Financial highlights

Our underlying results in 2019 were in line with 2018 with improving revenue momentum in the second half of the year and an improved operating cash flow performance.

– Tim Weller, Group Chief Financial Officer

Statutory results[a]

REVENUE
£7.8bn +3.4%
(2018: £7.5bn[e])

ADJUSTED PBITA[b]
£501m +3.7%
(2018: £483m[e])

PROFIT BEFORE TAX
£27m -81.0%
(2018: £142m[e])

EARNINGS/(LOSS)[c]
£(91)m -212.3%
(2018: £81m[e])

NET DEBT: ADJUSTED EBITDA[b]
2.9x
(2018: 2.8x[e])

Underlying results[d]

REVENUE
£7.7bn +4.7%
(2018: £7.3bn[e])

ADJUSTED PBITA[b]
£501m +0.0%
(2018: £501m[e])

EARNINGS[c]
£263m +0.8%
(2018: £261m[e])

OPERATING CASH FLOW
£633m +8.8%
(2018: £582m[e])

Chief Financial Officer's review

Introduction

	Statutory results[a] Actual foreign exchange rates			Underlying results[d] Constant foreign exchange rates		
	2019	2018 Restated[e]	YoY %	2019	2018 Restated[e]	YoY %
Revenue	**£7,758m**	£7,505m	+3.4	**£7,672m**	£7,330m	+4.7
Adjusted PBITA[b]	**£501m**	£483m	+3.7	**£501m**	£501m	–
Adjusted PBITA[b] margin	**6.5%**	6.4%		**6.5%**	6.8%	
Earnings/(loss)[c]	**£(91)m**	£81m	(212.3)	**£263m**	£261m	+0.8
Earnings/(loss) per share[c]	**(5.9)p**	5.2p	(213.5)	**17.0p**	16.9p	+0.6
Operating cash flow	**£504m**	£585m	(13.8)	**£633m**	£582m	+8.8

a. Statutory results reflect the entire Group including the results of the businesses subject to the conventional cash disposal. See page 168 for the basis of preparation of statutory results.
b. Adjusted PBITA and net debt to Adjusted EBITDA are Alternative Performance Measures as defined and explained on page 53.
c. Earnings/loss is defined as profit/loss attributable to equity shareholders of G4S plc. Underlying earnings and underlying earnings per share (EPS) are adjusted to exclude specific and other separately disclosed items, as explained on page 52, and are reconciled to statutory earnings/loss and EPS on page 62.
d. Underlying results are Alternative Performance Measures as defined and explained on page 52 and include the results of the businesses subject to the conventional cash disposal. Underlying results are reconciled to the Group's statutory results on page 62. The underlying results are presented at constant exchange rates other than operating cash flow which is presented at actual rates for both 2018 and 2019.
e. Restated for the adoption of IFRS 16 – Leases, see note 3(u) on page 176.

Basis of preparation

The following discussion and analysis on pages 55 to 71 is based on, and should be read in conjunction with, the consolidated financial statements, including the related notes, that form part of this annual report. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, as explained on page 168. Prior year results have been restated for the impact of adopting IFRS 16 – Leases, as described in note 3(u).

Business performance – statutory results

Statutory results at actual exchange rates	2019 £m	2018 Restated[a] £m	YoY %
Revenue	**7,758**	7,505	+3.4
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	**501**	483	+3.7
Specific items – charges	**(38)**	(32)	
Specific items – credits	**25**	11	
Restructuring and separation costs	**(57)**	(31)	
Guaranteed minimum pension equalisation charge	**–**	(35)	
California class action settlement	**18**	(100)	
Loss on disposal/closure of subsidiaries/businesses	**(7)**	(15)	
Goodwill impairment	**(291)**	–	
Acquisition-related amortisation	**(6)**	(4)	
Operating profit	**145**	277	(47.7)
Net interest costs	**(118)**	(135)	
Profit before tax	**27**	142	(81.0)
Tax	**(107)**	(55)	
(Loss)/profit after tax	**(80)**	87	(192.0)
Profit from discontinued operations	**–**	2	
(Loss)/profit for the year	**(80)**	89	(189.9)
Non-controlling interests	**(11)**	(8)	
(Loss)/profit attributable to equity holders of the parent ("statutory earnings")	**(91)**	81	(212.3)
EPS	**(5.9)p**	5.2p	(213.5)
Operating cash flow	**504**	585	(13.8)

a. 2018 results have been restated for the effect of adopting IFRS 16 – Leases, see note 3(u).

Revenue

Revenue increased by 3.4% compared with the prior year statutory results. Of the increase, 0.8% (£61m) was due to movements in average exchange rates. At constant exchange rates revenue increased by 2.5%, which includes decreases in revenue from businesses disposed of during the year (£114m reduction) and from onerous contracts (£36m reduction). Excluding the effects of movements in exchange rates, disposed businesses and onerous contracts, revenue grew by 4.7% at constant exchange rates.

Adjusted PBITA

Adjusted PBITA of £501m (2018: £483m) was up 3.7%. Of the increase, 1.0% (£5m) was due to movements in exchange rates. At constant exchange rates, Adjusted PBITA increased 2.7%, which includes a £13m increase in Adjusted PBITA from onerous contracts and disposed businesses. Excluding the effect of movements in exchange rates, Adjusted PBITA from disposed businesses and onerous contracts, the Group's Adjusted PBITA was in line with the prior year.

Business performance is discussed in more detail by service line and region on page 71.

Specific items – charges

The specific items charge was £38m (2018: £32m). During 2019, the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf states and as a result incurred a non-recurring, non-cash expense of £15m. Also included within the specific items charge was a £14m charge in respect of legacy labour claims in the US and Brazil, and an amount of £5m that was incurred in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring services between 2004 and 2013 (see note 32). An additional £4m onerous contract provision was recorded as a specific item relating to a facilities management contract in the UK.

Specific item charges incurred during the year ended 31 December 2018 of £32m related to legacy employee claims in Asia and the Americas and a £9m onerous contract charge related to two UK Care & Justice Services contracts, reflecting estimated future losses over their expected remaining terms.

Specific items – credits

During the year the improved performance of three UK onerous contracts together with the review of their related provisions led to a £22m gain being recognised as a specific item credit. In addition, a specific item credit of £3m was recorded in respect of the recovery of a legacy claim in North America.

