

G4S plc

Interim Results  
29 August 2007

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Nick Buckles

Chief Executive Officer

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## Agenda

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Results Highlights	Nick Buckles
Financial Summary	Trevor Dighton
Business Review	Nick Buckles
Q&A	

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## Results Highlights

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\* At constant exchange rates

- Strong organic turnover growth of 7.5%
- Group turnover\* up 11.8% to £2,263.9 million
- PBITA\* up 15.9% to £139.5 million
- Margin\* improved to 6.2%
- Invested £99 million in acquisitions in the first half
- Cash flow generation of £97.7 million, 71% of PBITA
- Adjusted earnings per share\* increased by 11.8% to 5.7p
- Interim dividend up 24.9% to 2.11 pence per share (DKK 0.2319)
- Strong performance achieved across all regions and service lines
  - New Markets PBITA\* up 38%
- Good progress made towards growth and margin targets
- Expect positive momentum to continue into the second half

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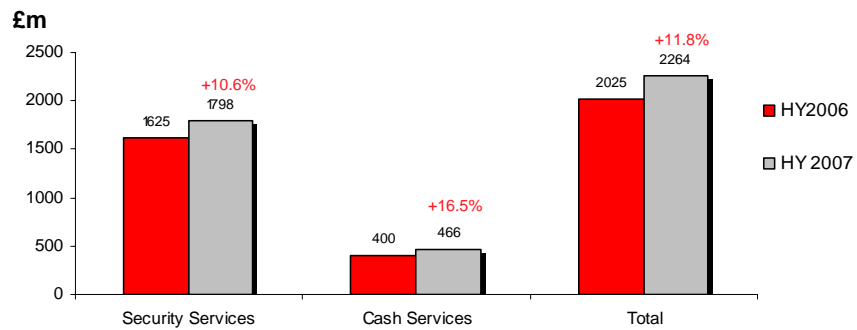
# Trevor Dighton

Chief Financial Officer

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## Continuing Turnover by Business Line 6 months ended 30 June 2007

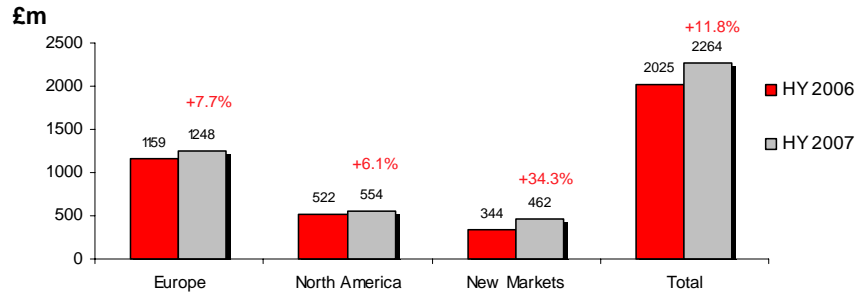


Note : At 2007 exchange rates

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## Continuing Turnover by Geography 6 months ended 30 June 2007



Note : At 2007 exchange rates

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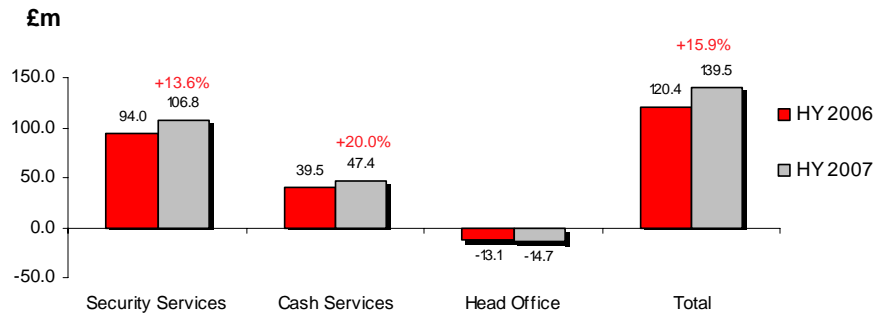
## Organic Turnover Growth 6 months ended 30 June 2007

	Europe	North America	New Markets	Total
Security Services	4.7%	6.5%	13.0%	6.7%
Cash Services	10.4%	(4.2)%	21.5%	10.5%
<b>Total</b>	<b>6.2%</b>	<b>5.7%</b>	<b>14.4%</b>	<b>7.5%</b>

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## Continuing PBITA by Business Line 6 months ended 30 June 2007

