



## G4S plc: Trading Update

17 June 2020

### G4S plc AGM Trading Update

With its 2020 Annual General Meeting today, and in view of the global pandemic, G4S provides the following update for the five months ended 31 May 2020. Unless stated otherwise, all figures and commentary relate to underlying results, are unaudited and stated at May 2020 exchange rates. All comparisons are with the first five months of 2019 unless otherwise stated and are presented on a pro-forma basis that excludes all conventional cash businesses sold to Brink's on 26 February 2020.

Commenting on the first five months trading, G4S Group Chief Executive Officer, Ashley Almanza said:

"G4S is at an important inflexion point as we rapidly transition towards a highly focused global business delivering technology-enabled security solutions. The sale of our conventional cash business is 75% complete, reducing our net debt and strengthening our strategic, commercial and operational focus.

The benefits of our strategy are evident in the Group's resilient performance with our Secure Solutions revenues slightly ahead of 2019 for the first five months, despite the severe economic downturn seen across the globe. As expected, our Cash Solutions revenues were 16% lower at £187 million, reflecting the impact of lockdown on the retail and commercial banking segments. Our Secure Solutions business (£2,574 million) now represents over 90% of the Group's pro-forma revenues and benefits from a growing proportion of consulting and technology enabled revenues. In the first five months the strength of our security business substantially offset the lower cash volumes and, as a result, Group revenues for the first five months were slightly lower (1%) than the same period in 2019. We expect our Cash Solutions business to begin to recover as the pandemic lockdown restrictions are eased.

Our competitive performance has continued to be strong with contract wins totaling £1.2 billion annual contract value (2019: £1.2 billion). This provides further confidence in the Group's outlook for 2020 and beyond.

In response to the Covid-19 pandemic, we continue to reinforce health and safety measures for employees and customers, assure service delivery and to protect the company's financial performance, cash flow and financial position. As previously reported, the Group is implementing restructuring and cost saving measures to reflect the disposal of the conventional cash businesses and in response to the pandemic. As we continue to focus and simplify the Group, we expect to identify additional savings.

Given the benefit of the disposal proceeds from the Brink's transaction, the resilience of our trading performance and the benefit of the restructuring and cost saving measures, G4S currently expects to deliver resilient underlying operating profit and substantial net cash flow in 2020, placing the Group in a strong competitive position as we enter 2021. The Board is confident that the Group's diversified revenue base, financial strength and liquidity provide G4S with sustainable resilience and significant opportunities. As we complete the sale of our conventional cash businesses and execute our COVID-19 response plans, we expect to emerge as a leaner and more focused market leader in the global delivery of technology-enabled security solutions".

#### **Performance in first five months of 2020**

**Secure Solutions revenues were slightly ahead for the five months**, with growth in the Americas (+6%) and Asia (+2%) and a slight decline in Africa of 1%. As expected, the impact of Covid-19 was greatest in our Europe & Middle East markets, where revenues declined by 6%. Secure Solutions revenues for the months of April and May declined by 4% compared with the same months of 2019.

**Cash Solutions revenues declined by 16% for the five months** and in April and May were 35% lower year-on-year. We expect our Cash Solutions business to begin to recover in the second half of this year with the easing of lockdown restrictions.

**Group revenues were 1% lower than the first five months of 2019**, with revenues in Secure Solutions slightly ahead and a 16% decline in Cash Solutions. Group revenues in April and May were 7% lower.

#### **Liquidity**

The Group has adopted a prudent stance in relation to liquid resources. We have a conservative debt maturity model, and a strong liquidity profile, which is further boosted by the proceeds being realised from the previously announced sale of the conventional cash businesses. Consistent with this prudent approach, the Board decided to suspend the 2019 final dividend payment and management has implemented robust cost control and cash flow improvement measures including the deferral of around £100 million of tax payments to 2021 across a number of countries.

At 31 May 2020, the Group had liquid resources of £1.5 billion comprising cash, cash equivalents and bank overdrafts of £0.9 billion and committed, unutilised credit facilities of £0.6 billion. On 31 March 2020, Standard & Poor's re-affirmed the Group's credit rating as BBB- with a stable outlook.

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### Supplementary information

Results for the six months to 30 June 2020 will be published on 12 August 2020.

[www.g4s.com/news-and-insights/insights/2020/06/11/how-our-people-have-secured-your-world-in-the-covid-19-pandemic](http://www.g4s.com/news-and-insights/insights/2020/06/11/how-our-people-have-secured-your-world-in-the-covid-19-pandemic)

### Notes to Editors:

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

G4S is quoted on the London Stock Exchange and has a secondary stock exchange listing in Copenhagen. After taking account of the businesses being sold in the year, G4S is active in around 85 countries and has around 533,000 employees. For more information on G4S, visit [www.g4s.com](http://www.g4s.com).