

G4S plc

Half Year Results

24 August 2009

Securing Your World



Nick Buckles

Chief Executive Officer

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Agenda

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

Results Highlights

* At constant exchange rates

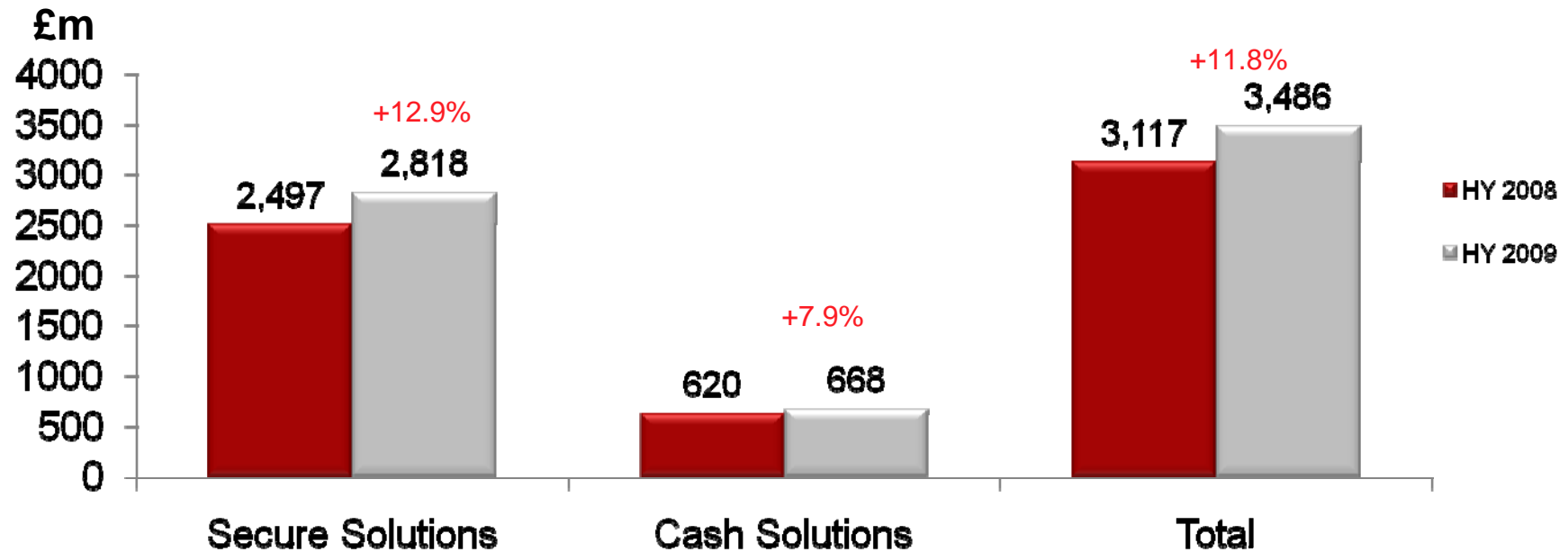
- **Group turnover* up 11.8% to £3,486 million**
- **Strong organic turnover growth of 4.8%**
- **PBITA* up 13.4% to £229.8 million**
- **Margin* increased to 6.6%**
- **Operating cash flow generation 75% of PBITA**
- **Adjusted EPS increased by 25% to 9.0 pence**
- **Interim dividend up 10% to 3.02 pence per share**
- **Continued good performance achieved across all regions and service lines**
- **Expect to continue strong performance for the full year**

