

A man in a dark jacket is shown in profile, looking down at a laptop he is holding. He is in a server room, with server racks and various cables visible in the background. The lighting is dim, with some light coming from the server racks and the laptop screen. The overall mood is professional and focused.

# 2019 FULL YEAR RESULTS

11 MARCH 2020

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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. This presentation also contains non-GAAP measures as defined in the annual report/interim results which can be found on the Company's website.

# AGENDA

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# GROUP HIGHLIGHTS

## FULL YEAR: 2019 | UNDERLYING RESULTS



**Revenue** 2019: +4.7%; +4.2% organic

**Secure Solutions** +4.4% organic  
**Cash Solutions** +2.9% organic; RCS +29%, Retail Technology Solutions\* +18%



**PBITA** 2019: £501m (2018: £501m)

Investment in Sales/ BD and Technology: £10m  
Prior year bullion contract: £8m



**OCF** 2019: £633m; +9% yoy

OCF conversion: 126% (2018: 118%)



**Earnings** 2019: £263m (2018: £261m)

+0.8%: lower interest charge offset by higher tax rate



**DPS** Final dividend  
2019: 6.11p/sh (2018: 6.11p/sh)

FY Dividend: 9.7p/sh (2018: 9.7p/sh): 1.75x cover  
Policy: maintain dividend until 2.0x cover, then progressive dividend policy



**H&S** 2019: 17% reduction in work related fatalities (59% since 2013)

\*Includes Retail Cash Solutions, Cash360, SA-Deposita.

# GROUP HIGHLIGHTS

## CONVENTIONAL CASH TRANSACTION

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- Increased confidence in growth and profitability
  - Enhanced execution focus
  - Exiting mature, capital intensive businesses
  - Investing in our growing security and technology businesses
  - Simpler structure enables further efficiencies of £15-20m p.a.
  - Strengthened financial position: Net Debt/EBITDA 2.0-2.5x

# GROUP HIGHLIGHTS

## INCREASED CONFIDENCE IN GROWTH AND PROFITABILITY

2019 FY Pro-Forma Underlying businesses	% of Group Revenue	PBITA Margin <sup>1</sup>	Revenue Growth Potential p.a.
Secure Solutions (excl. RC & Security Technology)*	81%	5–6%	4–6%
Risk Consulting (RC) and Security Technology Solutions*	11%	8–15%	10–12%
Retail Technology Solutions**	4%	10-15%	14–16%
Conventional Cash	4%	9–10%	–

<sup>1</sup>Pre corporate costs.

\*Technology enabled security solutions (47% of revenue) combines elements of Secure Solutions and Risk Consulting & Security Technology.

\*\*Includes Retail Cash Solutions, Cash360, SA-Deposita.

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# GROUP HIGHLIGHTS

## STRATEGIC PRIORITIES

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### GROWTH

- Continue to drive organic growth in core services
- Accelerate growth in risk consulting and technology solutions



### PROFITABILITY

- Higher value solutions drive positive margin mix
- Deliver efficiency programme: 2020/21
  - Existing programmes: £10m
  - Incremental post-transaction: £15-20m



### FREE CASH FLOW

- Deliver FCF
  - Increase investment in growth strategy
  - Dividend

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# GROUP HIGHLIGHTS

## OUTLOOK

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- Coronavirus (COVID-19): near term uncertainty
  - To date immaterial financial impact
  - Stepped up H&S, proactive communication with employees, customers and suppliers
  - Updated business continuity plans and continue to monitor closely
- Long-term fundamentals of security market, G4S global franchise
- Sales: £1.5bn of new wins in 2019
- Technology enabled solutions
- Productivity



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# FY 2019 RESULTS

## UNDERLYING RESULTS

	Year ended 31 December £m		Change %
	2019	2018	YoY
<b>Revenue</b>	<b>7,672</b>	7,330	+4.7
<b>PBITA</b>	<b>501</b>	501	-
<i>PBITA margin</i>	<b>6.5%</b>	6.8%	(30bp)
Interest	(118)	(134)	11.9
Tax	(103)	(93)	(10.8)
Non-controlling interests	(17)	(13)	(30.8)
<b>Earnings attributable to equity holders</b>	<b>263</b>	261	0.8
<b>EPS</b>	<b>17.0p</b>	16.9p	0.6
<b>Operating cash flow</b>	<b>633</b>	582	8.8
<b>OCF conversion</b>	<b>126%</b>	118%	

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# FY 2019 RESULTS

## BRIDGE: UNDERLYING TO STATUTORY RESULTS

£m	Underlying results	Change % YoY	Onerous contracts	Disposed businesses	Restructuring	Acquisition related amortisation and other	Statutory
Revenue	7,672	+4.7	86	-	-	-	7,758
PBITA	501	-	-	-	-	-	501
PBT	383	+4.4	18	-	(57)	(317)	27
Earnings	263	+0.8	15	-	(49)	(320)	(91)
OCF	633	+8.8	5	-	(47)	(87)	504

