



2018 FULL YEAR RESULTS
12 MARCH 2019

Securing Your World



AFRICA RISK360 VIDEO



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CHIEF EXECUTIVE OFFICER

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AGENDA

01 **Group Highlights & Outlook**

02 Separation Review

03 Financial Review

04 G4S Cash Solutions

05 G4S Secure Solutions

06 Q&A

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GROUP HIGHLIGHTS

FULL YEAR: 2018 | UNDERLYING RESULTS



Revenue 2018 +1.1%; +1.0% organic

Secure Solutions +3.0% organic
Cash Solutions CIT/ CP: +0.5%, RCS: (52%). US contract mobilisation



PBITA £474m (2017: £474m)

Secure Solutions margin 6.5% (2017: 6.2%) – positive service mix and productivity gains more than offset wage inflation in all regions
Cash Solutions margin 11.4% (2017: 12.5%) – ATM and bank branch closures, business development and security costs, partly offset by bullion contract profit



OCF % 96% (2017: 107%)

Average > 100%



EPS 16.7p/sh (2017: 16.7p/sh)



DPS Final dividend
6.11p/sh (2017: 6.11p/sh)

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OUTLOOK

REVENUE, MARGIN AND PRODUCTIVITY



Revenue

- Technology enabled differentiation
- Medium term guidance of 4-6%
- Contract wins FY18: £1.4bn ACV



Margin

- Sales Mix: technology enabled solutions in Cash/Secure



Productivity

- Restructuring: direct and indirect costs
- Net benefit realisation: 2019/ 2020



Net Debt/ EBITDA

- Policy: $\leq 2.5x$; 2018: 2.7x
- 2019: 2.6-2.7x (pre portfolio actions)

POSITIVE OUTLOOK

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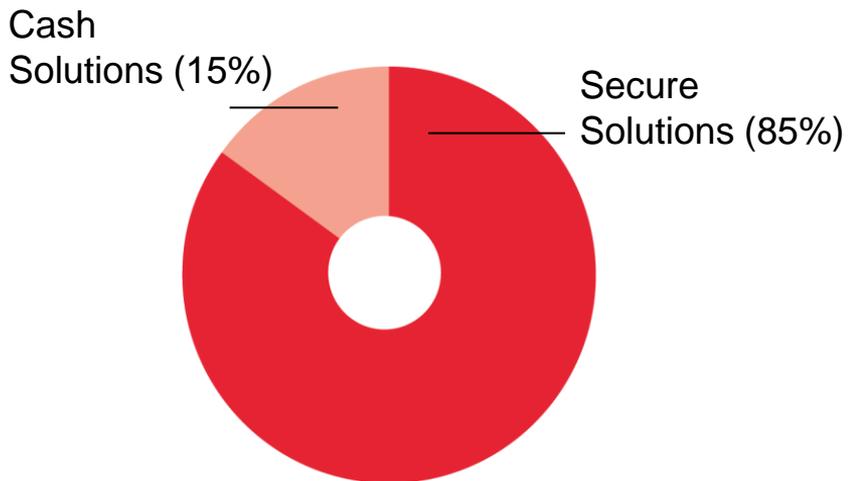
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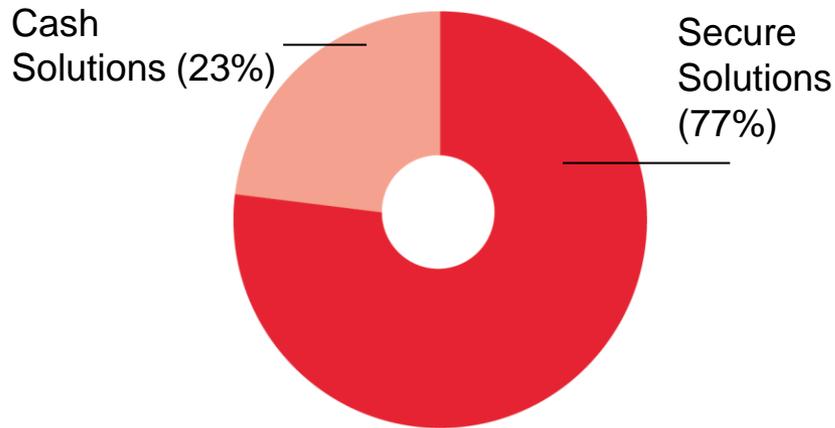
G4S GROUP

SECURE SOLUTIONS AND CASH SOLUTIONS

% 2018 Revenue



% 2018 PBITA*



* Pre corporate costs.