Financials

Trevor Dighton
Chief Financial Officer

Continuing Turnover by Business Line

6 months ended 30 June 2009



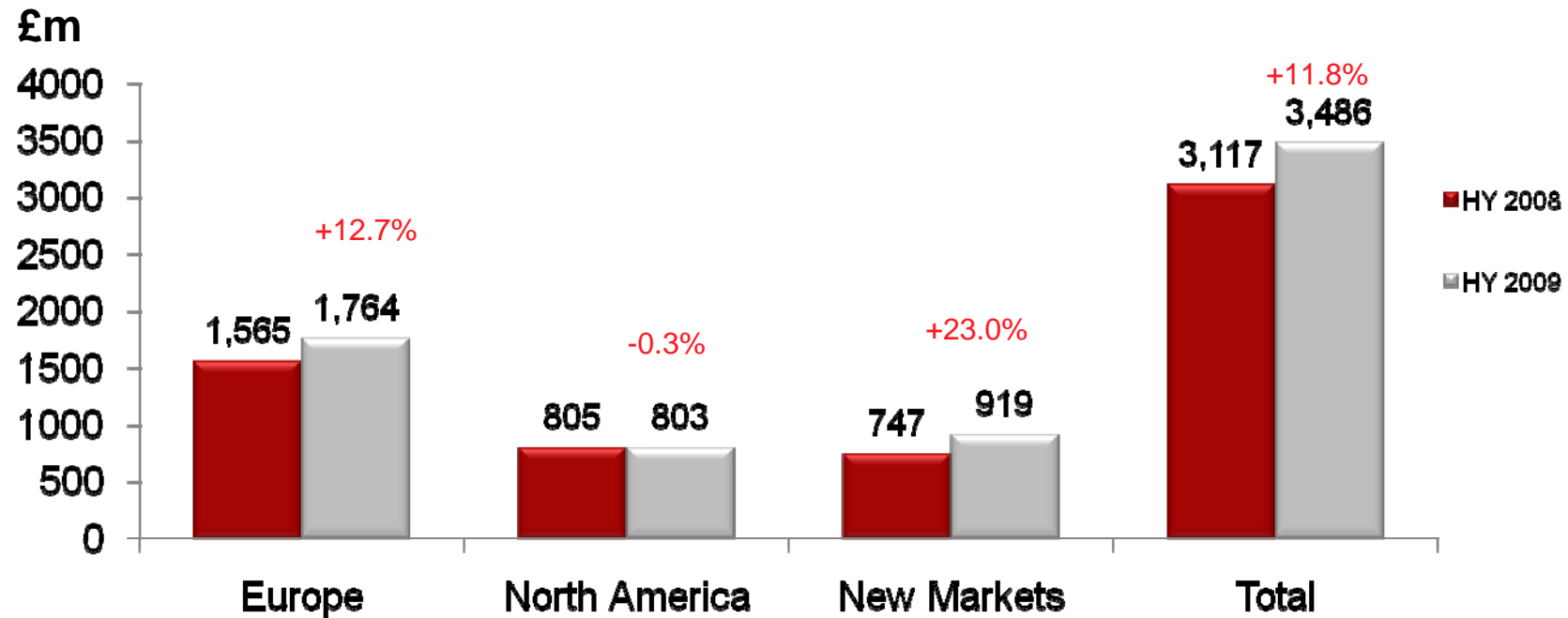
Note : At 2009 exchange rates

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Continuing Turnover by Geography

6 months ended 30 June 2009



Note : At 2009 exchange rates

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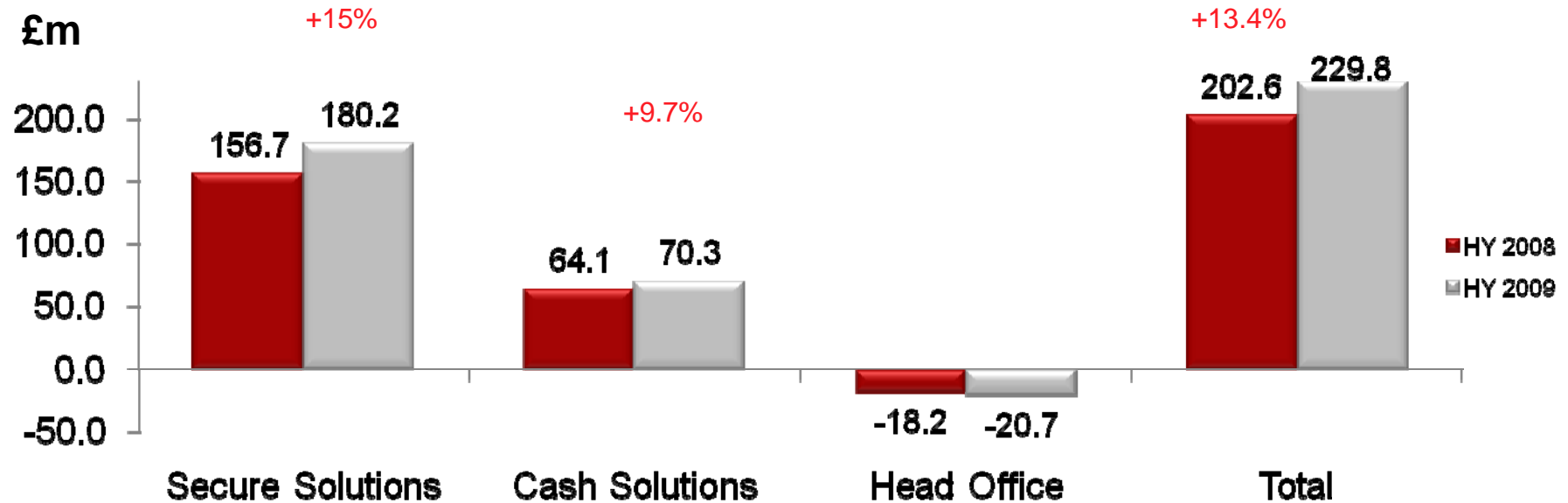
Organic Turnover Growth

