

Group 4 Securicor

Preliminary Results to 31 December 2006

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Nick Buckles

Chief Executive Officer

Introduction

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Results Highlights

- **Strong organic turnover growth of 7.1%**
- **Group turnover up 8.4% to £4,353.6 million**
- **PBITA up 10% to £277.0 million**
- **Margin improved from 6.3% to 6.4%**
- **Cash flow generation of £241.1 million, 88% of PBITA (2005: 79%)**
- **Adjusted earnings per share increased 9% to 12.2p**
- **Recommended final dividend up 13% to 2.52 pence per share (DKK 0.277)**
(Total recommended dividend up 19% to 4.21 pence per share (DKK 0.463))
- **Excellent growth continues across New Markets**
- **Strong margin progression in Cash Services**
- **Increasing group targets**
- **Overall another strong performance across the group**

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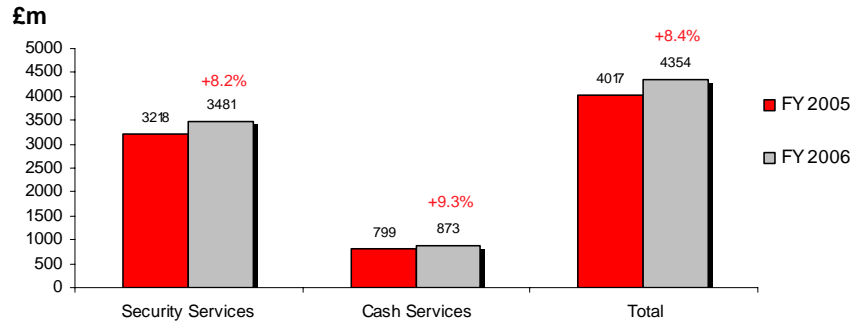
Trevor Dighton
Chief Financial Officer

Financial Summary

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Continuing Turnover by Business Line 12 months ended 31 December 2006

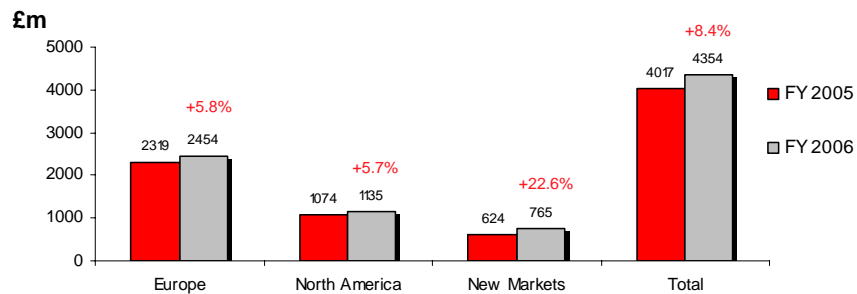


Note : At 2006 exchange rates

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Continuing Turnover by Geography 12 months ended 31 December 2006