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SEPARATION OBJECTIVES

Create two **strong, independent** companies, each **industry leaders** in **Security Solutions** and **Cash Solutions**

Separation and related corporate actions will enable each company to benefit from

- Strategic focus
- Execution focus
- Financial strength and flexibility
- Increased investment in Technology, Innovation, Sales and Operations

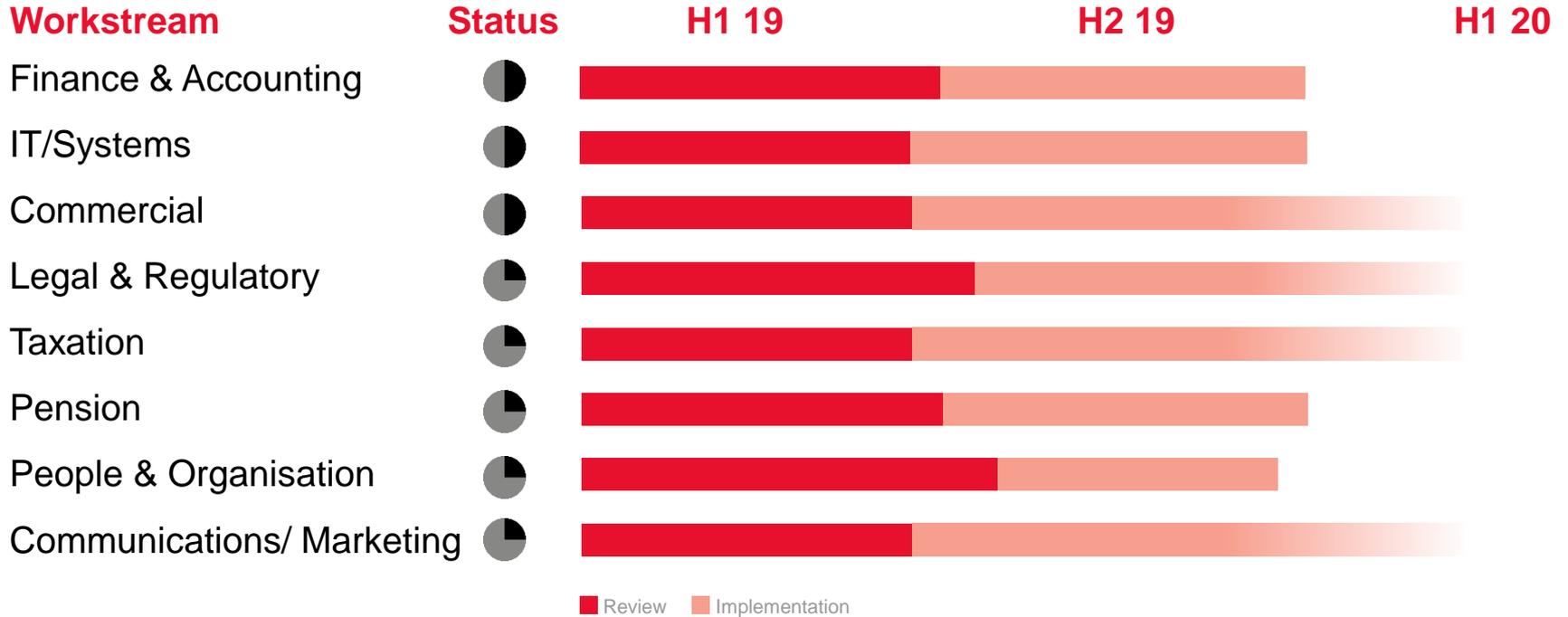
SEPARATION REVIEW

PROGRESS UPDATE

- Appointed legal, accounting, tax, financial, other advisors
- Assessing a wide range of strategic options, both **public** and **private**
- Good progress with review
- In parallel taking steps to be able to commence implementation in 2H-19
- Final decision subject to board/shareholder approval
- **Unsolicited expressions of interest** to acquire Cash Solutions with/out RCS
- All credible options will be assessed by the Board
- **Maximise shareholder value** with due regard to all stakeholder interests

SEPARATION REVIEW

KEY WORKSTREAMS



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FY 2018 RESULTS

UNDERLYING RESULTS

	Year ended 31 December		Change
	£m		%
	2018	2017	YoY
Revenue	7,289	7,213	+1.1
PBITA	474	474	-
<i>PBITA margin</i>	6.5%	6.6%	(10bp)
Interest	(109)	(112)	(2.7)
Tax	(93)	(87)	6.9
Non-controlling interests	(13)	(17)	(23.5)
Earnings attributable to equity holders	259	258	0.4
EPS	16.7p	16.7p	-
Operating cash flow	453	516	(12.2)
OCF conversion	96%	107%	

