

# Ashley Almanza Chief Executive Officer



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# Legal Disclaimer

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Certain statements in this document are forward-looking statements. These forward-looking statements speak only as at the date of this document. These statements concern, or may affect, future matters and include matters that are not facts. Such statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause actual results and outcomes to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. The information and opinions expressed in this document are subject to change without notice and neither the Company nor any other person assumes any responsibility or obligation to update publicly or review any of the forward-looking statements contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

# Agenda

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- Strategy & Priorities
- Performance:
  - 2013 Results Highlights
  - Q1 IMS 2014 Highlights
- Summary & Outlook

# G4S Strategy

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G4S is the leading Global Integrated Security Company specialising in the provision of security products, services and solutions



Our strategy is **market led**. We satisfy our **customers'** needs by understanding their strategic objectives and designing and delivering innovative solutions which support these objectives

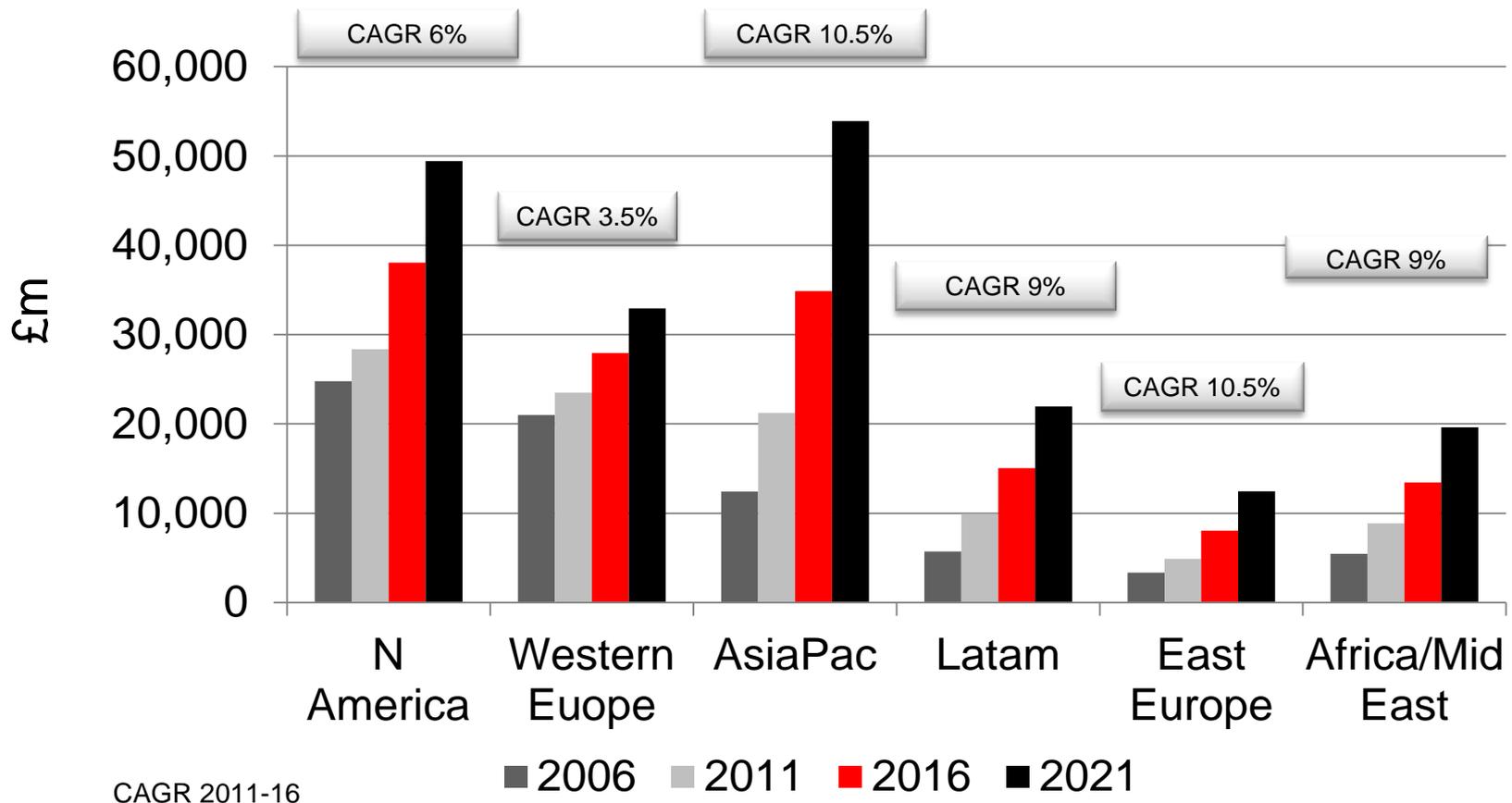


Our aim is to create **sustainable shareholder value** through the consistent **delivery** of excellence in **customer service, operations** and **financial management**

**Market led strategy to deliver sustainable shareholder value**

# G4S Strategy

## Global security market by region



CAGR 2011-16

**Emerging Markets to be c.50% of £190bn total by 2021**

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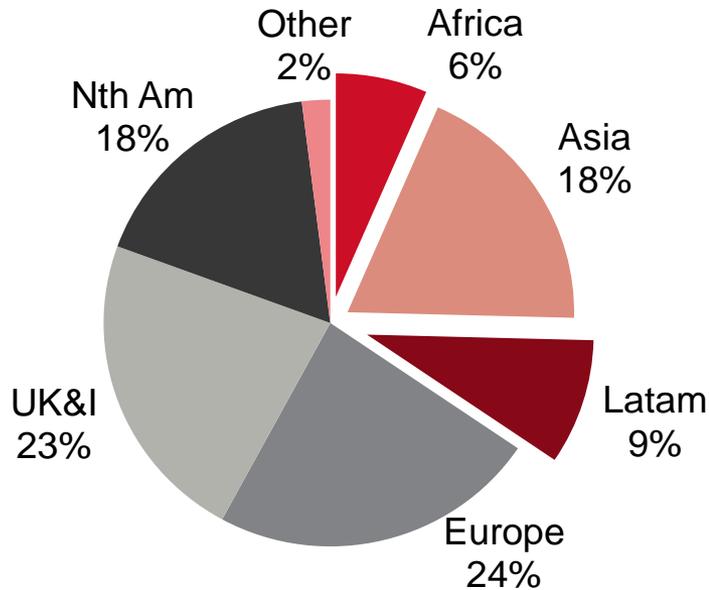
Source: Freedonia



# G4S Strategy

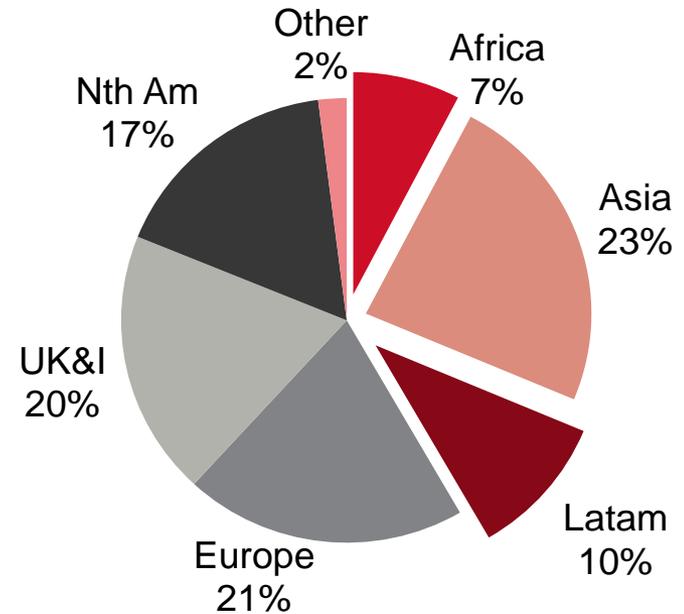
## Our market positions

Revenue 2013



**Developed Markets: 67%**  
**Emerging Markets: 33%**

Revenue 2016



**Developed Markets : 60%**  
**Emerging Markets: 40%**

**Organic growth: 5-8% p.a. average**

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Source: Company data pre IFRS 10  
Note: Other included in DM



