

**G4S plc**  
**Capital Markets Day**  
**19 May 2009**

Securing Your World



# Legal Disclaimer

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# **Nick Buckles**

**Group CEO**

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# Agenda

## Session One

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Presentation Title	Presenter
Strategy Update	Nick Buckles Group CEO
UK Government	David Taylor-Smith CEO, Secure Solutions - UK & Ireland
US Government	Grahame Gibson Group COO & Divisional President
Cash Solutions	Ian Nisbet CEO, Cash Solutions - UK & Ireland
Q&A	All
Coffee Break	

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# Agenda

## Session Two

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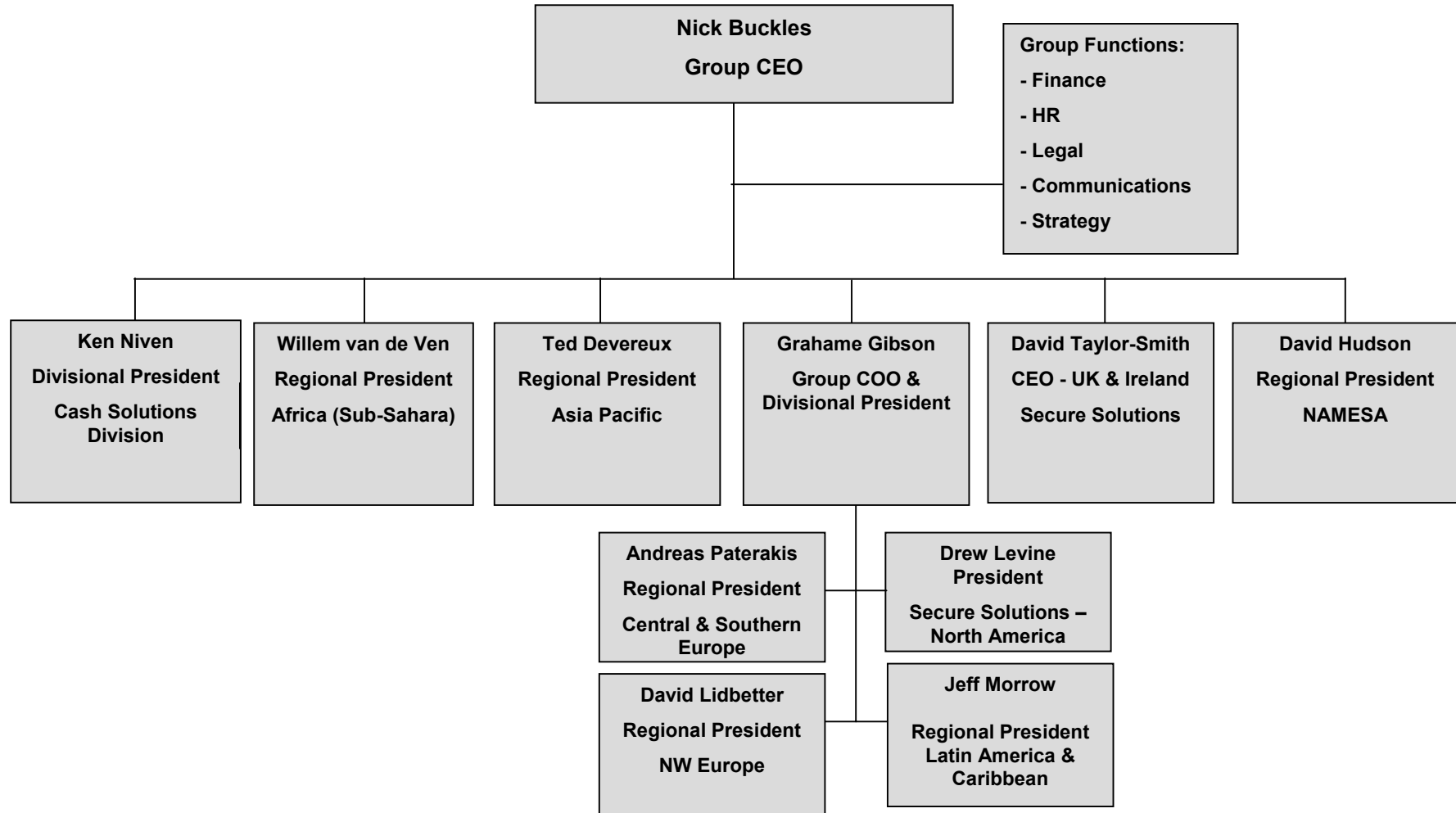
Presentation Title	Presenter
New Markets	Graham Levinsohn Group Strategy & Development Director
Secure Solutions - US	Drew Levine President, Secure Solutions - North America
Secure Solutions - Continental Europe	Andreas Paterakis Regional President - Central & Southern Europe
Financials	Trevor Dighton Group CFO
Q&A	All
Lunch	

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# Organisational Structure

## Group Level



+ other US businesses



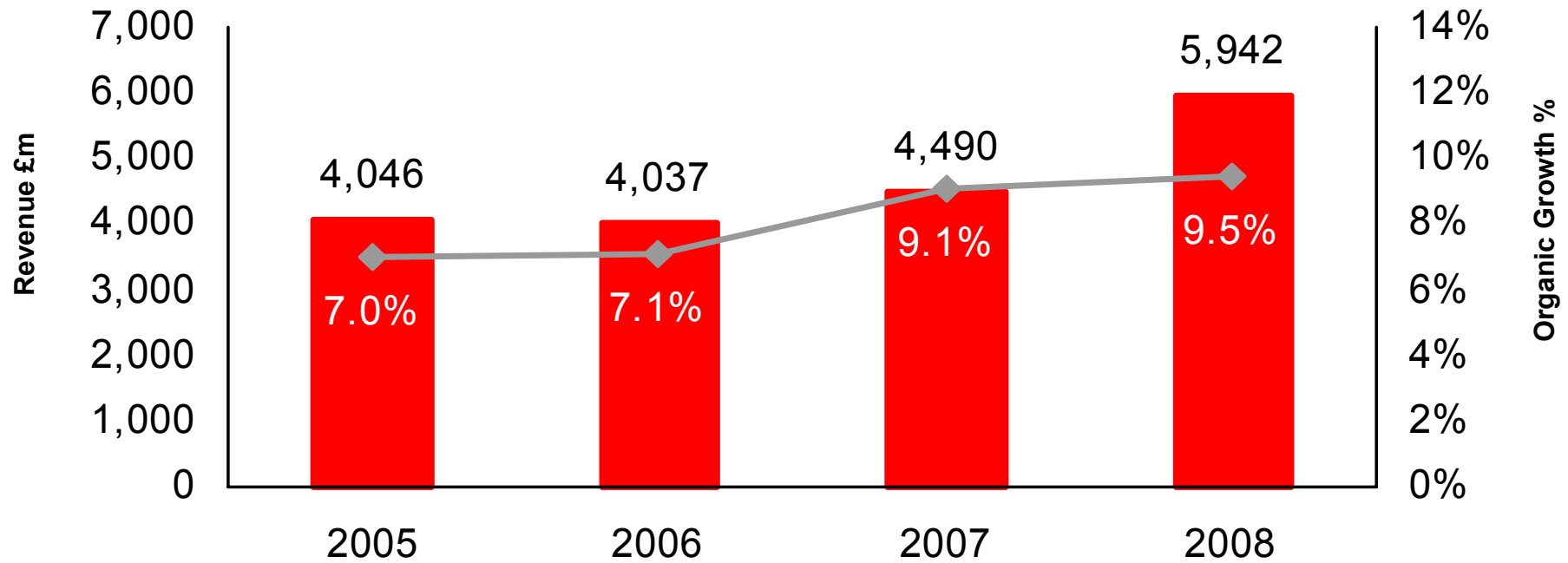
# Background

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# Significant Revenue & Organic Growth

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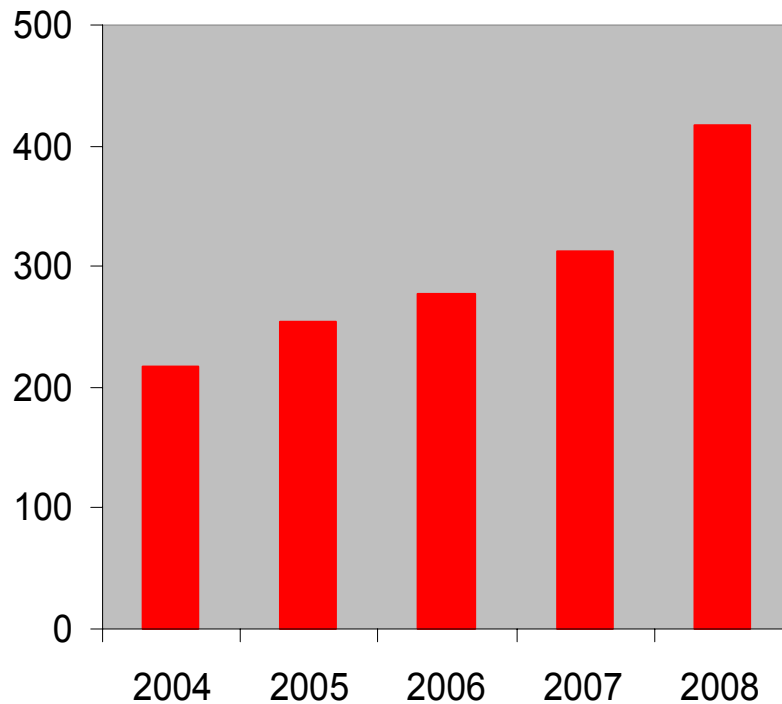


# Strong PBITA Growth

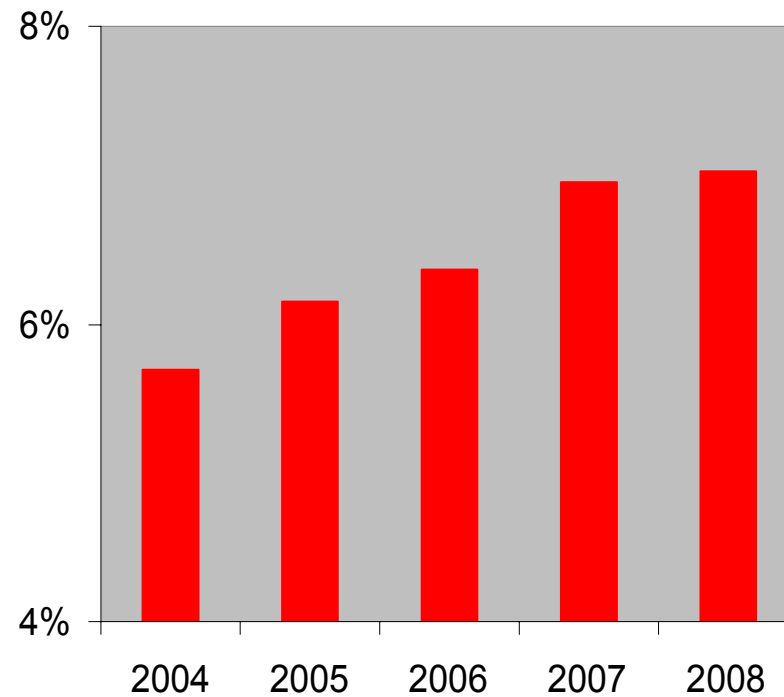
## Underlying Margin Improvement

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PBITA 2004 to 2008 (£m)



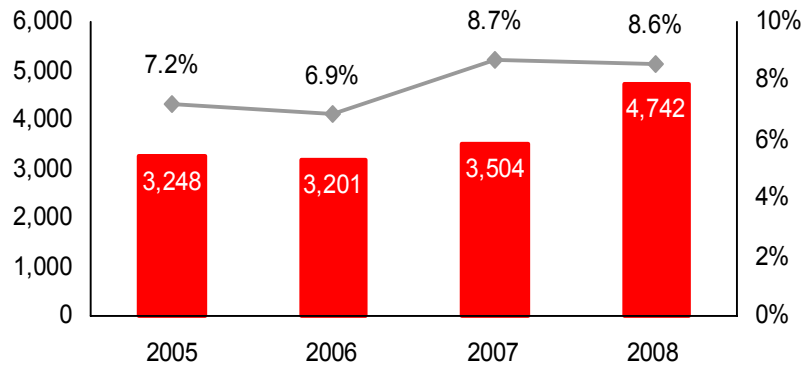
PBITA Margin 2004 to 2008 (%)



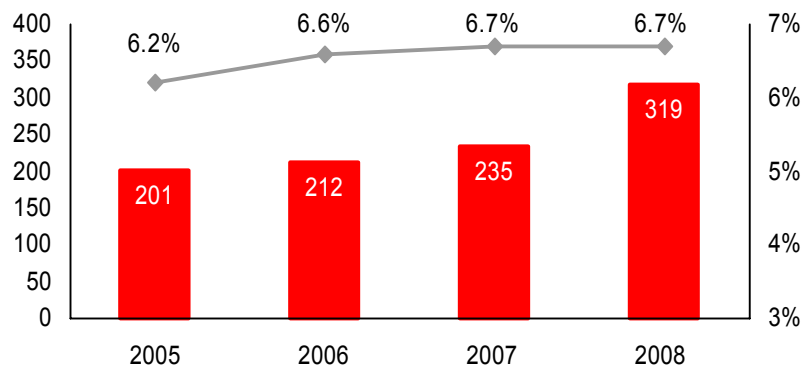
# Strong Financial Performance

## Secure Solutions

Turnover and organic growth (GBPm)



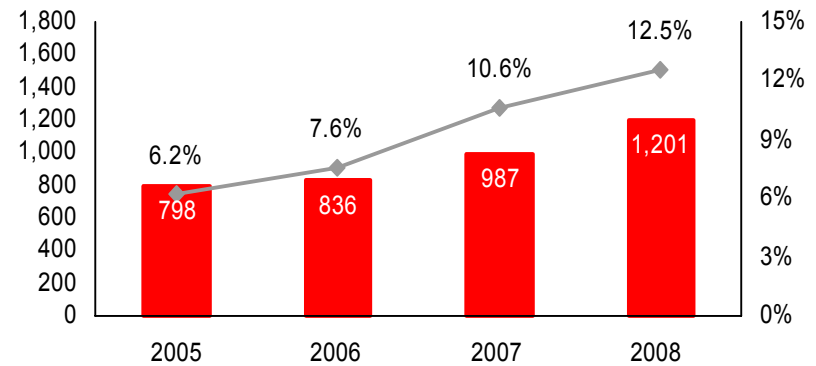
PBITA (GBPm) and PBITA margin



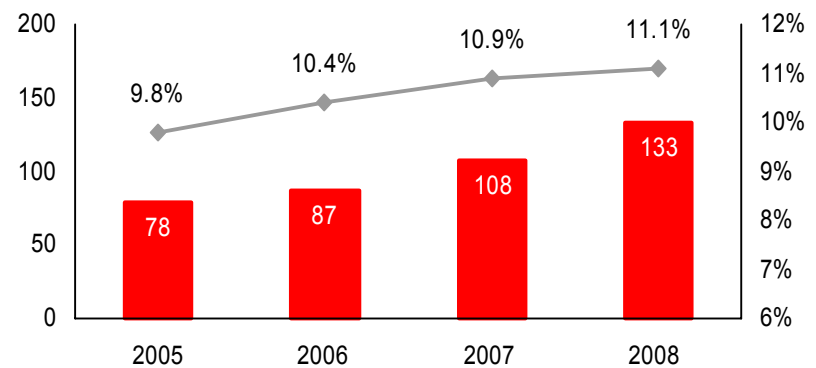
(1) PBITA excluding central costs

## Cash Solutions

Turnover and organic growth (GBPm)