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FY 2018 RESULTS

BRIDGE: UNDERLYING TO STATUTORY RESULTS

£m	Underlying results	Change % YoY	Onerous contracts	Disposed businesses	Restructuring	Acquisition related amortisation and other	Statutory
Revenue	7,289	+1.1	118	105	-	-	7,512
PBITA	474	-	(5)	(9)	-	-	460
Earnings	259	0.4	(9)	(6)	(24)	(138)	82
OCF	453	(12.2)	(11)	(3)	(26)	-	413

- Onerous contract cash outflow to be smaller post Compass (August 2019)
- Additional employee related legal claims provision includes California class action suit settled in January 2019 (£100m) and GMP equalisation (£35m)

FY 2018 RESULTS

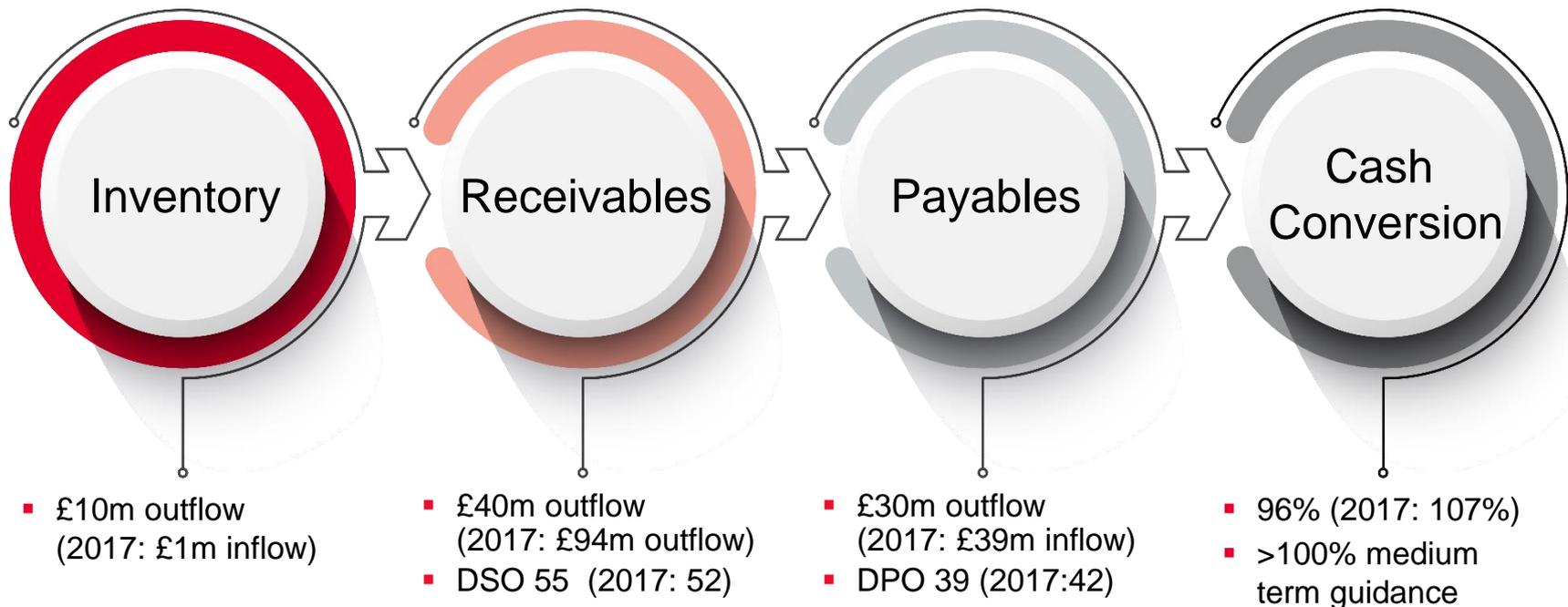
STATUTORY RESULTS

	Year ended 31 December £m		Change %
	2018	2017	YoY
Revenue	7,512	7,826	(4.0)
PBITA	460	492	(6.5)
<i>PBITA margin</i>	6.1%	6.3%	(20bp)
Specific items, restructuring, amortisation & other	(207)	10	
Earnings attributable to equity holders	82	237	(65.4)
EPS	5.3p	15.3p	(65.4)
Operating cash flow	413	488	(15.4)