- Diminishing impact of onerous contracts – improved performance resulted in net £18m of OCP release
- Restructuring costs of £19m and separation costs of £38m in line with guidance
- Impairment of historical goodwill (£291m), net specific items (£13m), losses on disposal & amortisation (£13m)
- California class action suit settlement payment of £87m

# FY 2019 RESULTS

## STATUTORY RESULTS

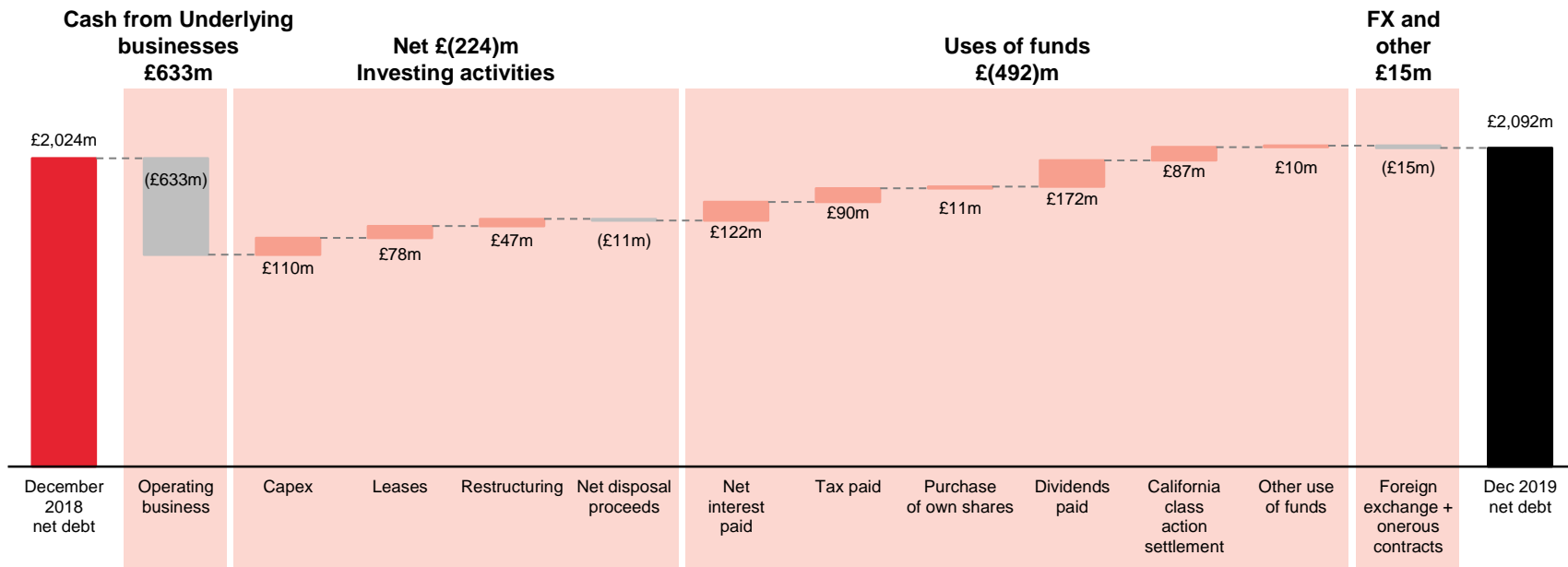
	Year ended 31 December £m		Change %
	2019	2018	YoY
<b>Revenue</b>	<b>7,758</b>	7,505	+3.4
<b>PBITA</b>	<b>501</b>	483	+3.7
<i>PBITA margin</i>	<b>6.5%</b>	6.4%	10bp
Specific items, restructuring, amortisation & other	<b>(356)</b>	(204)	
Interest	<b>(118)</b>	(135)	
Tax	<b>(107)</b>	(55)	
Non-controlling interests	<b>(11)</b>	(8)	
<b>(Loss)/earnings attributable to equity holders</b>	<b>(91)</b>	81	(212.3)
<b>EPS</b>	<b>(5.9p)</b>	5.2p	(213.5)
<b>Operating cash flow</b>	<b>504</b>	585	(13.8)