6 months ended 30 June 2009

	Europe	North America	Developed Markets	New Markets	Total
Secure Solutions	4.2%	(3.8)%	1.1%	13.3%	4.1%
Cash Solutions	6.8%	5.7%	6.7%	12.1%	7.9%
Total	4.9%	(3.3)%	2.2%	13.0%	4.8%

Continuing PBITA by Business Line

6 months ended 30 June 2009



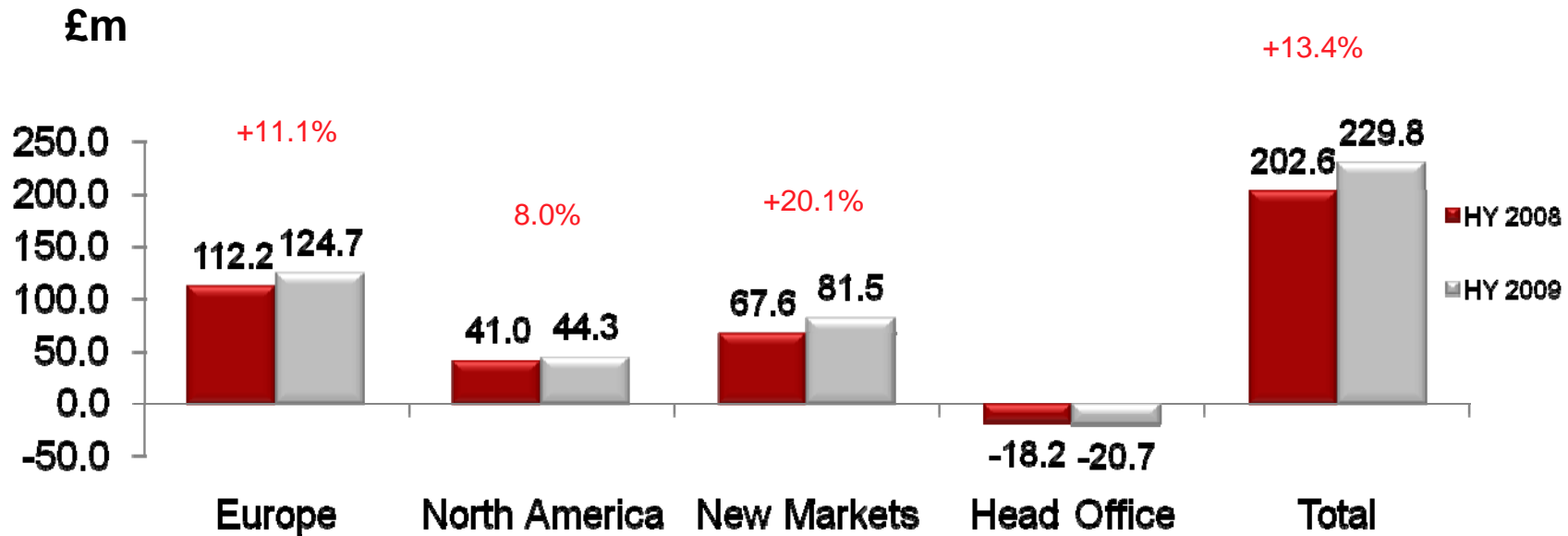
Note : At 2009 exchange rates

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Continuing PBITA by Geography

