitions in the year, GSL and Armor, but there was also quite a significant impact of the dollar currency fluctuation in the year when the exchange difference on goodwill was proportionately greater than the affect on the profit. So that took it down a little bit.

2009 saw our ROIC coming back up again to 14.4 when we had a much more normal level of acquisitions. But I keep saying it, it is the balance of organic and acquired growth and the constant monitoring of this that does ensure that we control the development of the group properly.

This is the breakdown of the ROIC calculations. I mean there are loads of different ways and very complicated ways of calculating ROIC. But there is one very significant adjustment that should be made to all calculations however you do them on ROIC with our specific organisation, and that's the one that Nick mentioned this morning with this goodwill created by the accounting treatment that happened at the merger when we did create £822 million, you can see it three lines up from the bottom, of goodwill that wasn't acquired goodwill. It doesn't really reflect any logical assessment of invested capital so we do exclude this and I think it's the right thing to do.

So you can see the detailed calculations. We start with the net assets and add back the net debt and the pensions deficit and

then we write back previously written off acquired goodwill. And I think some of you sometimes like to include operating leases in your calculations. I haven't done all of the different variations but if we did make this adjustment it makes about a 1 to 1.5% impact on the ROIC at the bottom line there.

And I've also split this over the two divisions, made the product divisions in the group. The big influences of course on ROIC are the balance between the different levels of operating assets and how many acquisitions have been put in place to develop the divisions. Looking at cash services it's a pretty constant and reasonably high level of returns, 23 to 25%. And our security services, a normal level is mid teens for security solutions but it did have a dip in 2008 with the extra acquisition years with GSL and Armor which were both security services acquisitions.

I mean security solutions has historically been the main area for our acquisitions. And although cash services does actually use a higher level of operating assets with the vehicles and the security investment, it's mainly been an organic growth story so you do see a higher and more sort of constant level of returns on cash services.

Okay so I hope this helps a little bit with your assessment of the financial position and drivers of the group. And I'll give you back to Nick now to summarise the day.

Nick Buckles:

Thank you very much Trev. Just before I summarise I think I'll go to Q&A because I'd like to finish with the summary. So I'll throw the floor open for Q&A, one in the middle there.

Andy Chu,

Deutsche Bank:

Good afternoon. Just wondered if you could say a few words about you mentioned I think the 25% of your customer base that

you've measured so far is in the solutions space. I just wondered if you could give us a sort of medium term target where you'd like to see that going. And within that are there any sort of particular industries or geographies that contribute to that 25% please?

Nick Buckles:

I mean we set ourselves a target internally in our business plan process last year by 2012 having 50% of our customers on a Solutions basis. Now - and I think I've mentioned that in past maybe in one to one meetings, but the fact was we didn't actually know what the start point was when we set that target.

We're still actually digesting that analysis. It's really very, very hot off the press. Still need to look at the contracts, the geography and you know I haven't been into that level of detail, certainly Graham has, but I don't see why with our first view of the information, with our strategy that we've got in place that we can't still have an objective of moving, if it is 25%, to 50%. It might take a little bit longer than two or three years but I don't see why we can't have that as our objective.

So more work to do on that and more understanding but I think it's a very good place to start from. And I think the interesting part for me is there are some government contracts, which we haven't yet moved to Solutions, and I think they're going to be probably the easier ones to move.

Andy Chu,

Deutsche Bank:

And Nick just in terms of measuring the progress is this going to be done on a yearly basis? I imagine it's quite a big exercise to do.

Nick Buckles:

Yeah I think the plan now is twice yearly, and certainly the net promoter score we'll definitely do twice yearly. We're getting the process in place to make it a little bit automated and clearly you

can understand it is a big exercise for us to do. But ultimately it is going to be only 1000 customers so it's something we should be able to get right. And you know there's certainly a degree of subjectivity around which box customers fall into but we've got a quite detailed objective questionnaire that you have to ask yourselves about the customer relationship to arrive where we did. So you know it's a good process, it's just started but we do hope to be able to publicise it at least - we'll do it twice a year, probably publicise it once a year, something like that.

Julian Cater,
Collins Stewart:

Two questions please on the UK Government business. You've clearly got a wealth of opportunities to go for, can you perhaps say what changes you've made over the last year in terms of how you're allocating resource to try and improve your success rate? And a related question in terms of the Welfare to Work contracts. What did you learn from the wave one experience that you've changed and hopefully will lead you to be more successful in wave two?

Nick Buckles:

David?

David Taylor-Smith:

Yeah so what we do if we are successful or unsuccessful in a bid is we digest the reasons for both those results. So we have changed a significant amount in the bidding process on what our stage zero review criteria is for us to initially bid an opportunity.