# G4S Strategy

## Organic investment

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- Scale & quality of organic opportunity
  - Structural growth in demand
  - Under-invested in organic growth in some core markets
- Investing additional £15m-£20m per year to strengthen sales & business development
  - 136 people to date
  - Investing in systems
  - £440m ACV / £1bn TCV won in Q1 2014

# G4S Strategy

## **Organic investment: Technology & innovation**

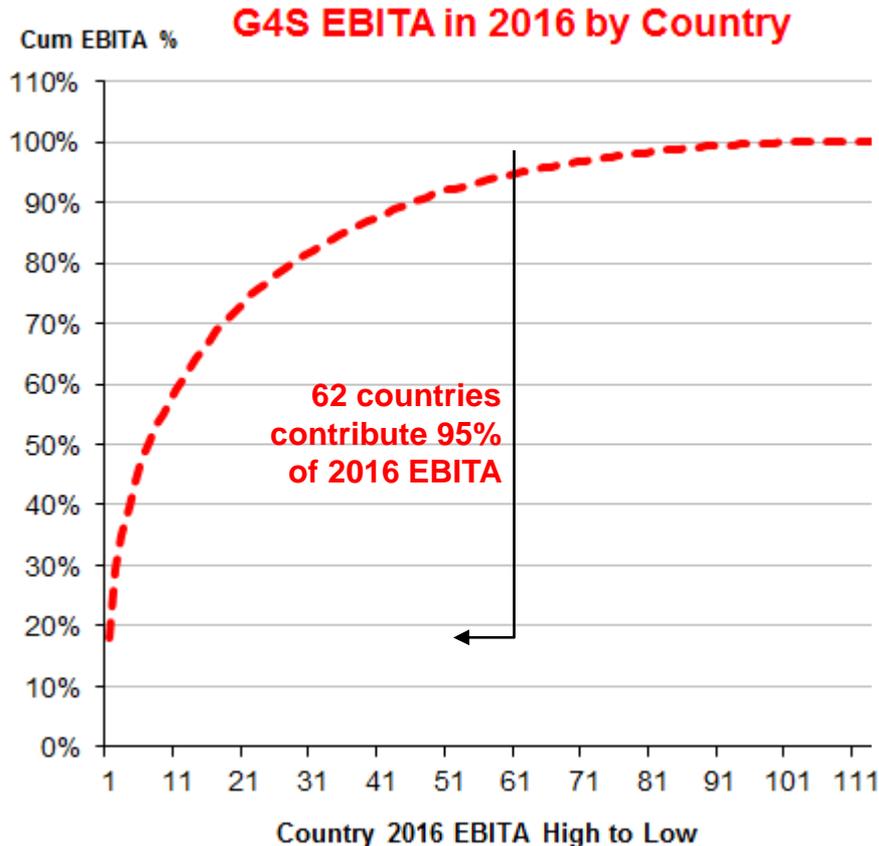
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- Customer facing Technology:
  - Centres of Excellence: US, UK, Europe and S.Africa
  - Building regional capacity and market credentials
  - Early stage of development
- Operations, Infrastructure and Shared Services
  - Appointed Group and Regional CIOs
  - Global I.T organisation and standards
  - Phased to ensure disciplined, cost effective execution

**Building capability & leveraging expertise**

# G4S Strategy

## Strategic focus – Portfolio Management



Review criteria applied:

- Materiality of contribution over next 3-5 years:
  - Organic growth
  - EBITA
  - Cash generation
  - Turnaround potential
- Market value
- Risk profile

