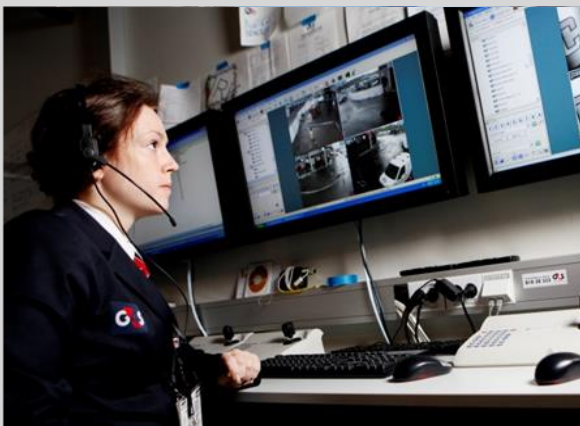




# 2015 Interim Results

12 August 2015

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## **Ashley Almanza Group CEO**

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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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- Group & Regional Highlights
- Strategy update
- Financial Review
- Summary
- Q&A

# Group Highlights

## Growth

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- Revenue:
  - Emerging Markets +5.7%, 8.7% ex. Manus
  - North America +5.4%, UKI -3.2%, Europe +2.0%
  - Roll off of Dutch Prisons, UK EM, Manus
  - Total Group +2.8% (Organic +2.2%)
  - Mobilising 2014 wins: positive exit rate
- Sales and Pipeline
  - New contract sales: £0.7bn ACV, £1.4bn TCV
  - Pipeline growing and diversified: £6bn ACV

**Growing, diversified pipeline**

# Results Highlights

## Growth and Productivity

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- Productivity: Accelerated Best Practice programmes
  - Operations: DLE, Route Planning, Telematics, H&S
  - Organisational efficiency
  - Procurement, IT, Property
- PBITA: £193m +4.9%
- Earnings: £95m +10.5%
- Cash flow: Operating businesses £195m +5%
- Interim dividend: 3.59p per share, +5%
- Positive outlook: strategy, people, market positions, pipeline, mobilisations & productivity programmes

**Compounding Value: Growth x Productivity**

# Business Review

## Africa

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	241	3.9%	17	22	-22.7

- Commodity prices: mining and O&G
- Revenue Growth +3.9%
- Strengthening organisation, capability and pipeline
- ABP at very early stage
- PBITA £17m (£22m)
- Strong positions in attractive markets

**Investing in profitable growth**

# Business Review

## Asia Middle East

£m Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	657	4.0%	56	51	9.8

- Revenue +4.0%, 9.4 % ex. Manus
- Sales & BD investment: systems & technology, risk management services, FM and Care & Justice Services
- Portfolio rationalisation: good progress
- ABP commenced; further to go
- Growth + Productivity = PBITA £56m (£51m)

**Investing in profitable growth**



# Business Review

## Latin America

<i>£m</i> Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	<b>285</b>	<b>+11.8%</b>	<b>14</b>	<b>14</b>	<b>-</b>

- Weaker commodity prices and macro conditions
- Revenue +11.8%, growth across markets and sectors
- Strengthening organisation, capability and pipeline
- Early stage ABP programme
- PBITA unchanged
- Strong positions in attractive markets

**Investing in profitable growth**

# Business Review

## Europe

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	602	2%	32	34	-5.9

- Return to growth: +2% after Dutch Prisons contract
- Investing in sales, BD, restructuring and ABP
- Bolt on M&R acquisition in Netherlands
- PBITA £2m lower: growth offset by mobilisation, investment, Belgium Cash
- Strengthened pipeline

**Restructure and invest for profitable growth**

# Business Review

## North America

£m Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	740	+5.4%	41	36	+13.9

- Revenue +5.4%, broad based across services and sectors
- Investment in Sales, BD and Service Innovation
- Significant mobilisation 2014/15
- Growth + Operational Gearing = PBITA +13.9%
- Growing, diversified pipeline

**Strong position in world's largest security market**

# Business Review

## UK & Ireland

£m Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	<b>760</b>	<b>-3.2%</b>	<b>56</b>	<b>55</b>	<b>+1.8%</b>

- Revenue -3.2% as expected
- EM contract ended Q1 14
- ABP incl. FSSC: delivering benefits
- PBITA +1.8%
- Disciplined BD & enhanced productivity