PBITA (GBPm) and PBITA margin



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# Share Price Development

## FTSE 100 Comparison (Jan 04 – May 09)

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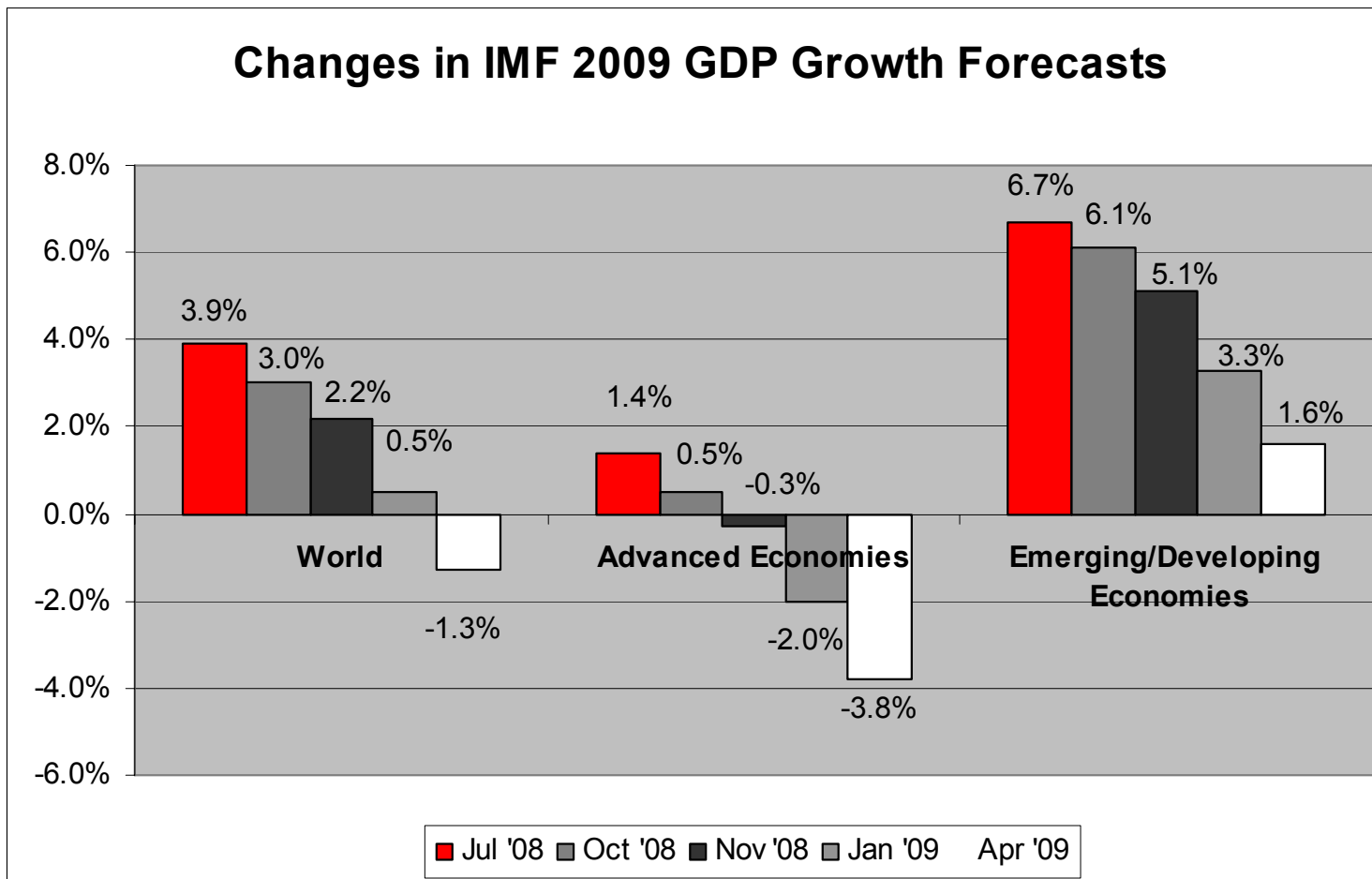
# Investor Feedback

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Historical Requirements	Additional Emerging Views
Strong management with good track record of delivery	Robust business model which shows resilience to economic cycle (inc. ability to flex the cost base accordingly)
Strong, sustainable earnings growth	Strong market positions / strong brand
Strong M&A and integration track record	Healthy balance sheet with strong cash generation (2.0x – 2.5x net debt/EBITDA seen as optimal)
Good organic growth	Interest in public sector exposure – a safe haven
Long-term contracts with recurring revenues	

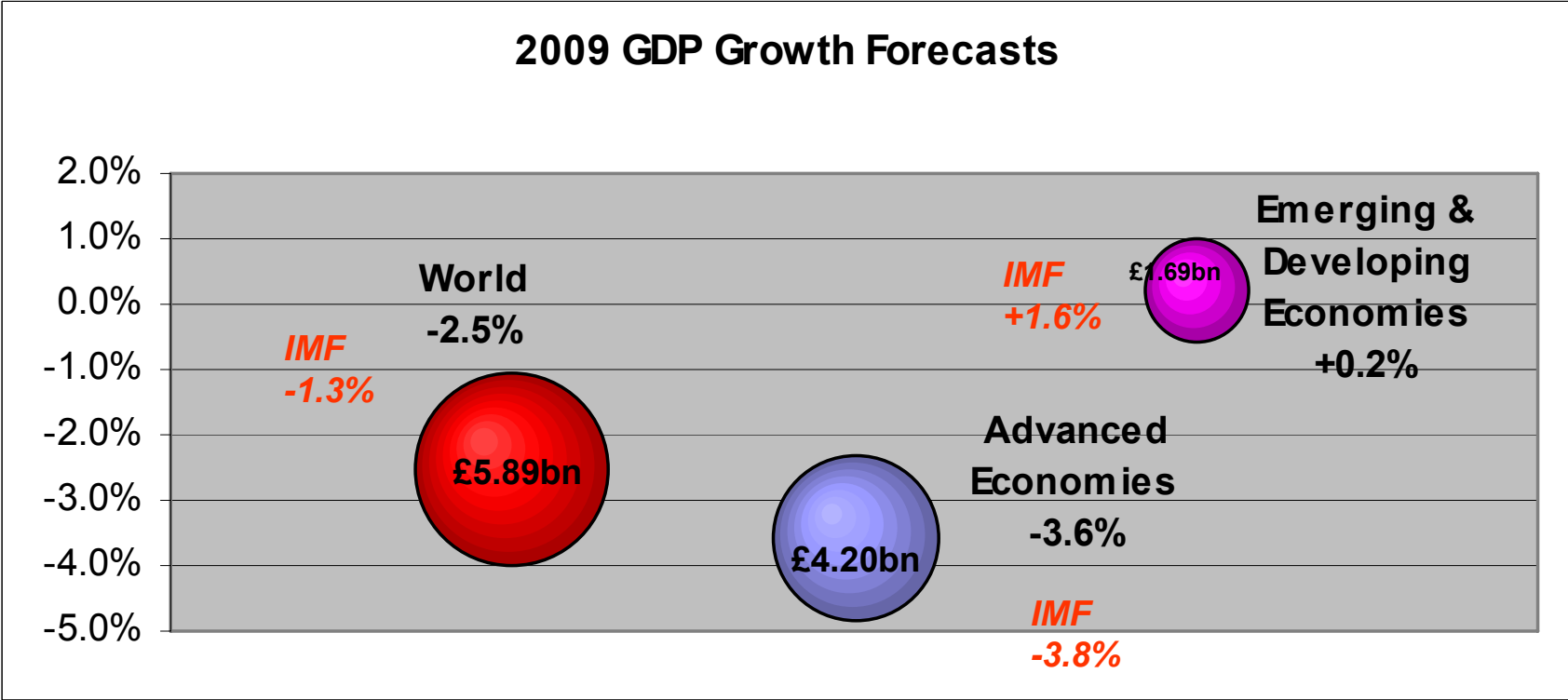
# 2009 IMF GDP Forecasts

## A Rapidly Changing Picture



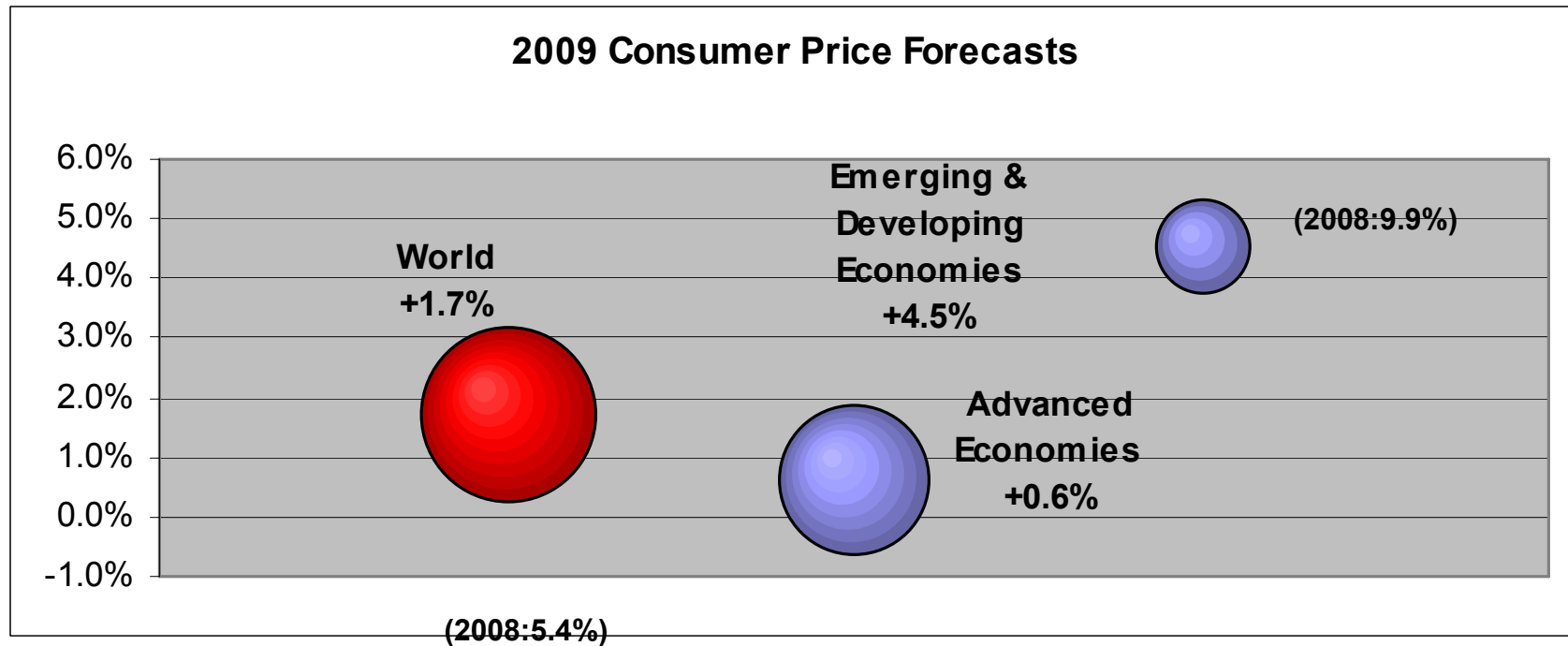
# 2009 G4S GDP Forecasts

## Current IMF Forecasts

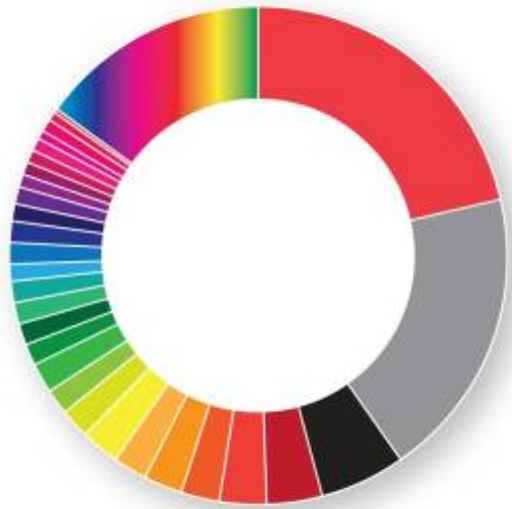


# 2009 G4S Consumer Price Forecasts

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# Diversified Geographic Footprint



Turnover by country (%)

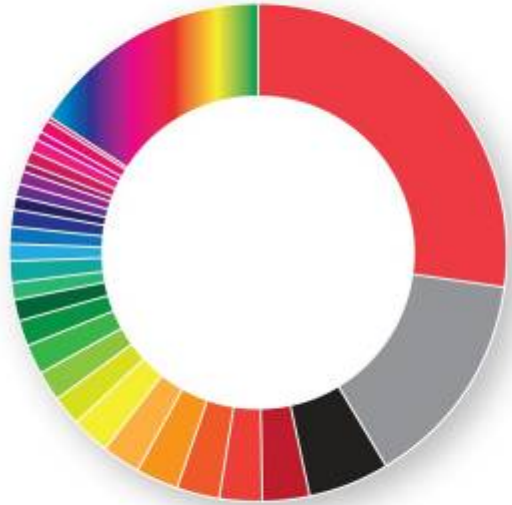


NOTE  
Other includes  
80+ countries

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# Diversified Geographic Footprint



PBITA by country (%)

- |             |              |             |            |
|-------------|--------------|-------------|------------|
| UK          | Belgium      | Ireland     | Sweden     |
| US          | Baltic's     | Malaysia    | Kazakhstan |
| Netherlands | Saudi Arabia | UAE         | Austria    |
|             | S Africa     | Luxemburg   | Finland    |
|             | Romania      | Canada      | Hong Kong  |
|             | Denmark      | Israel      | Greece     |
|             | Hungary      | Kenya       | Iraq       |
|             | Colombia     | Chile       | Norway     |
|             | India        | Afghanistan | Other      |

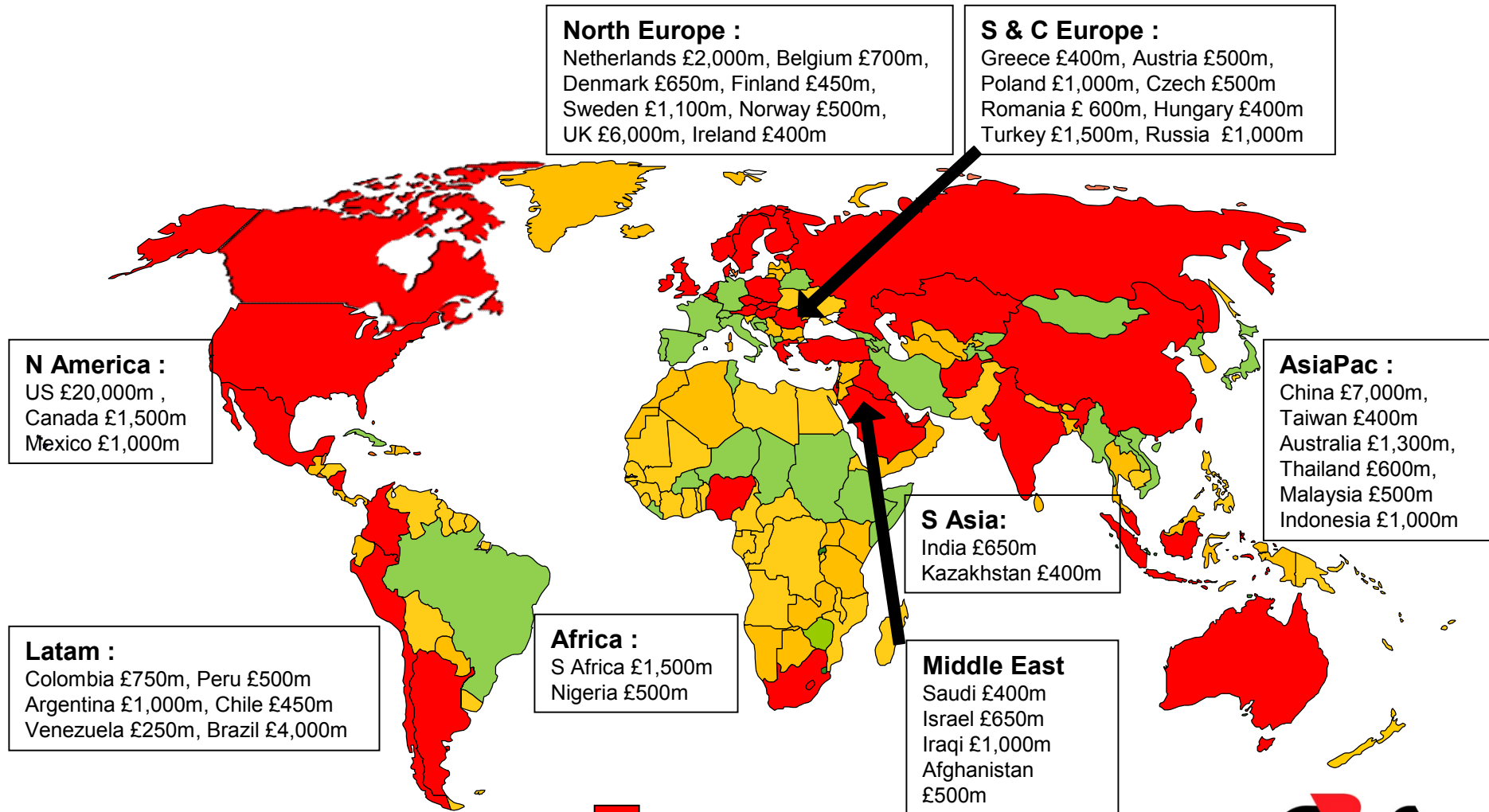
NOTE  
Other includes  
80+ countries

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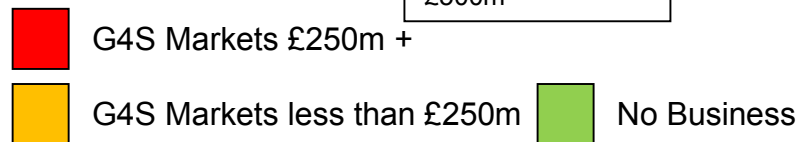