Specific items credits recorded during the year ended 31 December 2018 of £11m included a £5m release of onerous contract provisions in the UK for which the related charges had previously been recorded as specific items, following the implementation of operational efficiencies in the contracts leading to a reduction in expected future losses. In addition, a further £6m, primarily related to successful court claims made by the Group in the Americas, was credited as a specific item.

Restructuring and separation costs

Charges of £57m (2018: £31m) were recorded for restructuring and separation during the year ended 31 December 2019. Restructuring costs of £19m (2018: £30m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in Europe and the Middle East, the Americas and Cash Solutions. During the year, the Group also incurred costs of £38m in respect of the Cash Solutions separation. In addition, the Group incurred non-strategic reorganisation costs of £11m (2018: £9m) which are included within Adjusted PBITA.

Guaranteed minimum pension equalisation charge

Following the UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc (and others) in October 2018, the Group recorded a charge of £35m for the year ended 31 December 2018 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK.

California class action settlement

In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m ($110m) which was lower than the existing provision. As a result, the excess remaining provision of £18m ($22m) was released to the income statement and recognised as a credit within specific and other separately disclosed items.

Loss on disposal/closure of subsidiaries/businesses

During the year, the Group recognised a net loss of £7m (2018: £15m) reflecting costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018, offset by a small profit recognised on the disposal of a parking management business in Estonia. Disposals during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, its archiving business in Kenya and its Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia.

Goodwill impairment

During the year, the Group recognised a goodwill impairment of £205m (2018: £nil) to fully impair the goodwill in respect of its UK Cash Solutions business. The Group's UK Cash Solutions business continues to be profitable and the Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future with G4S well placed to exploit new opportunities as the market evolves. Nevertheless, given the rate of decline in cash volumes in the UK market experienced in 2019, the annual end-of-year impairment test has led to the need to impair the historical goodwill balance that was allocated to the business at the time of the merger between Group 4 Falck and Securicor in 2004.

The Group has also recognised a goodwill impairment of £35m (2018: £nil) in respect of its Brazil Secure Solutions business that was acquired in 2012. The impairment charge reflects the adverse macro-economic environment affecting the business that is expected to continue for a prolonged period.

A goodwill impairment of £40m (2018: £nil) has been recognised in relation to the Group's Facilities Management business in the UK reflecting the Group's strategy of managing this business for value and therefore bidding selectively for new work.

A goodwill impairment of £11m (2018: £nil) was also recognised to fully impair the goodwill in respect of the Group's Secure Solutions business in the United Arab Emirates reflecting a material contraction in the scale of that business in the year.

Acquisition-related amortisation

Acquisition-related amortisation was £6m (2018: £4m).

Operating profit

Operating profit for the year of £145m (2018: £277m) decreased by 47.7% which includes the 3.7% increase in Adjusted PBITA and the non-recurrence of the California claim of £100m and the pension equalisation charge of £35m incurred in 2018, offset by the Cash Solutions separation costs of £38m together with the £291m goodwill impairment charge in 2019.

Net interest costs

Net interest payable on net debt decreased to £103m (2018: £119m) reflecting the Group's refinancing programme replacing certain loan notes bearing high interest rates with new loan notes issued at lower rates since 31 December 2018 (see page 59 for details) and a reduction in interest on lease liabilities to £24m (2018: £27m). Net other finance costs were £4m (2018: £5m) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £11m (2018: £11m), resulting in a total net interest cost of £118m (2018: £135m).

Tax

The statutory tax charge of £107m (2018: £55m) for 2019 included a tax charge of £103m (2018: £92m) on the Group's underlying profits, as explained on page 63, a tax charge on onerous contracts of £3m (2018: £nil), a tax charge of £nil in respect of disposed businesses (2018: £1m), a tax credit of £8m (2018: £6m) in respect of restructuring and separation costs and a net tax charge of £9m (2018: credit of £32m) in respect of tax-specific items and tax charges and credits in respect of specific and other separately disclosed items (as discussed on page 66).

The Group's statutory tax charge represented an effective rate of 396% (2018: 39%) on profit before tax of £27m (2018: £142m). The very substantial increase in effective tax rate year-on-year reflects the nature of specific and other separately disclosed items in each year, where, in 2019 the majority of the items were non-tax deductible (being goodwill impairment) and in 2018 a significant element related to the California class action settlement which attracts a tax deduction in the US.

In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates; (ii) changes in the value, and recognition of, deferred tax assets and liabilities; (iii) permanent differences such as expenses disallowable for tax purposes; (iv) irrecoverable withholding taxes; (v) the level of provision required for potential tax liabilities not agreed with tax authorities; (vi) the impact of one-off items; and (vii) the overall level of profit against which the preceding items are measured.

In particular, the higher effective tax rate compared with the prior year is primarily driven by the impact of goodwill impairments (see note 18) for which no tax benefit is available, the level of provision required for potential liabilities not agreed with tax authorities, changes in the recognition of deferred tax assets and the geographic mix of profits.

Non-controlling interests

Profit attributable to non-controlling interests was £11m in 2019 (2018: £8m). The increase primarily reflects the renegotiation of shareholder agreements for certain businesses primarily in the Middle East and Asia during the second half of 2018 and the first half of 2019, resulting in the Group recognising new non-controlling interests in these businesses, offset by £6m of specific item charges recorded in statutory non-controlling interests.

Profit/loss attributable to equity holders of the parent ("statutory earnings")

The Group's loss for the year attributable to equity holders of the parent ("statutory earnings") was £91m (2018: profit of £81m) reflecting the goodwill impairment charge of £291m.

Earnings/loss per share

Statutory loss per share[a] was 5.9p (2018: earnings per share of 5.2p), based on the weighted average number of shares in issue of 1,547m (2018: 1,547m). A reconciliation of the Group's statutory profit for the year to EPS is provided below:

Earnings per share	**2019** **£m**	2018 at constant exchange rates[c,d] £m	2018 at actual exchange rates[d] £m
(Loss)/profit for the year	**(80)**	89	89
Non-controlling interests	**(11)**	(8)	(8)
(Loss)/profit attributable to equity holders of the parent (earnings)	**(91)**	81	81
Average number of shares[b] (m)	**1,547**	1,547	1,547
Statutory (loss)/earnings per share[a] (p)	**(5.9)**	5.2	5.2

a. Basis of preparation of statutory results is shown on page 168.
b. Stated net of the average number of shares held in the Employee Benefit Trust of 5m (2018: 5m).
c. Refer to page 52 for a definition of constant currency results.
d. 2018 results have been restated for the effect of adopting IFRS 16 – Leases, see note 3(u).