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# FINANCIAL FRAMEWORK

## CASH FLOW AND NET DEBT

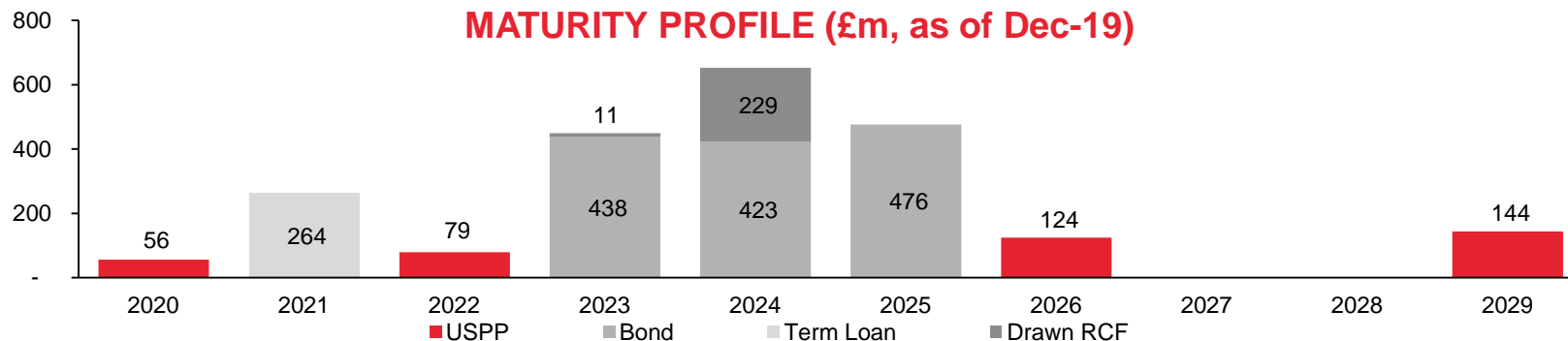


- Net debt/EBITDA 2.88x (2.75x at December 2018). Pro-forma 2.36x
- Reduction in onerous contract and legacy cash impacts post conventional cash disposal

# FINANCIAL FRAMEWORK

## STRONG LIQUIDITY

- New 7 year US\$162m USPP and 10 year US\$188m USPP issued in May 2019
- Repaid US\$145m USPP matured in March 2019 + £350m public bond matured in May 2019
- Completed refinancing has captured c. £20m annualised interest cost savings
- Strong liquidity: unutilised committed bank facilities £510m, net cash of £519m and a £250m bridge facility
- Estimated net cash proceeds of £670m - to be applied to RCF repayment (£240m at December 2019), July 2020 USPP maturity (£56m) and the bridge facility will be cancelled



\*Exchange rates @ 31/12/2019 or hedged rates where applicable.

# PROFORMA – FY 2019 RESULTS

## SALE OF MAJORITY OF CONVENTIONAL CASH BUSINESSES

Underlying results	Retained Group 2019	Disposal Group 2019	Total 2019
<b>Revenue by reportable segment (£m)</b>			
Africa	425	-	425
Americas	2,696	7	2,703
Asia	916	24	940
Europe & Middle East	2,453	51	2,504
Cash Solutions	559	541	1,100
<b>Total Group revenue</b>	<b>7,049</b>	<b>623</b>	<b>7,672</b>
<b>Adjusted PBITA by reportable segment (£m)</b>			
Africa	30	-	30
Americas	136	-	136
Asia	69	1	70
Europe & Middle East	175	4	179
Cash Solutions	60	74	134
<b>Adjusted PBITA before corporate costs</b>	<b>470</b>	<b>79</b>	<b>549</b>
Corporate costs	(44)	(4)	(48)
<b>Total Group Adjusted PBITA</b>	<b>426</b>	<b>75*</b>	<b>501</b>

\* £75m pre minority interest; £67m post minority interest.

- 65% of conventional cash sold
- D&A of disposal businesses: £44m in 2019 (EBITDA £119m)
- Interest saving: c. £10m p.a.
- NCI in PBITA: £8m (£6m at earnings level)
- Effective tax rate of disposal businesses: 27%
- Sale provides opportunity to reduce overheads by an annualised £15m - £20m by end 2021; £25-30m including £10m from existing programmes
- Earnings impact of £22-26m on annualised basis by 2021

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# G4S VISION 2025

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The world's leading  
**global, integrated  
security company**



Trusted partner of  
choice providing  
**innovative, industry  
leading solutions**  
that protect and add  
value for our customers



We **differentiate  
G4S** by investing in  
**technology, our  
people and values  
& customer  
relationships**

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# G4S SECURE SOLUTIONS

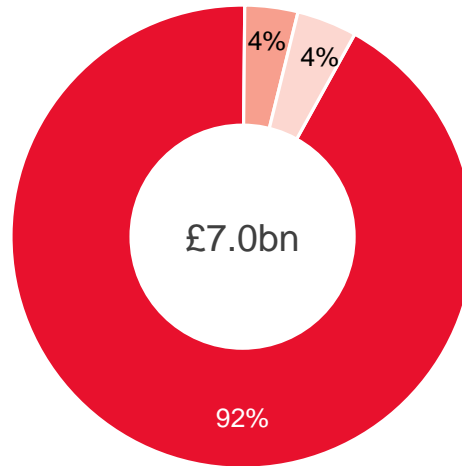
## INCREASED FOCUS ON SECURE SOLUTIONS

### SECURE SOLUTIONS

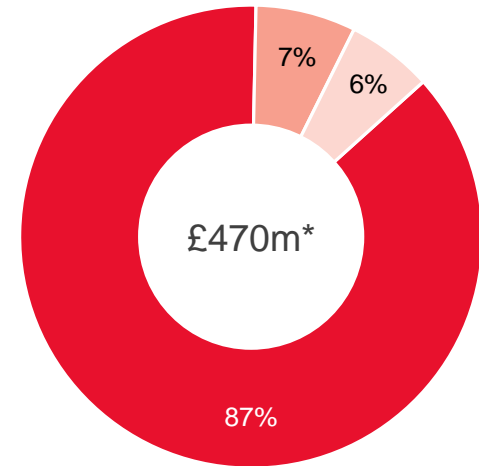
- Global business, 85+ countries
- Diversified markets
- Global blue chip client base
- Growing integrated security solutions – 47% technology enabled
- 11% Risk Consulting and Security Technology Solutions
- Revenue FY19: £6,490m
- PBITA FY19: £410m\*

\* Before corporate costs.