# Significant G4S Markets

£250m+



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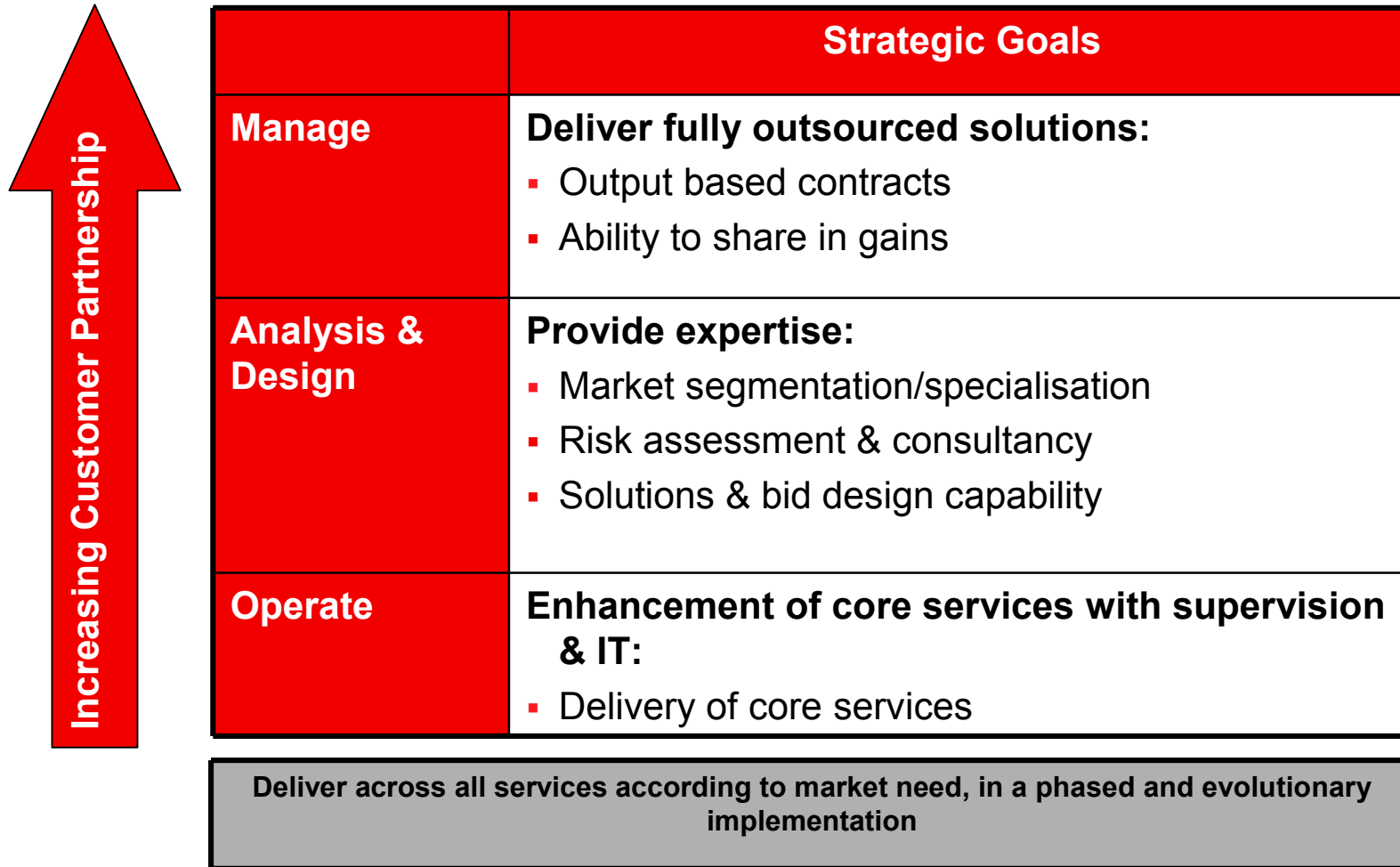
# Strategy Overview

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# G4S Strategy Overview

**From the world's largest security company to the leading outsourced security solutions provider**

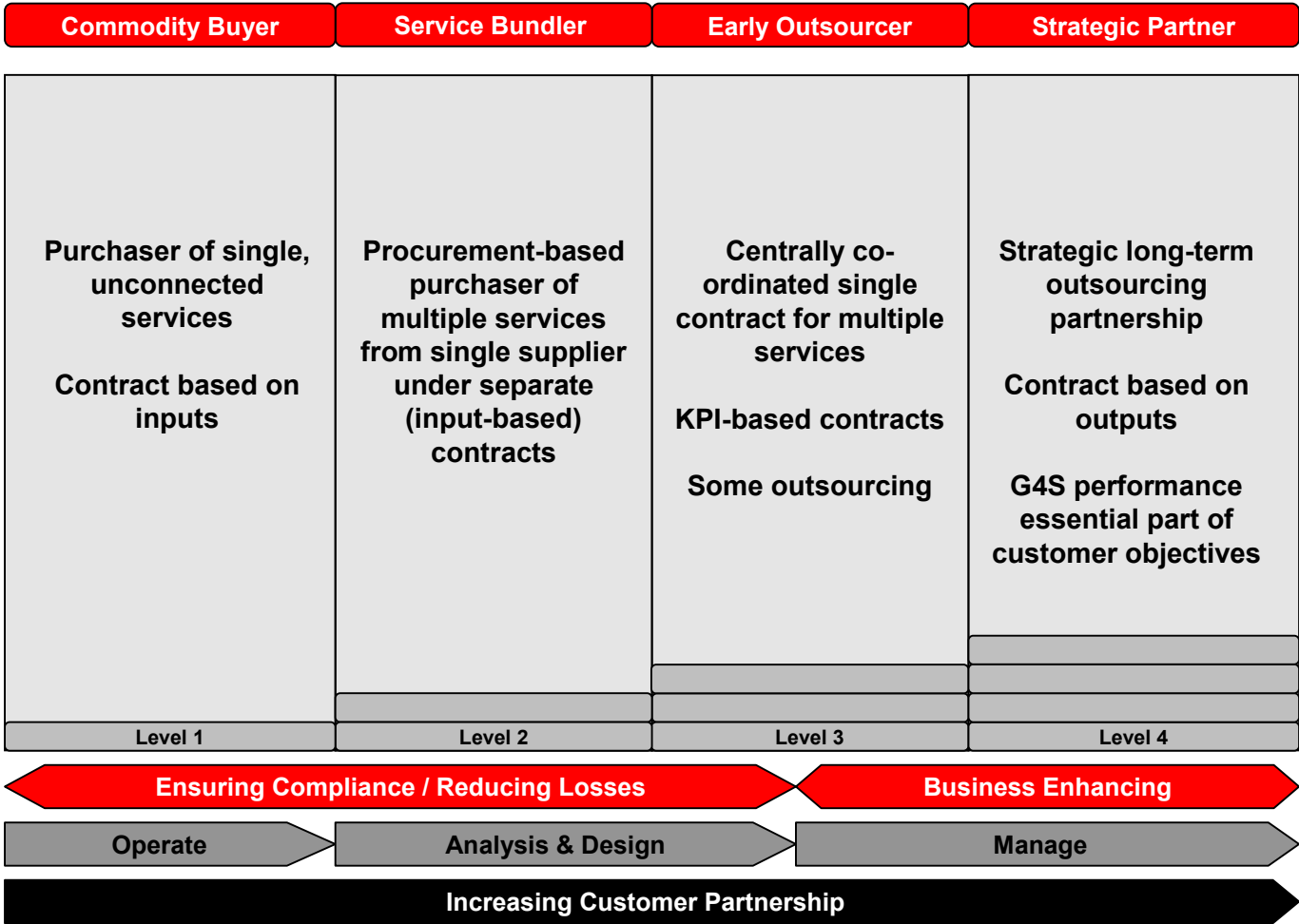


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# Increase Customer Partnership

## Customer Attributes



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# G4S Strategy Overview

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G4S is the world's leading international security solutions group which specialises in outsourcing of business processes and facilities in sectors where security and safety risks are considered as a strategic threat

B – B Markets

B – G Markets

**“the assessment and management of security and safety risks for buildings, infra-structure, materials, valuables, people and society”**

Long Term (5+ years) Contracts should be output based around delivery of the one or more of the following Customer's Business Objectives :-

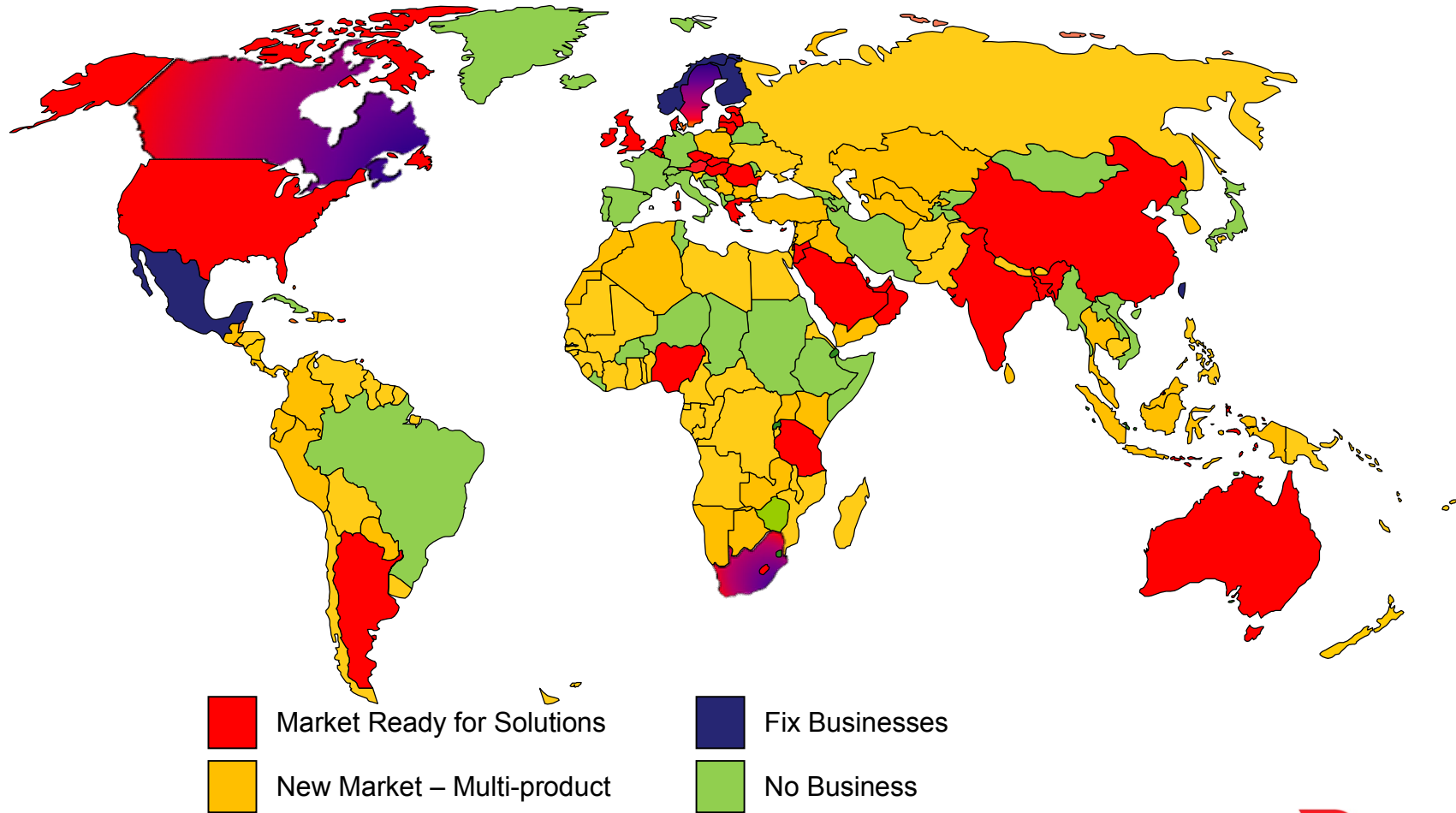
- Revenue Growth
- Cost Management
- Critical Asset or Risk Management (including regulatory)
- Customer Service (end customer)

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# Global Solutions v Multi-product Strategy Map

**“Developed Markets ready to accept solutions approach”**



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# Customer Facing Sectors

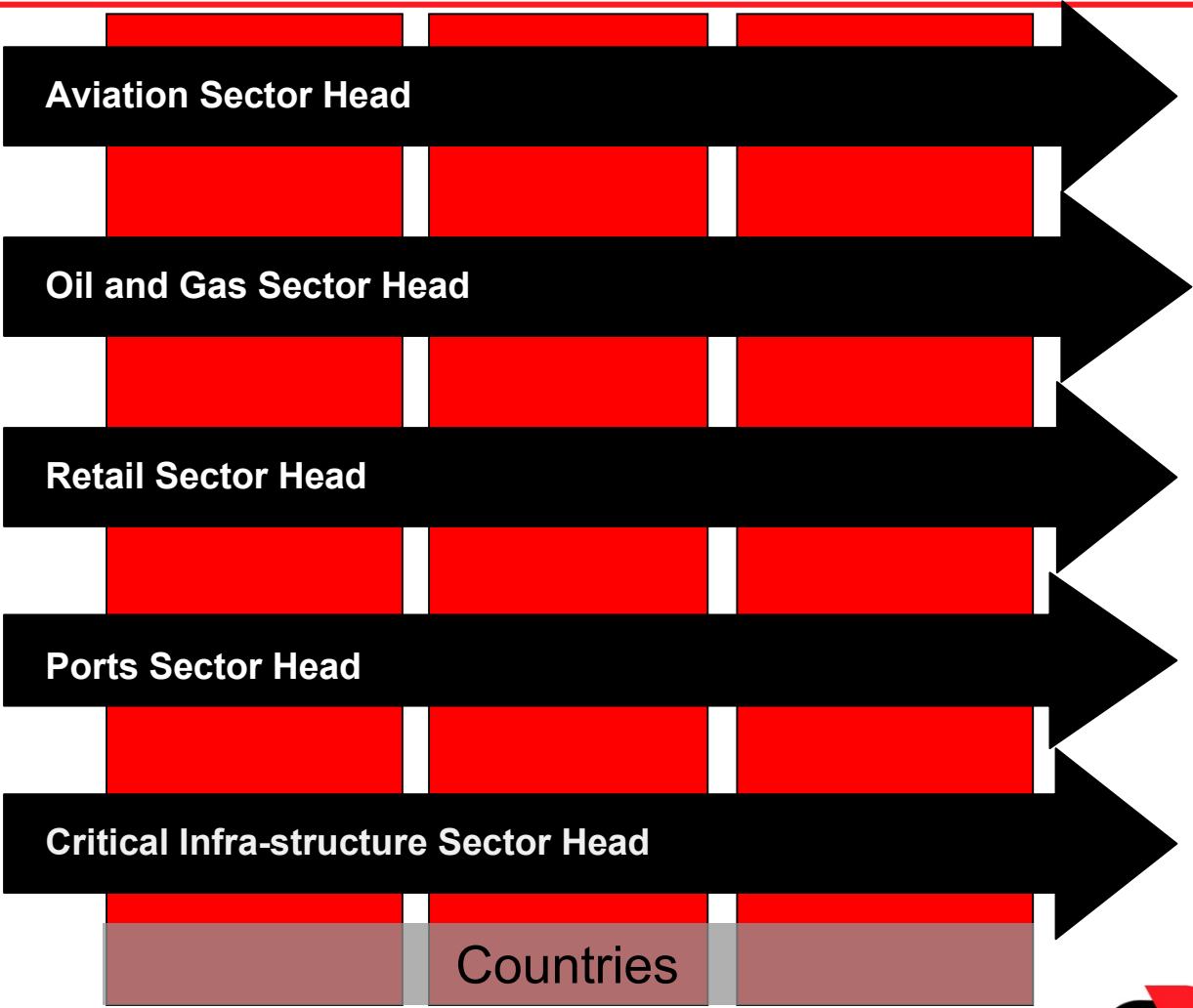
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# G4S Strategy Overview

## Deploy Sector Knowledge Across Geographies

- Sector Responsibilities**
- Sector champion
  - Develops sector strategy
  - Acts as bid specialist
  - Builds sector capability – people & acquisitions
  - Shares best practice
  - Mobilises internal resources as necessary



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# G4S Strategy Overview

## Existing Centres of Excellence – Global Product Champions



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# Acquiring Capability

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# Acquiring Capability

## A key element of strategy delivery

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- G4S remains focused on niche M&A opportunities to deliver our strategic objectives
- Meet relevant acquisition criteria
  - ROIC of 12.5% within 3 years for smaller deals
- Key focus areas for acquisitions
  - Risk consulting
  - Technology
  - Segment specialists
- Expect to invest between £50m- £100m in 2009

# Acquiring Capability

## Developing Additional Government Expertise

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Invested £599 million net in 2008 in adding capability to the group and which support strategy implementation :

- Management of critical services and facilities for governments and business
- Protective security solutions for governments, multinational corporations and NGOs
- New government sectors – FCO, NHS, MOD, Education
- New and expanding geographies – Australia, South Africa, Iraq & Afghanistan
- Added scale in the UK
- New specialist capabilities – mine action, risk consulting, secure facilities management, security and IT convergence technology
- Performance and synergy benefits ahead of expectations



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# Key Segments

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# Market Segments

## Overview

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2008 Group turnover by segment (%)

- 27%** Government <sup>1</sup>
- 20%** Cash Solutions
- 20%** Secure Solutions – New Markets <sup>2</sup>
- 17%** Secure Solutions – UK & NA Commercial
- 16%** Secure Solutions – Continental Europe Commercial

NOTE  
<sup>1</sup> 29% if pro-forma for full year of GSL/ArmorGroup  
<sup>2</sup> Includes Eastern Europe