6 months ended 30 June 2009



Note : At 2009 exchange rates

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Continuing PBITA Margin by Business Line

6 months ended 30 June 2009



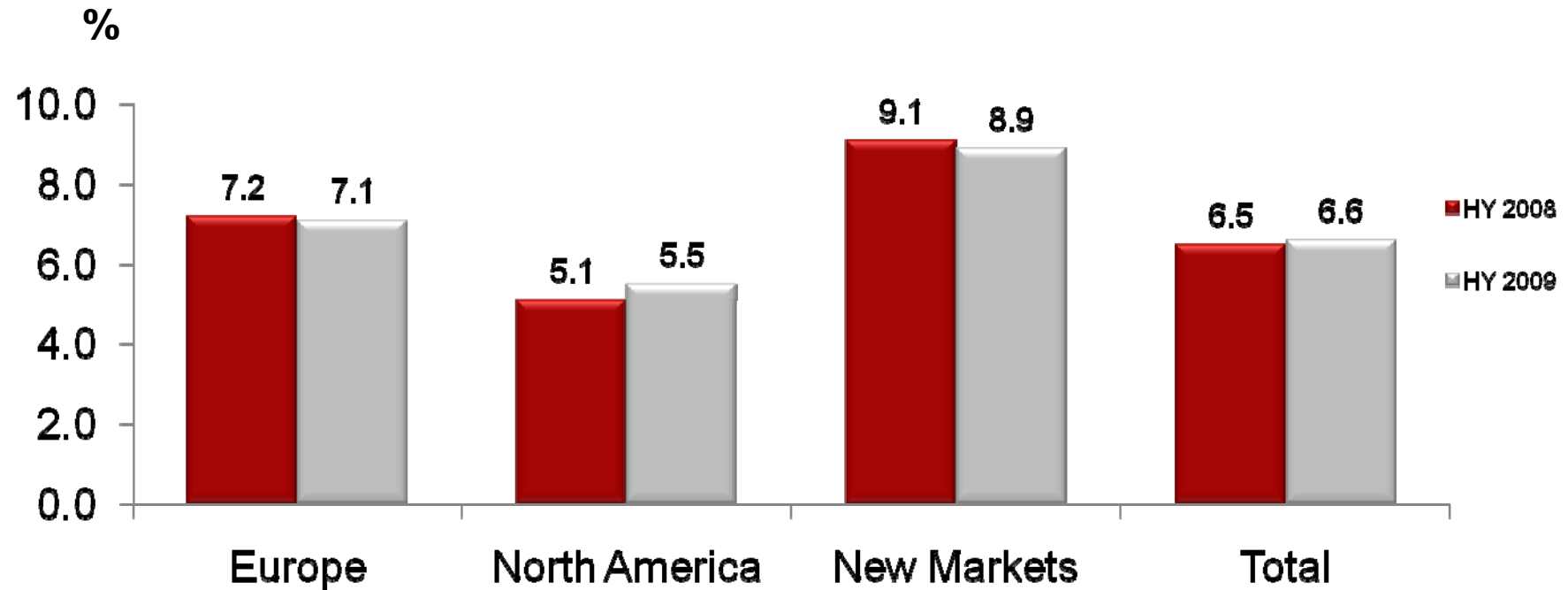
Note : At 2009 exchange rates

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Continuing PBITA Margin by Geography

6 months ended 30 June 2009



Note : At 2009 exchange rates

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Profit and Loss Account

6 months ended 30 June 2009

£m	2009	2008
PBITA	229.8	174.4
Interest (before pensions)	(47.8)	(37.6)
PBT (before amortisation and pensions interest)	182.0	136.8
Amortisation	(43.6)	(30.4)
Pensions interest	(9.8)	2.5
PBT	128.6	108.9
Tax	(33.4)	(29.3)
Discontinued operations	(1.5)	0.5
PAT	93.7	80.1