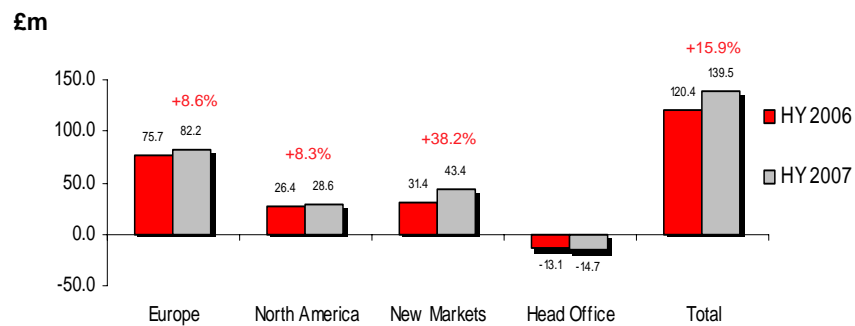


Note : At 2007 exchange rates

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## Continuing PBITA by Geography 6 months ended 30 June 2007

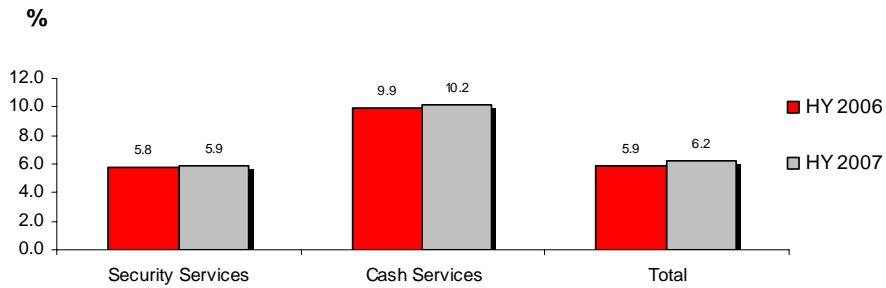


Note : At 2007 exchange rates

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## Continuing PBITA Margin by Business Line 6 months ended 30 June 2007

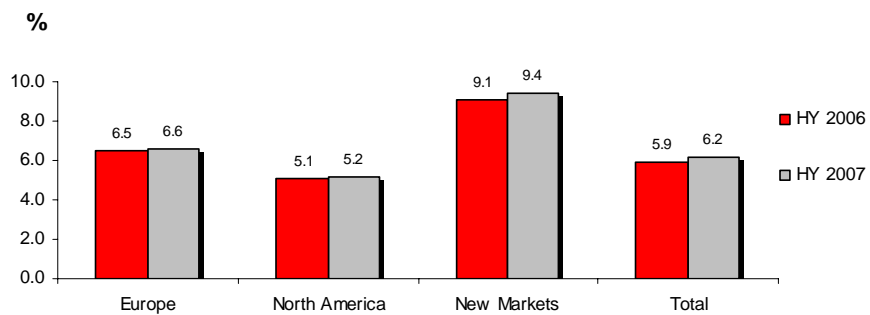


Note : At 2007 exchange rates

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## Continuing PBITA Margin by Geography 6 months ended 30 June 2007



Note : At 2007 exchange rates

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## Profit and Loss Account

6 months ended 30 June 2007

£m	2007	2006
<b>PBITA</b>	<b>139.5</b>	<b>126.5</b>
<b>Interest</b> (before pensions)	<b>(27.8)</b>	<b>(21.2)</b>
<b>PBT</b> (before amortisation, exceptional items, pensions interest)	<b>111.7</b>	<b>105.3</b>
<b>Amortisation</b>	<b>(18.9)</b>	<b>(17.3)</b>
<b>Exceptional items</b>	-	-
<b>Pensions interest</b>	<b>2.8</b>	<b>(0.6)</b>
<b>PBT</b>	<b>95.6</b>	<b>87.4</b>
<b>Tax</b>	<b>(27.2)</b>	<b>(26.7)</b>
<b>Discontinued operations</b>	-	<b>(4.9)</b>
<b>PAT</b>	<b>68.4</b>	<b>55.8</b>

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## Taxation

6 months ended 30 June 2007

£m	Pre amortisation and pensions interest	Amortisation and pensions interest	Total
Profit / (loss) before tax	111.7	(16.1)	95.6
Tax (charge) / credit	(31.9)	4.7	(27.2)
Tax rate	28.6%		