**Improving profitability**



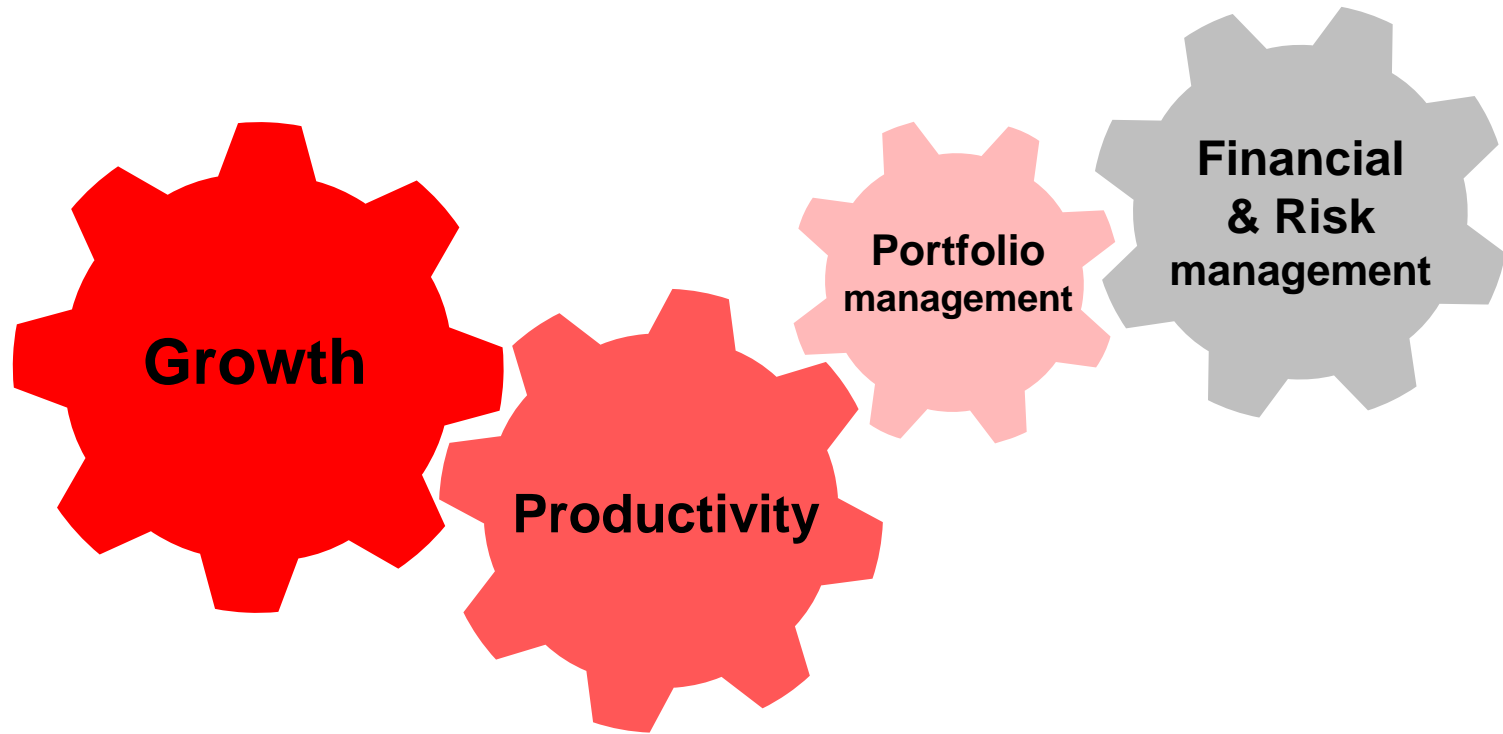
# Strategy Update

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# G4S Strategy

## Multiple Sources of Value

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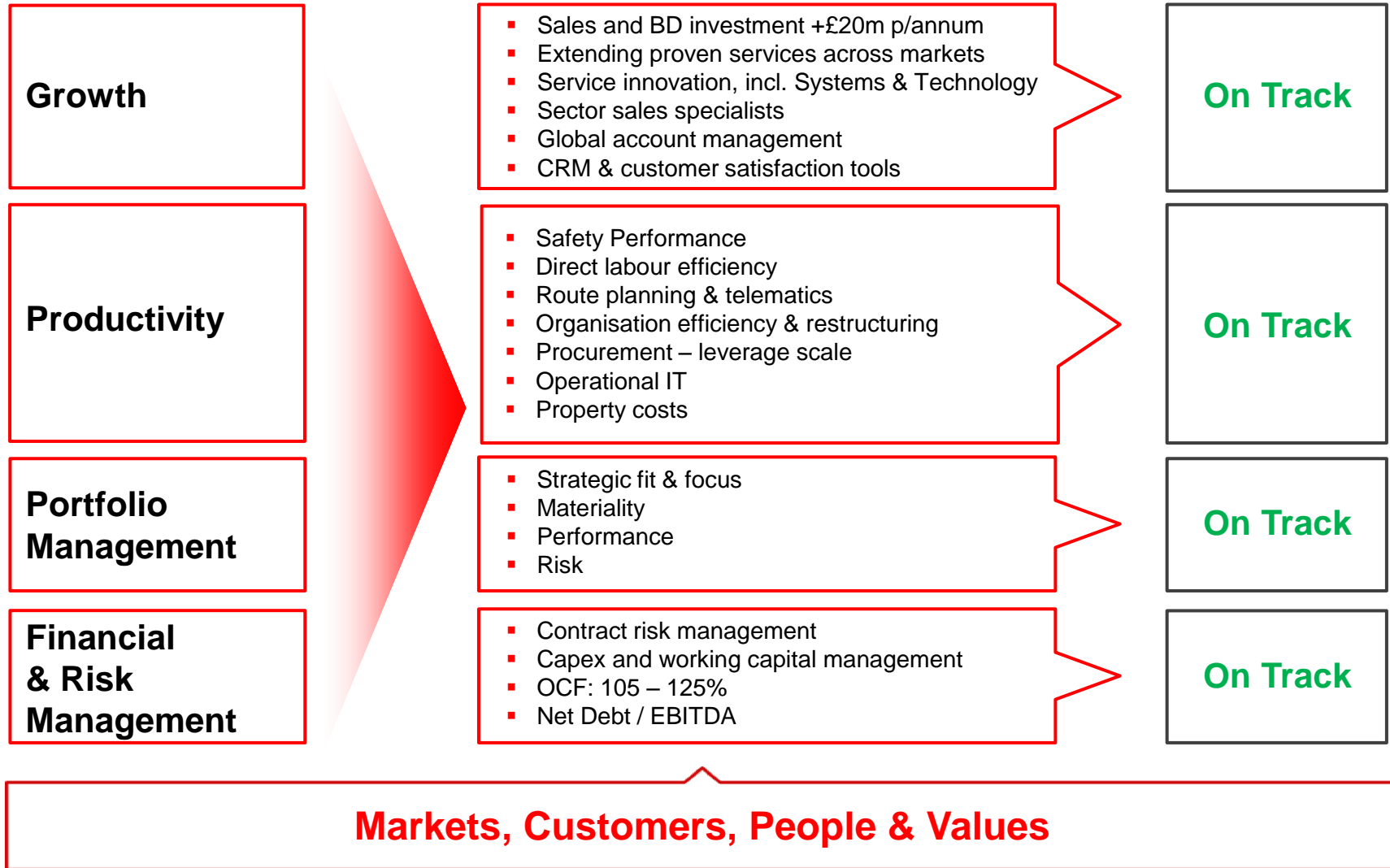


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# G4S Strategy

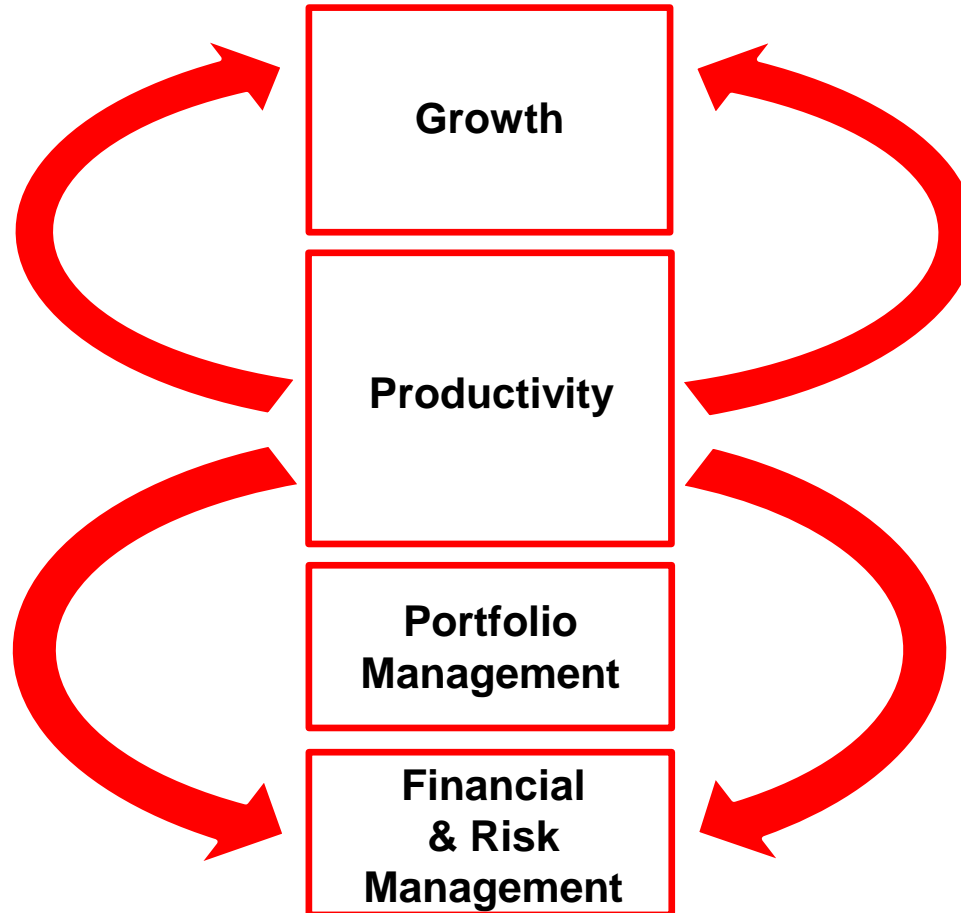
## Multiple Sources of Value



# G4S Strategy

## Multiple Sources of Value

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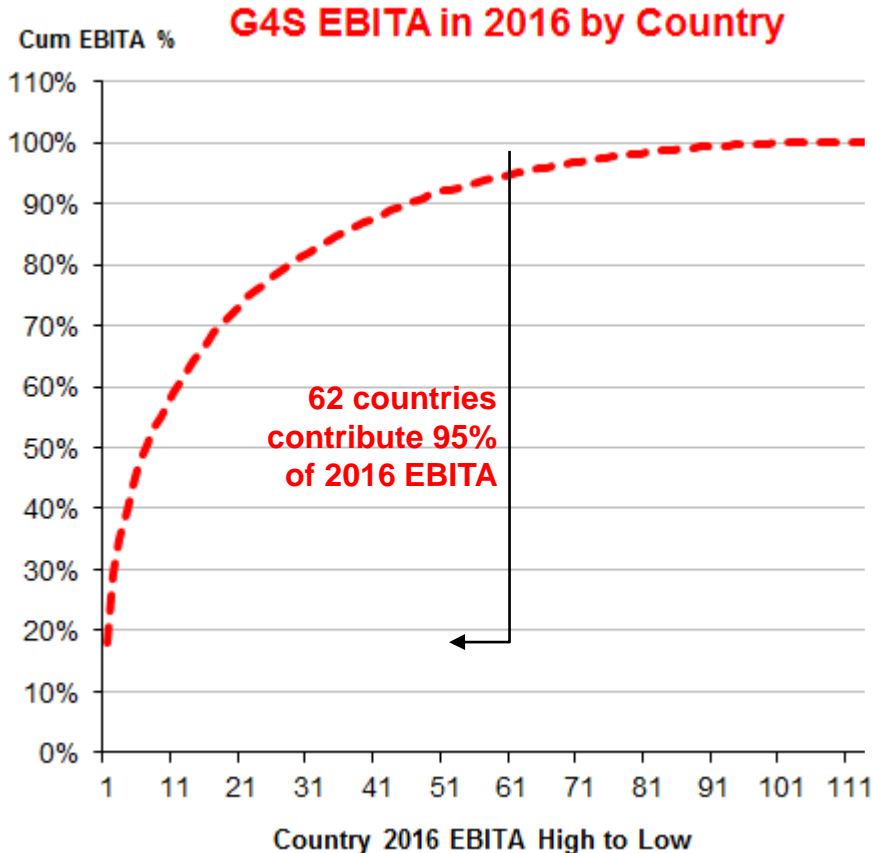
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# G4S Strategy