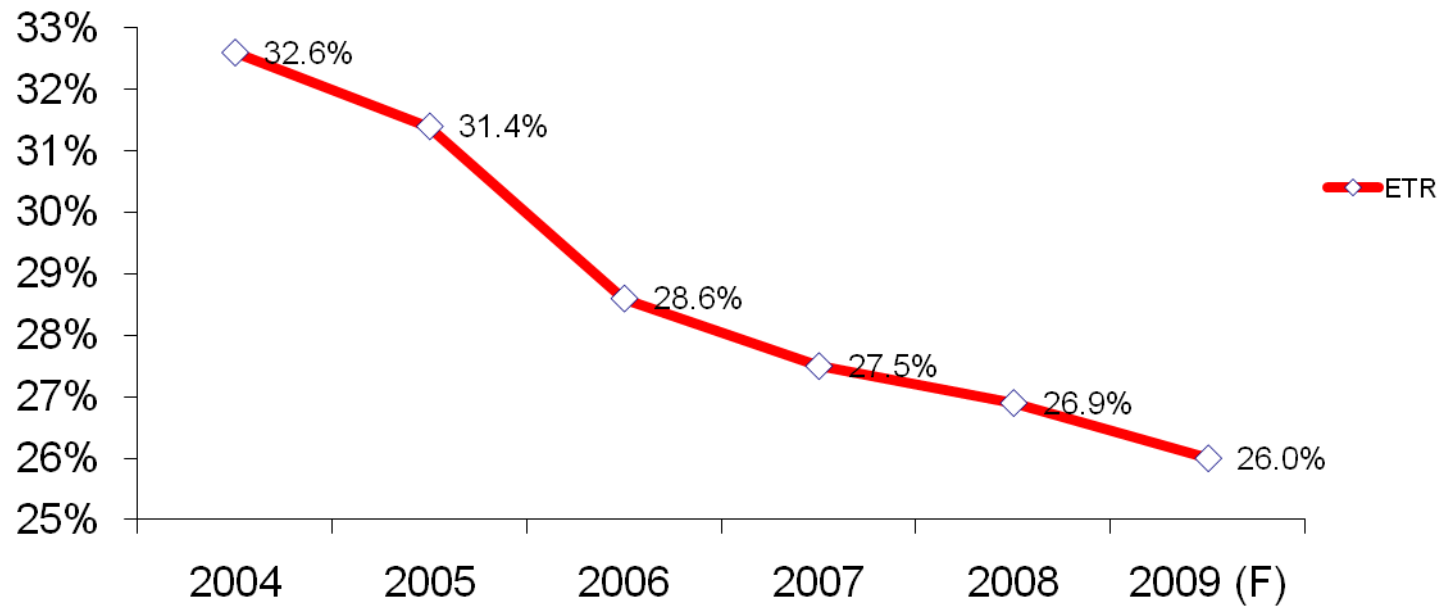
Taxation

6 months ended 30 June 2009

£m	Pre amortisation and pensions interest	Amortisation and pensions interest	Total
Profit/(loss) before tax	182.0	(53.4)	128.6
Tax (charge)/ credit	(47.3)	13.9	(33.4)
Tax rate	26.0%		

Effective Tax Rate

2004 - 2009



Earnings per Share

6 months ended 30 June 2009

£m	2009	2008 at constant FX	2008 at actual FX
PBITA from continuing operations	229.8	202.6	174.4
Interest (before pensions)	(47.8)	(45.7)	(37.6)
	182.0	156.9	136.8
Tax	(47.3)	(42.3)	(37.1)
Adjusted PAT	134.7	114.6	99.7
Minorities	(8.6)	(7.3)	(5.7)
Adjusted profit attributable to shareholders	126.1	107.3	94.0
Average number of shares (m)	1,402.5	1,310.3	1,310.3
Adjusted EPS (p)	9.0p	8.2p	7.2p

Balance Sheet

30 June 2009

£m	June 2009	June 2008	December 2008
Goodwill and other intangibles	2,370	2,207	2,555
Tangible fixed assets	494	460	529
Other non-current assets	220	149	209
Current assets (excl cash)	1,344	1,251	1,532
Current liabilities (excl debt)	(1,162)	(1,206)	(1,438)
Non-current liabilities (excl debt)	(620)	(310)	(568)
Net debt	(1,386)	(1,134)	(1,348)
Net assets	1,260	1,417	1,471