One of the things that attracts us to an opportunity is if there is a programme, and I think one of the lessons from that Welfare to Work stage one was I would describe that as entrepreneurially opportunistic bidding. My view is if you're going to do something in a programme you have to look utterly deadly and serious to the client. And utterly deadly and serious to the client needs to look like the people who are going to run this are sitting across the

table from you and they have a credible background in this area so you can trust them to run this. So we have just recruited a good, well recognised individual in this area to run and bid this area of work for us. So that would be a kind of a good description of the change.

In terms of how we allocate resource between those opportunities, there are some heritage areas of GSL where they are not on strategy. And what we've done is we have tillered them off those areas onto areas which are on strategy. And the reason why that's important is we think we are differentiated when we bid on strategy and we are less differentiated when we don't bid on strategy. So what you'll see is the mix of stuff which was previously done under GSL under the integrated services area is tillering more and more to have a higher security component.

David Hancock,
Morgan Stanley:

Just one follow up on Julian's questions on government for David. You mentioned I think discussions around buying or investing in government assets, and talking about things that a year ago weren't conceivable now are starting to be talked about. Can you just give us some examples of that please?

And more specifically in terms of quantifying the opportunities, I think last year when you spoke to us you talked about your budget plan for 2009 being £670 million of revenue which I see from the slides today you pretty much hit bang on, and at the time you said £860 million of revenue in 2011. Does that now look too low given all the opportunities that you've mentioned?

David Taylor-Smith:

On the first one I wish I could describe those conversations but I don't think I should.

Nick Buckles:

I don't think you should either.

David Taylor-Smith:

Because they are conversations which are happening prior to, during and immediately after the election, during the purdah period. And they are senior civil servants who've been asked to get on and draw up contingency plans around budget deficit activity. And I don't think it's appropriate to kind of mention those. But they are interesting conversations that a year ago you just wouldn't be having.

In terms of the targets I think inflation has had an impact. When we last did our business plan cycle, inflation was running at a different headline rate, and that said will have an impact. But we see a stronger pipeline at the moment than any time since I've been in the UK and Ireland. So just in terms of activity in the pipeline. And as I said I think that the budget deficit will drive that in a positive direction although the content and time with that may have a few bumps en route. And bumps doesn't all mean bad, it could be good bumps as well as bad bumps.

Nick Buckles:

I think yeah it's fair to say that that - with the bidding pipeline we've got yes it is strong and I think we're going to be successful but it's not going to have a massive impact on 2011. So yes we'll have our normal growth between '10 and '11 but I'm not sure if we'll get to the number you mention. But we'll see.

David Hancock,
Morgan Stanley:

Thanks then just a follow up for you Nick on M&A. Can you just talk about the environment at the moment? I think you mentioned on the slide that you were monitoring larger deals. Is that anything specific or just an ongoing process? And maybe touch on whether you're seeing any more private equity interest in assets in the space at the moment?

Nick Buckles:

Our levels of acquisition thinking is exactly the same as previously, up to £100 million or around 100, 120 on capability building small up to £10, £20 million deals. We still see those as available, probably more private equity interest now in that market than there clearly was last year. I think we did do some good deals building the capability we did last year. And also in that category hopefully an entry into Brazil will come through in the next six months.

And then the mid size 200 million plus, that sort of level, China is the target for us over the next three years. A lot more work to do on understanding the market. I understand the first rules for licensing in Shanghai I think came out last week so at least we're starting to get some structure around security regulation in China. So that's a medium size opportunity.

And then the third level, you know transformation or large deals, we continue to monitor. We always say if we can make a decent return on invested capital and it fits the strategy it's something we'll consider, but they very rarely do.

Andrew:

Just going back to David just to finish off the new deal, I think the original timing for that was around sort of June time. Is that still sort of moving forward to schedule or has the election had any sort of impact on the timing?

David Taylor-Smith:

It's an interesting question. Lord Freud is an interesting character. For those of you familiar with Lord Freud he's moved seamlessly from the Labour party into the Conservatives. And his view is he's quite upfront and says look I'm not really interested in party policies; I'm interested in the subject matter. And so there are tweaks between the two parties' views, but he is central to keeping the philosophy which is the D... mechanism, i.e. we'll give you some money to run the department and we'll give you an

uncapped amount of money which just goes up and down as an automatic stabiliser dealing with unemployment, he intends to break that. And that sounds completely logical to us. And that is we're going to pay you around results of getting people back into work and we want some entrepreneurial organisations in the mix.