- Revenue and PBITA lower due to disposals and FX
- 2017 specific items included £74m disposal profits

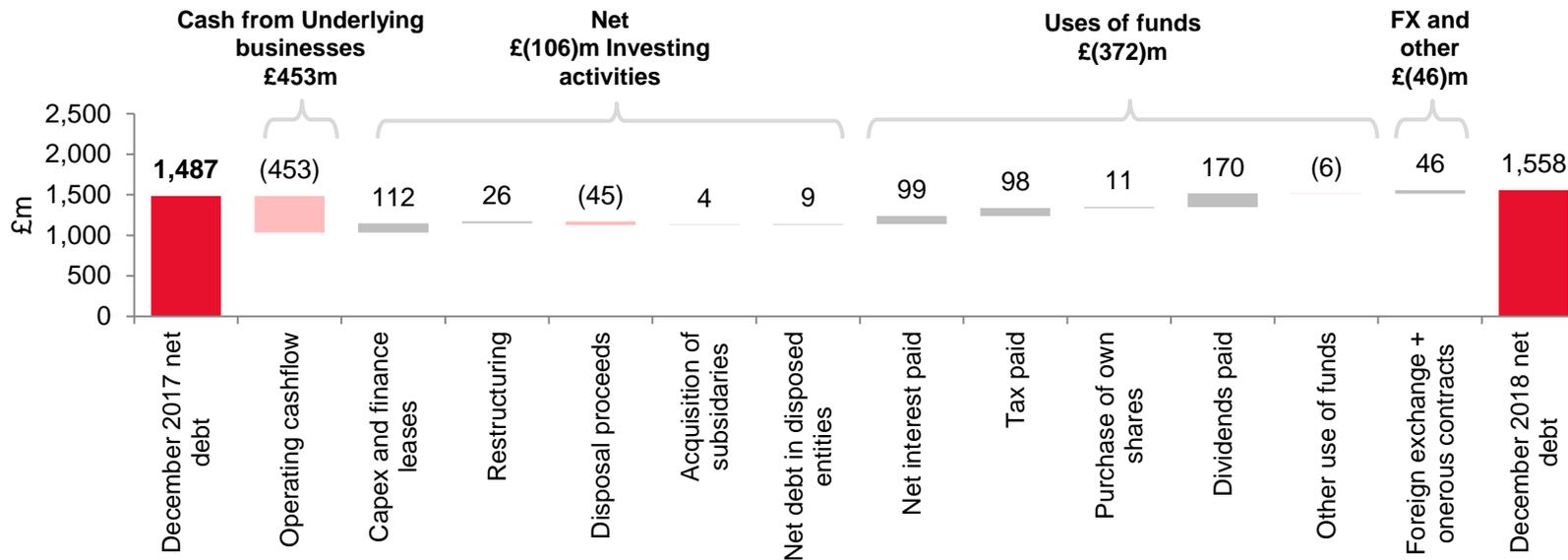
WORKING CAPITAL MANAGEMENT

CASH MATTERS



FINANCIAL FRAMEWORK

CASH FLOW AND NET DEBT

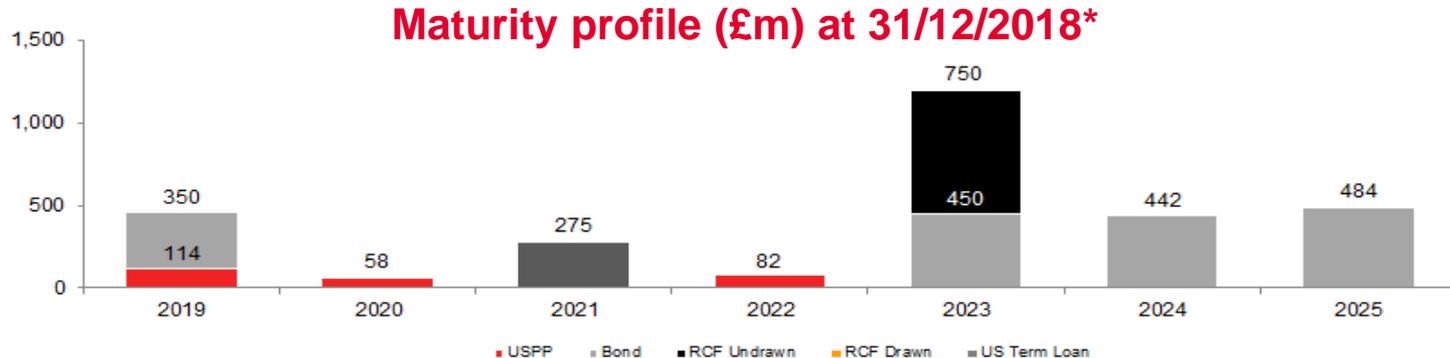


- Net cash outflow of £39m (2017: inflow of £162m)
- Net debt/ EBITDA 2.7x (2.4x at December 2017); ≤2.5x in medium term
- Capex guidance £110m to £130m before the impact of IFRS16