## Portfolio management: Strategic Focus



Review criteria applied to all businesses:

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

*G4S November 2013*

**Active portfolio management = focus and performance**

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# Strategic Focus:

## Portfolio Management Update

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	Disposal complete	Disposal, closure in progress	Total
Number of businesses	16	30	46
Revenue (£m)	775	314	1,089
PBITA (£m)	14	-11	3
Total proceeds (£m)	263	-	263

# Growth

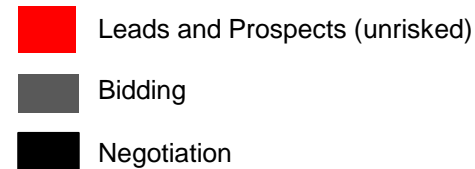
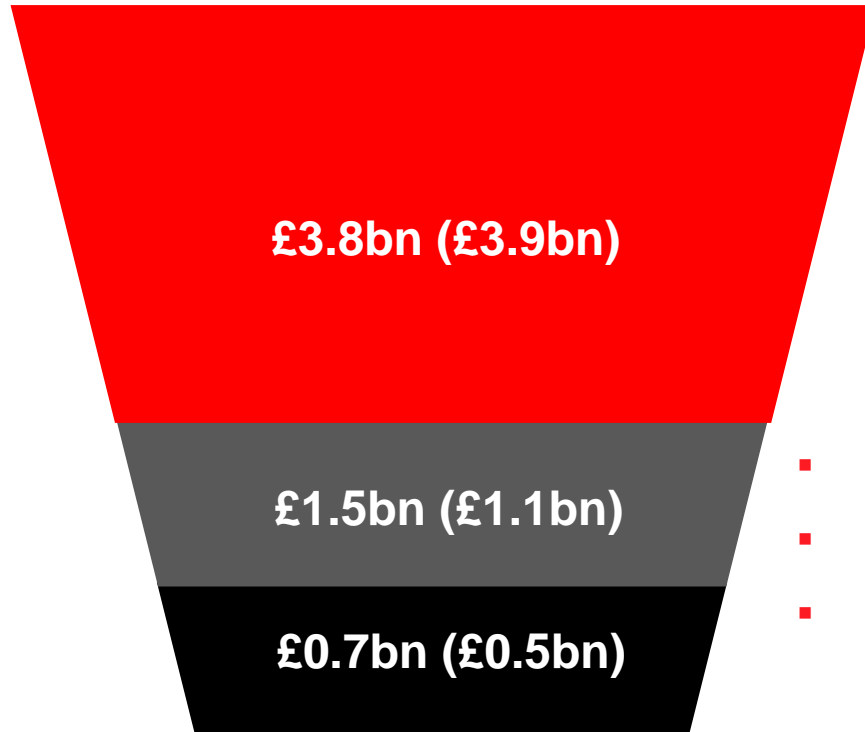
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- Sales and BD investment +£20m p/annum
- Extending proven services across markets
- Service innovation, incl. Systems & Technology
- Sector sales specialists
- Global account management
- Sales operations incl. CRM & customer satisfaction tools

# Growth

## Growing and Diversified Pipeline

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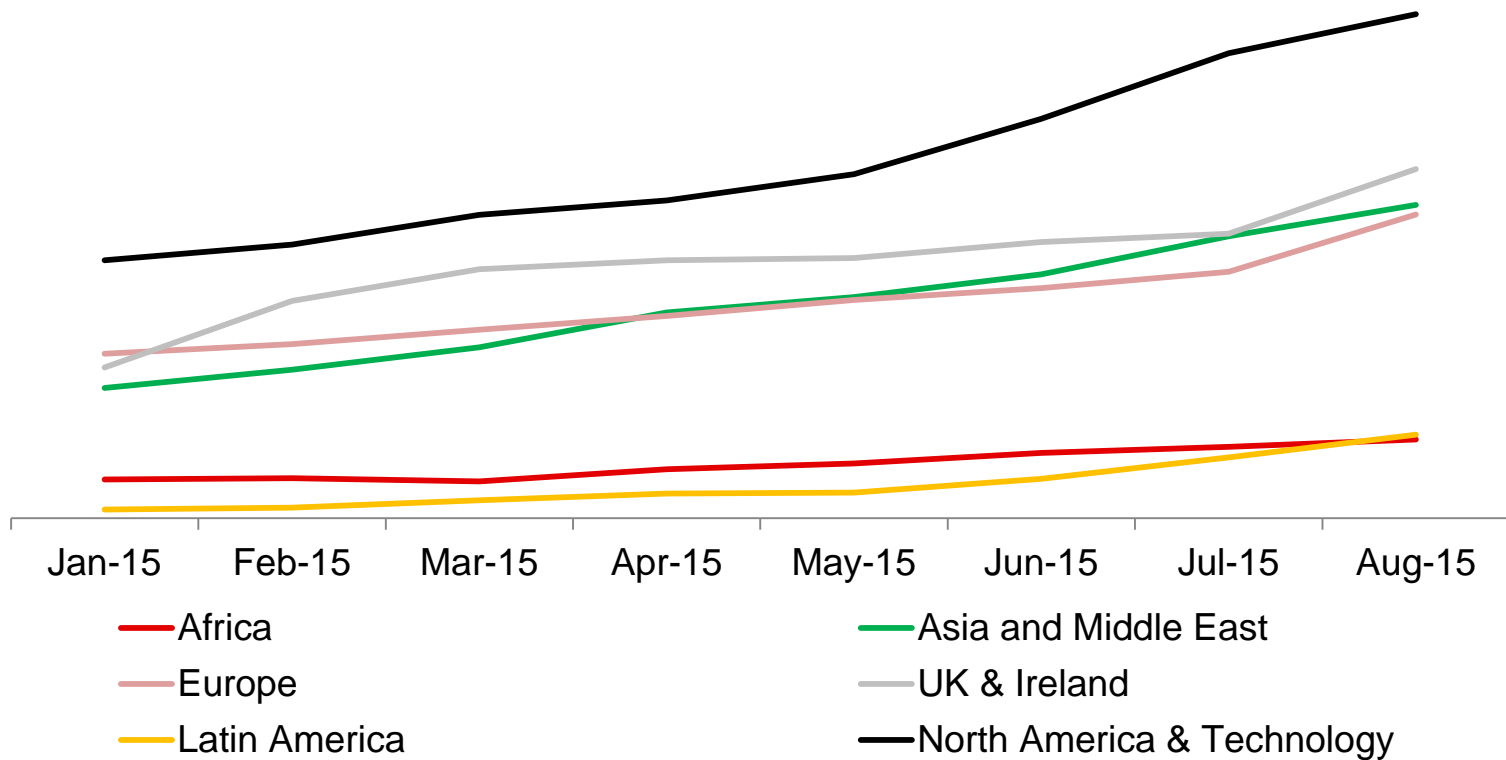
- Investment in Sales and BD
- £6.0bn ACV
- H1 15 new contracts £0.7bn ACV, £1.4bn TCV

Note: As at 30 June 2015 (31 December 2014)