# Market Segments

## Overview

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- G4S operates in structural growth markets
  - Geographical and sector mix
- Proportion of revenue from Government has doubled since 2004
- Two-thirds of business in markets with above average growth rates – both geographic and market segment
- 80% of business has flexible cost base
- Strong competitive position in key high growth/high margin markets

# Government

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# Market Characteristics

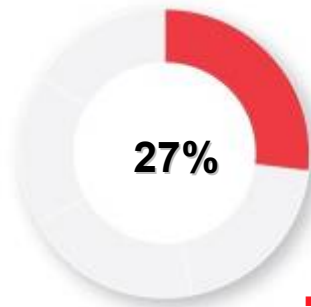
## Government

### Key Characteristics

- Above group average margins
- Significant G4S expertise - differentiation
- Consolidated markets
- Flexible cost base

### Growth Drivers

- Focus on security
- Propensity to outsource
- Contracts for multiple government agencies
  - Military security outsourcing
  - Care and justice outsourcing
  - Additional services/cross selling
- Double digit market growth



### Market Participants

- Serco
- Capita
- Kalyx
- GEO
- Reliance
- AKAL
- CRG
- Blackwater
- Triple Canopy
- Dyncorp
- Olive
- Aegis
- IAP Worldwide Services

### Defensive Qualities

- Long term contracts
- Price and cost indexation

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# Government UK

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# **UK & Ireland Government**

**David Taylor-Smith**

**CEO, Secure Solutions UK and Ireland**

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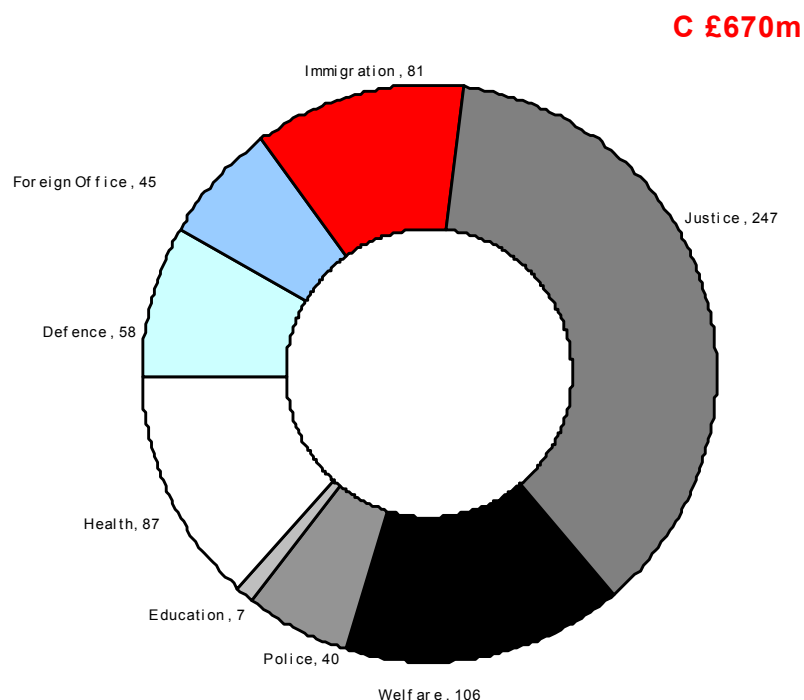
# Contents

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- Business Overview
- Market and Sector Analysis
- UK and Ireland Government Strategy
- Recent wins & Pipeline

# G4S UK & I Government

## 2009 Forecast Revenue



- Leading supplier of secure solutions to the UK & I Government
- Market leaders in Justice, Police, Immigration
- c£670m revenues in 2009
- Above group average operating margins
- Added significant capability and critical mass via GSL and Armor acquisitions e.g:
  - Care & Justice
  - Secure Facilities management
  - Consultancy
  - Ordnance management

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# G4S Government Profile

<p><b>Justice</b></p>	<p><b>Immigration</b></p>	<p><b>Police</b></p>	<p><b>Welfare</b></p>
<p>4 Prisons Electronic Monitoring Prisoner Escorts 3 STCs Technology Security Courts PFI # 1 - 45% Share</p>	<p>3 IRCs Escorting Repatriation Security Technology #1 - 70% Share</p>	<p>4 Custody suites Interim Staff Forensic Medical Technology Security Training Overseas #1</p>	<p>Manpower Security Technology</p>
<p><b>Foreign Office</b></p>	<p><b>Defence</b></p>	<p><b>Health</b></p>	<p><b>Aid / DFID</b></p>
<p>GCHQ PFI Personal protection Afghanistan UK Embassy</p>	<p>Met Office PPP Pre Deployment Training SF training Technology Temp security staff</p>	<p>6 major hospitals 100 + health centres Patient transport Medico legal Medical Staffing</p>	<p>SOCA / DFID</p>

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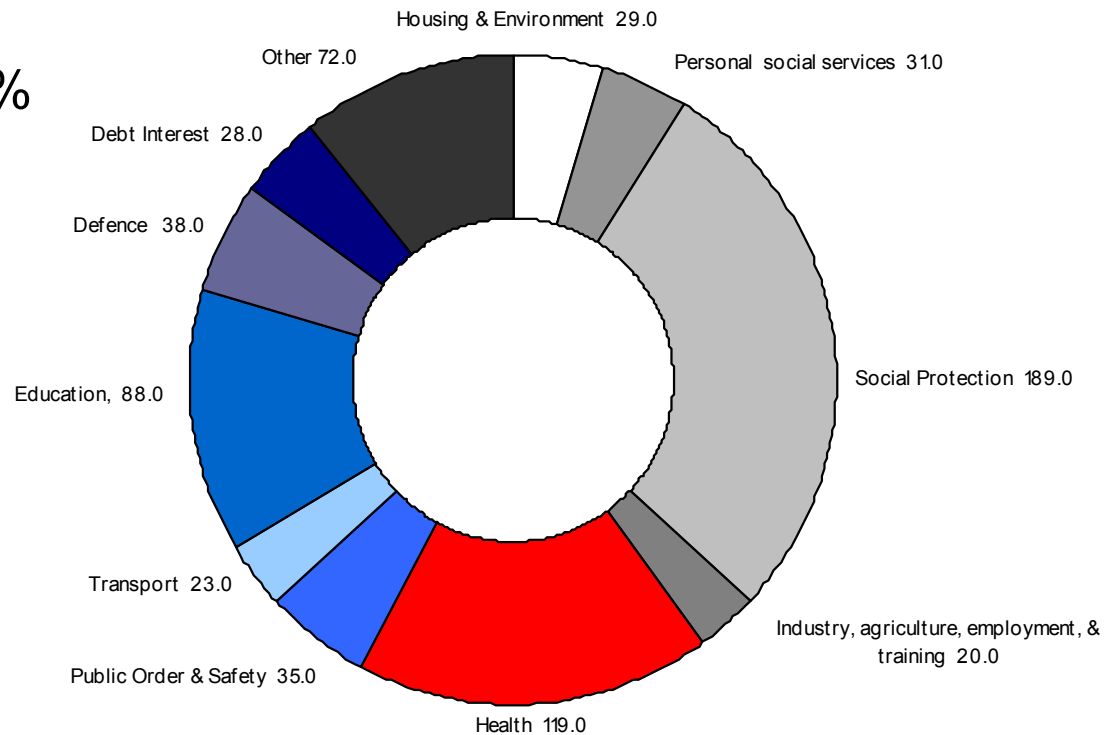


# UK Government outsourcing

12% (£80bn)\* of government spend is outsourced

## Government outsourcing %

- Defence 47%
- Health 18%
- Police 9%
- DWP 8%



\* Government Expenditure - £672bn pa  
Source: HM Treasury Budget Report 2009

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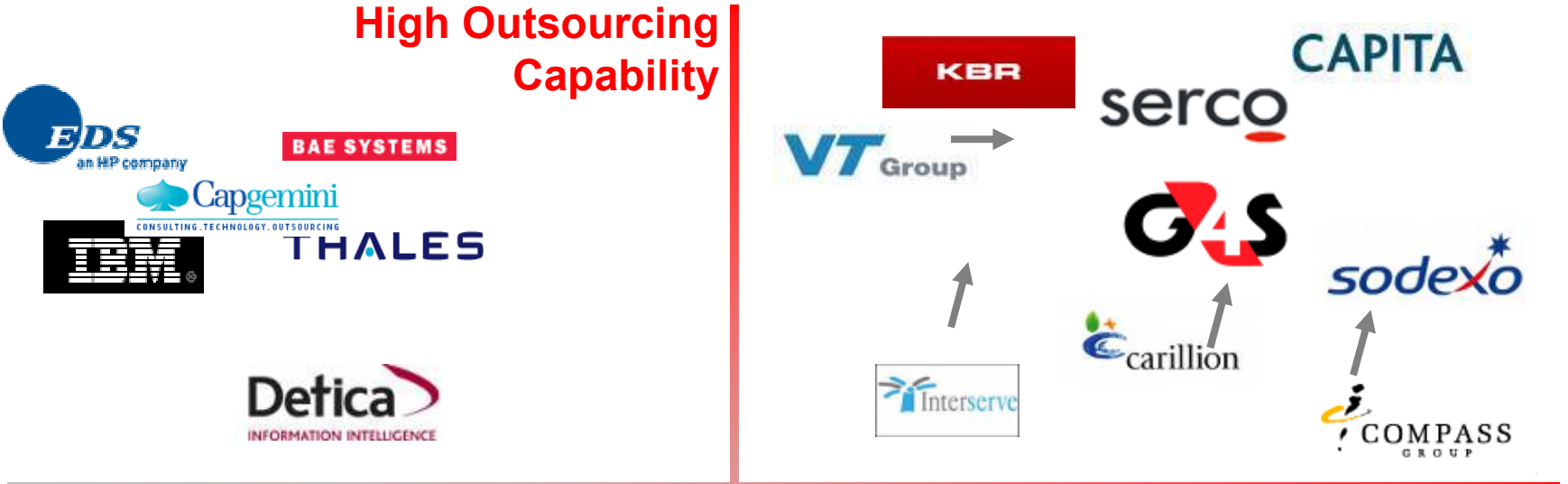


# Market Dynamics

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- History of successful outsourcing within the UK
- Belief in competition and the role of the private sector
- Growing budget deficit – opportunity and threat
- Increasingly decisions oriented to value for money = lowest price
- Costly complex bidding processes and programme/ big bidding skills essential
- Consortia / teaming is normal

# Competitors/Partners



**Technology Orientation**



**Low Outsourcing Capability**

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# Key Sector Analysis

SECTOR	COMMENTARY	G4S CONTRACTS
<b>Justice</b>	<p>20 year history of using the private sector for delivery of outsourced services e.g.</p> <ul style="list-style-type: none"> <li>▪ Escorting</li> <li>▪ Prisons</li> <li>▪ Electronic monitoring</li> <li>▪ Offender management</li> </ul> <p>PFI Prisons the purest form of PFI</p> <p>Prison / offender population growing steadily over time - capacity is a big issue</p> <p><b>Total Budget - £4bn</b></p>	<p><b>4 Prisons</b></p> <p><b>Electronic Monitoring</b></p> <p><b>Prisoner Escorts</b></p> <p><b>3 Secure Training Centres</b></p> <p><b>Technology</b></p> <p><b>Security</b></p> <p><b>Courts PFI</b></p> <p><b># 1 - 45% Share</b></p>

# Key Sector Analysis

SECTOR	COMMENTARY	G4S CONTRACTS
<b>UK Borders</b>	<p>Wide use of the private sector for delivery of outsourced services</p> <ul style="list-style-type: none"> <li>▪ Immigration Removal Centres</li> <li>▪ Escorting and Repatriation</li> </ul> <p>Immigration remains a key political issue</p> <p><b>Total Budget - £1bn</b></p>	<p><b>3 Immigration Removal Centres</b></p> <p><b>Escorting</b></p> <p><b>Repatriation</b></p> <p><b>Security</b></p> <p><b>Technology</b></p> <p><b>#1 - 70% share</b></p>

# Key Sector Analysis

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SECTOR	COMMENTARY	G4S CONTRACTS
<b>Police</b>	<p>Control / decisions at Force level - 45 Forces in UK</p> <p>Opportunity exist where tasks deemed non-core / reform agenda exists</p> <p><b>Total Budget - £13bn</b></p>	<p><b>4 Custody suites</b></p> <p><b>Interim Staff</b></p> <p><b>Forensic Medical</b></p> <p><b>Technology</b></p> <p><b>Security</b></p> <p><b>Training Overseas</b></p> <p><b>#1</b></p>

# Key Sector Analysis

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SECTOR	COMMENTARY	G4S CONTRACTS
<b>Foreign and Commonwealth Office</b>	Complimentary geographic footprint  <b>Total Budget - £1.7bn</b>	<b>GCHQ PFI</b> <b>Personal protection</b> <b>Afghanistan UK Embassy</b> <b>38 embassies in 24 countries</b>

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# Key Sector Analysis

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SECTOR	COMMENTARY	G4S CONTRACTS
<b>DWP</b>	Largest Government Department Focus of significant activity during recession Fits with Care and Justice capability Significant enforcement / verification activity <b>Total Budget - £ 135bn</b>	<b>Manpower Security</b> <b>Technology</b> Bidding flexible new deal

# Key Sector Analysis

SECTOR	COMMENTARY	G4S contracts
<p><b>Defence</b></p>	<p>Long history of working with the private sector in two main areas</p> <ul style="list-style-type: none"> <li>▪ weapons and equipment</li> <li>▪ infrastructure / barracks</li> </ul> <p>Procurement lengthy, complex and costly Significant overstretch is leading to new thinking on operational support (UK and Theatre)</p> <p>G4S represents a new and appealing type of provider – service/ people orientated</p> <p><b>Total Budget £37bn</b></p>	<p><b>Met Office PPP</b> <b>Pre Deployment Training</b> <b>SF training</b> <b>Technology</b> <b>Temp security staff</b></p>

# Key Sector Analysis

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SECTOR	COMMENTARY	G4S contracts
<b>Health</b>	Second largest government provider Significant secure FM, logistics and BPO requirements Major user of the private sector  <b>Total Budget c £100bn</b>	<b>6 hospitals</b> <b>100 health centres</b> <b>Patient transport</b> <b>Medico legal</b> <b>Medical Staffing</b> <b>Technology</b>

# UK & Ireland Government Strategy

**Vision:** To be recognised as the leader in providing security solutions to Government in the UK and Ireland (and Governments operating in Afghanistan and Iraq)

## Values

- Customer Focus
- Integrity
- Best People
- Expertise
- Performance
- Collaboration & Teamwork
- Care