### PRO FORMA



FY 2019 Revenue



FY 2019 PBITA

Secure Solutions    Retail Technology Solutions    Conventional Cash

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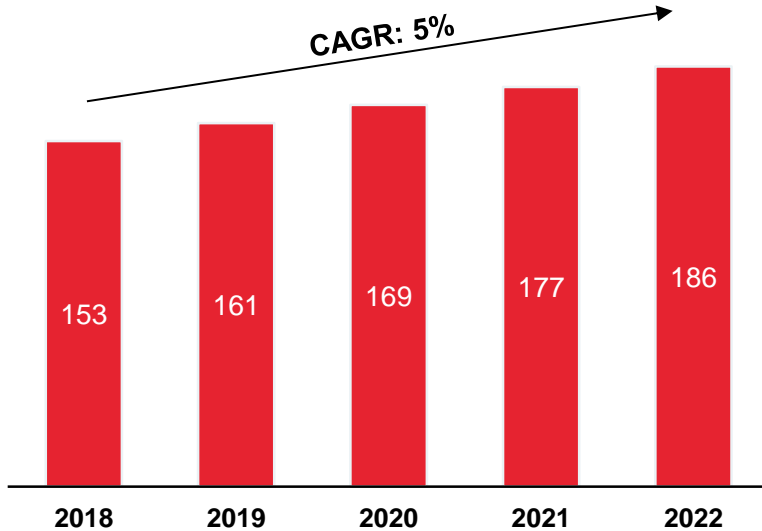


# G4S SECURE SOLUTIONS

## SECURITY MARKET OUTLOOK

### Addressable Market

Global Secure Solutions Market (\$bn)



### Key growth drivers



Elevated safety/security risks



Increase in wealth driven by urbanisation



Global GDP

\*Excluding China and Residential

Source: Freedonia (2018); company annual reports; Analyst reports

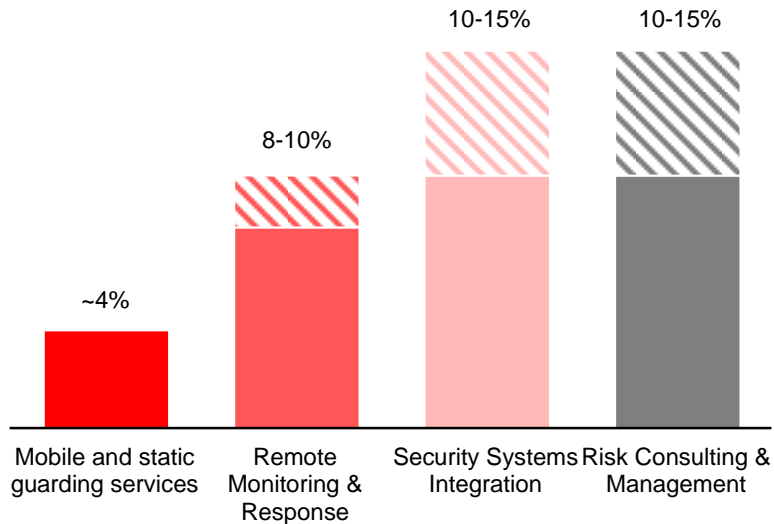
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# G4S SECURE SOLUTIONS

TECHNOLOGY ENABLED SOLUTIONS - STRUCTURALLY HIGHER MARGINS

## Global Security Profit Margins



Source: Freedonia (2018); research reports.

## Drivers

- Rising labour costs support demand for higher value, technology enabled, integrated security solutions
- Higher-value service lines drive positive revenue mix