Review of the Group's consolidated statement of financial position

Significant movements in the consolidated statement of financial position

Current loan notes reduced to £56m (31 December 2018: £464m), reflecting the repayment of certain loan notes during the year, as explained on page 59. In addition, non-current bank loans increased to £533m (31 December 2018: £299m) reflecting the increased draw-down of the Revolving Credit Facility (RCF) in 2019.

Total assets of £734m and liabilities of £280m were transferred to assets and liabilities held for sale in the Group's consolidated statement of financial position at 31 December 2019 in contemplation of the conventional cash disposal, refer to note 24.

The following movements in the Group's consolidated statement of financial position are set out elsewhere in this report, as follows:

- cash, cash equivalents and overdrafts are explained below;
- goodwill impairment recognised during the year is set out in note 18;
- retirement benefit obligations are explained in note 31;
- provisions are analysed in note 32; and
- net debt is analysed in note 36.

Total equity

Total equity at 31 December 2019 was £302m (31 December 2018: £740m). The main movements during the year were: a loss for the year of £80m (2018: profit of £89m), other comprehensive loss of £185m (2018: income of £44m), and dividends declared in the year of £174m (2018: £170m). The other comprehensive loss of £185m included a re-measurement loss on retirement benefit schemes of £148m (2018: gain of £38m) as explained on page 61, an exchange loss on translation of foreign operations of £99m (2018: gain of £45m) and a fair value gain in respect of net investment and cash flow hedging financial instruments of £33m (2018: loss of £31m).

Review of the Group's cash flow and financing

Consolidated statement of cash flows

Net cash flow from operating activities before tax was £504m (2018: £585m). Net cash flow from operating activities was £414m (2018: £487m) reflecting underlying operating cash flow, the settlement of the California class action and restructuring and separation costs. Net cash used in investing activities was £85m (2018: £48m), including net capital expenditure of £110m (2018: £102m) and £12m (2018: £45m) of net business disposal proceeds. Net cash outflow from financing activities was £430m (2018: £381m) with the difference compared with the prior year being mainly the repayment of borrowings of £460m (2018: £658m). Cash, cash equivalents and overdrafts at 31 December 2019 were £519m (2018: £673m), a net decrease compared with 31 December 2018, including the impact of exchange rate movements, of £154m (2018: increase of £102m). The Group's statutory cash flow is presented in full on page 167.

Net debt

Net debt as at 31 December 2019 was £2,092m (2018: £2,024m). The Group's net debt to Adjusted EBITDA ratio increased to 2.88x (2018: 2.75x) reflecting the increase in net debt and lower EBITDA compared with the prior year. A detailed reconciliation of movements in net debt is provided on page 67. Net debt to Adjusted EBITDA calculated on a proforma basis to reflect the sale of the majority of the conventional cash businesses of 2.36x is reconciled on page 69.

Net debt maturity

In March 2020, the Group's credit rating was re-affirmed by Standard & Poor's as BBB-, with a stable outlook. As at 31 December 2019 the Group had liquidity of £1,279m (2018: £1,423m) comprising cash, cash equivalents and bank overdrafts of £519m (2018: £673m) and unutilised but committed facilities of £760m (2018: £750m).

During the year, the Group issued $162m of US private loan notes maturing in May 2026, and $188m of US private loan notes maturing in May 2029. The Group also repaid £350m of GBP public bonds bearing interest rates of 7.75%, and $145m of US private loan notes bearing interest rates of 5.96%. As at 31 December 2019, the Group had drawn down £240m from the RCF (2018: undrawn). In June 2019, the Group exercised an option to extend the term of £716m of the £750m RCF by a further year, taking it to 2024. In July 2019 the Group entered into a £300m bridge facility for 12 months with an option to extend for a further six months, amended in December 2019 to £250m with a 3 month extension so that final maturity is October 2020. This was undrawn as at 31 December 2019.

The next debt maturities are the $74.5m US private loan note due in July 2020 and the $350m term loan facility due in 2021. The Group has good access to the capital markets and a diverse range of finance providers. Borrowings are principally in Sterling, US dollars and Euros, reflecting the geographies of significant operational assets and earnings.

The Group's main sources of finance and their applicable rates as at 31 December 2019 are set out below:

				Year of redemption and amounts (£m)[b]								
Debt instrument/Year of issue	Nominal amount[a]	Issued interest rate	Post-hedging average interest rate	2020	2021	2022	2023	2024	2025	2026	2029	Total
US PP 2007	US$105m	6.06%	2.73%			79						79
US PP 2008	US$74.5m	6.88%	6.88%	56								56
US PP 2019	US$162m	4.90%	3.83%							124		124
US PP 2019	US$188m	5.12%	4.32%								144	144
Public Bond 2016	€500m	1.50%	2.25%				438					438
Public Bond 2017	€500m	1.50%	3.24%					423				423
Public Bond 2018	€550m	1.88%	2.80%						476			476
Term Loan Facility 2018	US$350m	3.44%	3.13%		264							264
Revolving Credit Facility 2018[c]	£750m (multi-currency)	1.71%	1.71%				11	229				240
Bridge facility	£250m	Undrawn	–									–
				56	264	79	449	652	476	124	144	2,244

a. Nominal debt amount, for fair value carrying amount see note 30.
b. Translated at exchange rates prevailing at 31 December 2019, or hedged exchange rates where applicable.
c. Of the £750m revolving credit facility, £34m matures in August 2023 with the remaining £716m maturing in August 2024. As at 31 December 2019, the Group had drawn down £240m from the facility.

The committed bank facilities and private loan notes are subject to a financial covenant of 3.5x net debt to Adjusted EBITDA ratio as explained in note 30 on page 212.

The Group's average cost of gross borrowings, net of lease liabilities and interest hedging, was 3.6% (2018: 3.9%).

Financing and treasury activities

The Group's treasury function is responsible for ensuring the availability of cost-effective finance and for managing the Group's financial risk arising from currency and interest rate volatility and counterparty credit. Group Treasury is not a profit centre and is not permitted to speculate in financial instruments. The treasury department's policies are set by the board and the treasury function is subject to the controls appropriate to the risks it manages which are discussed in note 30 on pages 211 to 216.