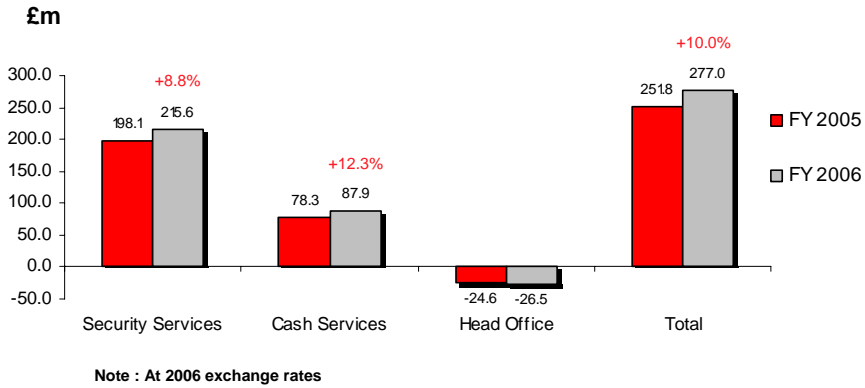


Note : At 2006 exchange rates

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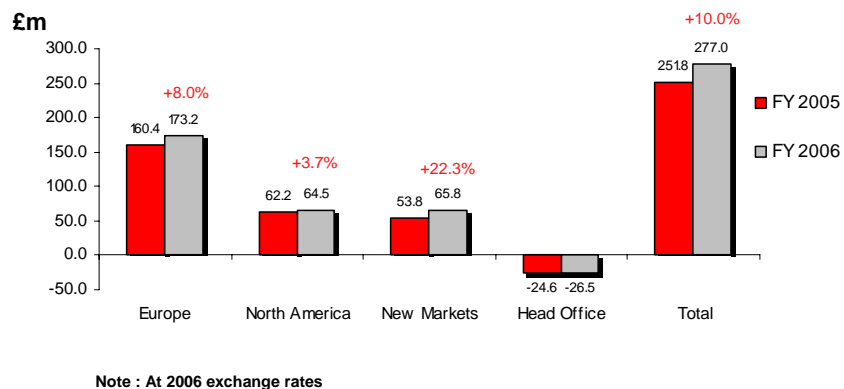
Continuing PBITA by Business Line 12 months ended 31 December 2006



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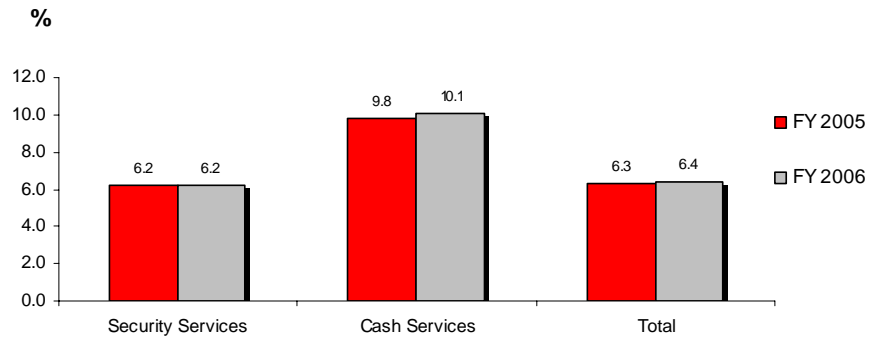
Continuing PBITA by Geography 12 months ended 31 December 2006



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Continuing PBITA Margin by Business Line 12 months ended 31 December 2006

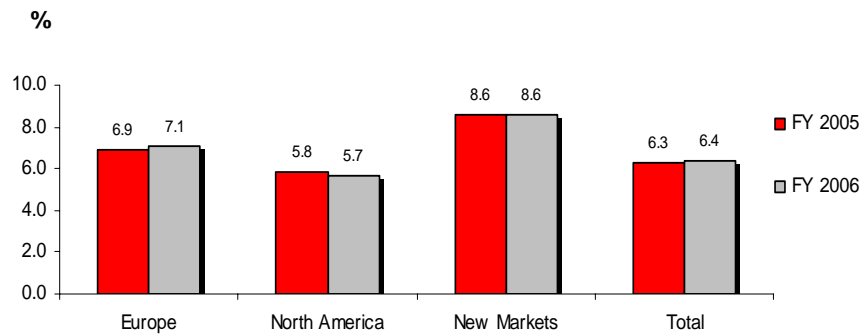


Note : At 2006 exchange rates

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Continuing PBITA Margin by Geography 12 months ended 31 December 2006



Note : At 2006 exchange rates

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Profit and Loss Account

12 months ended 31 December 2006

£m	2006	2005
PBITA	277.0	255.0
Interest (before pensions and financial instrument fair values)	(42.0)	(34.2)
PBT (before amortisation, exceptional items, pensions interest and financial instrument fair values)	235.0	220.8
Amortisation	(36.0)	(33.8)
Exceptional items	-	(18.2)
Pensions interest and financial instrument fair values	1.0	(5.4)
PBT	200.0	163.4
Tax	(56.7)	(59.6)
Discontinued operations	(33.4)	(13.1)
PAT	109.9	90.7

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Taxation

12 months ended 31 December 2006

£m	Pre amortisation and pensions interest	Amortisation and pensions interest	Total
Profit / (loss) before tax	235.0	(35.0)	200.0
Tax (charge) / credit	(67.2)	10.5	(56.7)
Tax rate	28.6%		

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Earnings per Share

12 months ended 31 December 2006

£m	2006	2005
PBITA from continuing operations	277.0	255.0
Interest (before pensions and financial instrument fair values)	(42.0)	(34.2)
	235.0	220.8
Tax	(67.2)	(68.9)
Adjusted PAT	167.8	151.9
Minorities	(13.4)	(9.9)
Adjusted profit attributable to shareholders	154.4	142.0
Average number of shares (m)	1,268.3	1265.0
Adjusted EPS (p)	12.2p	11.2p