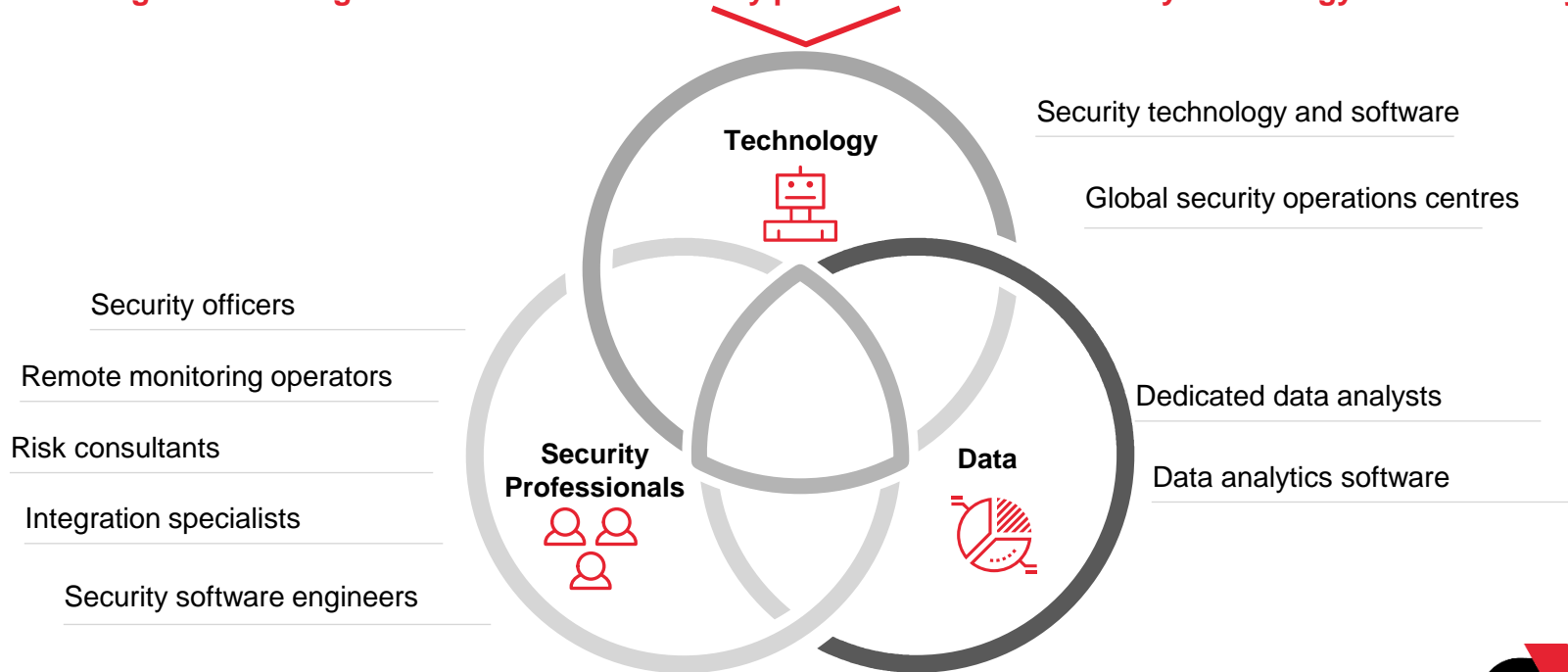
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# G4S SECURE SOLUTIONS

## INTEGRATED SOLUTIONS CAPABILITY

Our integrated offering combines the best security professionals with security technology and data analytics