# Sales & BD Investment

## Growing and Diverse Pipeline

### Monthly Pipeline Growth (ACV)



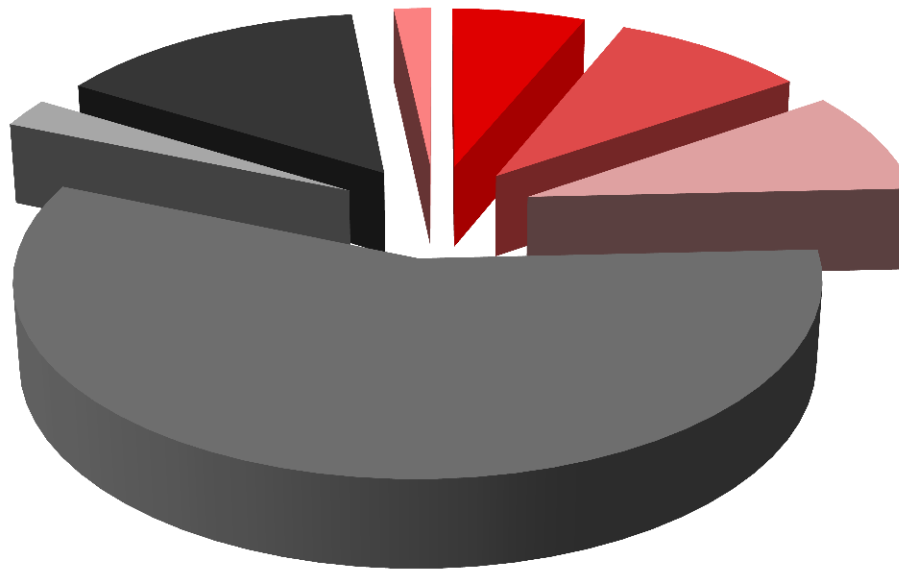
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# Pipeline Investment

## Growing and Diverse Pipeline: July 2015

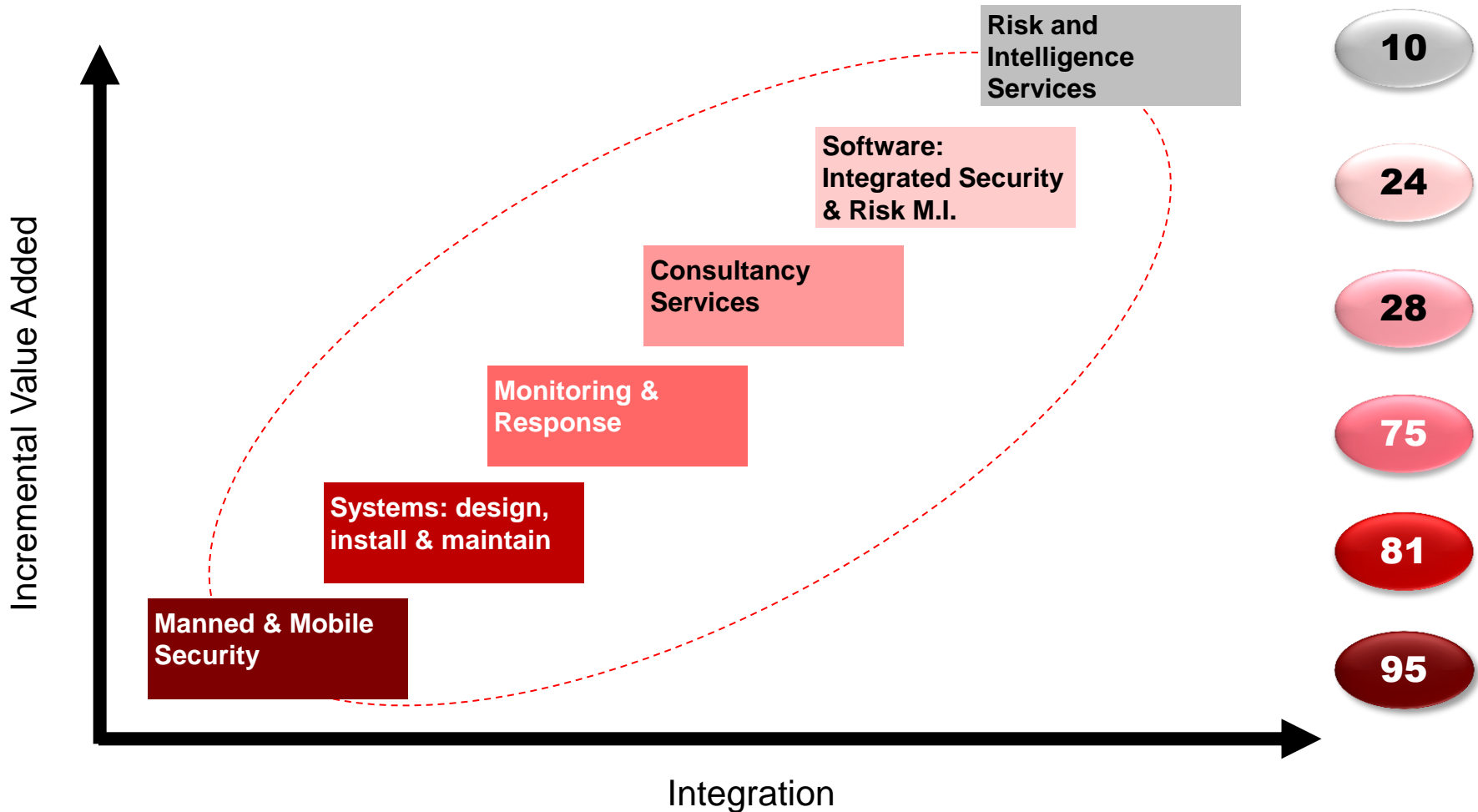
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- Care and Justice
- Cash Solutions
- FM
- Manned & Mobile Security
- Risk Consultancy
- Systems & Tech
- Other Services

# Secure Solutions

## Integrated Security Solutions



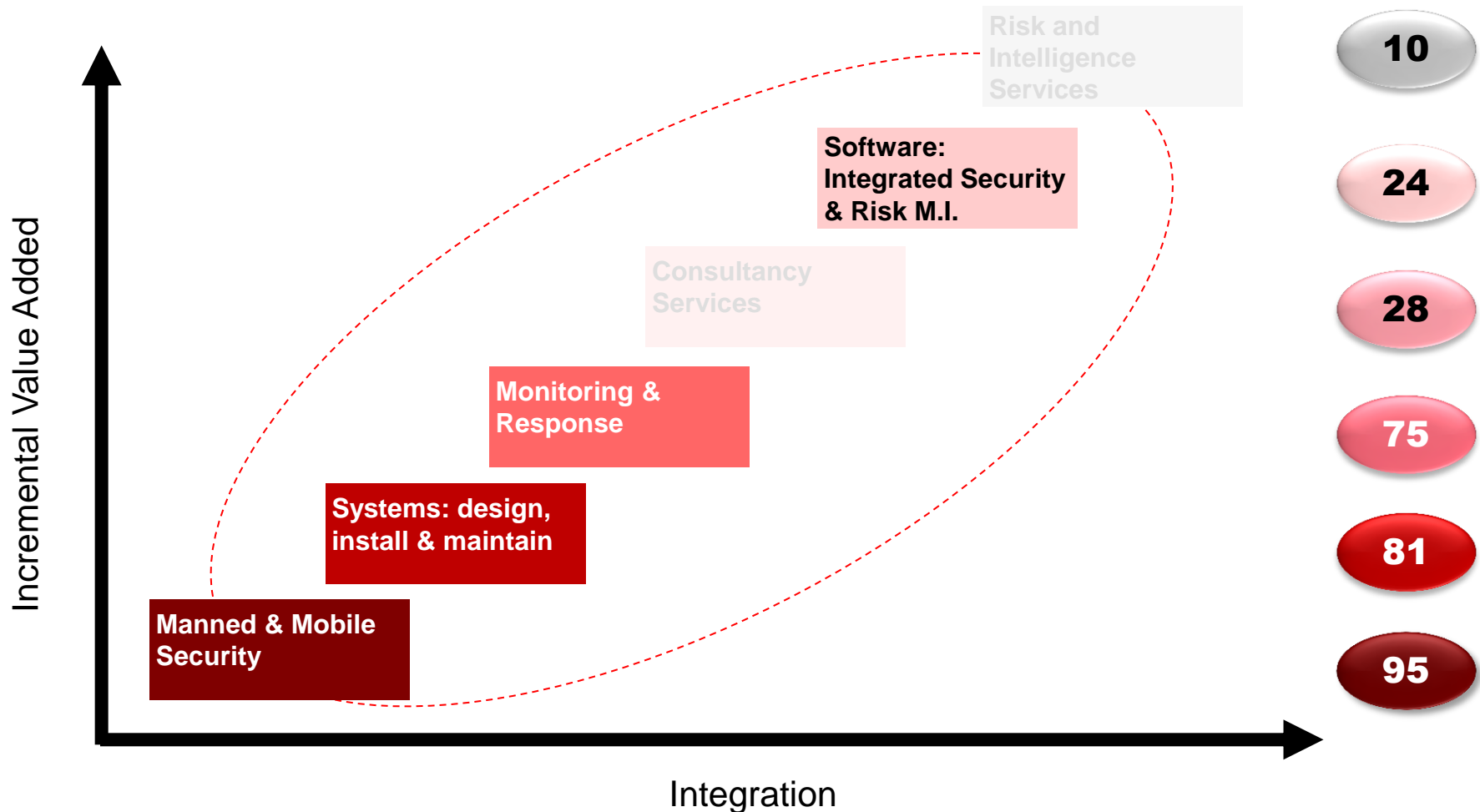
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 No. of G4S businesses