To assist the efficient management of the Group's interest costs, the Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. The Group presents pooled cash and overdrafts gross in the consolidated statement of financial position.

Other information

Significant exchange rates applicable to the Group

The Group derives a significant portion of its revenue and profits in the following currencies. Closing and average rates for these currencies are shown below:

	As at 31 December 2019	Year to 31 December 2019 average rates	As at 31 December 2018	Year to 31 December 2018 average rates
£/US$	1.3263	1.2774	1.2746	1.3336
£/€	1.1813	1.1412	1.1130	1.1294
£/South Africa Rand	18.5415	18.4364	18.3288	17.5598
£/India Rupee	94.49	89.8276	88.8104	90.9294
£/Brazil Real	5.3336	5.0283	4.9461	4.8621
£/Saudi Riyal	4.9759	4.7978	4.7807	5.0098
£/Canada Dollar	1.7213	1.6939	1.7365	1.7268

Applying December 2019 closing rates to underlying results for the year to 31 December 2019 would result in a decrease in revenue of 2.9% to £7,448m (for the year ended 31 December 2018: decrease of 2.9% to £7,119m) and a decrease in Adjusted PBITA of 3.2% to £485m (for the year ended 31 December 2018: decrease of 3.0% to £486m).

Applying December 2019 closing rates to the Group's statutory results for the year to 31 December 2019 would result in a decrease in revenue of 2.9% to £7,534m (for the year ended 31 December 2018: decrease of 2.1% to £7,351m) and a decrease in Adjusted PBITA of 3.2% to £485m (for the year ended 31 December 2018: decrease of 1.9%, to £474m).

The movements in average exchange rates led to an increase in statutory revenue of 0.8% and an increase in Adjusted PBITA of 1.0%. The impact of exchange rate movements decreased the Group's net debt by £10m compared with the prior year.

Dividend

In assessing the dividend, the board considers:

- future investment requirements;
- the Group's pension obligations;
- net debt to Adjusted EBITDA;
- the availability of distributable reserves in the parent company; and
- reward to shareholders.

As announced on 23 March 2020, notwithstanding the Group's strong liquidity and robust business continuity plans, the board considers that the uncertainty relating to Covid-19 and its impact on economic activity in our key markets has increased substantially since the date of the Group's preliminary full year results announcement. In these circumstances, the board will not be proposing the payment of a final dividend in respect of the full year 2019 at the forthcoming Annual General Meeting. Once the adverse impact of Covid-19 has abated, it is the board's intention to restore the dividend, taking into account the board's objective of attaining dividend cover of 2.0x and thereafter pursuing a progressive dividend policy. For the year ended 31 December 2019, the interim dividend was 3.59p (DKK 0.2905) per share (for the year ended 31 December 2018, the interim dividend was 3.59p; DKK 0.2969 and the total dividend was 9.70p; DKK 0.8290).

Pensions

As at 31 December 2019 the net defined benefit pension obligation in the consolidated statement of financial position was £411m (2018: £364m) of which £292m (2018: £248m) related to material funded defined benefit schemes. Net of related deferred tax balances, the Group's net pension obligation was £331m (2018: £302m). In addition, pension deficits of £57m included within businesses in disposal groups held for sale (primarily reflecting a net deficit in the Netherlands Cash Solutions pension scheme of £46m) were transferred to liabilities relating to disposal groups held for sale.

Following the agreed sale of the majority of the Group's conventional cash businesses, the defined benefit scheme in the UK accounts for all (2018: 86%) of the net balance sheet liability for material funded defined retirement benefit schemes. The scheme has approximately 26,000 members and further details of the make-up of the scheme are given in note 31 on page 218.

	2019 £m	2018 £m
Scheme assets	2,425	2,219
Obligations	(2,717)	(2,432)
Net UK obligations	(292)	(213)

The UK scheme's pension liabilities increased compared with the position as at 31 December 2018 primarily reflecting the decrease in discount rates to 2.00% (31 December 2018: 2.85%) used to compute the scheme obligations following a reduction in corporate bond rates offset by the payment of scheduled deficit repair contributions of £52m (2018: £41m) during the year.

The triennial valuation in respect of the UK scheme has concluded, as a result of which the Group has agreed to pay future deficit repair contributions in line with the previous schedule. The schedule sets the deficit repair payment for 2020 at £53m.

Interest rate risk and interest rate swaps

The Group's investments and borrowings at 31 December 2019 were a mix of fixed rates of interest and floating rates of interest linked to LIBOR and EURIBOR.

The March 2007, July 2008 and May 2019 private placement notes along with the November 2016, June 2017 and May 2018 public notes were all issued at fixed rates, whilst the Group's investments and bank borrowings were all at variable rates of interest linked to LIBOR and EURIBOR.

The Group's interest-risk policy requires treasury to maintain a proportion of the Group's debt at fixed rates within the range of 25% to 75%, using the natural mix of fixed and floating interest rates arising from the bond and bank markets and by utilising interest rate and cross currency swaps. As at 31 December 2019, 64% (2018: 69%) of the Group's debt is held at fixed rates.

Part of the private placement and public notes have been swapped to floating interest rates and accounted for as being part of fair value hedges, with a net loss in the hedging instruments at 31 December 2019 of £1m (2018: £6m). At 31 December 2019, the market value of the outstanding pay-fixed receive-variable swaps and the pay-fixed receive-fixed cross currency swaps, that were subject to hedge accounting, was a net liability of £24m (2018: asset of £32m).

Foreign currency hedging

The Group has many overseas subsidiaries and joint ventures, denominated in various different currencies. Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt to Adjusted EBITDA ratio by holding foreign-currency denominated loans and cross currency swaps.

At 31 December 2019, the Group's US dollar and Euro net assets were approximately 69% and 88% respectively, hedged by foreign currency debt. Net debt held in US dollars and Euros, and in those currencies officially pegged to these two currencies, equated broadly to a ratio of 2.8x Adjusted EBITDA generated from these currencies (2018: 2.5x Adjusted EBITDA).

Tax policy

The Group's tax strategy can be found at g4s.com.

Corporate governance

The Group's policies regarding risk management and corporate governance are set out in the Risk management section on pages 78 to 87 and in the Corporate governance report on page 114.