What happened was about three months ago we were expecting the results of a flexible new deal. They have said the headline rate of unemployment has changed; it's not as high as we were anticipating, so therefore they wanted us to alter the assumptions. They went back out to the bidders and said could you alter the headline assumptions on the numbers of throughput and volume that you're handling.

So we have submitted that about six or eight weeks ago and we wait with baited breath to see what's going to happen as a result of the election. As I say there is no indication that this - the programme is likely to be unchanged, there may be a change in composition size, slight flavour. But they are committed to doing the same type of work.

Andrew: Okay so sounds like sort of early to midsummer still on track.

David Taylor-Smith: You're obviously a friend of David, Freud. No the honest answer is it should be imminent but you have to recognise the being ...

Andrew: Yeah and then just on contracts awarded in the year to date. I mean there's been a lot of sort of ho-ha amongst the media and from the coalition yesterday about the amount of sort of activity going on. I mean are you sort of nervous at all about things just being put on ice for a little while, while sort of all contracts let to date are reviewed? Would you be sort of caught up by that or is it just not an issue?

- David Taylor-Smith: I think there may be timing impacts on programmes as governments change as a matter of policy out of certain areas of activity into new areas of activity, and I think that will be positive and negative. But I mean as I indicated, we signed a significant deal yesterday connected to GCHQ.
- Andrew: Okay. And then finally on market testing of existing state prisons. You talked about five, I guess they're the sort of the worst performers that the state is perhaps looking to get help with. How easy would they be to sort of run and sort of make a return for shareholders? I mean do you see it as a start as a wave or you know - where is it in terms of your sort of priority list of sort of opportunities?
- David Taylor-Smith: So our view to the government has always been consistent, is they should have a proper programme that should put the entire prison estate through that programme, not just failing institutions. Our view is, we describe it as a bit like buying a company, and then if you buy a company there's no magic to this, if you give us a rotten company well we fix it but that's quantum of time, money and resource. And you know if we take over a well run facility we can still improve it but it will take less time, money and resource to do that.
- So that will be reflected in the solution of time, money and resource but I think everything is fixable but our encouragement is make it into a programme across all the prisoner state.
- Nick Buckles: And that there's a level playing field in the bidding process.
- David Taylor-Smith: Yeah. There was a track record previously of there being not a level playing field with a result in five or six years ago the competitions all stopped because the private sector refused to bid on them any more.

- Andrew: Specific situations like Birmingham or Wellingborough I think when the process likely to come to fruition or isn't there a set timeline?
- David Taylor-Smith: Well the initial outline solution submission goes in at the end of May.
- Andrew: Thanks.
- Nick Buckles: Any more questions from the floor. Jaime:
- Jaime Brandwood, UBS: Just a couple of quick ones. On the M&A that you described where you've over the last two years brought in acquisitions that have given you an additional billion of revenue and 90 million of EBIT, of that EBIT can you sort of break out how much has been due to your own actions in terms of synergies and what have you, as opposed to just the base businesses? Is that something that you've tried to do?
- Nick Buckles: We haven't done but I would guess from what we publicised from synergy benefits it would be about £10 million from synergies and the rest from the business. But then we've probably given those businesses a lot more opportunity and a lot more growth by having them in our ownership. So quite difficult to say.
- Jaime Brandwood, UBS: I'm just wondering kind of in terms of your acquisition policy, I mean you talked about ROI criteria and what have you, but is another criteria that you're trying where possible to buy businesses that are also going to be margin accretive once you've been able to do everything you want to do with them?
- Nick Buckles: Not necessarily. I mean it would be a nice outcome but for example Hill & Associates wouldn't be margin accretive. It's quite

a low margin business but it's going to give us tremendous credentials to expand the core business. So some will and some won't but the key issue for us is it makes that return criteria on its own merits within three years. And clearly there are other benefits we get over and above those acquisitions from the core business. We don't try and measure those because it's just too difficult.

Jaime Brandwood, UBS:

And lastly you talked about oil and gas and ports and aviation. In those three areas at the moment can you talk a little bit about the margin profile and whether you're you know making higher margins there than you are for the group average, whether there's scope to increase the margins further in those areas?

Nick Buckles:

Yeah I think you know you saw from the presentation, Graham's presentation, aviation has got some real fantastic drivers for growth and the right market characteristics but at the moment it's pretty low margin. So I think that over time you know it will be a market that we only get even more interested in if we can start to improve the margins. That's got to be through taking on wider responsibility in analysis and design and delivering out ports based solutions. If we're still responding to tenders and providing manpower and competing with every other local player on a site by site basis it's not the right industry for us. So we have got to change the way we address that market.

On ports and oil and gas, oil and gas typically, mainly because it's in developing markets, is going to be a higher margin business. And certainly ports as well we'd expect to be higher margin business as well.