FINANCIAL FRAMEWORK

REFINANCING BENEFITS CAPTURED

- Very strong liquidity, unutilised committed bank facilities of £750m and cash of £673m
- \$350m 3 year term loan facility arranged in August 2018
- New 7-year €550m Public Bond issued in May 2018; £44m and \$224m USPP matured in July 2018 followed by €500m Public Bond maturity in December 2018
- Refinancing will realise c £20m annualised interest cost savings by the end of 2019. £9m has been secured in 2018, £11m will follow in 2019
- Net Debt / EBITDA of 2.7x



(*exchange rates @ 31/12/2018 or hedged rates where applicable)

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OUTLOOK: FINANCIAL POSITION

- **Financial policy unchanged:** $\leq 2.5x$ Net Debt/ EBITDA
- **Significant items in 2019**
 - Settlement of US litigation £100m
 - Cost of separation review/ separation £25-50m
 - Onerous contracts – Compass exit £30m
 - Restructuring: Cash Solutions £20m
 - Proceeds: portfolio action pre/post separation To be confirmed
- **2019:** 2.6-2.7x Net Debt/ EBITDA
 - $\leq 2.5x$ subject to timing of portfolio action

IFRS16 IMPACT IN 2018

£m

Asset – Right of use	345
Net debt – Lease creditors	410
Operating expense reduction	190
Depreciation increase	(155)
Adjusted PBITA increase	35
Interest cost increase	(20)
2018 Net debt/ EBITDA under IFRS16	2.6x