## Strategy

### Deliver the basics

1. Growth, profit and service
  - Win rebids
  - Beat the recession

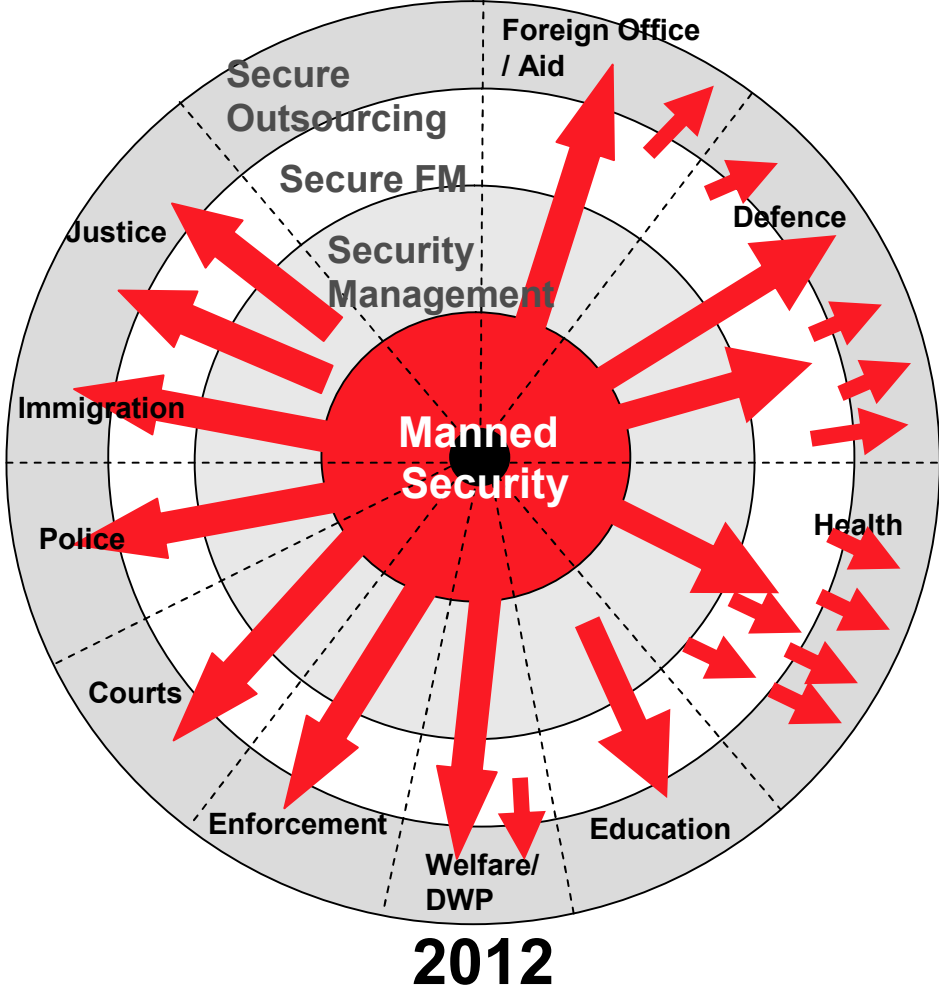
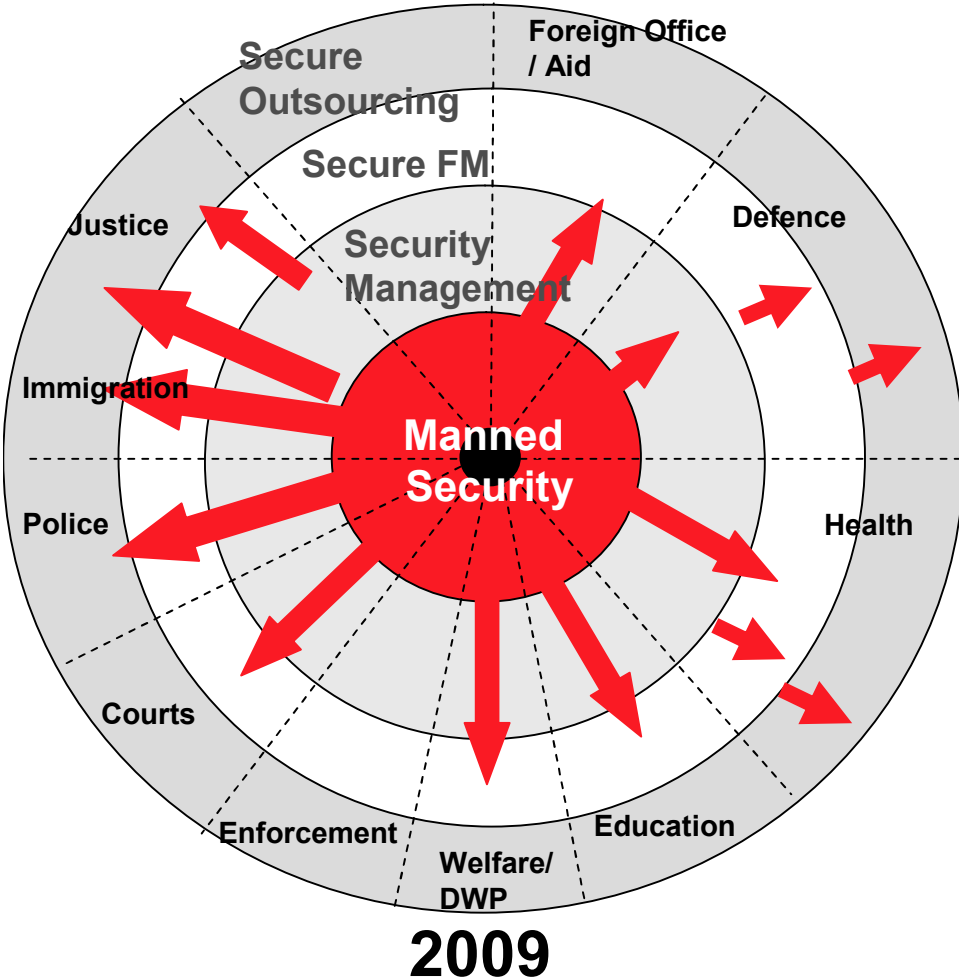
### Consolidate, build and acquire

2. Use existing Government positions as a platform to implement strategy - move to secure outsourcing
3. Enter new areas of Government

### Effective organisation

6. Put in place effective organisational structures, processes and values
7. Acquire and develop people to deliver the strategy
8. Be a brand / thought leader

# Government Business Evolution



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# Deliver the Basics

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- Deliver 2009 Performance
- Turnarounds
  - Oakhill
  - Rye Hill
  - Wolds
- Beat the recession
  - Indexation
- Prepare for / win rebids

# Use Existing Positions to Grow

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- Focus on existing strong presence in :
  - Justice
  - Police
  - Borders
  - Foreign Office
  - DWP
  - Olympics
- Win new contracts and variations

# Strategy in Action - Justice

- Expand Core Business**
- UK**
- Police Custody
  - Police Forensic
  - Further PFI prisons
  - Market Testing Prisons
  - Immigration Removal Centres
  - Asylum Contract
  - Children Services
  - Scotland EM
  - Scotland Escorting
- Global**
- Electronic Monitoring in 7 countries
  - PFI Prisons in South Africa
  - Israeli Police Training



- New Services**
- Offender Management
  - Probation
  - Flexible New Deal
  - Police BPO

**Financial Performance (£m)**

	2009	2010e	2011e
<b>Turnover</b>	367	405	451

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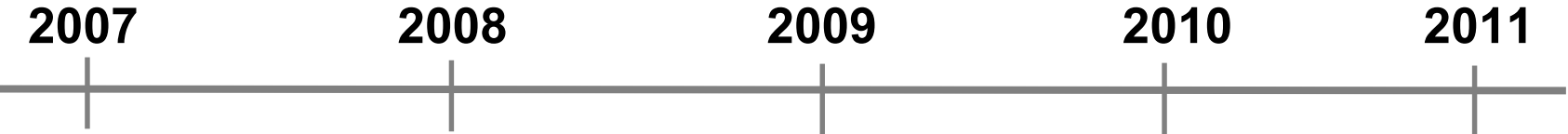


# Enter New Government Areas

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- Primary focus with sustained campaign on :
  - Defence
  - Courts
  - DWP
  - Health
- Selective approach to other departments where;
  - Our brand is relevant
  - We have capability and are credible
  - Attractive secure outsourcing opportunities exist

# Example - Defence



**Strategy**

Market Screening

Defence Assessment

First Associate

Defence Board

Wide Associate Pool

Invited to Chair new Contractors forum

Joint bid Cyprus MAC

**Significant Defence Business**

**Contracts**

Met Office

Special Forces Training

Pre-Deployment Training

Temporary Security Provision

Accredited Learning Admin

**+ Significant Pipeline**

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# Recent Wins

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<b>North West Hospitals</b>	<b>Tinsley House</b>	<b>Dublin Criminal Courts</b>	<b>PPPA</b>	<b>HMP Parc Houseblock</b>
<b>New contract</b>	<b>Contract renewal</b>	<b>New contract</b>	<b>New contract</b>	<b>Extension</b>
£11.0m 5 years	£5.0m 5 years	£5.0m 25 years	£1.0m 3 years	£10m 13 years
<b>Dover Harbour</b>	<b>Olympics</b>	<b>Electronic Monitoring</b>	<b>Abu Dhabi</b>	
<b>New contract</b>	<b>New contract</b>	<b>Extension</b>	<b>New contract</b>	
£3.6m 4 years	£9.0m 4 years	£40m circa 2 years	£6.0m 1 year	

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# Bidding Pipeline - Extracts

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- Prison PFIs – 2 X £15m pa for 25 years. Decision in May
- Five 1500 bed PFI prisons each worth £30m pa for 25 years
- Market testing existing prisons
  - Birmingham – 2009
  - Wellingborough – 2009
  - Hewell prison cluster
- Probation Trusts (where failing)
- Immigration Removal Centres - £5-10m pa for 5 years
- Flexible New deal – c 6 x £20m pa contracts for 5 years
- Army recruitment outsourcing - £100m pa for 10 years
- Navy Base FM - £20m pa for 5 years
- Fire Reserve - £5m pa for 10 years

## Global Opportunities

- Israel Defence Training PFI – \$1bn
- Israel Police Academy - \$150m
- South Africa – 5 PFI Prisons

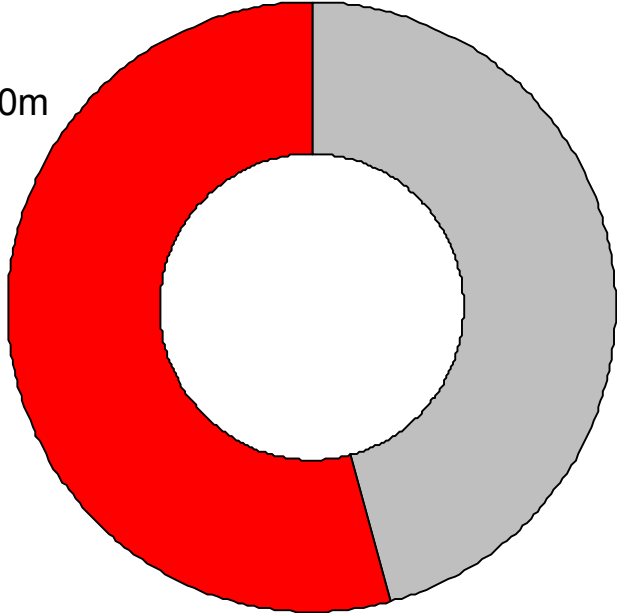
Total value  
of pipeline  
exceeds  
£10bn

# Plan Financials - UK & I Total

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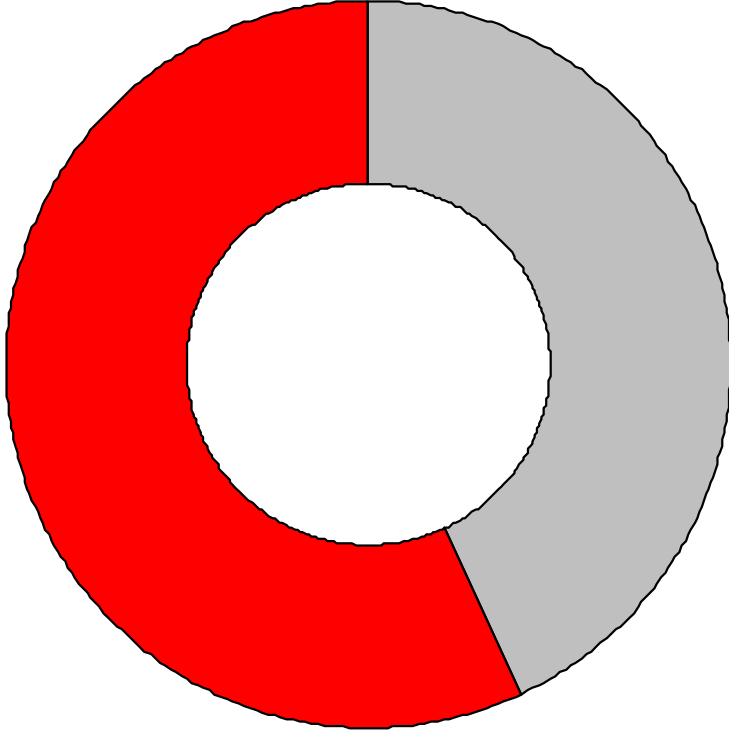
2009

£670m



2011

£860m



 Government  Commercial

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# **UK & Ireland Government**

## **David Taylor-Smith**

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# US Government

**US**

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# **G4S North America Border Protection Business Opportunities with the U.S. Government**

**Grahame R. Gibson**

**Chief Operating Officer & Divisional President**

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# Target Government Market & Drivers

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- **In 2007, US Government budgeted:**
  - \$3.5 bn for other manned security requirements
  - \$22 bn for facilities management
  - \$14 bn for fire and emergency services
  - \$100s of millions for unexploded ordnance disposition, canine detection services, associated training
- **Chemical Security budgets at \$2 bn in 2007**
  - 7,000 facilities, growing 10-14% p.a., > 50% budget subject to outsourcing.
  - Chemical Facilities Anti-Terrorist Standards (CFATS) drivers.

# Target Government Market & Drivers

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- **Seaport Security budgets at \$1.4 bn in 2007**
  - Growing 5-10% p.a. with 25-50% outsourcing.
  - Multiple Maritime Security regulatory initiatives as drivers.
- **Border Security budgets in DHS at \$6.5 bn in 2007**
  - \$10 bn in 2009, with outsourcing increasing in the 25-50% range.
  - Legislative and electoral political drivers.

# Agenda

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- Overview of the Border Protection Requirement
- Border protection market overview and competitor environment
- Opportunities in border protection
- Current G4S Contracts and Capabilities & Future Opportunities

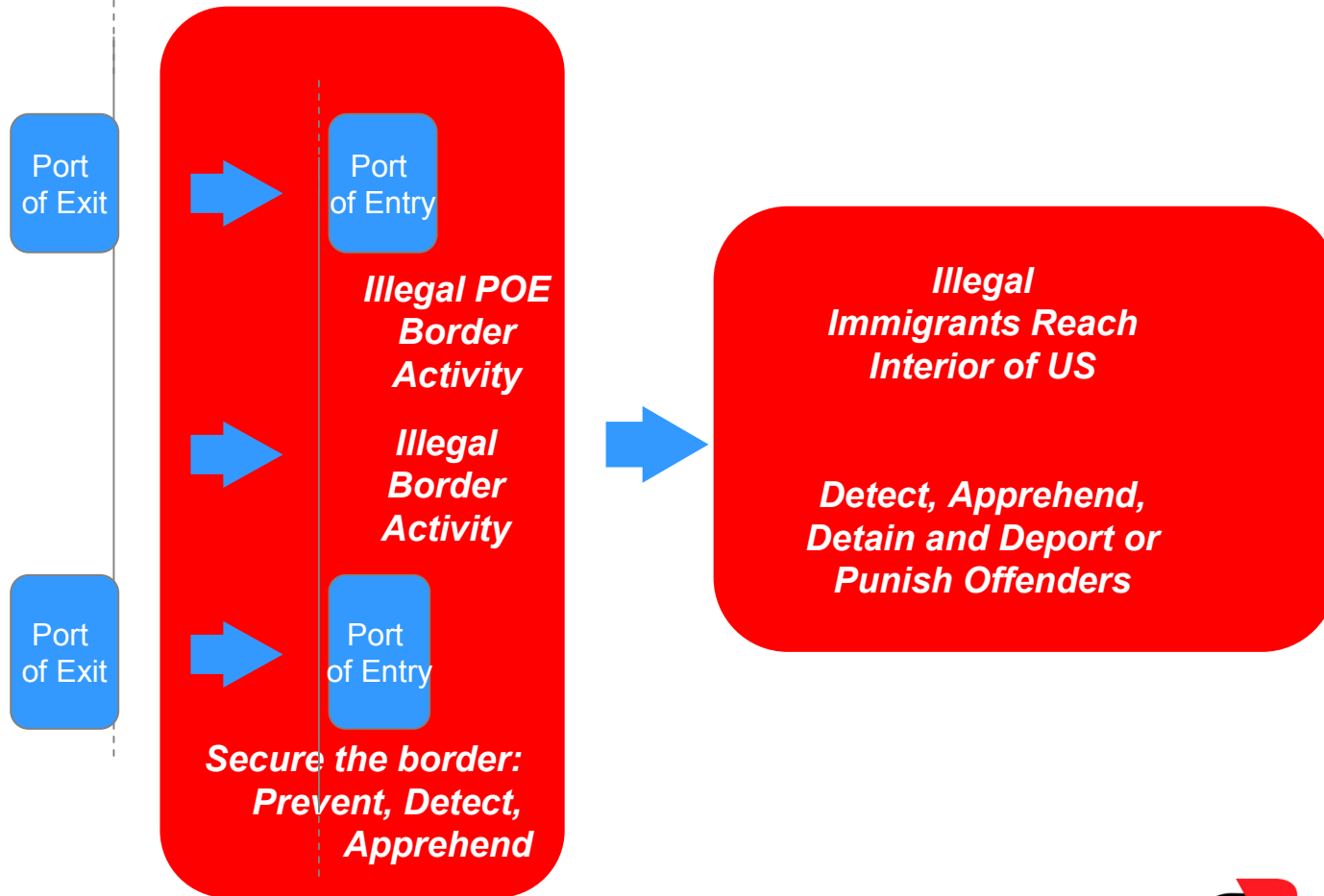
# Two key border missions: secure the border and removal / punishment of offenders

## Key Areas of Border and Immigration Control

*Foreign*

*Border*

*Domestic*



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# CBP and ICE are the two key agencies

	Budget Line	Commentary
<b>CBP</b> <i>At and Between POE</i>	<b>Between POE</b>	<ul style="list-style-type: none"> <li>▪ CBP spend at \$10.9 bn in 2009; increase of 17.9% over 2008</li> <li>▪ Split into 20 sectors at Northern, Coastal and Southwest Border. Most agents located at the Southwest Border.</li> </ul>
	<b>Border Security Infrastructure</b>	<ul style="list-style-type: none"> <li>▪ Consists of high and low tech solutions along the border.</li> <li>▪ \$775m spend in 2009, mostly for SBInet. In 2008-2009, \$2 bn spent for Secure Border Initiative.</li> </ul>
<b>ICE</b> <i>Interior</i>	<b>Detention and Removal Operations (DRO)</b>	<ul style="list-style-type: none"> <li>▪ \$5.7 bn ICE budget in 2009 including for detention and removal of illegal aliens</li> <li>▪ Includes \$72 m for custody operations and increased bed space, and \$150 m for transportation and technology for Secure Communities</li> </ul>
	<b>Investigations</b>	<ul style="list-style-type: none"> <li>▪ Responsible for investigating crimes involving illegal entry of goods or persons, e.g., smuggling of narcotics and weapons</li> </ul>



# 5 key activities in border security process

	SBlnet	CBP Patrols	End Catch & Release	Worksite Enforcement	Secure Communities
<b>Prevent</b>	<ul style="list-style-type: none"> <li>▪ CBP</li> <li>▪ Multi-year contract</li> <li>▪ Border barriers: fences</li> <li>▪ Border Surveillance: multi-sensor towers</li> </ul>				
<b>Detect</b>		<ul style="list-style-type: none"> <li>▪ Ground patrols to detect, apprehend.</li> <li>▪ Processing at and transportation from border stations to ICE</li> </ul>		<ul style="list-style-type: none"> <li>▪ ICE</li> <li>▪ Emphasis on verification of employment eligibility</li> <li>▪ Program enhances apprehension and deportation</li> </ul>	<ul style="list-style-type: none"> <li>▪ ICE</li> <li>▪ Criminal Alien Program: Identify, detain and deport or punish criminal illegal aliens</li> <li>▪ Detain and transport within system until deportation or release</li> <li>▪ Alternatives to detention including EM</li> <li>▪ Deportation processing</li> </ul>
<b>Apprehend</b>					
<b>Detain</b>			<ul style="list-style-type: none"> <li>▪ CBP and ICE</li> <li>▪ Detention and processing of all "Other Than Mexican" aliens</li> </ul>		
<b>Deport</b>					

# **Border protection market overview and competitor environment**

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# Department of Homeland Security

DHS oversees activities to protect U.S. land, sea, and air borders from dangerous people and goods. The tactical mission is to prevent against terrorism, drug and human smuggling, illegal immigration, and agricultural hazards.