Business performance – Alternative Performance Measures (APMs)

Summary Group results

Year ended 31 December 2019 (at 2019 average exchange rates)

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring and separation	Specific and other separately disclosed items[d]	**Statutory**
Revenue	7,672	86	–			7,758
Adjusted PBITA[b]	501	–	–			501
Net specific and other items[d]	–	18	–	(57)	(317)	(356)
Profit before tax	383	18	–	(57)	(317)	27
Tax	(103)	(3)	–	8	(9)	(107)
Profit/(loss) after tax	280	15	–	(49)	(326)	(80)
Earnings/(loss)[e]	263	15	–	(49)	(320)	(91)
EPS[e]	17.0p	1.0p	–	(3.2)p	(20.7)p	(5.9)p
Operating cash flow[f]	633	5	–	(47)	(87)	504

Year ended 31 December 2018 (at 2019 average exchange rates) – restated[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Specific and other separately disclosed items[d]	**Constant currency results[h]**
Revenue	7,330	122	114			7,566
Adjusted PBITA[b]	501	(4)	(9)			488
Net specific and other items[d]	–	(4)	–	(30)	(175)	(209)
Profit before tax	367	(10)	(10)	(30)	(175)	142
Tax	(93)	–	(1)	6	33	(55)
Profit after tax	274	(10)	(11)	(24)	(142)	87
Earnings[e]	261	(10)	(6)	(24)	(140)	81
EPS[e]	16.9p	(0.6)p	(0.4)p	(1.6)p	(9.0)p	5.2p
Operating cash flow[f]	582	30	(1)	(26)	–	585

Year ended 31 December 2018 (at 2018 average exchange rates) – restated[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Specific and other separately disclosed items[d]	Statutory
Revenue	7,271	122	112			7,505
Adjusted PBITA[b]	495	(4)	(8)			483
Net specific and other items[d]	–	(4)	–	(31)	(171)	(206)
Profit before tax	363	(10)	(9)	(31)	(171)	142
Tax	(92)	–	(1)	6	32	(55)
Profit after tax	271	(10)	(10)	(25)	(139)	87
Earnings[e]	258	(10)	(5)	(25)	(137)	81
EPS[e]	16.7p	(0.6)p	(0.3)p	(1.6)p	(8.9)p	5.2p
Operating cash flow[f]	582	30	(1)	(26)	–	585

a. Underlying results are Alternative Performance Measures as defined and explained on page 52 and exclude the results of businesses disposed of during the current or prior year (but include the businesses subject to the conventional cash disposal), the effect of onerous contracts and specific and other separately disclosed items.
b. Adjusted PBITA is an Alternative Performance Measure as defined and explained on page 53 and excludes specific and other separately disclosed items.
c. Disposed businesses include the results of all businesses that have been sold or closed by the Group before 31 December 2019 and are excluded from underlying results to present the underlying result of the current and comparative years on a like-for-like basis.
d. Other separately disclosed items include goodwill impairment, net profit/(loss) on disposal/closure of subsidiaries/businesses, the California class action settlement and acquisition-related amortisation. The associated tax impact is included in the tax charge within "other separately disclosed items". In addition, tax-specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are included within the tax charge within "other separately disclosed items". The accounting policy for specific and other separately disclosed items is provided on page 53.
e. Earnings/loss is defined as profit/loss attributable to equity shareholders of G4S plc. Underlying earnings and underlying EPS exclude specific and other separately disclosed items as described on page 53 and are reconciled to statutory earnings and statutory EPS above.
f. Operating cash flow is defined on page 53 as net cash flow from operating activities of continuing operations and is stated after pension deficit contributions of £52m (2018: £41m). For the year ended 31 December 2018 it is presented at 2018 average exchange rates. Operating cash flow is reconciled to the Group's movements in net debt on page 67.
g. Restated for the adoption of IFRS 16 – Leases, see note 3(u). Results for the year ended 31 December 2018 are reconciled to previously reported results on page 68.
h. Constant currency amounts show the 2018 statutory results retranslated at 2019 average exchange rates as described on page 52. Constant currency amounts should not be considered as or used in place of the Group's statutory results. Constant currency operating cash flow is translated at 2018 average exchange rates.

Basis of preparation of underlying results

The following review discusses the Group's underlying results, which are an Alternative Performance Measure as described on page 52 and are reconciled to statutory results on page 62. Throughout this review, to aid comparability, 2018 results are presented on a constant-currency basis by applying 2019 average exchange rates, unless otherwise stated. The results for the year ended 31 December 2018 have been restated for the adoption of IFRS 16 – Leases, as explained in note 3(u).

Underlying results

At 2019 average exchange rates	2019[a] £m	2018[a,b] Restated[c] £m	YoY %
Revenue	**7,672**	7,330	4.7%
Adjusted profit before interest, tax and amortisation (Adjusted PBITA[a])	**501**	501	–
Adjusted PBITA[a] margin	**6.5%**	6.8%	
Interest	**(118)**	(134)	
Profit before tax	**383**	367	4.4%
Tax	**(103)**	(93)	
Profit after tax	**280**	274	2.2%
Non-controlling interests	**(17)**	(13)	
Earnings[a] (profit attributable to equity holders of the parent)	**263**	261	0.8%
EPS[a] (p)	**17.0**	16.9	0.6%
Operating cash flow[a,b]	**633**	582	8.8%

a. Underlying results, Adjusted PBITA, earnings, EPS and operating cash flow are Alternative Performance Measures as defined and explained on pages 52 and 53. They exclude the effect of specific and other separately disclosed items, the results of onerous contracts and the results of businesses sold or closed before 31 December 2019, but include the results of businesses subject to the conventional cash disposal, and are reconciled to the Group's statutory results on page 62.
b. 2018 comparatives are presented at 2019 average exchange rates as described on page 52, except for operating cash flow which is presented at 2018 average exchange rates.
c. The 2018 results have been restated for the effect of adopting IFRS 16 – Leases, see note 3(u).

Revenue

The Group's revenue increased by 4.7% year-on-year. Secure Solutions revenues were 4.7% higher than the prior year, as explained on page 72. Cash Solutions revenue increased by 4.6% following a strong performance in North America Retail Cash Solutions, offset by challenging market conditions in the UK.

Adjusted PBITA

Adjusted PBITA of £501m (2018: £501m) was in line with the prior year. This reflects a reduction in Adjusted PBITA of £7m in Secure Solutions and an increase in Adjusted PBITA in Cash Solutions of £5m, which reflected an £8m one-off benefit in 2018 relating to the early completion of a bullion centre contract in the UK.