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Balance Sheet

31 December 2006

£m	December 2006	December 2005
Goodwill and other intangibles	1,414	1,445
Tangible fixed assets	355	355
Other non-current assets	173	167
Current assets (excl cash)	849	865
Current liabilities (excl debt)	(816)	(861)
Non-current liabilities (excl debt)	(330)	(344)
Net debt	(673)	(657)
Net assets	972	970

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Operating Cash Flow

12 months ended 31 December 2006

£m	2006	2005
Group PBITA	274.2	249.7
Depreciation	91.1	81.4
Working capital movement	(41.7)	(43.3)
Cash generated from operations	323.6	287.8
Capital expenditure	(82.5)	(89.8)
Operating cash flow	241.1	198.0
Operating cash flow as % of PBITA	88%	79%

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Reconciliation of cash generated by operations

31 December 2006

£m	2006	2005
Operating cash flow (G4S definition)	241.1	198.0
Add back capital expenditure	82.5	89.8
Cash outflow on exceptional items and discontinued operations	(32.0)	(39.7)
Other	-	(5.6)
Additional pension contributions	(24.2)	(15.0)
Tax paid	(70.3)	(53.0)
Cash from operating activities (statutory definition)	197.1	174.5

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Cash Flow

12 months ended 31 December 2006

£m	2006	2005
Cash from operating activities (statutory definition)	197.1	174.5
Interest	(47.8)	(38.1)
Net capital expenditure	(82.5)	(89.8)
Group dividend	(49.8)	(39.9)
Acquisitions, disposals and others	(87.9)	(50.1)
Movement in net debt	(70.9)	(43.4)
Exchange movement	55.4	(27.5)
Opening net debt	(657.3)	(586.4)
Closing net debt	(672.8)	(657.3)

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Pensions

12 months ended 31 December 2006

- Actuarial and financial assumptions updated
- Largest scheme in UK was actuarially reassessed in 2006
- Short-term volatility during the year
- Discount rate of 5.2% used
- Deficit almost unchanged at £226m (2005: £217m) before tax
- Increase in asset values offset by increase in inflation
- Additional cash contributions of £24.2m for year paid (no P&L implication)
- Hold 70% of assets in equities and believe in long-term equity outperformance over bonds

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Dividend

12 months ended 31 December 2006

- Final dividend of 2.52p per share
- Total dividend for 2006 of 4.21p, representing a 19% increase over the 2005 dividend
- Dividend cover (on adjusted EPS) 2.9 times
- Targeting progressive dividend increase to reduce cover to 2.5 times within two years

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Nick Buckles
Chief Executive Officer

Trading & Strategy Development

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Organic Turnover Growth

12 months ended 31 December 2006

	Europe	North America	New Markets	Total
Security Services	5.0%	5.4%	16.1%	6.9%
Cash Services	6.7%	1.7%	18.5%	7.6%
Total	5.4%	5.2%	16.5%	7.1%

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Security Services

	Turnover £m		EBITA * £m		Margins	
	2006	2005	2006	2005	2006	2005
At 2006 exchange rates						
Europe	1792.1	1699.7	104.5	100.5	5.8%	5.9%
North America	1049.9	993.2	62.7	59.2	6.0%	6.0%
New Markets	638.6	525.1	48.4	38.4	7.6%	7.3%
Exchange differences		29.8		3.3		
At actual exchange rates	3480.6	3247.8	215.6	201.4	6.2%	6.2%

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* Includes share of associates



Security Services

Europe

UK & Ireland

- Modest organic growth for the full year
- Improved growth in Q4 at over 6%
- Margin improvements
- Combined UK market-facing entity (Justice & Security Services)
- Future growth opportunities
 - targeting specific market segments
 - using public sector expertise

Netherlands

- Improving economic conditions
- Double digit organic growth
- Improved margins
- Important contract wins

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Security Services

Europe

- **Belgium** successful in increasing security solutions scope of existing contracts
- Strong growth and margins in **Denmark** driven by market-leading systems business
- **Sweden** improved performance despite some contract losses
- **Baltics** achieved good growth and strong margins
- Good organic growth in **France** and potential for margin progression
- Challenging environment in **Israel** is expected to improve this year
- Recent contract wins partially offset earlier losses in **Greece** and collective bargaining agreement finalised
- Significant security and cash solutions contracts won in **Romania** and **Turkey**