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# G4S SECURE SOLUTIONS

GLOBAL LEADER WITH INTEGRATED SOLUTIONS CAPABILITY



Security Professionals



Risk Consulting



Integrated Solutions



Security technology and software

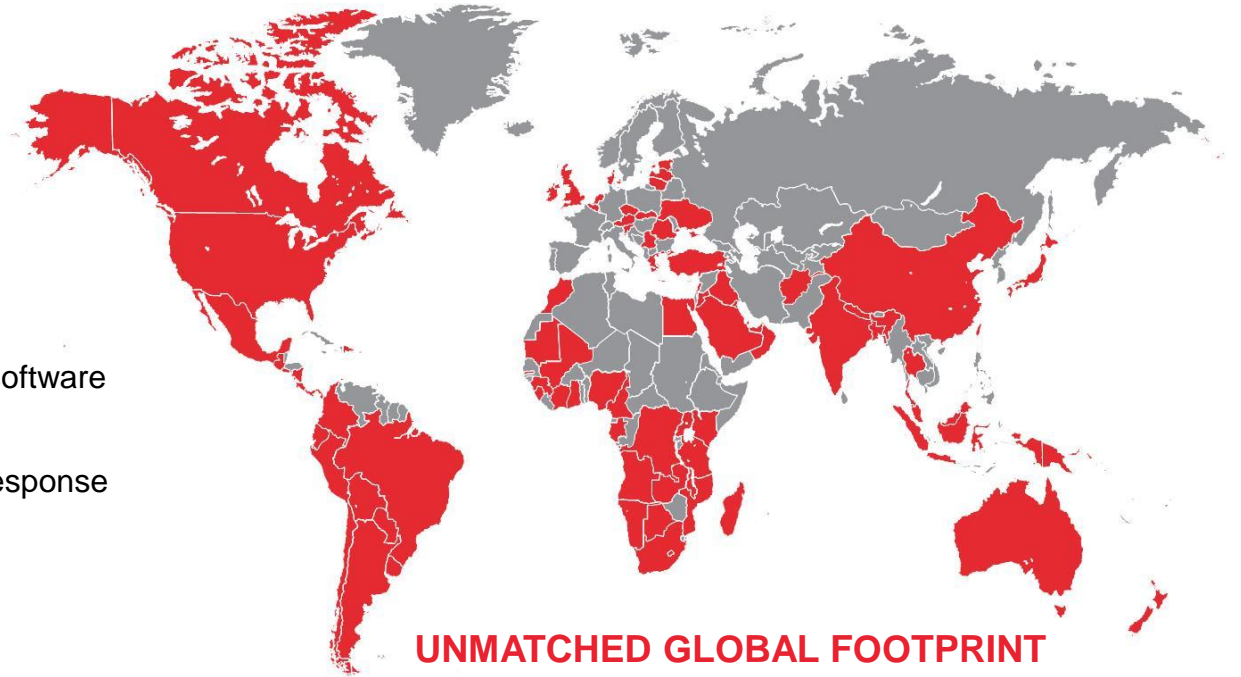


Remote monitoring and response



Data Analytics

 G4S markets

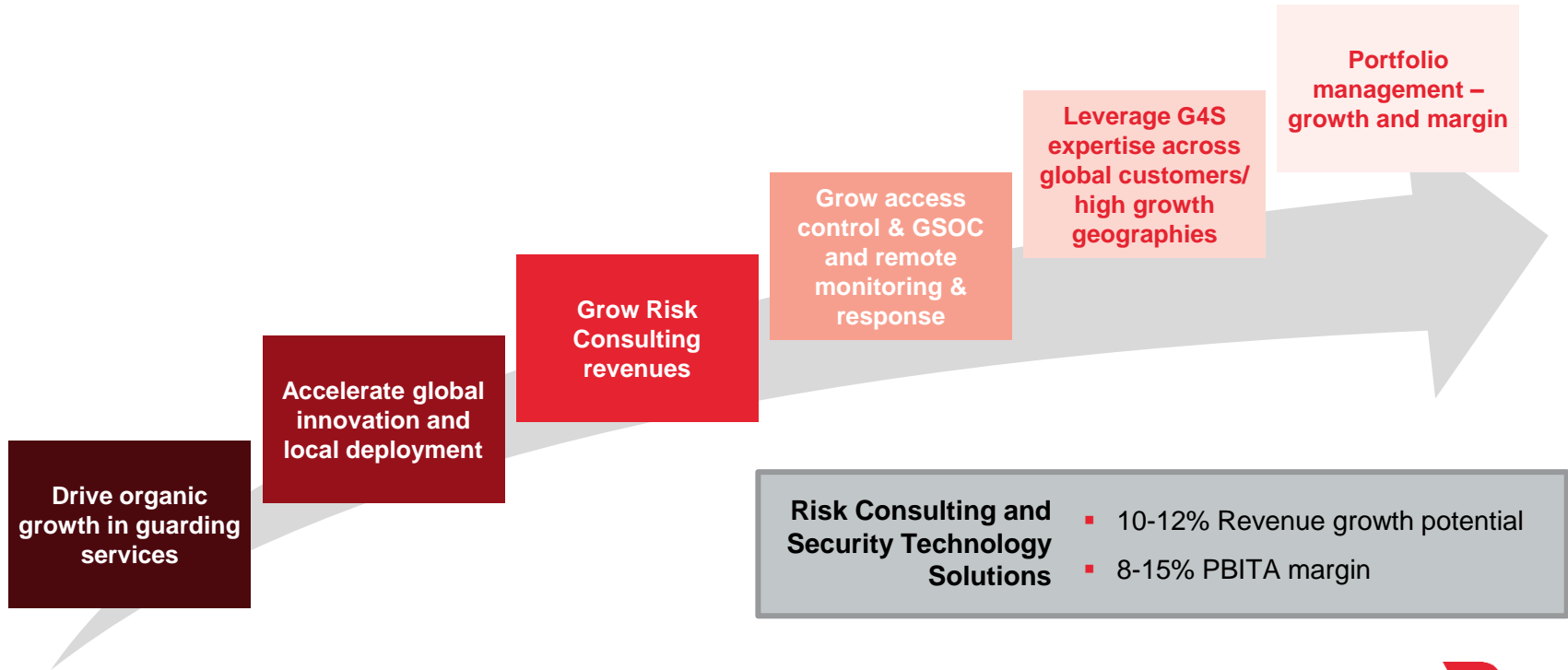


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# G4S SECURE SOLUTIONS

STRATEGIC PRIORITIES - FOCUS ON GROWTH AND MARGIN



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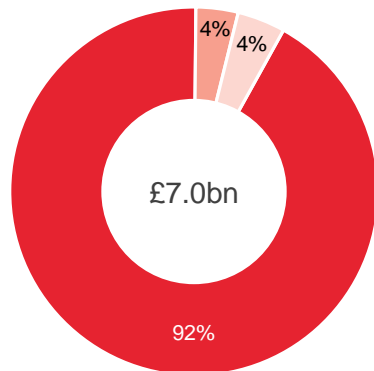
# G4S CASH SOLUTIONS