- **Customs and Border Protection (CBP)** – border protection at and between official points of entry

• **Transportation Security Administration (TSA)** – air and ground transportation security

- **United States Coast Guard (USCG)** – port, waterway, and coastal security

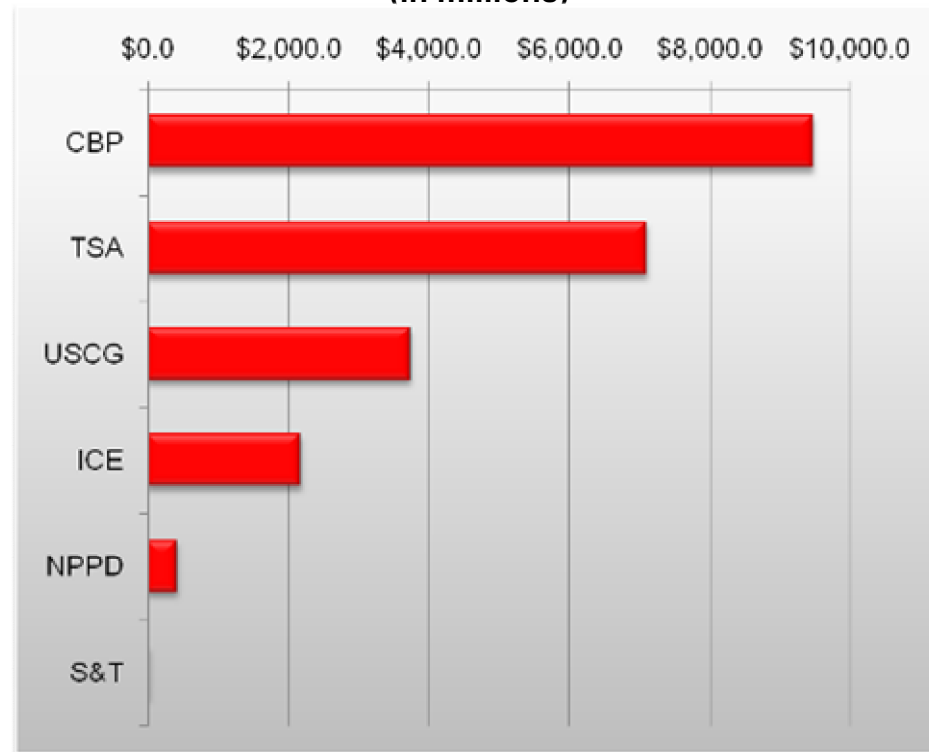
- **Immigration and Customs Enforcement (ICE)** -immigration/customs laws violation investigations

• **National Protection and Programs Directorate (NPPD)** – physical/virtual risk reduction

- **Science and Technology Directorate (S&T)** – research and development

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DHS Component Border and Transportation Security Funding (in millions)

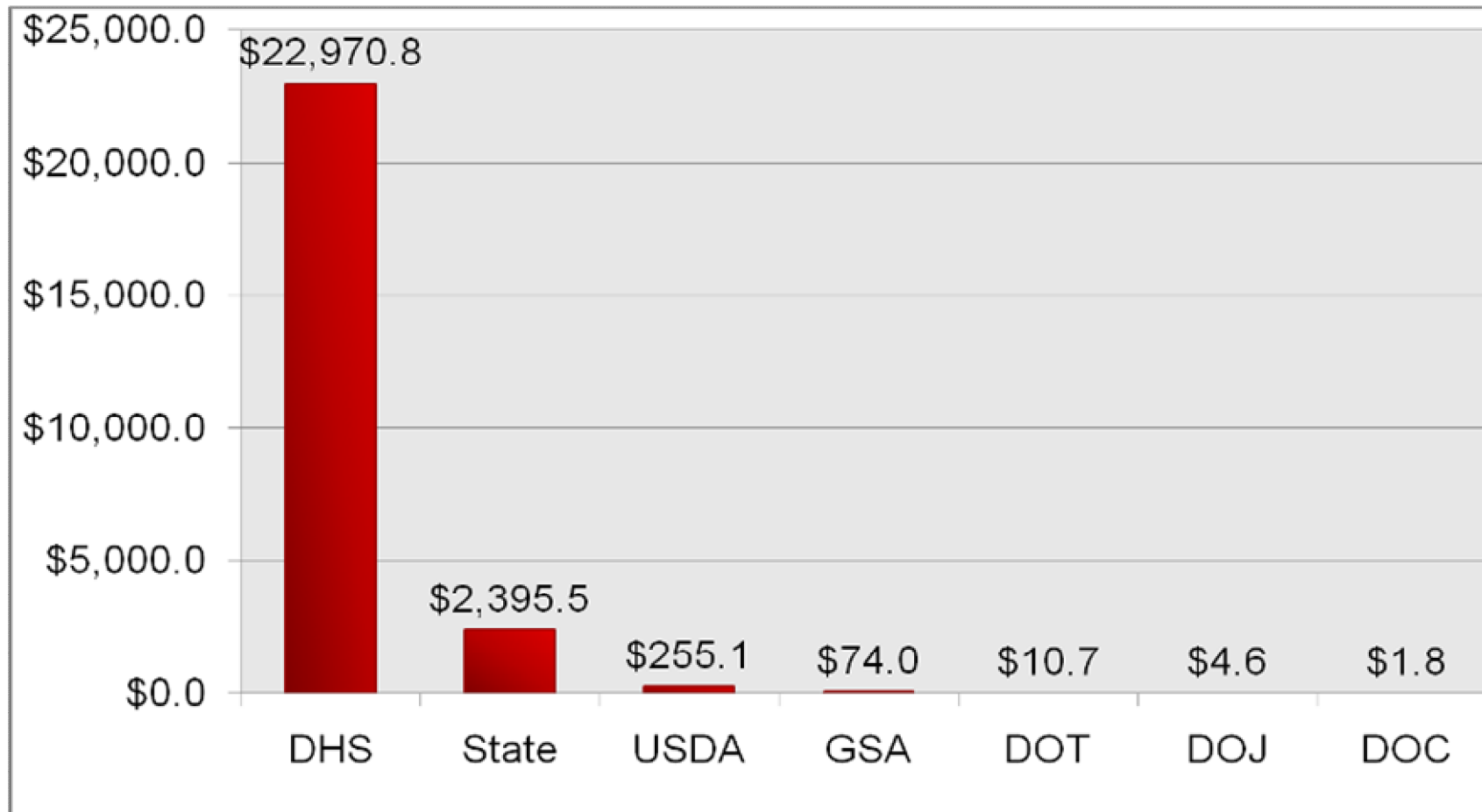


Source: FY2009 President's Budget Request



# DHS represents nearly 90% of all BTS spending

## Border and Transportation Security (BTS) Funding (in millions)

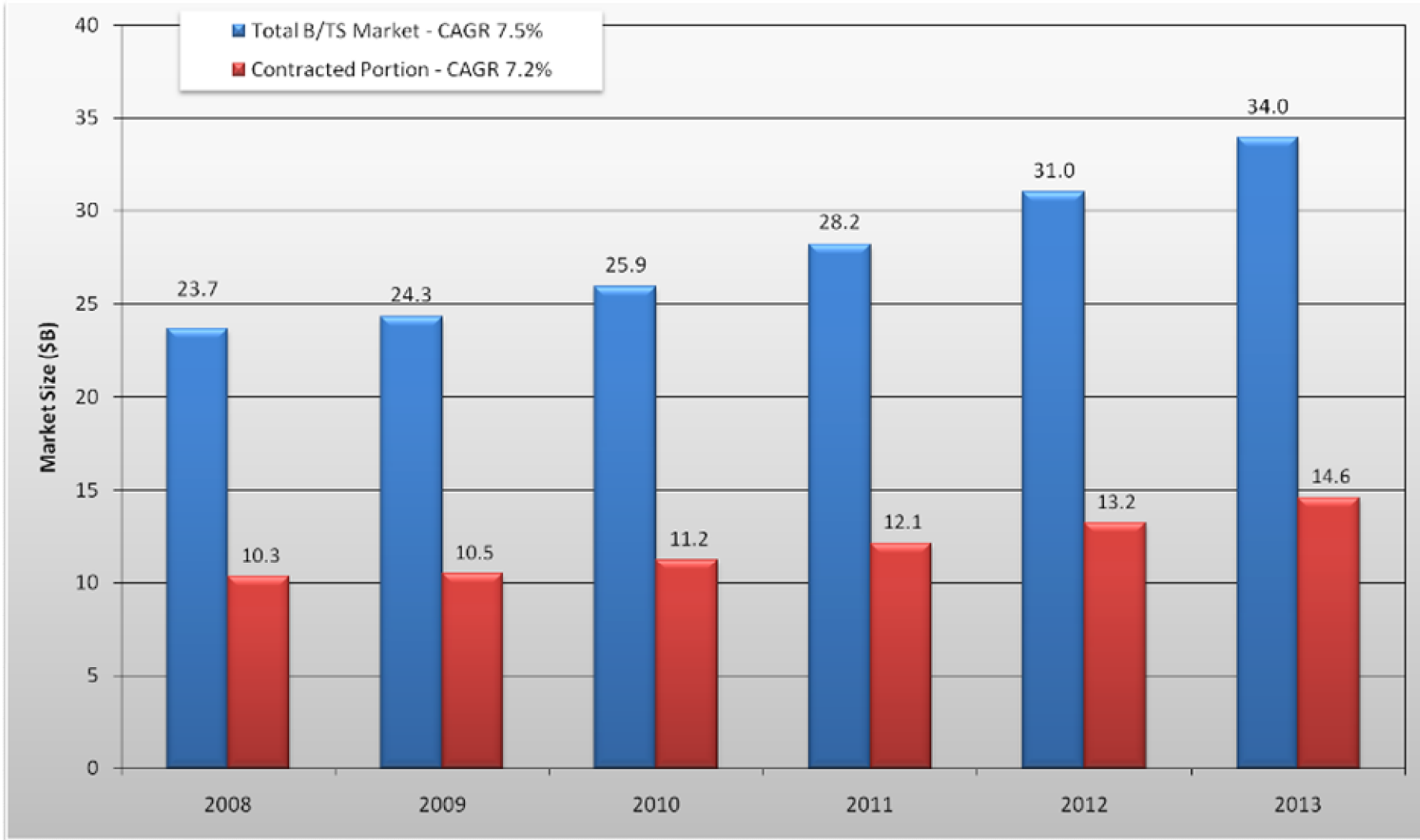


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Source: FY2009 President's Budget Request



# Total Border Security Market – 2008 - 2013

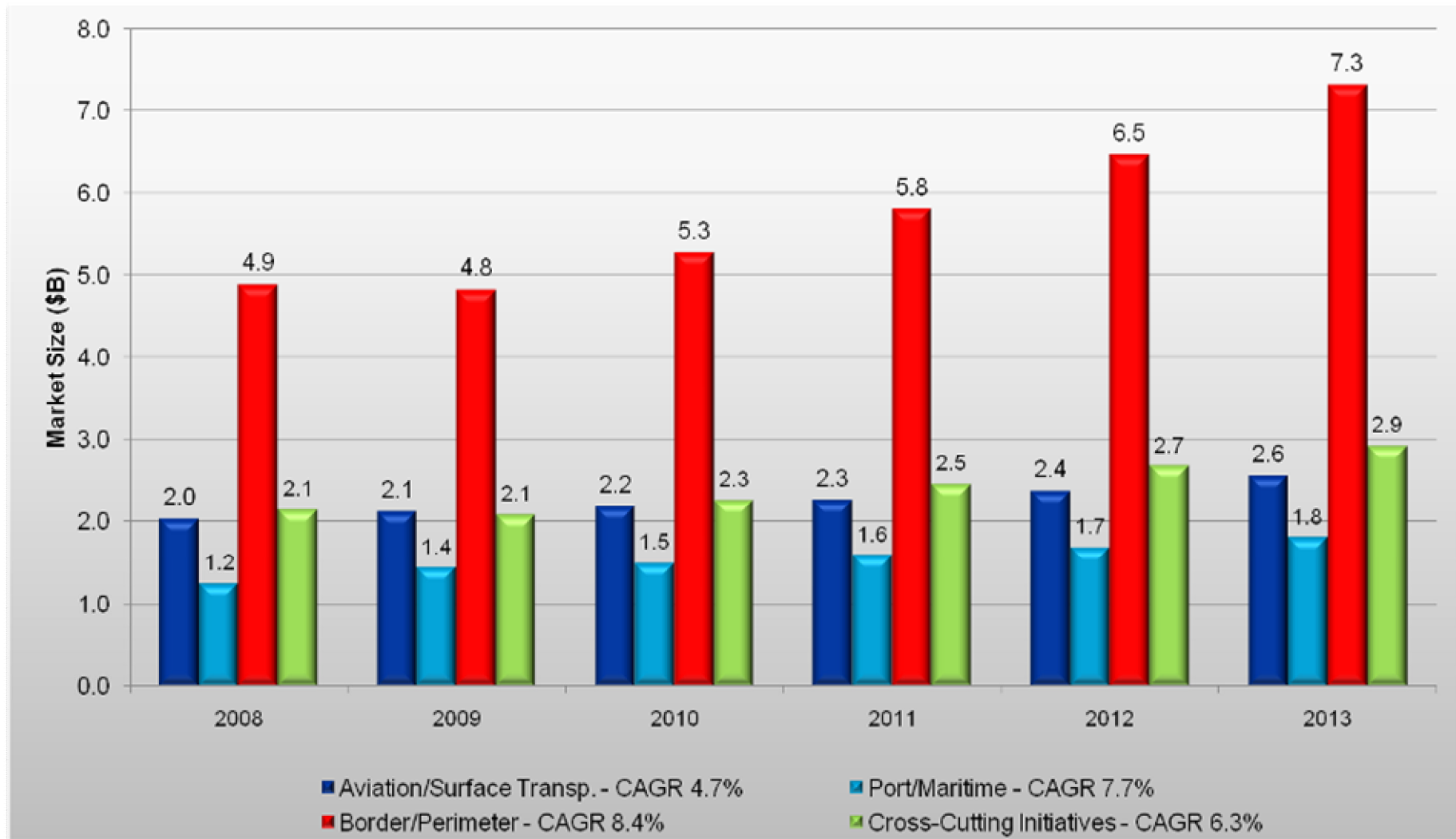


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Source: FY09 DHS Budget Appropriations, INPUT



# Comparing Segment Addressable Market Size



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Source: FY09 DHS Budget Appropriations, INPUT



# Market Sector Analysis

SECTOR	Commentary on Sector
<b>Department of Homeland Security</b>	<ul style="list-style-type: none"> <li>▪ <b>FY2009 budget request is \$50 bn, up from \$47 bn in 2008 and \$43 bn 2007</b></li> <li>▪ DHS modernization agenda is driving common processes and solutions.</li> <li>▪ Outsourcing detainee transportation and processing, and running detention centres.</li> <li>▪ Federal forecast indicates Border and Transportation Security sector will increase from \$23.7 bn in 2008 to \$33.9 bn in 2013.</li> </ul>
<b>Customs and Border Protection (CBP)</b>	<ul style="list-style-type: none"> <li>▪ <b>FY2009 budget is \$10.9 bn, up from \$9.3 bn in 2008 and \$7.7 bn 2007</b></li> <li>▪ Use of private sector to release “badges to the border.”</li> <li>▪ Expanding G4S transportation project at SW border to Northern and Coastal borders.</li> <li>▪ Future emphasis on “intelligence analysis” of alien migration patterns and facilities management for “virtual fence” program.</li> </ul>
<b>Immigration and Customs Enforcement (ICE)</b>	<ul style="list-style-type: none"> <li>▪ <b>FY2009 budget is \$5.7 bn, up from \$5 bn on 2008 and \$4.7 bn in 2007</b></li> <li>▪ New plan to privatize all fleet operations in Q1 2010.</li> <li>▪ Secure Communities will transform Federal cooperation with state and local governments.</li> </ul>