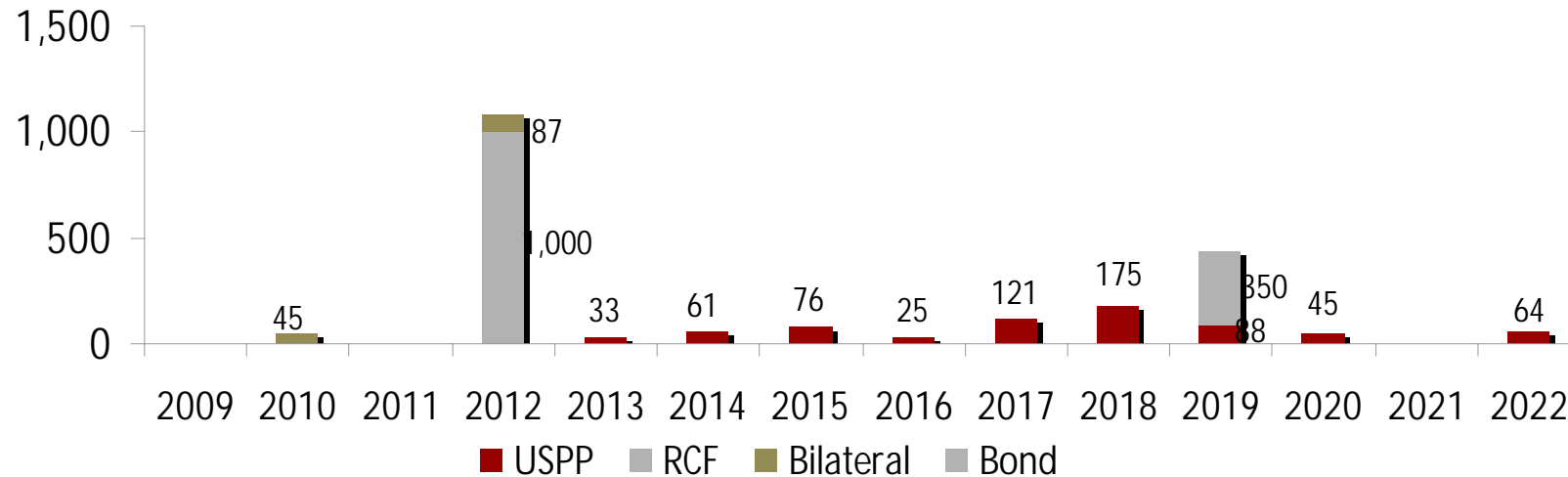
Provisions

£m	Provisions	Deferred Tax Liability	Total Provisions
As at 1 January 2009	131.4	135.0	266.4
Utilisation of provision	(18.3)	(11.1)	(29.4)
Acquisition of subsidiaries	0.2	6.0	6.2
Additional provision required	14.5	-	14.5
Translation	(14.2)	(5.1)	(19.3)
Unused provision reversed	(1.0)	-	(1.0)
As at 30 June 2009	112.6	124.8	237.4
Current liabilities	41.9	-	41.9
Non-current liabilities	70.7	124.8	195.5

Financing

At August 2009

Long term funding - maturity profile (£M)*



*including cross currency swaps

- Effective interest rate of 4.9% (2008: 5.6%)

Operating Cash Flow

6 months ended 30 June 2009

£m	2009	2008
Group PBITA	229.2	172.6
Depreciation	67.1	53.7
Working capital movement	(55.8)	(33.1)
Cash generated from operations	240.5	193.6
Capital expenditure	(69.3)	(61.1)
Operating cash flow	171.2	132.1
Operating cash flow as % of PBITA	75%	77%

Reconciliation of cash generated by operations 6 months ended 30 June 2009

£m	2009	2008
Operating cash flow (G4S definition)	171.2	132.1
Add back capital expenditure	69.3	61.1
Cash outflow on exceptional items and discontinued operations	(11.0)	(0.8)
Additional pension contributions	(23.3)	(25.0)
Tax paid	(37.6)	(37.9)
Cash from operating activities (statutory definition)	168.6	129.5