# Secure Solutions

## Integrated Security Solutions: The Gem Tower



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 No. of G4S businesses





# Secure Solutions

## Integrated Security Solutions: The Gem Tower

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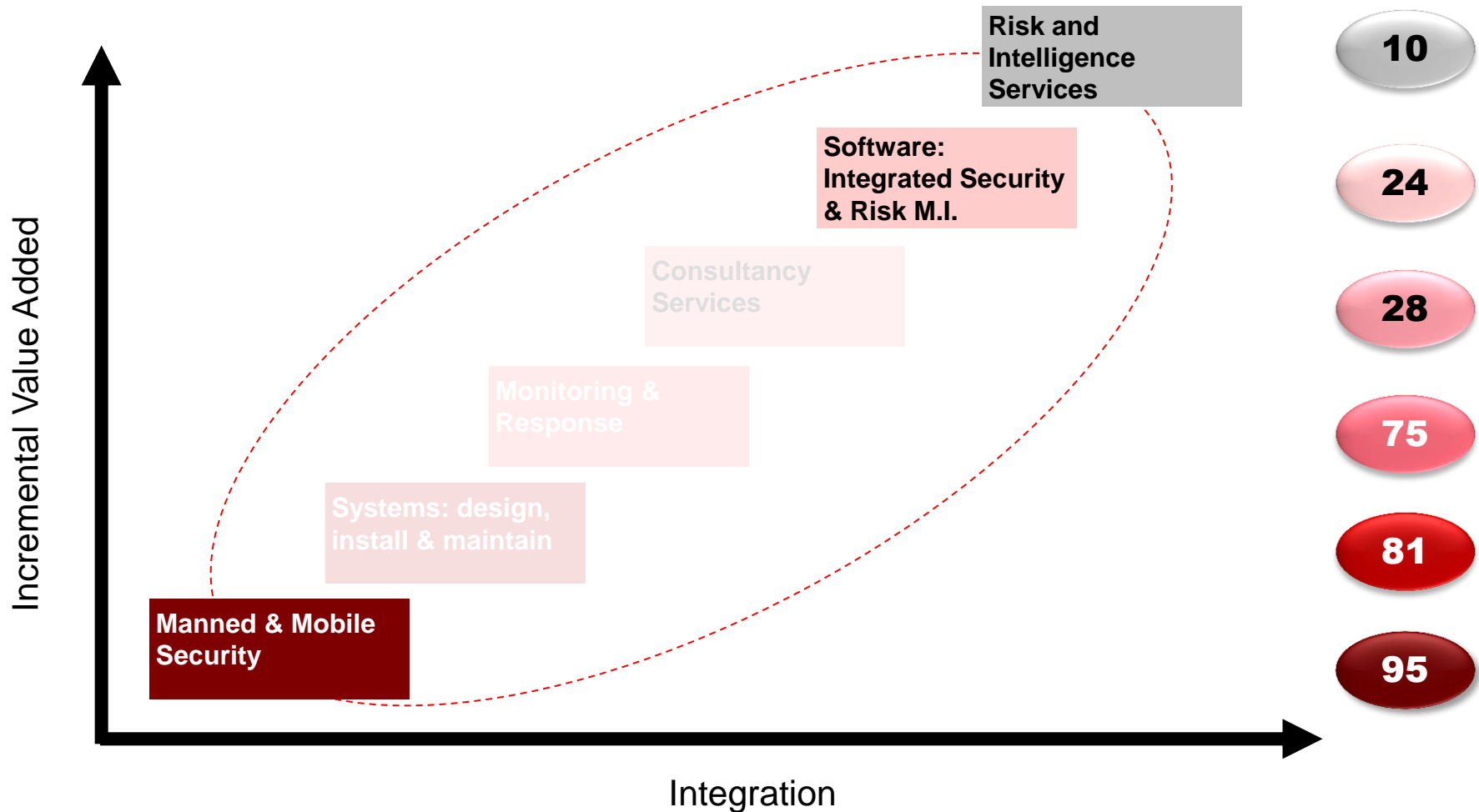


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# Secure Solutions

## Integrated Security Solutions: RISK360



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 No. of G4S businesses



# RISK360™

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## RISK360™

### What it is:

Software Solution, developed by G4S, providing Advanced Incident and Case Management capability for our clients

### Value to Customers:

Enables customers to capture real time data and information to proactively manage and mitigate security and safety risks, Can also be integrated with qualified and open source intelligence.

# Secure Solutions

## Integrated Security Solutions: RISK360

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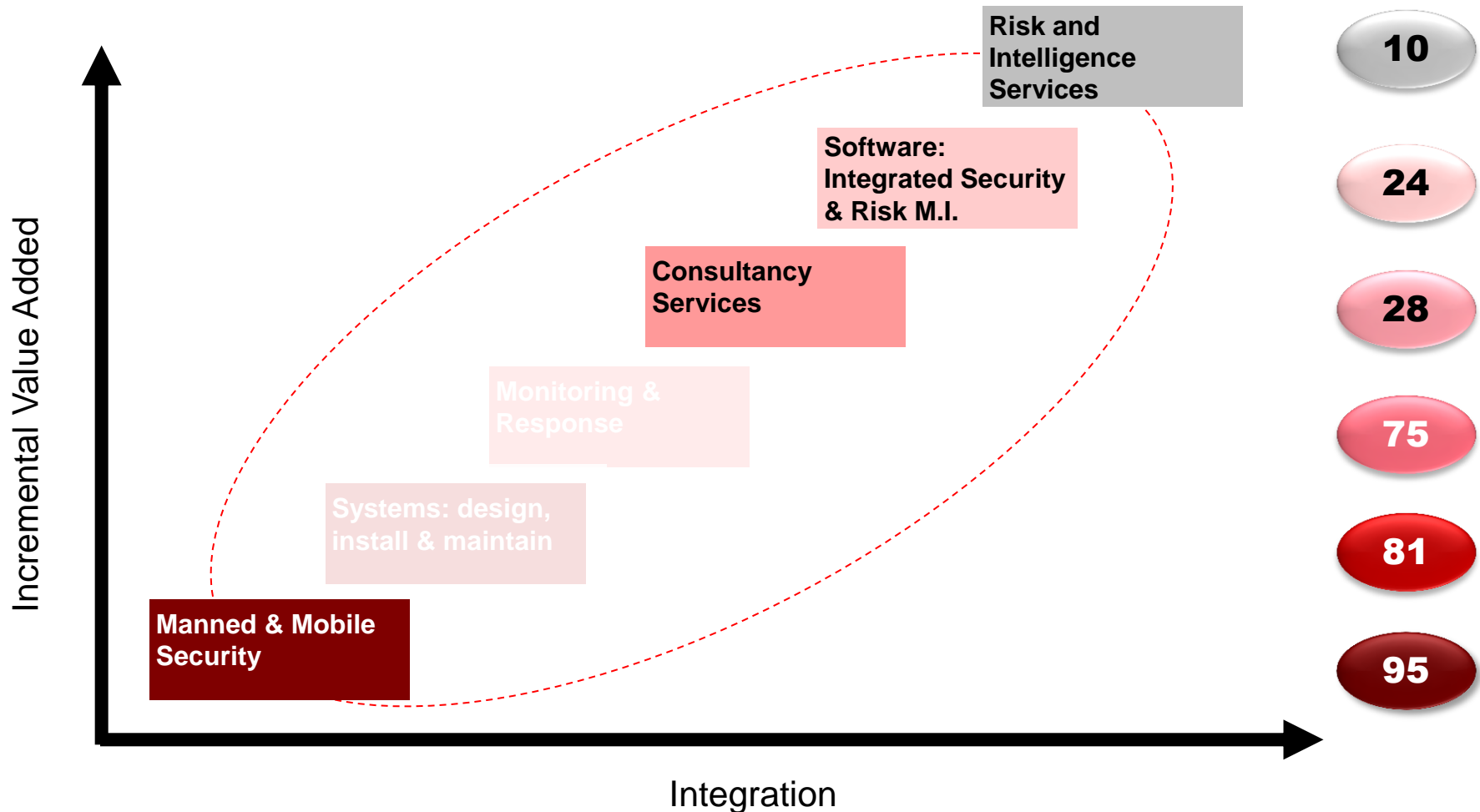
**RISK**