## FOCUS ON TECHNOLOGY

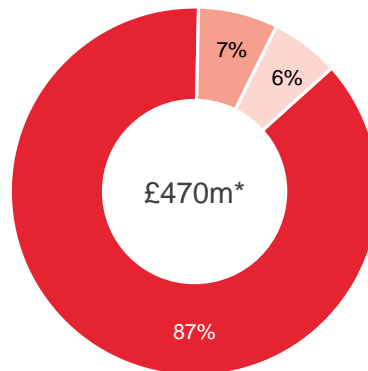
### PRO FORMA

#### RETAIL TECHNOLOGY SOLUTIONS

- Industry leading cash technology solution
- Includes RCS, CASH360 and SA-Deposita
- Revenue FY19: £262m
- PBITA FY19: £33m\*



FY 2019 Revenue



FY 2019 PBITA



#### CONVENTIONAL CASH

- #1/2 in 25 countries
- Volume aggregation in UK market
- Apply retail technology solutions
- Manage for value and free cash flow
- Revenue FY19: £297m
- PBITA FY19: £27m\*

\* Before corporate costs.

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# G4S CASH SOLUTIONS

## TRANSACTION WITH BRINK'S

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- Disposed of c.65% of mature, capital intensive conventional cash businesses
- Retained Businesses (Revenue)
  - High growth Retail Technology Solutions\* £262m
  - Conventional: UK £222m
  - Conventional: Rest of the World £75m

## MAJOR MILESTONE IN CORPORATE STRATEGY

\*Retail Technology Solutions includes Retail Cash Solutions, Cash360, SA-Deposita.

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# G4S CASH SOLUTIONS

## CONVENTIONAL CASH

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- UK (FY2019 revenues of £222m)
  - Pension fund
  - Volume aggregation – outsourced bank processing
  - Retail Technology Solutions
- Rest of the World (FY2019 revenues of £75m)
  - Market leaders, small integrated businesses
  - Cost synergies: shared facilities and support functions

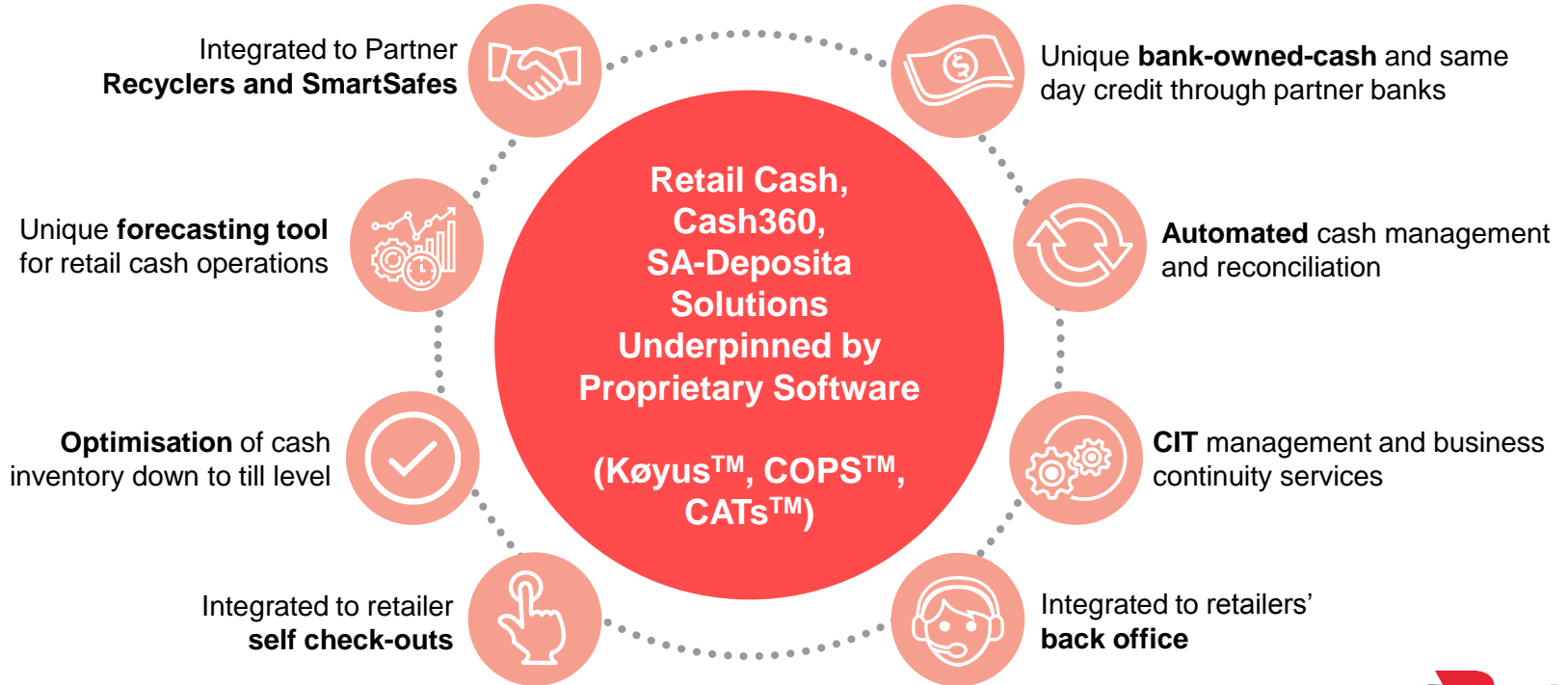
MANAGE FOR VALUE AND FREE CASH FLOW

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# G4S RETAIL TECHNOLOGY SOLUTIONS