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Security Services

North America

Wackenhut

- Margins maintained at prior year levels
- Won some large contracts in the H206 in the commercial sector
- Expansion of existing contracts in the nuclear sector
- Commenced security and transit contract on behalf of the US Government at the Mexican border

Canada

- Good performance
- Increased project work and some new contract wins

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Security Services

New Markets

Middle East

- Exceptional performance overall
- Multi-service offering continues to be successful in markets such as **UAE** and **Saudi Arabia**
- **Iraq** contract continues to perform well and is growing steadily

Latin America & Caribbean

- Double digit growth and strong margin improvements
- Important contract wins and good cost management in **Argentina**
- Good performance in **Guatemala**
- **Colombia** market improving and strong performance in toll contracts
- Expansion of the **Caribbean** region in to new geographies

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Security Services

New Markets

Africa

- Good organic growth overall
- Challenging year for **South Africa** – now improving
- Excellent organic growth and margin improvements in **Kenya, Botswana** and **Namibia**
- **Nigeria** performed well, particularly in the energy sector

Asia

- Exceptional organic growth and good margin progression
- Double digit growth and good margin improvements in **India**
- Unique product offering in **Hong Kong** continued to deliver benefits
- Continued opportunities from growing tourist industry in **Macau**

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Cash Services

	Turnover £m		EBITA * £m		Margins	
	2006	2005	2006	2005	2006	2005
At 2006 exchange rates						
Europe	661.7	619.4	68.7	59.9	10.4%	9.7%
North America	85.3	80.5	1.8	3.0	2.1%	3.7%
New Markets	126.0	99.1	17.4	15.4	13.8%	15.5%
Exchange differences		(2.1)		0.0		
At actual exchange rates	873.0	797.9	87.9	78.3	10.1%	9.8%

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* Includes share of associates



Cash Services

Europe

UK

- Good growth & margin progression
- Strong performances in ATM management and cash processing
- Attacks increased, but good progress made in reducing losses
- Retail cash solution trial has commenced

Netherlands

- Good margins maintained
- Important contracts renewed

Other

- Good contract wins and a decline in attacks in **Sweden**
- **Belgium**, the **Baltics** and **Hungary** delivered solid organic growth and margin improvements
- **German** cash services business divested

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Cash Services

North America & New Markets

Canada

- Moderate organic growth
- Contract renewals awarded
- Positive medium term outlook

New Markets

- Excellent organic growth
- Advances in bank and ATM outsourcing in **Asia**
- Excellent performance in the **Middle East**
- Strong organic growth in **Africa**, supported by strong performance from **Kenya**
- Challenging year in **Morocco**, partly due to new legislation
- Fidelity acquisition provides significant opportunities in **South Africa**

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Strategy & Outlook

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2004 - 2006 Strategy Delivery

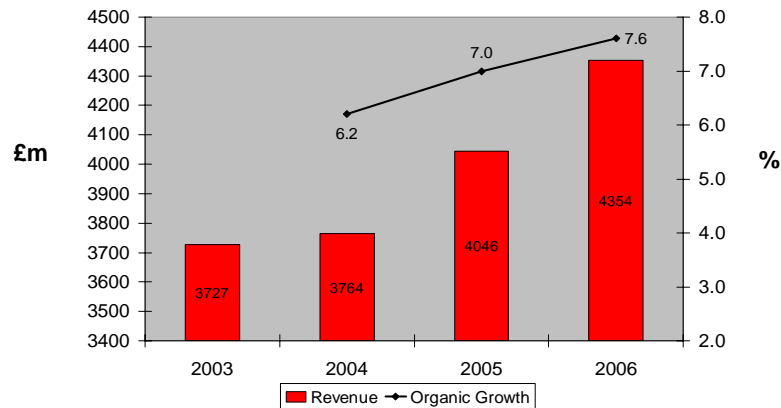
- Creation of global leader focused on security services
- Strong foundation for developing security services model
- Enhanced platform across developing markets
- Leverage expertise and operational flexibility in cash services
- Cost synergies