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# Secure Solutions

## Integrated Security Solutions: GIS



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 No. of G4S businesses



# Secure Solutions

## Integrated Security Solutions: GIS

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# Cash Solutions

## Key Trends

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### Emerging Markets

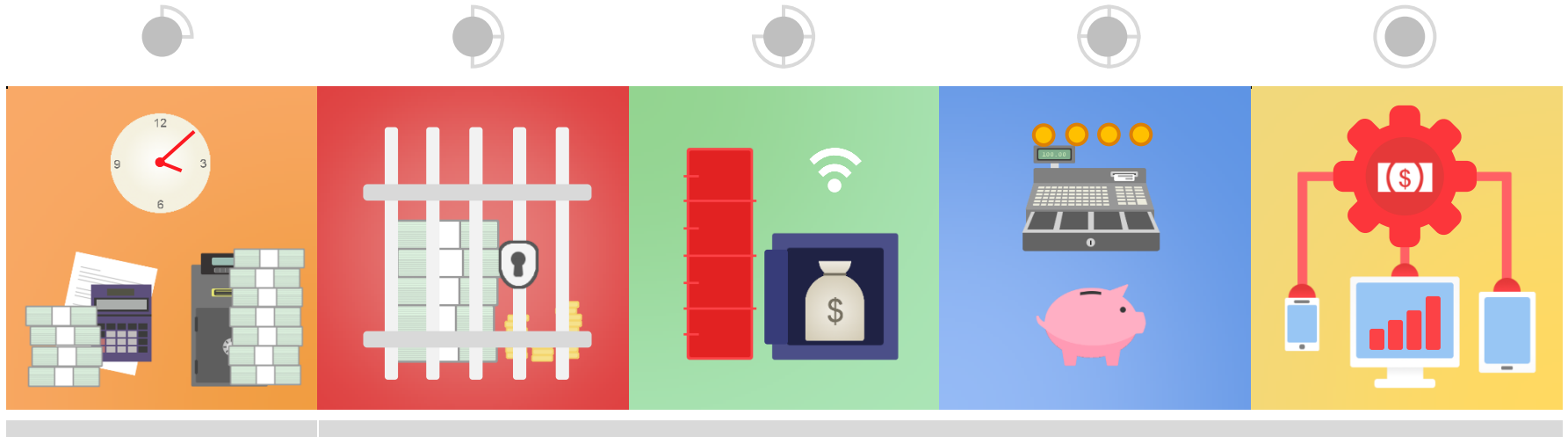
- Each market unique
- Cash dominant payment instrument
- High unbanked population – financial inclusion policies support cash usage
- ATM growth
- High volumes of manual cash handling in bank-branches
- Cash an “anchor” service / payment option for banks and retailers
- Mobile payment mechanisms typically use cash at both ends of payment chain

### Developed Markets

- Great variation in policy, practice and trends across markets
- Cash largely sourced from ATMs / remote ATMs
- Retailers and FI’s seeking efficiency and enhanced ease of use
- CIT: competition / scale matters
- FI branch costs currently account for 50-60% of retail banking costs
- Growing interest in digital payment technologies but market penetration measured & often cannibalises other non cash instruments

**Efficiency & ease of use**

# CASH360™



## Reduce time managing cash

In store devices that count and validate cash at the till point or in the cash office.

## Protect against cash losses

Cash secured within the smart device is fully covered in the event of theft or loss.

## Efficient cash collections

Cash collections can be automatically triggered when the cash reaches a specified threshold.

## Credit straight into your account

Cash can be credited by your bank while it's still in your store or when we count it at our cash centre.

## Management Information

View real time information via our online portal and integrate reports into internal financial systems.

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# CASH360™

## Service Innovation and Extension

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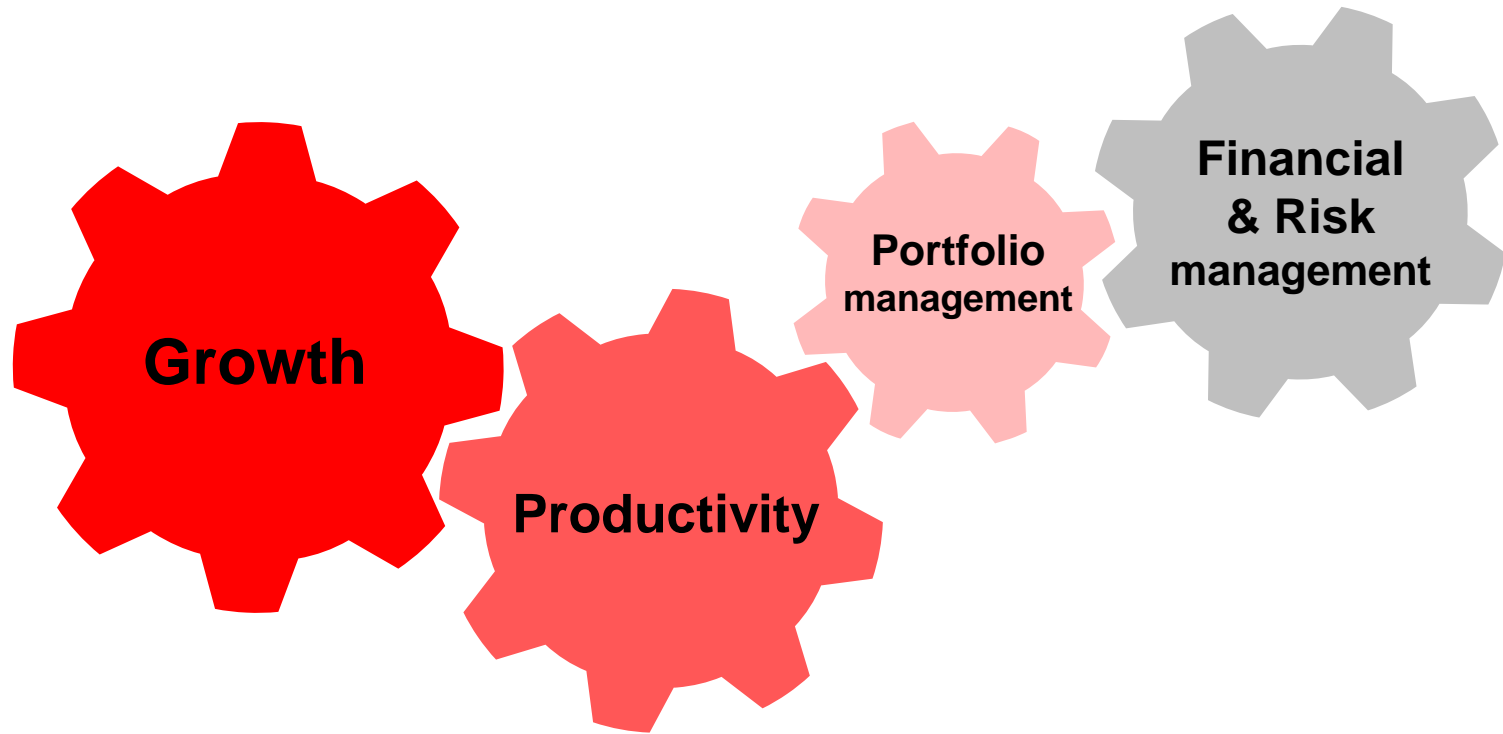
- Global installed base of c.8,000 CASH360™ devices
- UK, Europe, AME, Africa, North America
- North America :
  - Integrated software & in-store devices
  - 2014: successful pilot
  - 2015 Commercial contracts:
    - >350 retail outlets
    - Order book \$126m TCV
    - Early stage marketing with potential to grow