# Manned Security Competitors Commentary

Company	Key Metrics	Service Offerings
Akal	<ul style="list-style-type: none"> <li>▪ Turnover: \$560 m</li> <li>▪ Employees: 15,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Security Officer Guarding and Training Programs</li> <li>▪ Investigations and Personal Protection</li> <li>▪ Third Country National Personnel (Asia and Africa)</li> <li>▪ Security Systems Integration</li> </ul>
AlliedBarton	<ul style="list-style-type: none"> <li>▪ Turnover: \$1.5 bn</li> <li>▪ Employees: 55,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Uniformed Guarding</li> </ul>
Guardsmark	<ul style="list-style-type: none"> <li>▪ Turnover: \$552 m</li> <li>▪ Employees: 19,500</li> </ul>	<ul style="list-style-type: none"> <li>▪ Uniformed Guarding</li> <li>▪ Limited Consulting and Investigations, including undercover agents, and background screening</li> <li>▪ Facility design, including technical and physical security infrastructure</li> </ul>
Securitas	<ul style="list-style-type: none"> <li>▪ Turnover: \$2.7 bn</li> <li>▪ Employees: 103,000</li> <li>▪ Q3 2008: Organic Sales Growth at 4% / Operating Margin at 5.6% (compared to Q3 2007 Organic Growth at 3% / Operating Margin at 5.3%)</li> </ul> <p data-bbox="481 1356 862 1436">ing Your World</p>	<ul style="list-style-type: none"> <li>▪ Uniformed Guarding</li> <li>▪ Temporary Services</li> <li>▪ Mobile Patrol</li> <li>▪ Alarm/Incident Response</li> </ul>

# ICE Contractor Competitors Commentary

Company	Key Metrics	Service Offerings
Corrections Corporation of America CCA	<ul style="list-style-type: none"> <li>▪ \$1.5 bn revenue 2007</li> <li>▪ \$177 m from ICE (12%)</li> <li>▪ \$3.2 bn market cap</li> </ul>	<ul style="list-style-type: none"> <li>▪ Runs 8 detention centers for ICE</li> <li>▪ 6400 ICE beds of 78,500 total (8% ICE)</li> <li>▪ Runs 20% of ICE beds</li> </ul>
GEO Group	<ul style="list-style-type: none"> <li>▪ \$916 m revenue 2007</li> <li>▪ \$101 m from ICE (11%)</li> <li>▪ \$1.2 bn market cap</li> </ul>	<ul style="list-style-type: none"> <li>▪ Runs 5 detention centers for ICE</li> <li>▪ 6200 ICS beds of 50,600 total (12%)</li> <li>▪ Runs 19% of ICE beds</li> </ul>
Security Consultant Group	<ul style="list-style-type: none"> <li>▪ \$67 m 2006 revenue (most from ICE)</li> <li>▪ 1,300 employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ 275 ICE contracts for alarm system support services, manned security, security assessments</li> </ul>
US Investigations Service	<ul style="list-style-type: none"> <li>▪ NA revenue, \$10 m ICE</li> <li>▪ 7000 employees</li> <li>▪ Owned by equity management firm</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3 contracts for administrative support and background screening services</li> </ul>
Spectrum Security Services	<ul style="list-style-type: none"> <li>▪ \$13.2 m ICE revenue</li> <li>▪ 200 employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ 17 contracts for guard services, detention escort officers, emergency hospital services support</li> </ul>
Knight Protective Service	<ul style="list-style-type: none"> <li>▪ \$52 m revenue, \$33 m ICE</li> <li>▪ 1,850 employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ 17 contracts for manned security, surveillance and access control</li> </ul>
Tri-S Security	<ul style="list-style-type: none"> <li>▪ \$89 m revenue 2007, \$20 m from ICE</li> <li>▪ 2,400 employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ 85 contracts for manned security, security assessments</li> </ul>

# ICE Contractor Competitors Commentary

Company	Key Metrics	Service Offerings
Cornell Companies	<ul style="list-style-type: none"> <li>▪ 650 employees</li> <li>▪ \$386.7 m revenue 2008</li> <li>▪ Publicly traded NYSE</li> </ul>	<ul style="list-style-type: none"> <li>• Cornell leading provider of corrections, treatment and educational services outsourced by federal, state and local government. #3 in US corrections market</li> <li>• Services for adults and juveniles, including incarceration and detention, transition from incarceration, drug and alcohol treatment programs, behavioral rehabilitation and treatment, and alternative education.</li> <li>• 71 facilities in 15 states, total capacity 18,550.</li> </ul>
Behavioral Interventions	<ul style="list-style-type: none"> <li>▪ 500 employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Services include electronic supervision of offenders released to the community. Technologies include Voice Verification, RF monitoring, and GPS.</li> <li>▪ Serve Federal, State, and Local Governments, including 16 DHS ISAP offices in 11 locations.</li> </ul>
<p>Dmatek LTD. (International Competitor)</p> <p>Subsidiaries: Pro Tech Monitoring Inc. and Elmo-Tech, Inc. IS</p>		<ul style="list-style-type: none"> <li>▪ Technologies for monitoring individuals in law enforcement, corrections, and security markets in the U.S. Europe, Pacific Rim, and Latin America.</li> <li>▪ Operates a monitoring data center in Florida that offers passive, hybrid, and active levels of supervision.</li> <li>▪ Customers include federal, state, and local governments.</li> </ul> 

# Other DHS Contractor Competitors Commentary

Company	Key Metrics	Service Offerings
Serco (UK Competitor)	<ul style="list-style-type: none"> <li>800 employees</li> <li>\$3 bn turnover</li> </ul>	<ul style="list-style-type: none"> <li>Markets include defense, transport, government, and health services. Offender electronic monitoring equipment robust but basic in functionality.</li> </ul>
iSECUREtrac Corporation	<ul style="list-style-type: none"> <li>Public company</li> </ul>	<ul style="list-style-type: none"> <li>Electronic tracking and monitoring using RF, GPS</li> </ul>
STOP-LLC Overview	<ul style="list-style-type: none"> <li>50 employees</li> </ul>	<ul style="list-style-type: none"> <li>GPS services to government for detention alternatives, sex offender monitoring, gang intervention, pretrial supervision, probation and parole, and juvenile monitoring applications.</li> <li>Holds several key patents</li> </ul>
Sentinel Offender Services	<ul style="list-style-type: none"> <li>Employees: 350</li> </ul>	<ul style="list-style-type: none"> <li>Leading provider of offender supervision services</li> <li>Alternatives to incarceration: voice verification, RF monitoring, passive and active GPS, reentry services, and day reporting services.</li> <li>Serves Federal, state, and local governments.</li> </ul>



# Opportunities in border protection

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# CBP and ICE Security Needs and Solutions

<b>Need Definition</b>	<ul style="list-style-type: none"><li>▪ Missions: securing the border and the removal/punishment of offenders.</li><li>▪ Outsource non-core functions to release skilled staff to perform core duties:<ul style="list-style-type: none"><li>▪ Staffing of detention officers</li><li>▪ Detainee transportation with ICE-approved vehicles</li><li>▪ Integration of bed space, transportation and location tracking requirements</li><li>▪ Detainee processing and monitoring.</li></ul></li></ul>
<b>Solutions Development</b>	<ul style="list-style-type: none"><li>▪ Solutions must address Prevent, Detect, Apprehend, Detain and Deport activities.</li><li>▪ Solutions should encourage outsourcing as many non-core functions as possible<ul style="list-style-type: none"><li>▪ Expand core detainee transportation service to process detainees at border stations, and provide full transportation services across CBP and ICE domains.</li><li>▪ Extend detention officer staffing role to manning operational watch centers and SBI net monitoring.</li><li>▪ Deploy analytic tools to integrate bed space, transportation and detainee location tracking requirements, and provide intelligence feedback on business processes and detainees</li></ul></li></ul>

# Future Customer Need Definition: Immigration Reform

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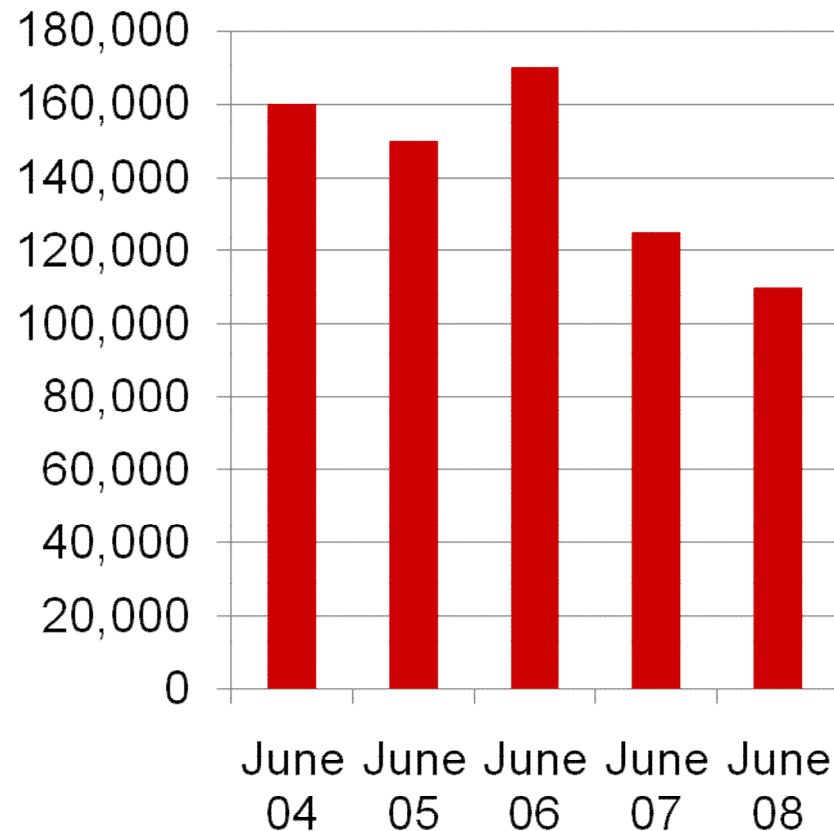
<b>Need Definition</b>	<ul style="list-style-type: none"><li>▪ 12m undocumented aliens living in the U.S. under the DHS radar screen.</li><li>▪ Likely they will be prosecuted (if found guilty of a crime) or provided with a route to citizenship.</li><li>▪ Immigration reform emerging as a significant agenda item for the Obama Administration</li><li>▪ Anticipate greater emphasis of alternatives to detention because of Government budget limitations.</li></ul>
<b>Solutions Development</b>	<ul style="list-style-type: none"><li>▪ G4S can provide ICE with Citizenship Centers that manage both the route to citizenship from case management and criminal identification perspectives.</li><li>▪ G4S to engage as opinion leader, e.g., by creating white papers to evaluate immigration reform initiatives.</li><li>▪ G4S provides alternative to detention options, e.g., electronic monitoring</li></ul>

# CBP Statistics

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- Despite signs of declining apprehension rates, there are growth opportunities in detainee transportation sector.
- 25% gap in the ability to transport all CBP apprehensions.
  - In 2008, G4S transported 80,000 illegal detainees per month for CBP, of total requirement for 110,000.
  - G4S provided nearly 75% of all transportation needs along SW in 2008, compared to 35% in 2007.
- Growth in Secure Communities detentions (221,000 in 2008) also increases transportation and other support opportunities, including alternatives to detention.

**Border apprehensions/month**




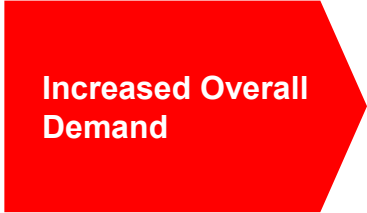



# Current CBP and ICE outsourcing

	CBP	ICE
Prevent	<ul style="list-style-type: none"> <li>▪ Fence construction</li> </ul>	
Detect	<ul style="list-style-type: none"> <li>▪ Boeing SBI contract</li> </ul>	
Apprehend	<ul style="list-style-type: none"> <li>▪ G4S Southwest Border transportation contract</li> </ul>	
Detain	<ul style="list-style-type: none"> <li>▪ G4S Southwest Border transportation contract</li> </ul>	<ul style="list-style-type: none"> <li>▪ G4S electronic monitoring (EM) contracts for Enhanced Supervision/Reporting (ESR) requirements</li> <li>▪ Contracts for building/operating detention centers</li> <li>▪ ISAP II</li> </ul>
Deport		



# Strong drivers will increase outsourcing

Driver	Commentary	Impact
 <p><b>Release Staff for Core Duty</b></p>	<ul style="list-style-type: none"> <li>Increasing demand to reduce the time trained staff spend on non-core duties</li> <li><i>“Agents should be making arrests, anything else that is in support of this could be done by someone else”</i> (George Lopez, Assistant Chief Patrol Agent, CBP)</li> </ul>	 <p><b>Outsourcing of new activities</b></p>
 <p><b>Increasingly Complex Problems</b></p>	<ul style="list-style-type: none"> <li>Growing threat levels and convergence of illegal immigration with weapons/drug smuggling</li> <li>Increasingly, government does not have the capacity to acquire, use and manage the use of sophisticated technologies in house</li> <li><i>“We’re asking you to come back and tell us how to do our business”</i> (Michael Jackson, DHS Deputy Secretary)</li> </ul>	
 <p><b>Increased Overall Demand</b></p>	<ul style="list-style-type: none"> <li>Increasing Congressional and public concern shapes legislative agenda</li> <li>There is increased demand for existing services that have traditionally been outsourced, e.g., increase in detention beds in latest ICE budget</li> </ul>	 <p><b>Increased outsourcing existing activities</b></p>



# **Current G4S Contracts and Capabilities & Future Opportunities**

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# Border Solutions

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- Solutions across Prevent-Detect-Apprehend-Detain-Deport spectrum
- Significant existing G4S capabilities, so market expansion will not require acquisition.
  - Partnering with Systems Integrators (SIs)
  - Deepening DHS relationships
- We are targeting ICE and CBP roles.
  - Expanding transportation role
  - Management of detainee population: processing personnel, monitoring as an alternative to detention,
  - Data analytics

# Government Vertical



## Guard III (Law Enforcement Background Required)

- Guard II (CPO-Level)
- Guard I (unarmed)
- Court Security Officer
- Security Clerk
- Supervisor
- Assistant Project Mgr
- Project Mgr
- Alarm Monitor

## Transportation Services including:

- On-board GPS tracking system
- On-board closed-circuit TV system with digital recorder and infrared cameras
- Security bars – exterior windows
- External lighting
- Separate cage partition
- Two-way radio communications
- Roof hatch alarm system
- Storage file cabinet
- Auxiliary generator and air conditioning

## Secure Trax™

- Incident Capture
- Reporting

## Performance Metric Systems

- State-of-the-Art
- Internet-Based

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# G4S Capabilities and Gaps

	Manpower				Products & Services				Analytics & Intelligence		
	Manned Security	Security Design	Ops Center	Transport	Secure Vehicle	Remote Monitoring & GPS	Case Mgmt Software	Call Center & Incident Mgmt	Fleet Mgmt	Security Consulting & Risk Analysis	Prison Ops & Alternate Options
CBP Transportation and Processing	✓	✓		✓	✓	✓	✓	✓	✓	✓	
CBP Intelligence		✗	✗				✓	✓	✓	✓	
ICE Transportation	✓	✓	✗	✓	✓	✓	✓		✓	✓	
ICE Detention	✓	✓	✗	✓	✓	✓	✓		✓	✓	✓
ICE Deportation	✓	✓		✓	✓	✓	✓	✓	✓		
ICE - CAP	✓		✗	✓	✓	✓	✓	✓	✓	✓	✓

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✓ G4S have capability
✗ G4S lack capability
(Blank) Capability not relevant



# Existing DHS Contracts

Customer	Activity	2008 Turnover	Contract Renewal Date	Commentary
CBP	Transportation	\$ 65 m	08/29/2009	<ul style="list-style-type: none"> <li>▪ Skills required include: Manned security, transportation capabilities, operations center capability, detainee processing capabilities</li> <li>▪ No G4S skill gaps</li> <li>▪ Growth/Solutions Opportunities: CBP and ICE have major challenges</li> </ul>
ICE	Detention and Removal Operations	\$13.2 m	09/01/2009	<ul style="list-style-type: none"> <li>▪ ESR Case Management contract with ICE providing electronic monitoring devices</li> <li>▪ \$76.7 m award SEP 2007</li> </ul>



# SW Border Transportation for CBP

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- In 2006, CBP awarded G4S Wackenhut a five-year option contract for guard and transportation services for the Southwest border.
- In the first year, Wackenhut transported over 580,000 detainees and freed up over 600,000 hours for Border Patrol Agents to perform primary law enforcement and investigative duties.
- Contract covers the entire Southwest border in California, Arizona, New Mexico and Texas, for ground transportation, courtroom transportation, security and guard services.
- Future Secure Borders Transportation Program will integrate and outsource detainee transportation, security, and administrative support.

# SW Border

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# Future Transportation for ICE

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- Forthcoming contract from ICE Field Office in Los Angeles to transport detainees from local jails into federal custody, for subsequent detention in a federal facility or release back to the country of origin.
- We anticipate expansion of this project to locations along the SW border (CA, TX, AZ, NV, NM).
- Expect this activity to be expanded to 100 cities nationwide, under the Secure Communities program.