Jaime Brandwood, UBS:

Okay. And then very lastly the £670 million of sales related to UK government, I presume you're classifying all of that in UK Secure Solutions? Is that fair?

- Nick Buckles: I'm not sure whether some of the FCO work in Iraq and Afghanistan will be in that number, it probably would actually. It was on the pie chart so.
- David Taylor-Smith: Yes.
- Jaime Brandwood, UBS: I was just wondering if divisionally there's some work that isn't actually being undertaken in the UK being classified in the UK.
- Nick Buckles: Yes. In that chart for £670 million the Iraq and Afghanistan FCO work would be in the UK results.
- Jaime Brandwood, UBS: So there's about what, 50 million quids worth, something like that?
- Nick Buckles: Yeah. Yeah.
- Jaime Brandwood, UBS: Thanks.
- Nick Buckles: Last one from Ed.
- Ed Steele,
Nomura: Just a quick question please. You've done a lot of work on the ports, oil and gas and airports markets. Do you have a flavour please for the amount of in house security that's being done in those three markets please? So what the outsourcing opportunity is. Or is it more a market share opportunity please?
- Nick Buckles: Certainly my understanding on oil and gas is that a lot of the management is in house but none of the service delivery, that's already been outsourced in terms of on the ground delivery. Ports I would say is probably in that same category. So it's already outsourced but in a very fragmented, locally procured

way typically. More so on ports than oil and gas. And you know you saw the opportunity with oil and gas. Getting in at the board levels of these super majors, there's hundreds of millions of pounds of opportunity there on standard delivering good service through oil refineries, and head offices through to supporting them in exploration in difficult areas basically.

Ed Steele,

Nomura:

Thank you. And aviation please?

Nick Buckles:

Probably a higher percentage still in house because clearly the whole of the - you know the core markets in the UK, the main airports in the UK are still in house. So probably 50% aviation probably still in house, Graham?

Ed Steele,

Nomura:

Thank you very much.

Nick Buckles:

Any questions from the telephone lines?

Telephone Operator:

There are no questions from the teleconference.

Nick Buckles:

Okay. Any more? One more question from the floor anybody?
No. Okay. I'll have a quick sum up if I can get my slide back.

Right, conclusion. I think what we've hopefully demonstrated today, and we make no apology for it, is that we are becoming a much more complex business in terms of the services we provide, the solutions we provide and the technology and understanding of sectors we need to actually deliver on the strategy. So I think that you know there's been a lot of detail today but I think that was important to show how far we've moved from maybe the business people thought we were five years ago. We really have got some

tremendous complexity and technical competency in the Group now.

We've got very strong market positions. Everywhere we operate we're in a number one or two position on cash services, bar three small businesses. And in the Secure Solutions space we're always a major player in the markets we operate. And not only that, there's structural growth in all these markets. And the fact that we've got such strong capability and market positions we can create more growth in those markets by application of best practice.

Continuing to expand our services into developing markets. We've made the point about developing markets, they grow anyway, they've got high GDP growth, there's more outsourcing to come because they're fairly immature. Not only that, we can take all the services that we've developed elsewhere and roll them out through an 80 country platform in developing markets.

Lots of examples today of our Solutions strategy, building technical capability, building risk management capability, and coming up with solutions across multiple geographies or multiple service ranges that none of our competitors can actually differentiate or deliver on. We really have got a very unique delivery mechanism there and actually it becomes more and more difficult, both in terms of an investor proposition and on the ground service, to actually find anybody that does compete directly with us because we really have become very differentiated.

The other thing I hope we've demonstrated is we continue to deliver even during a tough economic environment. We had an excellent track record prior to the recession, a good strong performance during the recession. And what you could see as

well from the historical data we've showed you, even if you just take organic growth we always grow 3 to 4 to 5%, depending on which GDP you take in the cycle, ahead of nominal GDP growth because of our capability to persuade people to outsource, because we create markets and because security is such a key driver, you know, of growth.

But the most important point I continue to make and we continue to make is organic growth is important and we're clearly going to return to strong organic growth once the economies start to pick up. But we always, always focus on cash flow generation; it's been over 85% for five years, 90% last year even in a recession. Margins are really important to us. We could grow quicker but we're really very focused on making sure we maintain margins. And our commitment around return on invested capital, we've had that for the last five or six years. You've seen how our return on invested capital is key to us. It's a mid teens return. We only make acquisitions that deliver 12.5 plus within three years, unless as Trevor said there's something significant we think can be - you know build something over the longer term. And that focus on returns, cash flow and margins will continue.

Thanks very much for your time. Now if you'd like to join us for lunch that would be great. Thank you.

Applause

END