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Creating a Global Leader

Revenue & Organic Growth development



Note : 2005 & 2006 Organic Growth excl. effect of hurricanes

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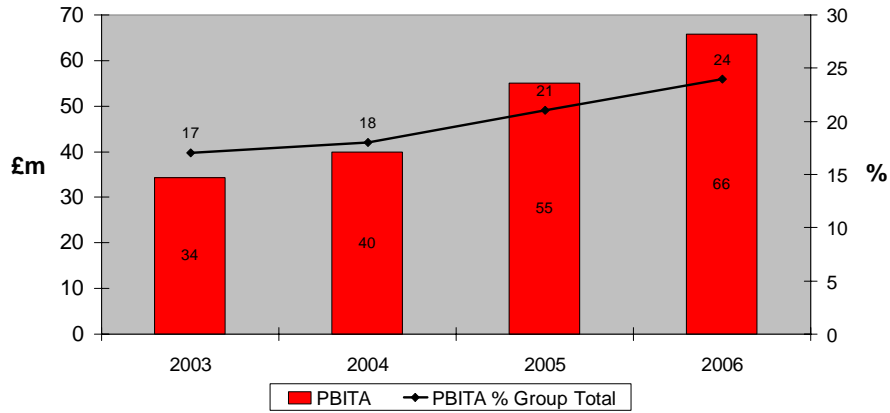
Combined Security Services Model

- Creation of global leader focused on security services
- **Strong foundation for developing security services model**
 - **Combined organisational structure in place for 2007**
- Enhanced platform across developing markets
- Leverage expertise and operational flexibility in cash services
- Cost synergies

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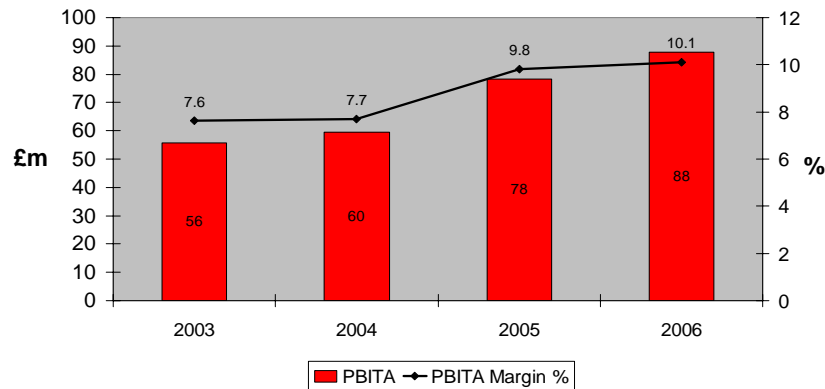
Enhanced Developing Markets Platform New Markets PBITA development



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Leveraging Cash Services Expertise PBITA development



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Synergy Delivery

- Creation of global leader focused on security services
- Strong foundation for developing security services model
- Enhanced platform across developing markets
- Leverage expertise and operational flexibility in cash services
- **Cost synergies**

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Strategy

Strategy Development & Targets

- Strategic benefits over and above initial strategy
- Entering enhanced growth and development phase
- Market-facing organisation
 - Focused on sectors and customer needs
- Increasing group targets
 - 7% organic growth
 - 7% margin
 - 85% of PBITA as cash flow
 - Dividend cover of 2.5 times based on adjusted earnings
- Evaluating new service opportunities
 - Security at the core

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Strategy

Acquisitions

- Expect to invest over £100m per year
- Focus on bolt-ons in key areas across all products
 - add scale or expertise
 - consolidate fragmented markets
- Meet relevant acquisition criteria
 - ROIC of 12% within 3 years
- Completed numerous bolt-on acquisitions in 2006, particularly in New Markets, including Chile, Hong Kong, Guatemala, Mozambique, DRC, Indonesia, Saudi Arabia & UAE
- Several acquisitions to date in 2007, including the UK, the Netherlands, South Africa and Czech Republic

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Summary & Outlook

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Overall Summary & Outlook

- Strong results across the group
- Excellent growth continues in New Markets, with strong margin progression in Cash Services
- Delivered on synergies and strategic objectives outlined at the merger
- Moving into a new phase of enhanced growth and development
- Targeting accelerated growth, margin improvements and higher cash generation
- Expecting to make progress towards our increased targets in 2007
- Excited about the future development of the group

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Q&A

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Preliminary Results to 31 December 2006

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