**Enhancing efficiency & ease of use**

# G4S Strategy

## Multiple Sources of Value

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# Himanshu Raja Chief Financial Officer

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# H1 2015 Underlying Financial Performance

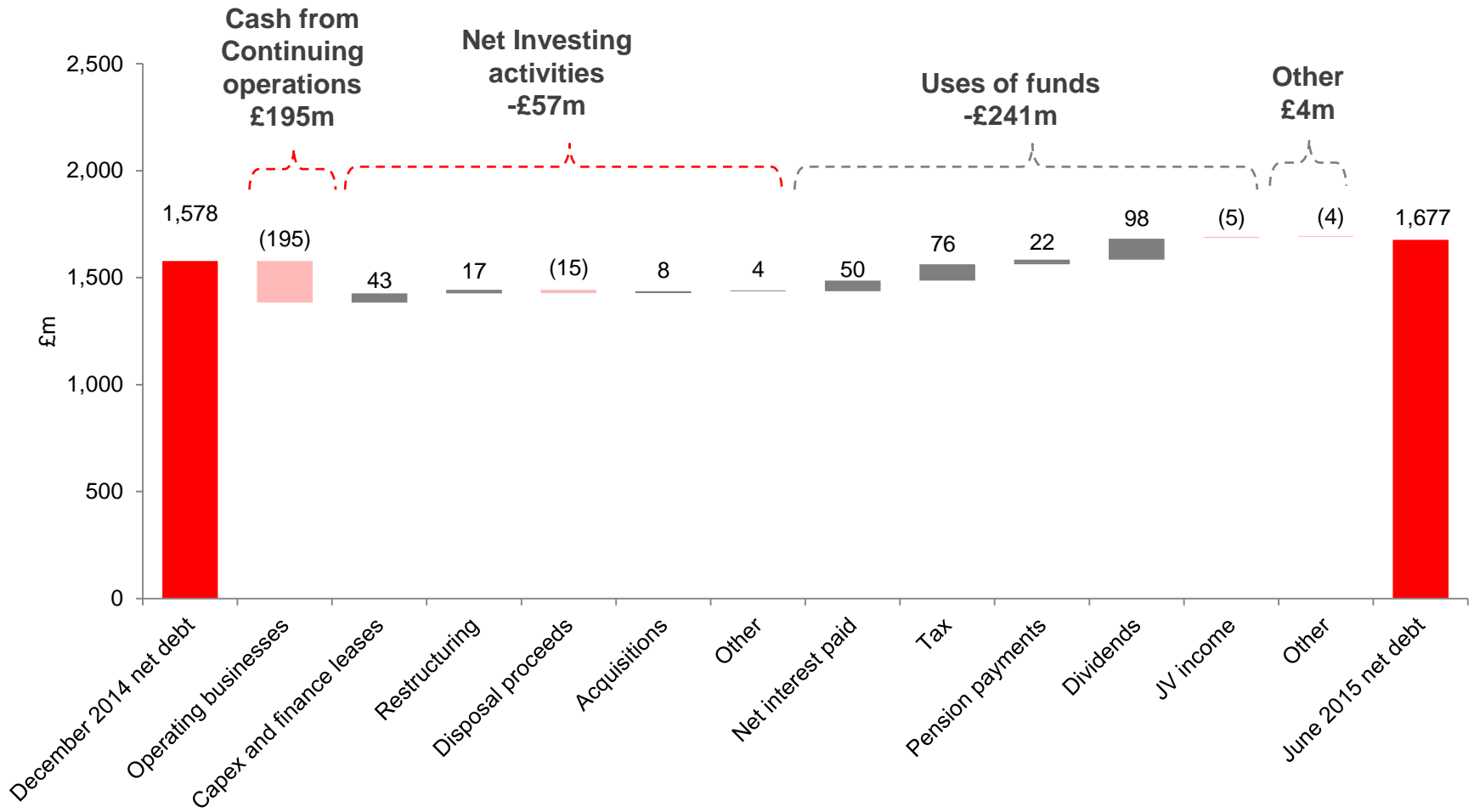
	Six months ended 30 June		Change
	2015	2014*	YoY%
<b>Revenue</b>	£3,285m	£3,196m	2.8%
<b>PBITA</b>	£193m	£184m	4.9%
PBITA margin	5.9%	5.8%	+10 bps
Interest	£(51)m	£(58)m	-12.1%
Tax	£(36)m	£(32)m	12.5%
NCIs	£(11)m	£(8)m	37.5%
<b>Earnings</b>	£95m	£86m	10.5%
<b>EPS</b>	6.1p	5.6p	8.9%
Cash from operating businesses	£195m	£185m	5.4%
OCF conversion	101%	100%	

\* Presented at constant rates

# H1 2015 Total Results

	Revenue 2015 £m	Revenue 2014 £m	PBITA 2015 £m	PBITA 2014 £m	Earnings 2015 £m	Earnings 2014 £m
<b>Total results</b>	<b>3,409</b>	<b>3,376</b>	<b>185</b>	<b>181</b>	<b>35</b>	<b>78</b>
Portfolio businesses identified for sale or closure	(124)	(157)	8	5	11	8
Specific items	-	-	-	-	17	(2)
Restructuring costs	-	-	-	-	16	9
Profit on disposal of subsidiaries	-	-	-	-	(12)	-
Amortisation	-	-	-	-	19	33
Goodwill impairment	-	-	-	-	21	-
Tax effect of:						
Specific items, restructuring and amortisation	-	-	-	-	(8)	(8)
Profit from discontinued operations	-	-	-	-	(4)	(30)
Impact of current exchange rates	-	(23)	-	(2)	-	(2)
<b>Underlying results</b>	<b>3,285</b>	<b>3,196</b>	<b>193</b>	<b>184</b>	<b>95</b>	<b>86</b>

# Cash Flow and Net Debt



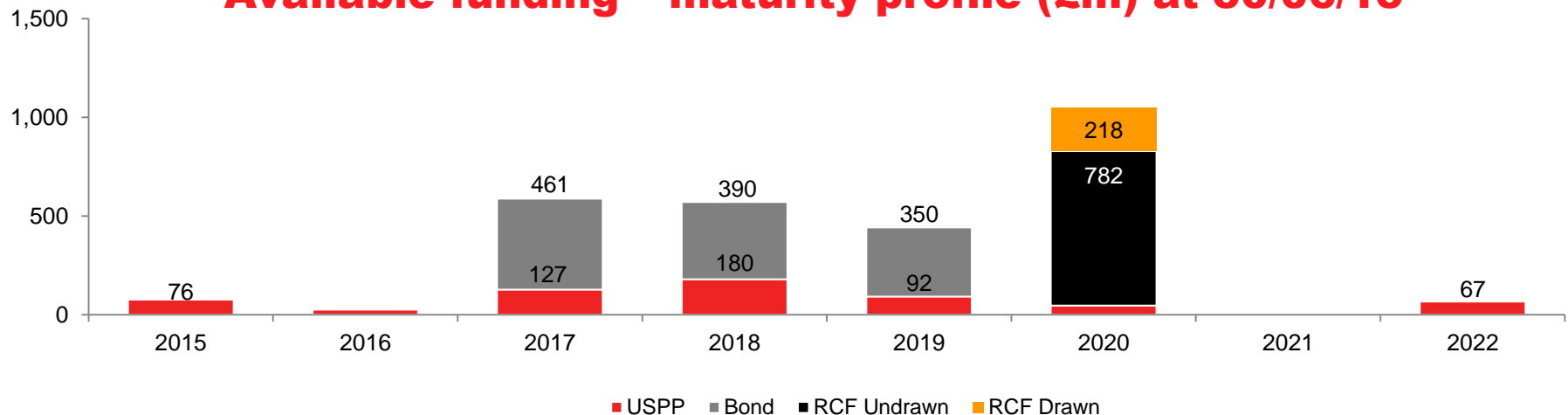
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# Soundly Financed