Cash Flow

6 months ended 30 June 2009

£m	2009	2008
Cash from operating activities (statutory definition)	168.6	129.5
Interest	(50.4)	(42.7)
Net capital expenditure	(69.3)	(61.1)
Group dividend	(51.7)	(36.4)
Acquisitions and disposals	(54.8)	(533.0)
Share issues	0.1	276.8
New finance leases	(6.6)	(8.6)
Other	(7.1)	(2.3)
Movement in net debt	(71.2)	(277.8)
Exchange movement	33.0	(51.5)
Opening net debt	(1,347.7)	(804.9)
Closing net debt	(1,385.9)	(1,134.2)

Acquisitions

6 months ended 30 June 2009

	£m
Minority buyouts	33.5
Deferred consideration	1.6
Businesses acquired	19.7
	54.8

Pensions

6 months ended 30 June 2009

- Financial assumptions updated as at June
- Major UK schemes are all being actuarially assessed as at March 09
- Calculations subject to short-term volatility
- Discount rate of 6.2% used for the UK
- Deficit increased to £392m from £286m at December 2008
- Increase in asset values but also in inflation assumptions and lower bond yields
- Additional cash contributions of £23m paid (no P&L implication)
- Hold 60% of assets in equities and continue to believe in long-term equity outperformance over bonds

Dividend

6 months ended 30 June 2009

- Interim dividend of 3.02 pence (DKK 0.2599) per share
- 10% increase on 2008
- Policy remains to increase dividends broadly in line with underlying earnings growth

Nick Buckles

Chief Executive Officer

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	Turnover £m		PBITA * £m		Margins	
	H109	H108	H109	H108	H109	H108
At 2009 exchange rates						
Europe	1,304.2	1,134.6	79.7	69.9	6.1%	6.2%
North America	753.8	758.9	42.3	40.8	5.6%	5.4%
New Markets	759.6	603.9	58.2	46.0	7.7%	7.5%
Exchange differences		(362.1)		(22.8)		
At actual exchange rates	2,817.6	2,135.3	180.2	133.9	6.4%	6.3%

*Includes share of associates

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Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H109	H108	H109	H108	H109	H108	H109
UK & Ireland*	556.9	398.5	44.1	31.4	7.9%	7.9%	9.6%
Continental Europe *	747.3	736.1	35.6	38.5	4.8%	5.2%	0.6%
Total Europe *	1,304.2	1,134.6	79.7	69.9	6.1%	6.2%	4.2%

UK & Ireland

- Organic growth increased to 9.6%
- Strong growth in risk management and government segments
- Margins holding firm with improvements in government sector
- Significant decline in growth in Ireland

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Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H109	H108	H109	H108	H109	H108	H109
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Continental Europe *	747.3	736.1	35.6	38.5	4.8%	5.2%	0.6%
Total Europe *	1,304.2	1,134.6	79.7	69.9	6.1%	6.2%	4.2%

Continental Europe

- Overall growth in continental Europe was relatively flat; negative growth in some of the larger European markets
- The **Baltics** declined by 13% compared to the prior year
- Countered by very strong organic growth in **Romania** and **Greece**
- Margins impacted by lower security systems margins and 50% decline in temp. security services – will recover when economic growth returns
- Aviation contracts in **Norway** and **Netherlands** restructured
- Continued focus on the cost base and efficiencies to maintain margins

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North America

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H109	H108	H109	H108	H109	H108	H109
North America *	753.8	758.9	42.3	40.8	5.6%	5.4%	-3.8%

United States

- Good underlying performance
- Growth in commercial and government sectors relatively flat
- New contracts and contract extensions will improve growth in the second half
- Margin improvement from new commercial nuclear solutions-based contracts and focus on the cost base

Canada

- Good performance and better margins in a tough environment

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New Markets

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H109	H108	H109	H108	H109	H108	H109
Asia *	255.4	208.5	18.9	16.4	7.4%	7.9%	7.7%
Middle East *	211.1	157.9	16.9	11.5	8.0%	7.3%	22.4%
Africa *	155.6	122.1	15.4	10.8	9.9%	8.8%	11.8%
Latin America & Caribbean *	137.5	115.4	7.1	7.3	5.2%	6.3%	12.7%
Total New Markets *	759.6	603.9	58.2	46.0	7.7%	7.6%	13.3%

Asia

- Organic growth of 7.7%
- Margins down slightly due to impact of lower margin business in