Interest

Net interest payable on net debt decreased to £103m (2018: £118m) reflecting the Group's refinancing programme replacing certain loan notes bearing high interest rates with new loan notes issued at lower interest rates since 30 June 2018 (see page 59 for details) and a reduction in interest on lease liabilities to £24m (2018: £27m). Net other finance costs were £4m (2018: £5m) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £11m (2018: £11m), resulting in a total net interest cost of £118m (2018: £134m).

Tax

A tax charge of £103m (2018: £93m) was incurred on profit before tax of £383m (2018: £367m) which represents an effective tax rate of 27% (2018: 25%). In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates; (ii) changes in the value, and recognition of, deferred tax assets and liabilities; (iii) permanent differences such as expenses disallowable for tax purposes; (iv) irrecoverable withholding taxes; (v) the level of provision required for potential tax liabilities not agreed with tax authorities; (vi) the impact of one-off items; and (vii) the overall level of profit against which the preceding items are measured.

The higher effective tax rate compared with the prior year is primarily driven by the level of provision required for potential liabilities not agreed with tax authorities, changes in the recognition of deferred tax assets and the geographic mix of profits.

Non-controlling interests

Profit attributable to non-controlling interests was £17m in 2019, an increase from £13m in 2018, primarily reflecting the increased share of profits due to non-controlling interests in certain businesses in Europe & Middle East and Asia.

Earnings

The Group generated profit attributable to equity holders ("earnings") of £263m (2018: £261m) for the year ended 31 December 2019.

Earnings per share

Earnings per share was 0.6% higher than the prior year at 17.0p (2018: 16.9p), based on the weighted average of 1,547m (2018: 1,547m) shares in issue[a]. A reconciliation of profit for the year to earnings per share is provided below:

Underlying earnings per share	2019 £m	2018 at constant exchange rates Restated[b] £m	2018 at actual exchange rates Restated[b] £m
Underlying profit for the year	**280**	274	271
Non-controlling interests	**(17)**	(13)	(13)
Underlying profit attributable to equity holders of the parent (earnings)	**263**	261	258
Average number of shares[a] (m)	**1,547**	1,547	1,547
Underlying earnings per share (p)	**17.0**	16.9	16.7

a. Stated net of the average number of shares held in the Employee Benefit Trust of 5m (2018: 5m), see note 35.
b. Restated for the impact of IFRS 16 – Leases, see note 3(u).

Onerous contracts

The Group's onerous contracts generated revenues of £86m (2018: £122m) for the year ended 31 December 2019, which are lower than the prior year reflecting the finalisation of two UK contracts during the year. This included the COMPASS contract that ended in August 2019, which was managed to completion within existing provisions. Onerous contracts reported Adjusted PBITA of £nil for the year ended 31 December 2019. For the year ended 31 December 2018 onerous contracts reported Adjusted PBITA of £(4)m, which mainly represented the write down of the value of the assets and the recognition of an onerous contract provision in respect of two UK Care & Justice Services contracts.

During the year the improved performance of three UK contracts together with the review of their related provisions led to a £22m gain being recognised as a specific item credit in the income statement. In the prior year the Group recognised a £5m specific item credit following the implementation of operational efficiencies in respect of certain onerous contracts that had led to a reduction in expected future losses.

In 2019, the Group also recognised a £4m additional onerous contract provision recorded as a specific item relating to a facilities management contract in the UK. In 2018, the Group recognised a £9m charge related to two UK Care & Justice Services contracts, reflecting the estimated losses over the expected remaining contract terms.

Operating cash flow in respect of onerous contracts was £5m for the year ended 31 December 2019 (2018: £30m) excluding lease payments of £27m (2018: £41m) which, following the Group's adoption of IFRS 16, are reported outside of operating cash flows.

Disposed businesses

In early 2019 the Group sold a parking management business in Estonia which had not generated any material revenue or Adjusted PBITA in 2019 to the date of disposal. The Group did not dispose of any other significant businesses during the year.

Businesses sold during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, an archiving business in Kenya and the Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia, and these businesses, together with the parking management business in Estonia sold in 2019, generated revenue of £114m and Adjusted PBITA of £(9)m for the year ended 31 December 2018.

Restructuring and separation

Charges of £57m (2018: £30m) were recorded for restructuring and separation during the year ended 31 December 2019. Restructuring costs of £19m (2018: £30m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in Europe and the Middle East, the Americas and Cash Solutions. During the year the Group also incurred costs of £38m in respect of the Cash Solutions separation. In addition, the Group incurred non-strategic reorganisation costs of £11m (2018: £9m) which are included within Adjusted PBITA.

Specific and other separately disclosed items

	2019 £m	2018 at constant exchange rates Restated[a] £m	2018 at actual exchange rates Restated[a] £m
Specific items – charges	**(34)**	(24)	(23)
Specific items – credits	**3**	6	6
Guaranteed minimum pension equalisation charge	**–**	(35)	(35)
California class action settlement	**18**	(104)	(100)
Net loss on disposal/closure of subsidiaries/businesses	**(7)**	(14)	(15)
Goodwill impairment	**(291)**	–	–
Acquisition-related amortisation	**(6)**	(4)	(4)
Specific and other separately disclosed items before tax	**(317)**	(175)	(171)
Tax credits arising on specific and other separately disclosed items	**2**	35	34
Tax charges for tax-only specific items	**(11)**	(2)	(2)
Total tax (charges)/credits arising on specific and other separately disclosed items	**(9)**	33	32
Specific and separately disclosed items after tax	**(326)**	(142)	(139)
Profit from discontinued operations	**–**	2	2
Non-controlling interests' share of specific and other separately disclosed items	**6**	–	–
Total specific and other separately disclosed items – charge to earnings	**(320)**	(140)	(137)

a. Restated for the impact of adopting IFRS 16 – Leases, see note 3(u).

Specific items

The specific items charge was £34m (2018: £24m). During 2019, the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf states and as a result incurred a non-recurring, non-cash expense of £15m. Also included within the specific items charge was a £14m charge in respect of legacy labour claims in the US and Brazil, and an amount of £5m that was incurred in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring services between 2004 and 2013 (see note 32).

Specific item charges incurred during the year ended 31 December 2018 of £24m related to legacy employee claims in Asia and the Americas.

The specific items credit of £3m (2018: £6m) relates to the recovery of a legacy claim in North America. The specific items credit in 2018 of £6m primarily related to successful legal claims made by the Group in the Americas.