- Expect further £20m capex investment under IFR16

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G4S CASH SOLUTIONS

LEADING MARKET POSITIONS



Software & Service



International Secure Logistics



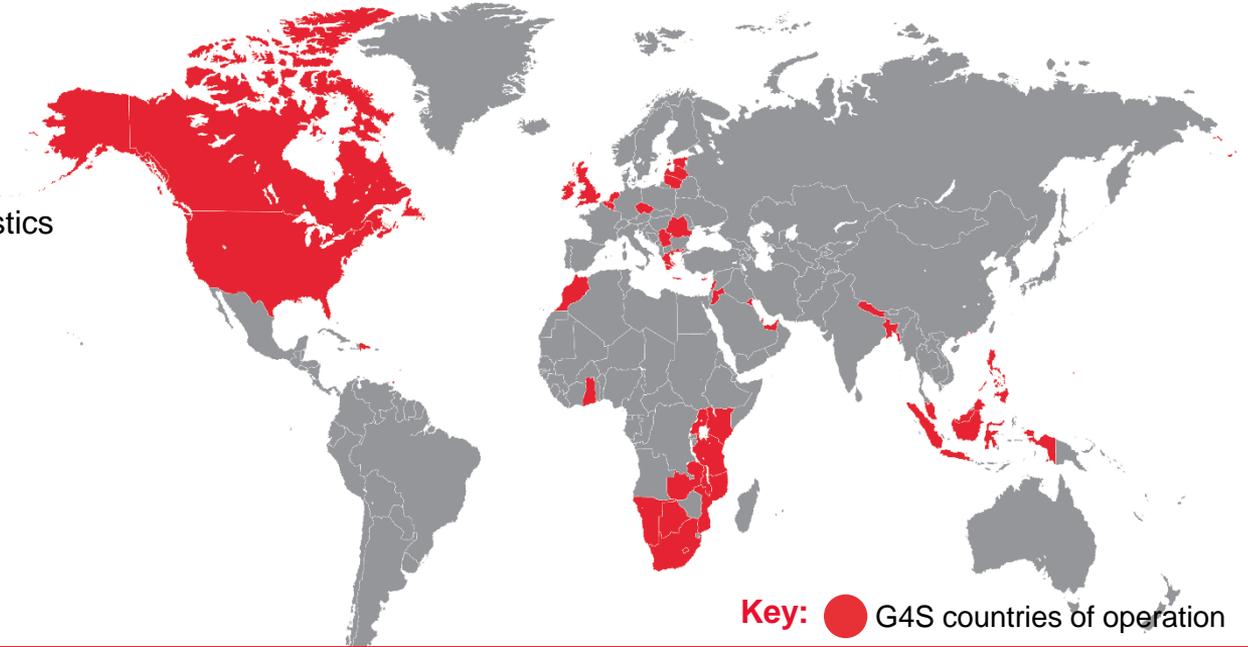
ATM



Cash Processing



Cash in Transit



#1/#2 MARKET POSITION IN 41 OUT OF 44 COUNTRIES

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CASH SOLUTIONS

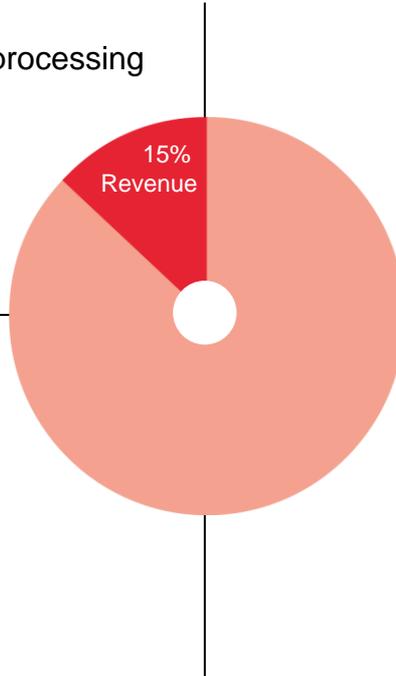
A GLOBAL LEADER

STRATEGY

- Leading provider: CIT, ATMs and cash processing
- Cost leadership
- Industry leading cash technology
- Globalise proven solutions

KEY STATISTICS

- c. £1.1bn revenue
- c. 11% PBITA margin
- 44 countries of operation
- 23,300 locations using G4S technology
- c. 32,000 employees



COMPETITIVE ADVANTAGES

- Global footprint
- Industry leading positions in Asia, Africa, Europe and North America
- Number 1 or 2 player in chosen markets
- Market leading expertise and innovation
- Efficient operations

OPPORTUNITIES/RISKS

- Many retailers and banks still to outsource cash management
- Developed markets – gross market volumes in decline/flat
- Emerging markets (excl. China) – gross market volumes growing

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2018: RESULTS AND OUTLOOK

CASH SOLUTIONS



In £m, underlying results at constant FX	Revenue		PBITA		Margin
	2018	Organic Growth	2018	Change	2018
CIT/ Cash processing	955				
NA RCS	104				
	1,059	(9.4)	121	(17.1)	11.4%

15% group revenues; 23% PBITA*

32,000 employees

23,300 cash technology locations (+18%)

Major industry transition

- Revenue growth -9.4%; ex NA RCS +0.5%
- Mobilisation of large NA contract 1H17; now annualised
- PBITA margins -110bp
 - Bank branch and ATM closures in some markets and higher Africa security costs; partially offset by bullion contract
 - RCS scaling up: 2018 margin c. 15% (software/ hardware)