Australia

- **India** and **Thailand** grew at over 15%
- Signed contract for electronic monitoring of offenders in **New Zealand** which will commence in Q4

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New Markets

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	H109	H108	H109	H108	H109	H108	H109
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Total New Markets *	759.6	603.9	58.2	46.0	7.7%	7.6%	13.3%

Middle East

- Excellent organic growth of 22.4%
- **Saudi Arabia, UAE and Qatar** all grew strongly
- Margins improved due to successful integration of acquisitions

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New Markets

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	H109	H108	H109	H108	H109	H108	H109
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Total New Markets *	759.6	603.9	58.2	46.0	7.7%	7.5%	13.3%

Africa

- 12% organic growth overall
- Margins improved strongly to 9.9%
- Strong improvement in **South Africa** partly due to justice business
- Awarded five new **UK** Embassy contracts across the region
- Good growth in **Ghana** and **Morocco**

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New Markets

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	H109	H108	H109	H108	H109	H108	H109
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Total New Markets *	759.6	603.9	58.2	46.0	7.7%	7.6%	13.3%

Latin America & Caribbean

- Organic growth of 12.7%
- Margins down to 5.2% as a result of the expected renegotiation of the toll contract in **Colombia**
- **Argentina** and **Peru** grew particularly strongly

Cash Solutions

	Turnover £m		PBITA * £m		Margins	
	H109	H108	H109	H108	H109	H108
At 2008 exchange rates						
Europe	460.1	430.5	45.0	42.3	9.8%	9.8%
North America	48.8	46.5	2.0	0.2	4.1%	0.4%
New Markets	159.6	142.6	23.3	21.6	14.6%	15.1%
Exchange differences		(54.9)		(6.5)		
At actual exchange rates	668.5	564.7	70.3	57.6	10.5%	10.3%

Cash Solutions

Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	H109	H108	H109	H108	H109	H108	H109
Europe *	460.1	430.5	45.0	42.3	9.8%	9.8%	6.8%
North America *	48.8	46.5	2.0	0.2	4.1%	0.4%	5.7%
New Markets *	159.6	142.6	23.3	21.6	14.6%	15.1%	12.1%
Total Cash Services *	668.5	619.6	70.3	64.1	10.5%	10.3%	7.9%

UK

- Continued good growth despite interest rate impact and pressure in the retail market
- Good cost control and operational efficiencies maintaining strong margins
- Future opportunities for cash management outsourcing in the financial sector

Cash Solutions

Europe

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	H109	H108	H109	H108	H109	H108	H109
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Continental Europe

- The **Baltics** and **Benelux** performed well through cost control and driving efficiencies
- Outsourcing opportunities in **Latvia**
- Very strong growth in **Romania** from financial institution outsourcing
- Increased volumes in **Hungary** as cash in circulation rises
- Focus on cost control and efficiencies across the region

Cash Solutions

North America

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	H109	H108	H109	H108	H109	H108	H109
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Canada

- New management delivering transformed operational performance
- Good improvement in organic growth to 5.7%
- Strong growth in margins to 4.1%
- Potential for further improvements

Cash Solutions

New Markets

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	H109	H108	H109	H108	H109	H108	H109
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Total Cash Services *	668.5	619.6	70.3	64.1	10.5%	10.3%	7.9%

- Strong organic growth across New Markets at 12.1%
- Margins very good at 14.6% despite expected impact of **Colombia** toll contract & price pressure in Taiwan
- Strong organic growth and margin improvements achieved in **South Africa**

Acquisition Strategy

- **Invested £20 million net in H109 on capability-building acquisitions including;**
 - **UK, USA, Australia, Greater China and Ghana**
- **Expect to invest up to £100 million FY 09 (incl. minority interests and deferred consideration payments)**
- **Meet relevant acquisition criteria**
 - **ROIC of 12.5% within 3 years for smaller acquisitions**

Overall Summary & Conclusions

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Summary & Conclusions

- Excellent organic growth of 4.8% against declines in GDP and inflation
- Double digit profit growth and EPS up 25%
- Pressure in some developed commercial markets countered strongly by higher growth, more complex segments
- Building capability in key segments whilst focusing on cost control and driving efficiencies
- Strategy continues to deliver benefits to all stakeholders
- Confident about performance for the full year and in 2010

Q&A

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