## UNIQUE CUSTOMER VALUE PROPOSITION

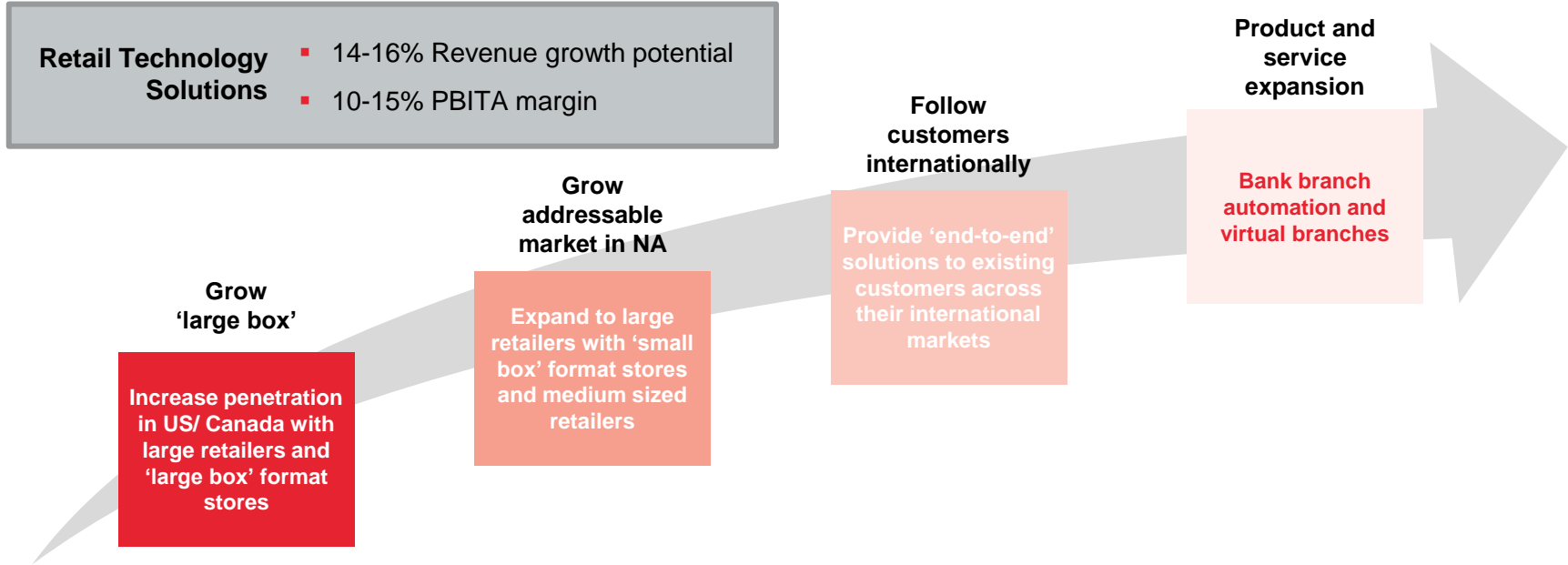


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# G4S RETAIL TECHNOLOGY SOLUTIONS

FOCUS ON GROWTH AND MARGIN



ADDRESSABLE RETAIL MARKET: ~\$13BN ACROSS ~2M OUTLETS

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## STRATEGIC PRIORITIES

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### GROWTH

- Continue to drive organic growth in core services
- Accelerate growth in risk consulting and technology solutions



### PROFITABILITY

- Higher value solutions drive positive margin mix
- Deliver efficiency program: 2020/21
  - Existing programmes: £10m
  - Incremental post-transaction: £15-20m



### FREE CASH FLOW

- Deliver FCF
  - Increase investment in growth strategy
  - Dividend

# VISION 2025

UNDERPINNED BY OUR PEOPLE, VALUES AND CULTURE

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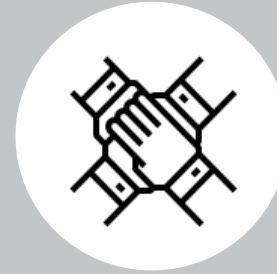
We act with ...

**INTEGRITY  
& RESPECT**



We are passionate about ...

**SAFETY, SECURITY  
& SERVICE EXCELLENCE**



We achieve this through ...

**INNOVATION  
& TEAMWORK**

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