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## Earnings per Share

6 months ended 30 June 2007

£m	2007	2006 at constant FX	2006 at actual FX
PBITA from continuing operations	139.5	120.4	126.5
Interest (before pensions)	(27.8)	(19.2)	(21.2)
	111.7	101.2	105.3
Tax	(31.9)	(30.9)	(32.1)
Adjusted PAT	79.8	70.3	73.2
Minorities	(7.1)	(5.8)	(6.0)
Adjusted profit attributable to shareholders	72.7	64.5	67.2
Average number of shares (m)	1,280.4	1,266.3	1,266.3
Adjusted EPS (p)	5.7p	5.1p	5.3p

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## Balance Sheet

30 June 2007

£m	June 2007	June 2006	December 2006
Goodwill and other intangibles	1,509	1,435	1,414
Tangible fixed assets	365	346	355
Other non-current assets	128	158	173
Current assets (excl cash)	929	835	849
Current liabilities (excl debt)	(828)	(788)	(816)
Non-current liabilities (excl debt)	(204)	(343)	(330)
Net debt	(802)	(670)	(673)
Net assets	1,097	973	972

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## Operating Cash Flow

6 months ended 30 June 2007

£m	2007	2006
Group PBITA	138.1	125.0
Depreciation	47.6	43.2
Working capital movement	(43.8)	(28.9)
Cash generated from operations	141.9	139.3
Capital expenditure	(44.2)	(32.8)
Operating cash flow	97.7	106.5
Operating cash flow as % of PBITA	71%	85%

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## Reconciliation of cash generated by operations

6 months ended 30 June 2007

£m	2007	2006
Operating cash flow (G4S definition)	97.7	106.5
Add back capital expenditure	44.2	32.8
Cash outflow on exceptional items and discontinued operations	(1.0)	(20.6)
Other	(2.7)	-
Additional pension contributions	(22.5)	(24.2)
Tax paid	(29.8)	(38.4)
Cash from operating activities (statutory definition)	85.9	56.1

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## Cash Flow

6 months ended 30 June 2007

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£m	2007	2006
Cash from operating activities (statutory definition)	85.9	56.1
Interest	(23.5)	(22.7)
Net capital expenditure	(44.2)	(32.8)
Group dividend	(32.0)	-
Acquisitions, disposals and others	(124.4)	(39.8)
Movement in net debt	(138.2)	(39.2)
Exchange movement	9.5	26.8
Opening net debt	(672.8)	(657.3)
Closing net debt	(801.5)	(669.7)

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## Pensions

6 months ended 30 June 2007

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- Financial assumptions updated as at June
- Largest scheme in UK was actuarially reassessed in 2006
- Calculations subject to short-term volatility
- Discount rate of 5.9% used for the UK
- Deficit reduced to £55m from £226m at December 2006
- Increase in both asset values and bond yields
- Additional cash contributions of £22.5m paid (no P&L implication)
- Hold 70% of assets in equities and believe in long-term equity out-performance over bonds

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# Nick Buckles

Chief Executive Officer

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## Security Services

	Turnover £m		PBITA * £m		Margins	
	2007	2006	2007	2006	2007	2006
At 2007 exchange rates						
Europe	910.7	855.3	49.4	45.9	5.4%	5.4%
North America	515.8	481.5	27.7	25.8	5.4%	5.4%
New Markets	371.2	288.6	29.7	22.3	8.0%	7.7%
Exchange differences		88.8		5.1		
At actual exchange rates	1797.7	1714.2	106.8	99.1	5.9%	5.8%

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\* Includes share of associates



## Security Services

### Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
UK & Ireland*	283.9	261.2	21.8	19.6	7.7%	7.5%	6.2%
Continental Europe *	626.8	594.1	27.6	26.3	4.4%	4.4%	4.1%
Total Europe *	910.7	855.3	49.4	45.9	5.4%	5.4%	4.7%

#### UK & Ireland

- Strong organic growth of 6.2%
- Positive benefits of single market approach
- Capability-building acquisitions
- Largest event security business in the UK
- Margins improved to 7.7%

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## Security Services

### Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
UK & Ireland*	283.9	261.2	21.8	19.6	7.7%	7.5%	6.2%
Continental Europe *	626.8	594.1	27.6	26.3	4.4%	4.4%	4.1%
Total Europe *	910.7	855.3	49.4	45.9	5.4%	5.4%	4.7%

- 6% organic growth in the **Netherlands** with improving margins
  - Capability-building acquisitions in safety sector
- Strong growth & margins in **Luxembourg** & improving performance in **Belgium**
- Combined business approach taking effect in **Denmark** with positive results

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## Security Services

### Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
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Continental Europe *	626.8	594.1	27.6	26.3	4.4%	4.4%	4.1%
Total Europe *	910.7	855.3	49.4	45.9	5.4%	5.4%	4.7%