Outlook 2019: plan to restore momentum

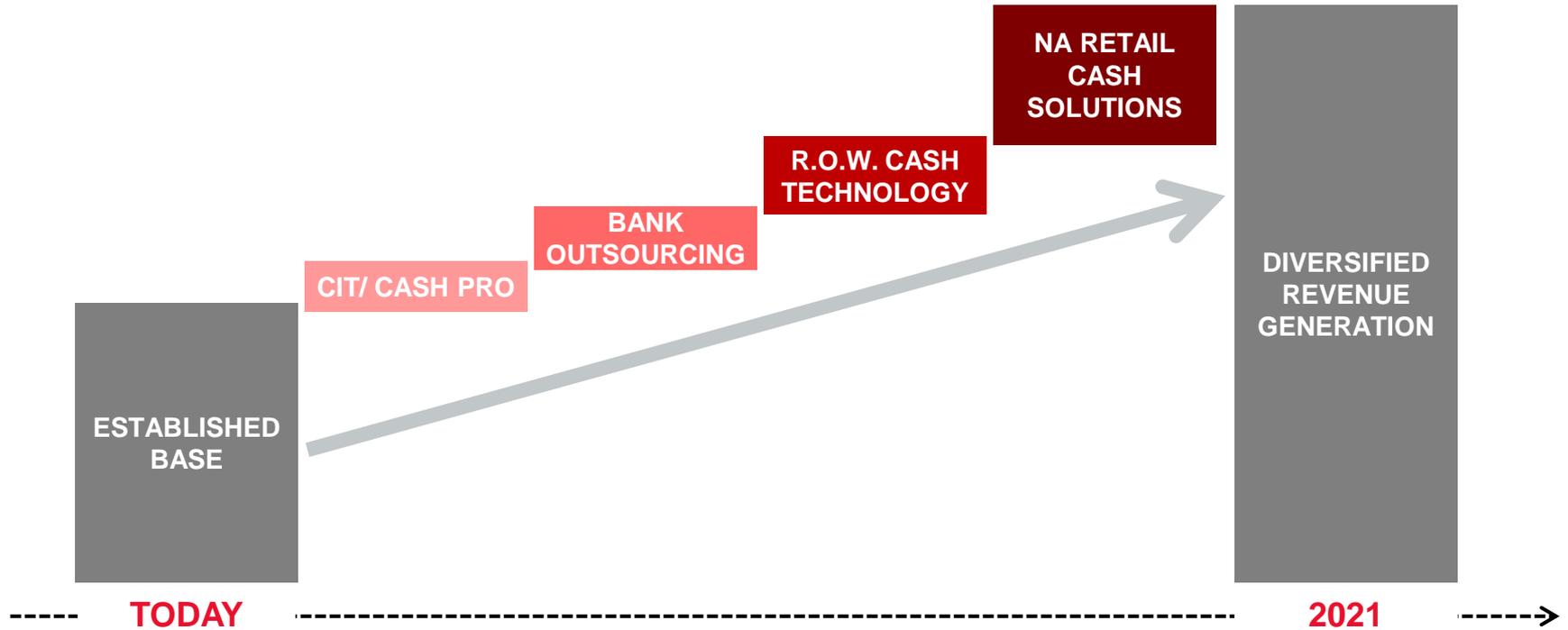
*pre corporate costs.

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CASH SOLUTIONS

BUSINESS PLAN: RESTORING REVENUE MOMENTUM



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RETAIL CASH SOLUTIONS, NORTH AMERICA

BUSINESS MODEL

Value Proposition



Cloud-based cash management software



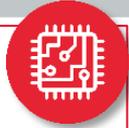
End of day reporting + prediction tools



Automatic bank account crediting

Cash Management Software & Service

- Proprietary software platform
- G4S shared service centre
- Full integration with in-store, corporate treasury and banking system



Cash Handling Device

- Multi-source third party supply
- Sold directly to customer or resold by G4S
- Pass through: cost and service



Subscription based ✓

Asset - Light ✓

Stable and Recurring ✓

Key Banking Partners ✓

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NORTH AMERICA RETAIL CASH SOLUTIONS

SIGNIFICANT CUSTOMER BENEFITS



▶ **~80%**

Labour saving on retail cash processes



▶ **~50%**

Reduction in bank deposits from cash recycling



▶ **Off Balance Sheet**

Bank-owned cash float for the store
Same day credit for net receipts



▶ **Up to ~80%**

Reduction in idle cash from using predictive algorithms



▶ **Secure**

Eliminates human touchpoints and reduces cash losses

GLOBAL MARKET OPPORTUNITY

IN EXISTING AND NEW POTENTIAL MARKETS: +£25BN*

AMERICAS

- No G4S US cash business 5 years ago
- Est. market size: c. £9-10bn
- G4S solution in c. 7,700 locations (2017: 6,700) of which 5,800 big-box (2017: 5,000)
- 16 pilots ongoing

EME

- Est. market size: c. £3.5-3.7bn
- G4S solution in c. 6,200 locations (2017: 4,900)

ASIA

- Est. market size: c. £12.4-12.6bn
- G4S solution in c. 920 locations (2017: 400)

