



30 April 2020

G4S plc Q1 2020 Trading Update

G4S provides the following update for the three months ended 31 March 2020. Unless stated otherwise, all figures and commentary relate to underlying results, are unaudited and stated at March 2020 exchange rates. All comparisons are with the first quarter of 2019 unless otherwise stated and are presented on a proforma basis that excludes all conventional cash businesses sold to Brink's on 26 February 2020.

Commenting on first quarter trading, G4S Group Chief Executive Officer, Ashley Almanza said:

“Organic growth in revenues was 2.5% compared with the first quarter of 2019.

In response to the Covid-19 pandemic, we have taken significant action to reinforce health and safety measures for employees and customers, assure service delivery and to protect the company's financial performance, cash flow and financial position.

Following growth in the first two months, revenues were unchanged year-on-year for the month of March, principally reflecting the impact of the Covid-19 pandemic on the remaining conventional cash businesses.

As our services have been designated as essential in all of our major markets the overwhelming majority of our employees continue to support our customers, including in the provision of additional services in some markets.

As indicated in more detail below, there are some sectors which will be adversely impacted by the pandemic and considerable uncertainty remains about the level and duration of the economic downturn in our major markets. We have therefore taken significant steps to reduce our costs and to underpin our cash flows. Including the incremental restructuring savings of £20 million (annualised) that we are targeting post the completion of the sale of our conventional cash businesses, we have, to date, identified direct and indirect cost savings of around £100 million this year.

We have continued to make good progress with the completion of the sale of most of the Group's conventional cash businesses and have to date completed around 71% of the transaction, realising £518 million in cash proceeds.

The US federal social security tax deferral programme is expected to provide the Group with a net cash flow benefit of around £50 million, most of which will crystallise in the second half of the year. Curtailing discretionary capital investment provides an additional opportunity to preserve financial flexibility.

Despite the economic uncertainty, the Board is confident that the Group's diversified revenue base, financial strength and liquidity provide the Group with substantial and sustainable resilience. With the sale of our conventional cash businesses and the actions we are taking in response to the pandemic, we aim to emerge as a leaner and focused market leader in the global delivery of technology enabled security solutions”

Performance in Q1 2020

Group revenues were 2.5% higher than the first quarter of 2019, with 2.9% growth in Secure Solutions and 2.3% decline in Cash Solutions. Revenues in March were broadly unchanged year-on-year.

Throughout the period of the pandemic to date, G4S has maintained a high level of business continuity and has only had to furlough employees in exceptional circumstances. The most significant adverse impact of Covid-19 has been, as expected, in our Europe & Middle East region across the events, leisure and tourism, aviation, ports and transport and logistics security segments (these segments typically represent, in aggregate, around 6% of Group revenues) and the UK cash solutions business (3% of Group revenues).

Secure Solutions revenues were 2.9% higher with growth in the Americas (+6.9%) and Asia (+4.2%). Revenues in Africa were unchanged and our Europe & Middle East region declined by 1.4%. Secure Solutions revenues for the month of March were up 1.4% compared with March 2019.

Cash Solutions revenues declined by 2.3% in the quarter and in March were 13.3% lower year-on-year.

Covid-19 pandemic

G4S has taken a number of actions since the start of the pandemic including:

- Implementing enhanced health and safety procedures, including the use of personal protective equipment, increased hygiene resources, social distancing and other measures to support the safe delivery of our services.
- Using an employee welfare fund to provide additional assistance to employees.
- Offering additional services to support customers.
- Reducing direct and indirect costs by around £100 million this year, including the acceleration of previously announced programmes.
- The Executive Directors and certain senior executives will not be paid bonuses for 2019, and are suspending their participation in the 2020 bonus programme and 2020 annual salary increase.
- Reducing LTIP awards for 2020 by 25%.
- Suspending the final 2019 dividend of £95 million.
- Deferring around £50 million tax payments to 2021 under a US federal social security programme.
- Targeting discretionary capital investment savings of around £20 million.

Liquidity

The Group has adopted a prudent stance in relation to liquid resources. We have a favorable debt maturity model, and a strong liquidity profile, which are further boosted by the proceeds being realised from the previously announced sale of conventional cash business. Consistent with this prudent approach, the Board decided to suspend the 2019 final dividend payment, and management has implemented robust cost and cash flow control measures.

At 31 March 2020 the Group had liquid resources of £1.1 billion comprising cash, cash equivalents and bank overdrafts of £0.6 billion and committed, unutilised credit facilities of £0.5 billion. This liquidity has been enhanced further subsequent to the first quarter through the receipt of around £0.45 billion of disposal proceeds in respect of the sale of the conventional cash businesses to Brink's. On 31 March 2020, Standard & Poor's re-affirmed the Group's credit rating as BBB- with a stable outlook.

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Supplementary information

Results for the six months to 30 June 2020 will be published in August 2020.

Notes to Editors:

G4S is the leading global security company, specialising in the provision of security services and solutions to customers. Our mission is to create material, sustainable value for our customers and shareholders by being the supply partner of choice in all our markets.

G4S is quoted on the London Stock Exchange and has a secondary stock exchange listing in Copenhagen. G4S is active in around 90 countries and has 558,000 employees. For more information on G4S, visit www.g4s.com.