- Restructuring continues in **France** and **Sweden** to build sustainable performance improvements
- Performance in **Greece** improved on prior year
  - Employment legislation impact remains a challenge
- Double digit organic growth and good margin improvements in the **Baltic States**
- Commenced operations in **Serbia**

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## Security Services

### North America

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
North America *	515.8	481.5	27.7	25.8	5.4%	5.4%	6.5%

#### United States

- Excellent performance overall
- A number of major contract wins in the commercial sector
- Border control contract going well and growing
- Retained a number of important contracts under competitive bid in the government sector

#### Canada

- Performing in line with our expectations
- Contract win with IBM & project work resulting from local rail strikes

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## Security Services

### New Markets

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
Asia *	126.1	113.7	10.4	8.2	8.2%	7.2%	10.5%
Middle East *	84.7	56.1	7.4	5.4	8.7%	9.6%	15.0%
Africa *	84.6	66.9	7.1	5.6	8.4%	8.4%	11.7%
Latin America & Caribbean *	75.8	51.9	4.8	3.1	6.3%	6.0%	18.1%
Total New Markets *	371.2	288.6	29.7	22.3	8.0%	7.7%	13.0%

#### Asia

- Organic growth of 10.5% and margins improved to 8.2%
- Over 20% organic growth in **Macau** and **Indonesia**
- Excellent growth of 29% in **India**
- **Hong Kong** is much improved on the prior year

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## Security Services

### New Markets

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	H107	H106	H107	H106	H107	H106	H107
Asia *	126.1	113.7	10.4	8.2	8.2%	7.2%	10.5%
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Africa *	84.6	66.9	7.1	5.6	8.4%	8.4%	11.7%
Latin America & Caribbean *	75.8	51.9	4.8	3.1	6.3%	6.0%	18.1%
Total New Markets *	371.2	288.6	29.7	22.3	8.0%	7.7%	13.0%

#### Middle East

- 15% organic growth
- **Saudi Arabia, Kuwait & UAE** all performing strongly
- Margins of 8.7%, slightly lower than prior year due to effect of large facilities management acquisition in Saudi Arabia

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## Security Services

### New Markets

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	H107	H106	H107	H106	H107	H106	H107
Asia *	126.1	113.7	10.4	8.2	8.2%	7.2%	10.5%
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Latin America & Caribbean *	75.8	51.9	4.8	3.1	6.3%	6.0%	18.1%
Total New Markets *	371.2	288.6	29.7	22.3	8.0%	7.7%	13.0%

#### Africa

- 11.7% organic growth and margins maintained at 8.4%
- **South Africa** much improved on prior year
- Good growth and margin improvements in **Kenya** and **Nigeria**
- Integrating a number of acquisitions across the region

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## Security Services

### New Markets

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
Asia *	126.1	113.7	10.4	8.2	8.2%	7.2%	10.5%
Middle East *	84.7	56.1	7.4	5.4	8.7%	9.6%	15.0%
Africa *	84.6	66.9	7.1	5.6	8.4%	8.4%	11.7%
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Total New Markets *	371.2	288.6	29.7	22.3	8.0%	7.7%	13.0%

#### Latin America & Caribbean

- Organic growth of 18%
- Margins improved to 6.3%
- **Argentina** growing strongly in oil & gas sector
- Growth in **Colombia** due to toll infrastructure provision & management
- **Chile** now second largest business in the region

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## Cash Services

	Turnover £m		PBITA * £m		Margins	
	2007	2006	2007	2006	2007	2006
At 2007 exchange rates						
Europe	337.0	303.6	32.8	29.9	9.7%	9.8%
North America	38.4	40.1	0.9	0.5	2.3%	1.2%
New Markets	90.8	56.2	13.7	9.1	15.1%	16.2%
Exchange differences		11.4		0.9		
At actual exchange rates	466.2	411.3	47.4	40.4	10.2%	9.9%

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\* Includes share of associates



## Cash Services

### Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H107	H106	H107	H106	H107	H106	H107
Europe *	337.0	303.6	32.8	29.9	9.7%	9.8%	10.4%
North America *	38.4	40.1	0.9	0.5	2.3%	1.2%	(4.2%)
New Markets *	90.8	56.2	13.7	9.1	15.1%	16.2%	21.5%
Total Cash Services *	466.2	399.9	47.4	39.5	10.2%	9.9%	10.5%

#### UK

- Good growth and strong margins maintained
- Attacks remain an issue but are under reasonable control
- Very strong growth in ATM outsourcing with good contract wins
- Cash management performing strongly – high quality service and robust control environment