Guaranteed minimum pension equalisation charge

Following the UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc (and others) in October 2018, the Group recorded a charge of £35m for the year ended 31 December 2018 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK.

California class action settlement

In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m which was lower than the existing provision. As a result, the excess remaining provision of £18m ($22m) was released to the income statement and recognised as a credit within specific and other separately disclosed items.

Net loss on disposal/closure of subsidiaries/businesses

During the year, the Group recognised a net loss of £7m (2018: £14m) reflecting costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018, offset by a small profit recognised on the disposal of a parking management business in Estonia. Disposals during the year ended 31 December 2018 included the Group's businesses in Hungary and the Secure Solutions business in the Philippines, its archiving business in Kenya and its Cash Solutions businesses in the United Arab Emirates, Colombia and Saudi Arabia.

Goodwill impairment

During the year the Group recognised a goodwill impairment of £205m (2018: £nil) to fully impair the goodwill in respect of its UK Cash Solutions business. The Group's UK Cash Solutions business continues to be profitable and the Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future with G4S well placed to exploit new opportunities as the market evolves. Nevertheless, given the rate of decline in cash volumes in the UK market experienced in 2019, the annual end-of-year impairment test has led to the need to impair the historical goodwill balance that was allocated to the business at the time of the merger between Group 4 Falck and Securicor in 2004.

The Group has also recognised a goodwill impairment of £35m (2018: £nil) in respect of its Brazil Secure Solutions business that was acquired in 2012. The impairment charge reflects the adverse macro-economic environment affecting the business that is expected to subsist for a prolonged period.

A goodwill impairment of £40m (2018: £nil) has been recognised in relation to the Group's Facilities Management business in the UK reflecting the Group's strategy of managing this business for value and therefore bidding selectively for new work.

A goodwill impairment of £11m (2018: £nil) was also recognised to fully impair the goodwill in respect of the Group's Secure Solutions business in the United Arab Emirates reflecting a material contraction in the scale of that business in the year.

Acquisition-related amortisation

Acquisition-related amortisation was £6m (2018: £4m).

Tax charges/credits arising on specific and other separately disclosed items

Total tax charges arising on specific and other separately disclosed items were £9m (2018: credits of £33m).

Tax credits arising on specific and other separately disclosed items were £2m (2018: £35m). The credits for the year ended 31 December 2018 primarily related to amounts owed to class members and their advisors under the proposed California class action settlement for which a deferred tax asset was established at 31 December 2018. The California class action was settled for less than anticipated. The deferred tax asset reversed in 2019 in specific items follows the release of the excess provision resulting from the reduced settlement. Tax credits are not available for goodwill impairments (see note 18) and as such no tax benefit has been provided for these impairments.

The tax charge for tax-only specific items was £11m (2018: £2m) and includes a reduction in the value of deferred tax assets following tax reforms in India, a provision for a tax dispute in Indonesia regarding the deductibility of certain operating expenses, a provision against the recoverability of withholding taxes suffered in Brazil and credits arising from the release of deferred tax liabilities relating to the California class action settlement no longer required following agreement with the UK and US tax authorities.

Non-controlling interests' share of specific and other separately disclosed items

Non-controlling interests' share of specific and other separately disclosed items of £6m (2018: £nil) represents the non-controlling interests' share of the recruitment-related specific item in certain countries in the Middle East.

Reconciliation between statutory operating profit and net debt

A reconciliation between operating profit, as presented in the Group's consolidated income statement, to movement in net debt is presented below with 2019 amounts presented at actual rates for the year and the prior year amounts presented at 2018 average exchange rates.

	2019 £m	2018 Restated[a] £m
Operating profit	**145**	277
Adjustments for non-cash and other items (see page 167)	**373**	385
Net working capital movement	**(14)**	(77)
Net cash flow from operating activities before tax (see page 167)	**504**	585
Adjustments for:		
Restructuring and separation spend	**47**	26
California class action settlement	**87**	–
Cash flow	**638**	611
Analysed between:		
Underlying operating cash flow	**633**	582
Disposed businesses	**–**	(1)
Onerous contracts	**5**	30
Investment in the business		
Purchase of fixed assets, net of disposals	**(110)**	(102)
New leases	**(78)**	(125)
Restructuring and separation spend	**(47)**	(26)
Disposal/closure of subsidiaries/businesses (see note 8)	**12**	45
Acquisition of subsidiaries	**(4)**	(4)
Net debt in disposed businesses	**3**	(21)
Net investment in the business	**(224)**	(233)
Net cash flow after investing in the business	**414**	378
Other uses of funds		
Net interest paid	**(122)**	(124)
Tax paid	**(90)**	(98)
Dividends paid	**(172)**	(170)
Purchase of own shares	**(11)**	(11)
Transactions with non-controlling interests	**(14)**	(1)
California class action settlement	**(87)**	–
Other	**4**	7
Net other uses of funds	**(492)**	(397)
Net increase in net debt before foreign exchange movements	**(78)**	(19)
Net debt at the beginning of the year	**(2,024)**	(1,965)
Effect of foreign exchange movements	**10**	(40)
Net debt at the end of the year	**(2,092)**	(2,024)

a. Restated for the adoption of IFRS16 – Leases, see note 3(u).

Movement in net debt during the year

The Group generated underlying operating cash flow of £633m (2018: £582m) after pension deficit repair contributions of £52m (2018: £41m) during the year. Underlying operating cash flow represents 126% (2018: 118%) of Adjusted PBITA. The Group invested £188m (2018: £227m) in net capital expenditure including £78m (2018: £125m) in leased assets that are capitalised in accordance with IFRS 16. The relatively high level of new leases in 2018 reflected the timing of the renewal of fleet lease vehicles in North America as well as significant new leases of accommodation for guards to service contracts in Europe & Middle East. The Group received net proceeds of £12m (2018: £45m) from the disposal of businesses and made no significant acquisitions in the year.

Net cash flow after investing in the business was £414m (2018: £378m). The Group's net increase in net debt before foreign exchange movements was £78m (2018: £19m) after net interest of £122m (2018: £124m), tax paid of £90m (2018: £98m), the payment of £87m (2018: £nil) to settle the California class action claim (see page 65) and dividends paid of £172m (2018: £170m).

The Group's net debt as at 31 December 2019 was £2,092m (December 2018: £2,024m).