**Active portfolio management**

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# G4S Strategy

## Portfolio Management: progress

Business	Number	2013 Rev (£m)	2013 EBITA (£m)	2013 Margin %	Proceeds (£m)
Nov 2013	35	425.6	13.1	3.1%	0
March 2014	26	214.2	12.3	5.8%	30

- Immediate focus on high impact or materiality
  - Two loss making businesses sold for £30m proceeds
  - Discontinuing four unprofitable businesses
  - Three being restructured/invested in to grow
- A further 5 business identified to be discontinued
- Sale of Canadian Cash Solutions and Colombian data businesses: £94m
- Further sales processes underway, subject to satisfactory terms

**Grow, restructure or recycle capital**

# G4S Strategy

## Balance Sheet Strength

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- Portfolio actions : £124m disposal proceeds
- Increasing focus on Operating Cash Flow
- Equity: £343m through placing of 140.9m shares
- Net debt reduced from £1.8bn (2012) to £1.5bn at Dec 13
- Unutilised committed facilities of £965m
- Investment grade rating
- Access to debt capital markets

# G4S Strategy

## Competitive Strength – restructuring

### Initial Plan – Nov 2013

#### 2013:

- UK & Ireland Cash Solutions
- North West Europe Secure Solutions

### Under Evaluation

#### 2014:

- Belgium
- Netherlands
- Finland
- Europe Region overheads
- Africa Region overheads
- G4S Tech
- AME

### Accelerated Plan

#### 2013:

- UK & Ireland Cash Solutions
- North West Europe Secure Solutions
- Belgium
- Netherlands
- Finland
- Europe Region overheads
- Africa Region overheads
- US / Canada overheads
- UK HQ & Group Head Office
- India (AME)

£68m

- All deliver post tax IRR of +10% and paybacks of 12-36 months

**Strengthening competitive position**

# G4S Strategy

## **Cost leadership: Accelerated Best Practice**

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- Direct labour efficiency
- Route planning
- Telematics
- IT standardisation & rationalisation
- Procurement
  - Strengthening capability: CPO
  - Global approach: leveraging scale
- Regional Shared Services
  - Phase 1: UK back office, North America

**High potential cost improvement**

# G4S Strategy

## People

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- 1 Strengthening Global Leadership Team
  - 28 senior appointments
- 2 Appointment to new roles to strengthen execution:
  - Chief Information Officer: IT efficiency and effectiveness
  - Chief Procurement Officer: Leveraging global procurement
  - Group Head of Risk and Programme Assurance
- 3 Organisational benchmarking – efficiency and execution

**Strengthening capability & capacity**

# G4S Strategy

## Group values

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### **Performance:**

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

### **Teamwork & Collaboration:**

We collaborate for the benefit of our customers and G4S

### **Best People:**

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

### **Safety First:**

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

### **Expertise:**

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

### **Customer Focus:**

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

### **Integrity:**

We can always be trusted to do the right thing

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# 2013 Results Highlights

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- Revenue growth +5.8%, Emerging Markets +16%
- Underlying PBITA £442m
- Specific charges: £386m clear up and restructuring
- Strong cash flow from cont. operations: £460m +36%
- Stronger financial position: Net Debt £1.5bn

Laying foundations for growth

# Q1 2014 IMS Highlights

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- Organic revenue growth of 5.0%
  - Emerging markets +16%; developed markets flat
- PBITA and earnings slightly ahead of plan
- UK government corporate renewal plan endorsed
- Good start to year with new business wins c£1bn TCV
- Restructuring and cost leadership programmes underway
- S&P affirmed investment grade credit rating

**Trading in line and strengthening the business**

# Summary & Outlook

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- Extremely challenging year for G4S:
  - Action taken to deal with longstanding legacy issues
  - Wide ranging changes to strengthen the company
- Strong global market position with attractive growth prospects
- Executing against clear and focused strategy
- Investing in resource and capability to deliver sustainable, profitable growth
- Array of performance improvement opportunities
- Trading in line with plans giving increasing confidence

**Strengthening capability, sustainable growth**

# Ashley Almanza Chief Executive Officer



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