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## Cash Services

### Europe

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- Strong margins and good contract pipeline in the **Netherlands**
- Swedbank ATM management contract roll out continues in **Sweden**
- Good growth and margins in **Belgium, Czech Republic, Baltics** and **Hungary**
- Very strong growth in **Romania** from the Romanian Post Office contract
- Retail solutions pilots going well in UK, the Netherlands and Finland

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## Cash Services

### North America

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New Markets *	90.8	56.2	13.7	9.1	15.1%	16.2%	21.5%
Total Cash Services *	466.2	399.9	47.4	39.5	10.2%	9.9%	10.5%

#### Canada

- Negative organic growth in a challenging market
- Margin progression made through good cost control
- New CEO recently appointed
- Expecting improved performance for the full year

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## Cash Services

### New Markets

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Total Cash Services *	466.2	399.9	47.4	39.5	10.2%	9.9%	10.5%

- Very strong organic growth across new markets at 21.5%
- Margins very good at over 15%
- Excellent results across the whole region
- Acquisition of Fidelity Cash Management Services in **South Africa** to become the market leader
- Strong ATM management growth in **Malaysia**

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## Acquisition Strategy

- Expect to invest at least £100m per year on bolt-ons in key areas across all products
  - add scale or expertise
  - consolidate fragmented markets
- Invested £99m in H107 on numerous bolt-on and capability-building acquisitions including;
  - UK, the Netherlands, Africa, Czech Republic, Saudi Arabia, Pakistan and Mexico
- Meet relevant acquisition criteria
  - ROIC of 12% within 3 years
- Mid-size opportunities – up to £300m in key markets (e.g. China, Brazil, UK & US)
- Consider transformational deals with appropriate returns

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# Strategy

Increasing Customer Partnerships

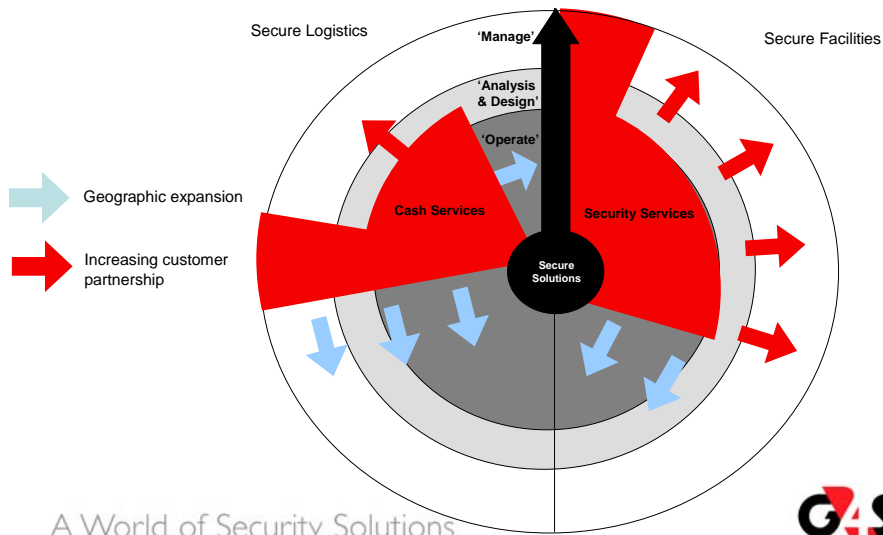
Strategic Goals	
Manage	<b>Deliver fully outsourced solutions:</b> <ul style="list-style-type: none"> <li>• Output based contracts</li> <li>• Ability to share in gains</li> </ul>
Analysis & Design	<b>Provide niche expertise:</b> <ul style="list-style-type: none"> <li>• Market segmentation/specialisation</li> <li>• Aligned white collar services</li> <li>• Solutions &amp; bid design capability</li> </ul>
Operate	<b>Enhancement of core services with supervision &amp; IT:</b> <ul style="list-style-type: none"> <li>• Delivery of core services</li> </ul>

Deliver across all services according to market need, in a phased and evolutionary implementation

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# Developing from our core capabilities



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## Summary & Conclusions

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- **Strong start to the year across all services and regions**
- **Cash flow slightly behind 2006 but will be on track for the full year**
- **Capability acquisitions adding to our skills base and expertise**
- **Reached 500,000 employees and we are proud of the security expertise they bring to our customers around the world**
- **Confident that strong results from the first half will continue throughout the year**
- **Strategy to drive accelerated growth and development**
- **Very satisfied with 2007 performance so far and excited about the remainder of the year**

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## Q&A

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