- **Strong liquidity**, unutilised committed facilities of c.£800m
- Re-paid \$150m which bore an interest rate of 6.43%
- Revolving credit facility **successfully refinanced** in January 2015, extending maturity to 2020 with improved pricing, T&Cs
- **Rating S&P BBB-** rating confirmed April 2015

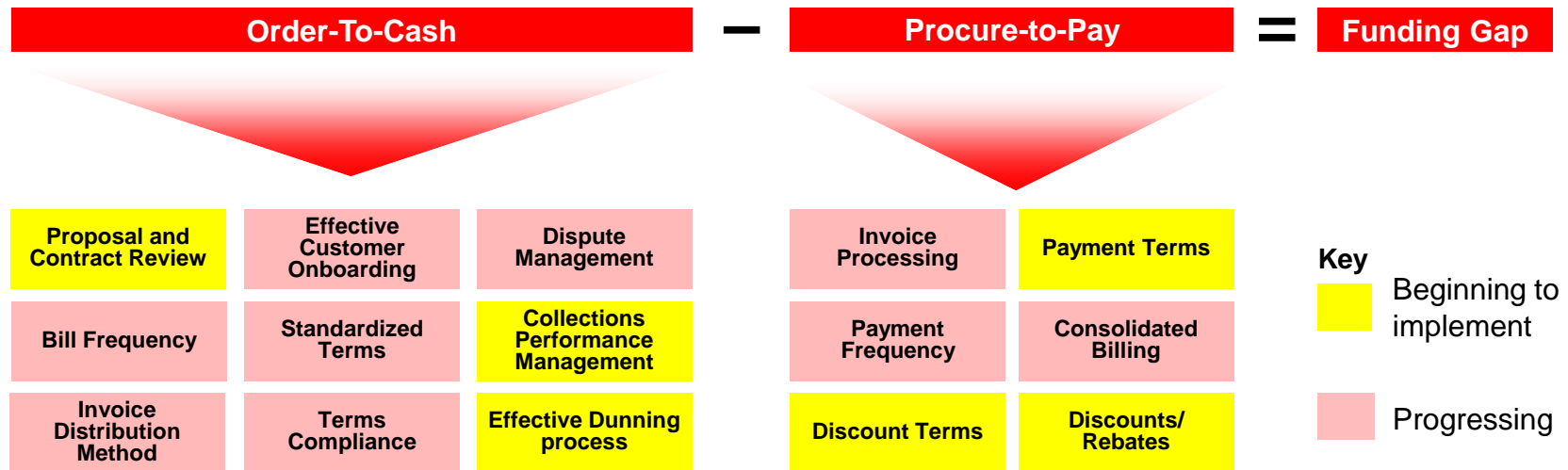
## Available funding – maturity profile (£m) at 30/06/15 \*



(\* exchange rates @ 30/06/15 or hedged rates where applicable )

# Financial Framework

## Cash matters: working capital levers



Source: EY

### North America

- Review of order to cash cycle – generated improvements in an already efficient process

### UK&I & largest AME markets

- Collections performance management improvements
- Effective dunning process implemented

### Procurement

- Reviewed payments terms in UK&I region
- Leveraging purchasing power through better discount terms and rates

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# Financial Framework

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- Contracts, risk management and delivery assurance
- Capital discipline
- IT transformation
- Shared service centres
- Cost leadership: restructuring

**Disciplined financial management**

# Financial Framework

## Disciplined financial management

Objective from Nov 2013	FY 2013	FY 2014	H1 2015
Quarterly Review of Contracts – number reviewed – annualised revenue	168 £2,025m	202 £2,342m	201 £2,187m
Contract 360 Deep Dives	nil	14	25
Single pool of capital – capex > 10% post tax IRR	£178	£138m	£40m

**Strengthened finance and risk management capability**

# Financial Framework

## IT Transformation

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- Progressive change
- IT service management model
- Infrastructure
  - Productivity suite
  - End user computing
  - Telecoms
- Operations
- Applications and lean processes

**Progressive, disciplined change program**

# Financial Framework

## Shared Service Centres

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- Progressive change
- UK:
  - Wave I live in 2014
  - Wave II – 91% of UK revenue under SSC
- US
  - Canada consolidated into US in June 2015
- AME
  - Work initiated for Q4 co-location of 5 country finance operations
- ROW
  - Regional hubs
  - From co-location to platform consolidation

**Progressive, disciplined change program**

# Financial Framework

## Cost Leadership: Restructuring

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- All deliver post tax IRR of +10% and paybacks of 12-36 months
- Progress since November 2013:
  - UK & Ireland Cash Solutions
    - Headcount reduction 1,500
    - c.20% fewer branches
  - Europe
    - Headcount reduction of over 2,200
    - Consolidated regional HO in Amsterdam
    - Consolidated management and streamlining of back office in Netherlands and Belgium
  - De-layered in AME region and in the corporate centre
  - Begun to address organisational efficiency in Latin America

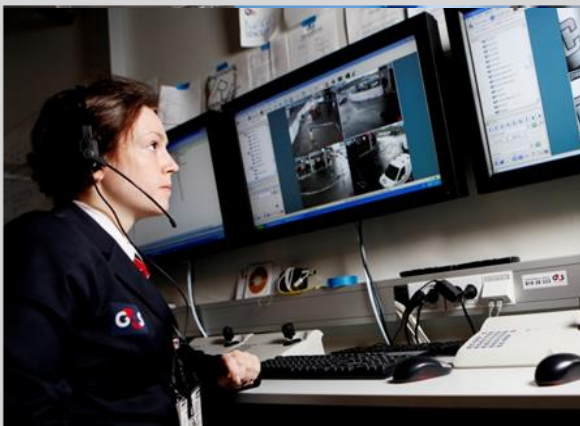
**Executing to plan; Strengthening competitive position**

# Financial Framework

## 2 Years of Margin Progression

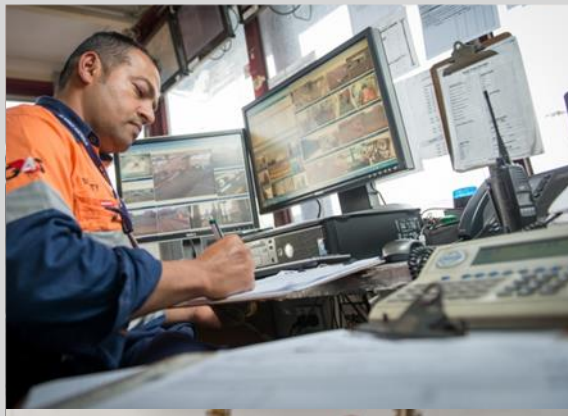
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- H1 2015 PBITA Margin 5.9%
- H1 2014 PBITA Margin 5.8%
- H1 2013 PBITA Margin 5.6%



## **Ashley Almanza Group CEO**

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# Summary

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# Summary

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- Improving financial performance; positive momentum
- Strategy & plan on track
  - Investment in Growth => Sales and pipeline
  - Innovation and Technology: integrated offering, early traction
  - Productivity: ABP's delivering benefits
  - Portfolio Management: improved focus and performance
  - Financial and Risk Management: improving quality of business
- Positive Outlook:
  - Strategy, market positions and people
  - Sustainable, profitable growth



## Q&A

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