Tim Weller
Group Chief Financial Officer

Reconciliation of underlying results by segment – for the year ended 31 December 2018

Revenue by reportable segment (£m)	Underlying as previously reported	Movements in onerous contracts[a]	Movements in disposed businesses[b]	Restatement for IFRS 16[c]	Underlying results at actual rates[e]	Exchange differences[d]	Underlying results at constant rates[e]
Year ended 31 December 2018							
Africa	405	–	–	–	405	(5)	400
Americas	2,443	–	–	–	2,443	41	2,484
Asia	881	–	–	–	881	19	900
Europe & Middle East	2,501	(4)	(7)	–	2,490	4	2,494
Cash Solutions	1,059	–	–	(7)	1,052	–	1,052
Total Group revenue	**7,289**	**(4)**	**(7)**	**(7)**	**7,271**	**59**	**7,330**
Adjusted PBITA by reportable segment (£m)							
Year ended 31 December 2018							
Africa	32	–	–	2	34	(2)	32
Americas	129	–	–	4	133	3	136
Asia	63	–	–	2	65	2	67
Europe & Middle East	179	–	(1)	7	185	2	187
Cash Solutions	121	–	–	7	128	1	129
Adjusted PBITA before corporate costs	**524**	**–**	**(1)**	**22**	**545**	**6**	**551**
Corporate costs	(50)	–	–	–	(50)	–	(50)
Total Group Adjusted PBITA	**474**	**–**	**(1)**	**22**	**495**	**6**	**501**
Other financial KPIs (£m)							
Year ended 31 December 2018							
Profit before tax	365	–	(1)	(1)	363	4	367
Profit after tax	272	–	(1)	–	271	3	274
Earnings	259	–	(1)	–	258	3	261
Earnings per share – p	16.7	–	(0.1)	0.1	16.7	0.2	16.9
Operating cash flow	453	–	(2)	131	582	–	582

a. During 2019, one UK government contract became onerous and has therefore been re-classified from underlying results to onerous contracts, and prior year comparatives have been re-presented to reflect this.
b. To present results on a consistent and comparable basis, the results from any businesses sold or closed in either the current or prior years are excluded from the underlying results in both the current and prior years. The movement in disposed businesses reflects the disposal of a parking management business in Estonia which was sold in 2019.
c. With effect from 1 January 2018 the Group has adopted IFRS 16 – Leases, as explained in note 3(u), which has resulted in certain 2018 income statement line items being restated.
d. The results for the year ended 31 December 2018 were previously reported at average exchange rates for the year ended 31 December 2018. The comparative results have been re-presented at average exchange rates for the year ended 31 December 2019 as described on page 52.
e. Underlying results are an APM and are explained on page 52 and reconciled to the Group's statutory results on page 62.

Proforma segmental analysis of underlying revenue and Adjusted PBITA of the businesses subject to the conventional cash disposal

On 26 February 2020 the Group announced that it had entered into an agreement to sell the majority of its conventional cash businesses (the "conventional cash transaction"), with 2019 revenues of £0.6bn, to Brink's for an enterprise value of £727m. Under the agreement, completion of the sale is phased with expected total net cash proceeds of approximately £670m, of which the Group has received around 71% as at 28 April 2020. A further 27% is due to be received in H2 2020 and 3% after 2020. Timing of completion of further phases is subject to customary consultations and approvals.

Set out below is a proforma segmental presentation of underlying 2018 and 2019 revenue and Adjusted PBITA for the Group split between the conventional cash businesses which the Group has agreed to sell to Brink's (the "Disposal Group"), and the retained businesses, together with a proforma calculation of the Group's net debt to Adjusted EBITDA based on the balance sheet position of the Group as at 31 December 2019. The estimated net cash proceeds of £670m noted above is based on the projected balance sheet position of the disposal businesses at completion.

Underlying results at constant rates Revenue by reportable segment (£m)	Retained Group 2019	Disposal Group 2019	Total 2019	Retained Group 2018 Restated[a]	Disposal Group 2018 Restated[a]	Total 2018 Restated[a]
Africa	425	–	425	400	–	400
Americas	2,696	7	2,703	2,477	7	2,484
Asia	916	24	940	876	24	900
Europe & Middle East	2,453	51	2,504	2,458	36	2,494
Cash Solutions	559	541	1,100	544	508	1,052
Total Group revenue	**7,049**	**623**	**7,672**	**6,755**	**575**	**7,330**
Adjusted PBITA by reportable segment (£m)						
Africa	30	–	30	32	–	32
Americas	136	–	136	136	–	136
Asia	69	1	70	66	1	67
Europe & Middle East	175	4	179	185	2	187
Cash Solutions	60	74	134	60	69	129
Adjusted PBITA before corporate costs	**470**	**79**	**549**	**479**	**72**	**551**
Corporate costs	(44)	(4)	(48)	(46)	(4)	(50)
Total Group Adjusted PBITA	**426**	**75**	**501**	**433**	**68**	**501**

a. Restated for the effect of IFRS 16 – Leases, see note 3(u).

Proforma Group net debt to Adjusted EBITDA ratio	2019 £m	Disposal Group £m	2019 Proforma £m
Adjusted PBITA (page 163)	**501**	**(75)**	**426**
Add back:			
Depreciation	204	(43)	161
Amortisation of non-acquisition-related intangible assets	22	(1)	21
Adjusted EBITDA	**727**	**(119)**	**608**
Net debt per note 36	**2,092**	**(657)**	**1,435**
Net debt to Adjusted EBITDA ratio	**2.88x**		**2.36x**

Basis of preparation:

1. Proforma revenue is the revenue of the Group for the year excluding the third-party revenue of the businesses subject to the conventional cash transaction.
2. Proforma Adjusted PBITA and EBITDA are the Adjusted PBITA and EBITDA of the Group excluding the Adjusted PBITA/EBITDA of the businesses that are subject to the conventional cash transaction respectively. Proforma Adjusted PBITA/EBITDA reflects the intercompany recharges and cost allocations made during the year.
3. Proforma net debt to EBITDA represents the Group's net debt less the anticipated proceeds from the conventional cash transaction and net debt that is transferring to Brink's as part of that transaction based on the Group's balance sheet position as at 31 December 2019, divided by proforma Adjusted EBITDA.
4. Disposal Group net debt of £657m reflects the balance sheet position at 31 December 2019. The estimated net cash proceeds of £670m are based on the balance sheet position forecast at completion of the transaction during 2020.