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# ESR and ISAP: Alternatives to Detention

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- ICE Office of Detention and Removal Operations (DRO) oversees the Alternatives to Detention (ATD) Unit, which manages two programs to improve detainee compliance with conditions of release.
  - Intensive Supervision Appearance Program (ISAP)
  - Enhanced Supervision/Reporting (ESR) Program.



# ESR and ISAP: Alternatives to Detention

	ISAP	ESR
<b>Incumbent</b>	<b>BI</b>	<b>G4S</b>
<b>Services to Supervise Aliens</b>	<ul style="list-style-type: none"> <li>▪ EM via RF and GPS, unannounced home visits, telephone contacts</li> <li>▪ Local office visits, employment verification, curfews and travel information collection</li> </ul>	<ul style="list-style-type: none"> <li>▪ EM, residence verification, home visits, in-person reporting and travel information collection</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>▪ Almost 6,000 aliens participating in 12 cities as a condition of release from custody.</li> <li>▪ Over 12,300 participants since inception.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Almost 7,000 participants at 27 DRO field offices</li> <li>▪ EM component has 5,100 participants nationwide, and includes telephonic reporting, RF and GPS.</li> </ul>
<b>Success</b>	<ul style="list-style-type: none"> <li>▪ 99% appearance rate at immigration hearings</li> <li>▪ 95% appearance rate at final removal hearings</li> <li>▪ 91% compliance rate with removal orders</li> </ul>	<ul style="list-style-type: none"> <li>▪ 98% appearance rate at hearings,</li> <li>▪ 93% appearance rate at final removal hearings</li> </ul>

# Future ISAP II

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- G4S Government Services submitted a proposal just this week to ICE for the Intensive Supervision Appearance Program II (ISAP II) for one year plus four options contract.
  - Combines parts of existing ESR and ISAP programs, embedding EM into the ISAP activities and community interface into the ESR program.
  - Increase in professional labor services to conduct personal and community interventions
  - Expansion to 30 DRO locations (3 new cities) for 17,000 participants in the first year, 4000 more than serviced by ISAP and ESR.
  - Updated technology to support EM requirements, e.g., new GPS, vehicles, support equipment and case management system.
- Award expected July 20.

# Cash Solutions

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# Market Characteristics

## Cash Solutions

### Key Characteristics

- Above group average margins
- Consolidated markets
- Very high G4S competitive expertise
- Cost base – fixed in short term

### Growth Drivers

- Development phases of the cash cycle
- Role and strategy of Central Banks
- Increased willingness to outsource
- Product innovation - End to end ATM management, CASH360, etc
- High single digit market growth



### Market Participants

- Loomis
- Brinks
- Prosegur
- Garda
- Technology companies

### Defensive Qualities

- Cash usage trends in economic downturns
- Long term contracts / relationships
- G4S integral part of customer process

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# **Cash Solutions**

## **UK Market Opportunities**

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# **Continued Growth in G4S Cash Solutions (UK) through Cash Cycle Management**

**Ian Nisbet**

**CEO, Cash Solutions - UK & Ireland**

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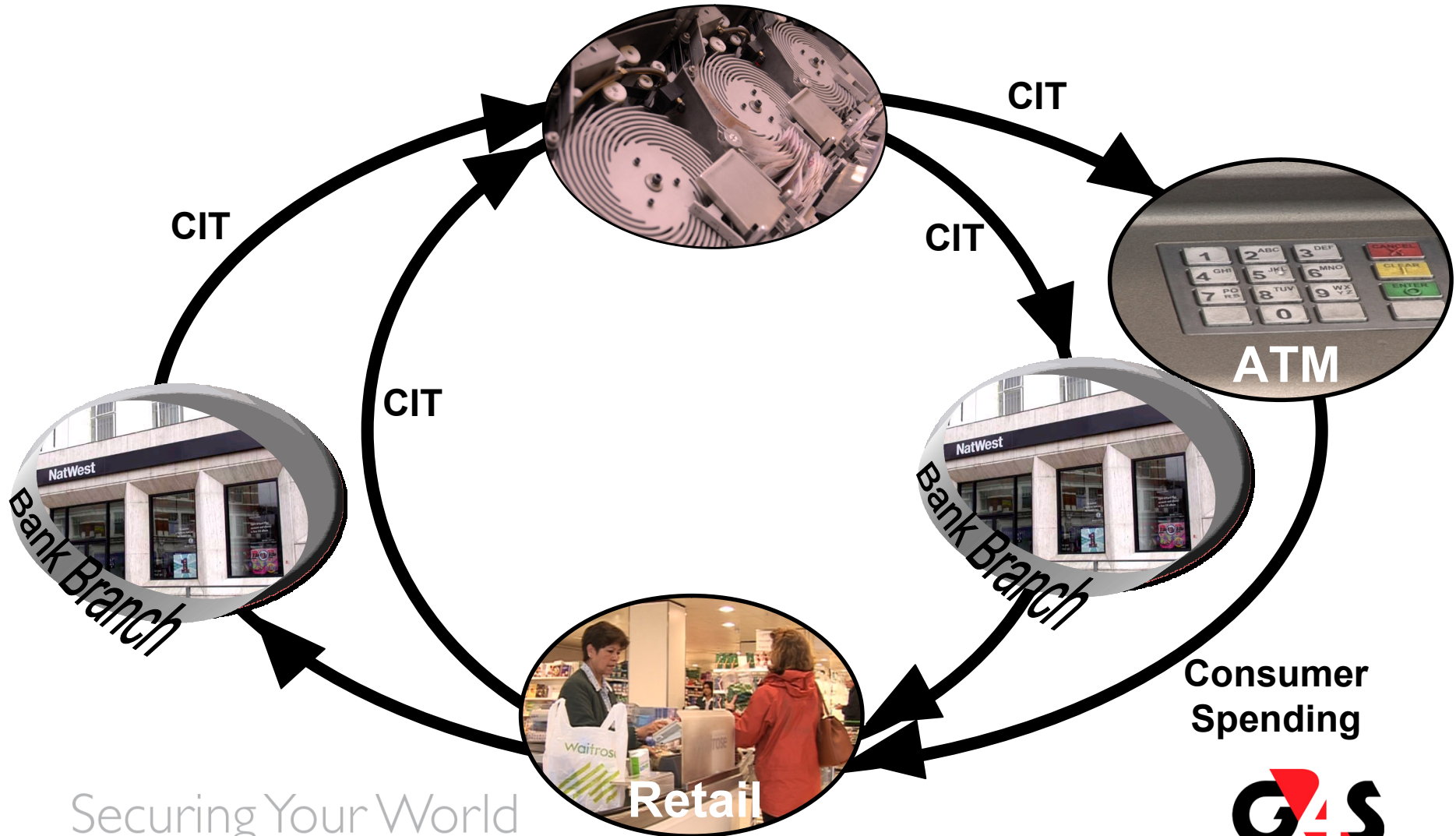
# Agenda

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- The Cash Cycle
- Current Capabilities
- Our Vision
- Cash Cycle Management
- Capabilities Required
- Summary

# The G4S Cash Cycle

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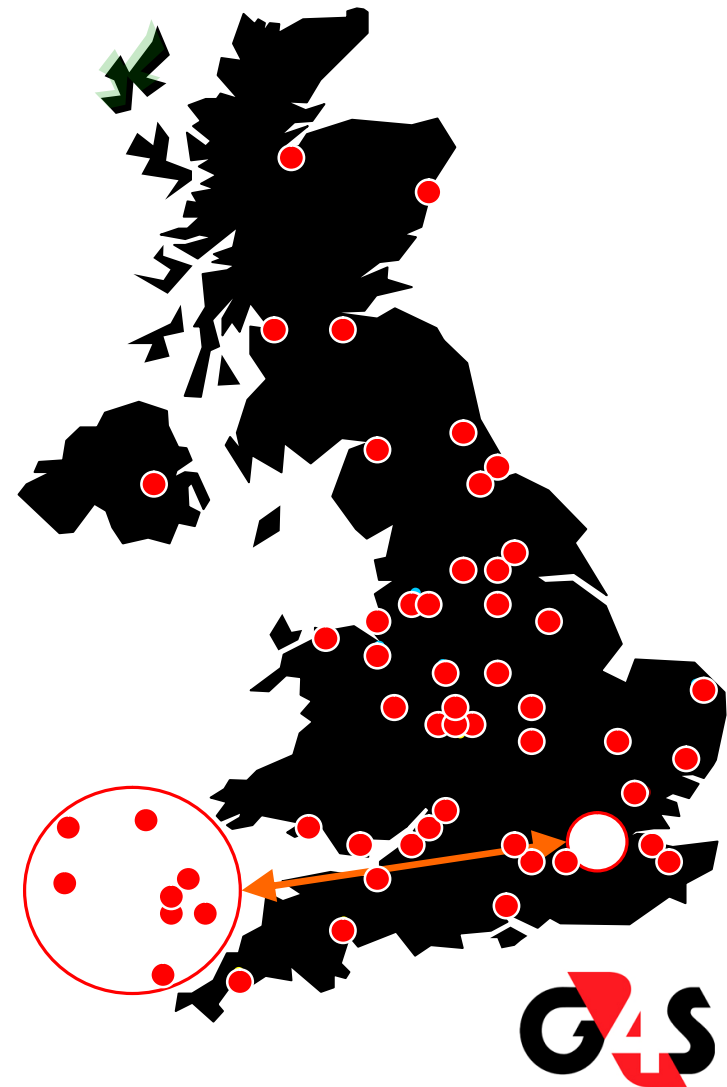
# Overview

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- Over 7,200 employees
- 2,000 vehicles
- 44 CIT branches
- 10 cash/coin centres



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# Cash in Transit

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- 50,000 services per day
- 6,000 customers
- Transports almost £300 billion per year



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# National Trunking Network

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- Supports the CIT, ATM and cash centres operations
- Centred at the Bloxwich hub which handles over 25,000 containers per night
- Unique features
  - 95%+ next day delivery UK-wide
  - Trunks £540 billion per year
  - 42 national trunks
  - 80 regional trunks
  - Specialist high security
    - Vehicle design
    - Tracked by the National Control Centre



# Bank Branch Services

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- Service over 90% of high street banks
- Services include:
  - CIT deliveries/collections
  - Branch servicing out of hours, including CIT and full ATM replenishment services



# ATM Replenishment

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- 1,200,000 ATM replenishment services per year
- 4.5 million cassettes packed/unpacked per year
- All balanced and reconciled at machine level



# ATM Services

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- 11,500 ATMs maintained
- ATM engineering
  - 23,000 maintenance calls per month
  - 370 field engineers providing national coverage
- ATM helpdesk
  - 500 ATMs monitored
- Cash forecasting
  - 1,400 ATMs
  - Cash utilisation model linked to risk/reward regime



# Cash Centres/Cash Processing

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- Deposit processing
  - Over £55 billion per year  
(equivalent to £240 million per day)
- Capability to process 2 million notes per hour
  - Combination of Bank of England bond and customer balances
- Bulk cash sales
  - To ATM packing operations £45 billion pa
  - Cash sales to bank branches £20 billion pa
- Bank of England reporting



# CASH360 Retail Solution

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- Innovative and integrated solution
  - In-store technology
    - Range of robust and reliable devices
  - Cash cycle software
    - Accurate real time visibility of cash
  - Cash management services
    - Automated cash management
  - Cash security
    - Built-in security features keeping cash exposure to minimum
  - Monitoring and maintenance
    - 24/7 helpdesk backed up by experienced team of engineers



# CASH360 – Benefits

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- Lower costs
  - Eliminates daily tasks, e.g counting, reconciling and reporting
- Improved cash cycle
  - Removes excess cash from store and streamlines handling process
  - Can provide in-store settlement
- Reduced losses
  - Instantly secures cash takings
- Improved management information
  - Accurate reports on all cash activities



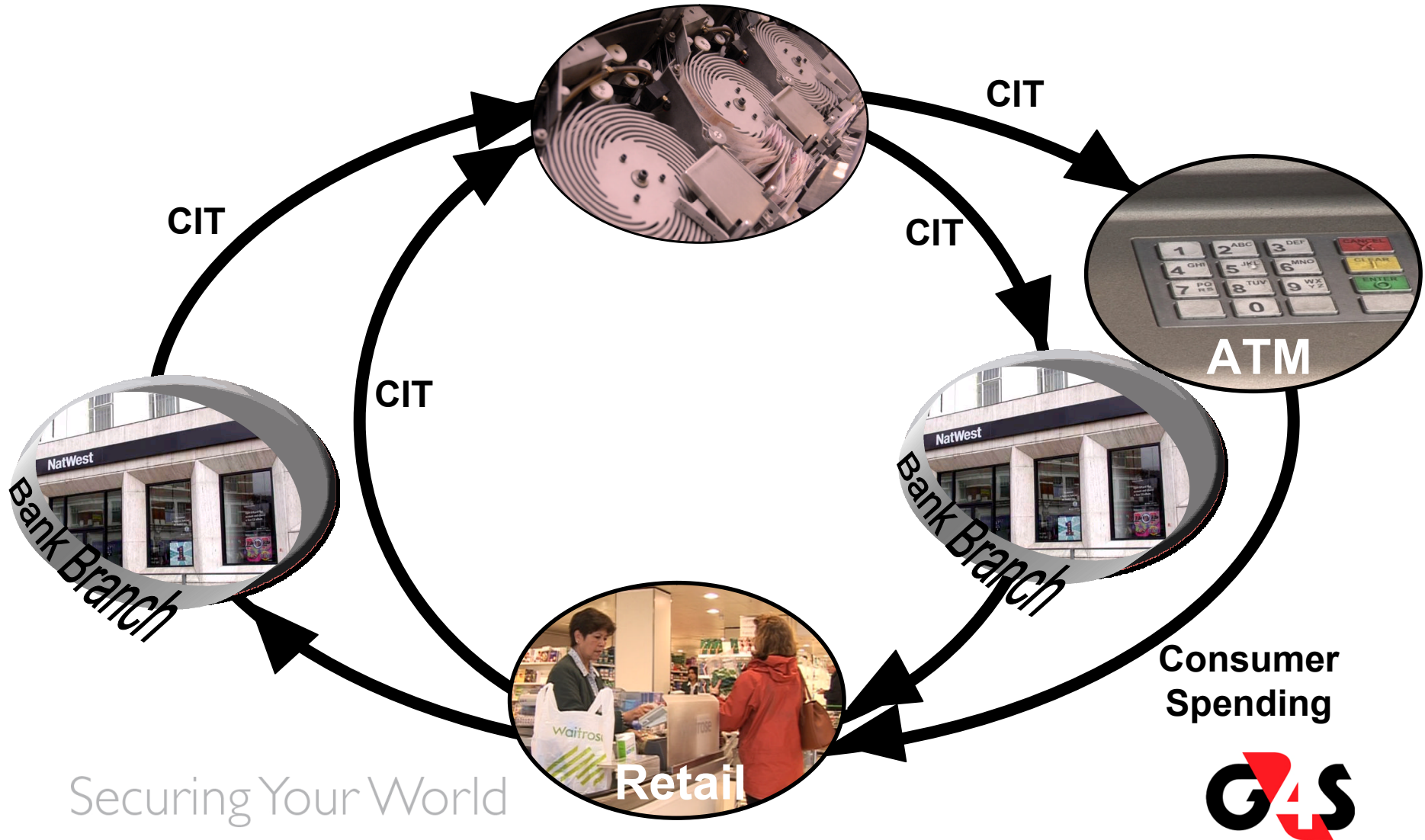
# Our Vision

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To deliver **Total Cash Management Solutions**, integrating **world class service** and **expertise** at every stage of the cash cycle into **innovative and compelling propositions** for all customers

# The G4S Cash Cycle

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# Capability Requirements

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## Cash Centres

- Already most efficient cash processor in UK
- Excellent relations with Bank of England at all levels
- Only constraint is capacity

## Capacity

- Will acquire capacity with bank outsourcing
- If no outsourcing, will need to build capacity as retail solution takes hold and customers migrate to G4S

# Capability Requirements

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## Retail Solutions

- No capability short-falls
- Engineering and helpdesk requirements mirror current ATM operations

## ATM

- Ownership of ATM estates through same leasing model as retail solution
- Align with switching partner
- Partner with manufacturer for device software
- Alarm monitoring and response with UKIE Security

# Capability Requirements

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## Bank Branch

- Already supplying full OOH servicing to 3 banks; potential for others to follow
- Have sound cash forecasting credentials on ATM estate; target banks for branch cash forecasting
- Provide non-ATM self-service equipment; modify Cash 360 for banking hall environment

## Cash Cycle Management

- Expertise in-place
- Existing ability to maximise NCS position and benefits
- Superior infrastructure in-place

# Summary

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- G4S in a unique position to provide full cash cycle management to banks and retailers
- Single supply chain benefits
- Improved cash cycle velocity provides cost of cash benefits to banks and retailers; removes focus from unit rates
- Cash centre and Cash360 elements drive long term, solutions based contracts
- Difficult to replicate without significant investment
- No significant capability gaps
- Expertise and thought-leadership in-place

# Q&A

Securing Your World