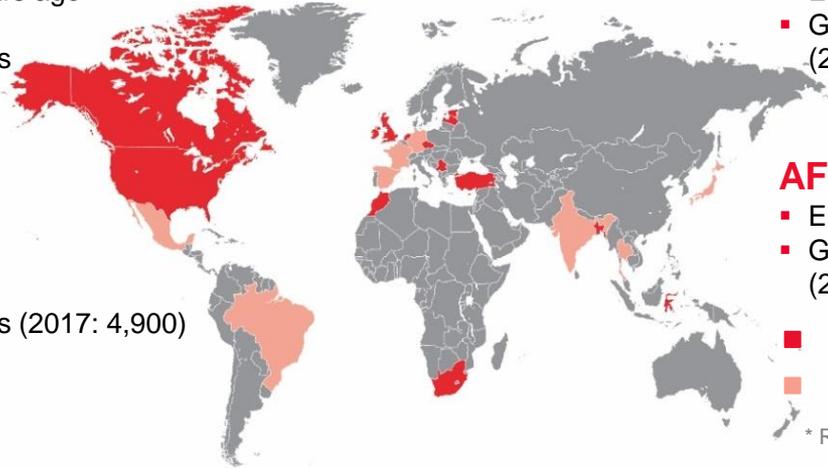
AFRICA

- Est. market size: c. £350m
- G4S solution in c. 8,400 locations (2017: 7,800)

■ Established Market Position

■ New Potential Markets

* Retail Cash Solutions, Cash 360, Deposita



POTENTIAL FOR PROFITS FROM NEW SERVICES TO BE > TRADITIONAL

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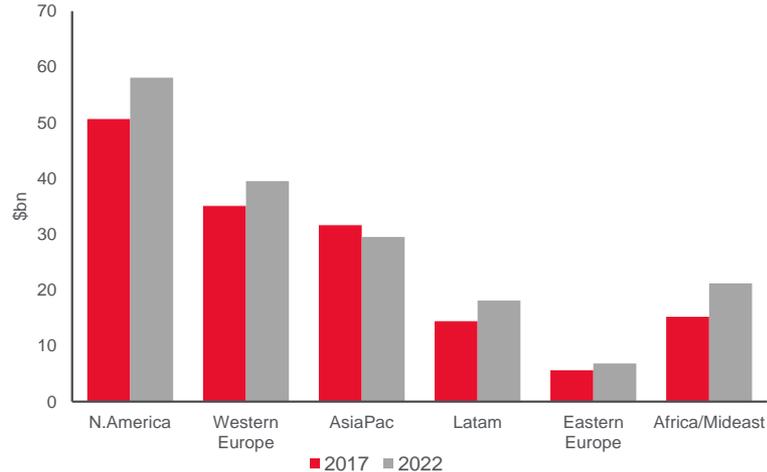


STRUCTURAL GROWTH MARKET

MARKET LEADER

Global Security Services Revenue (\$bn)

Market size: \$245bn by 2022 (5.8% CAGR)



Source: Freedonia Security Industry (October 2018), excludes revenue from CIT. AsiaPac excludes Japan and China.

Customer Demand Drivers

- Asset Protection, Theft & Investigations
- Workplace Violence
- Terrorism
- Business Continuity
- Budget & Funding
- Training & Retention
- Technology Management
- Secure Executive & Employee Travel
- Global Security Ops Management
- Cyber Security

GROWTH OUTLOOK: 4 – 6% CAGR 2017-22

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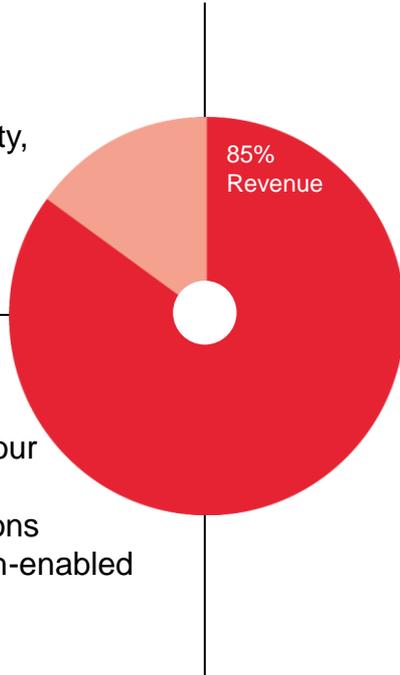


SECURE SOLUTIONS

WORLDS LEADING GLOBAL INTEGRATED SECURITY PROVIDER

STRATEGY

- Deliver industry leading technology enabled security solutions
- Combine risk consulting manned security, software, security analytics into integrated solutions



COMPETITIVE ADVANTAGES

- Global footprint and brand
- Proprietary world class security products and applications
- Risk consulting and security expertise
- 514,000 trained security professionals
- Compliant and ethical service provider

KEY STATISTICS

- £6.2bn revenue
- Over 90 countries of operation across four regions
- PBITA margin c. 6.5% - premium solutions
- 45% secure solutions revenues are tech-enabled

OPPORTUNITIES/RISKS

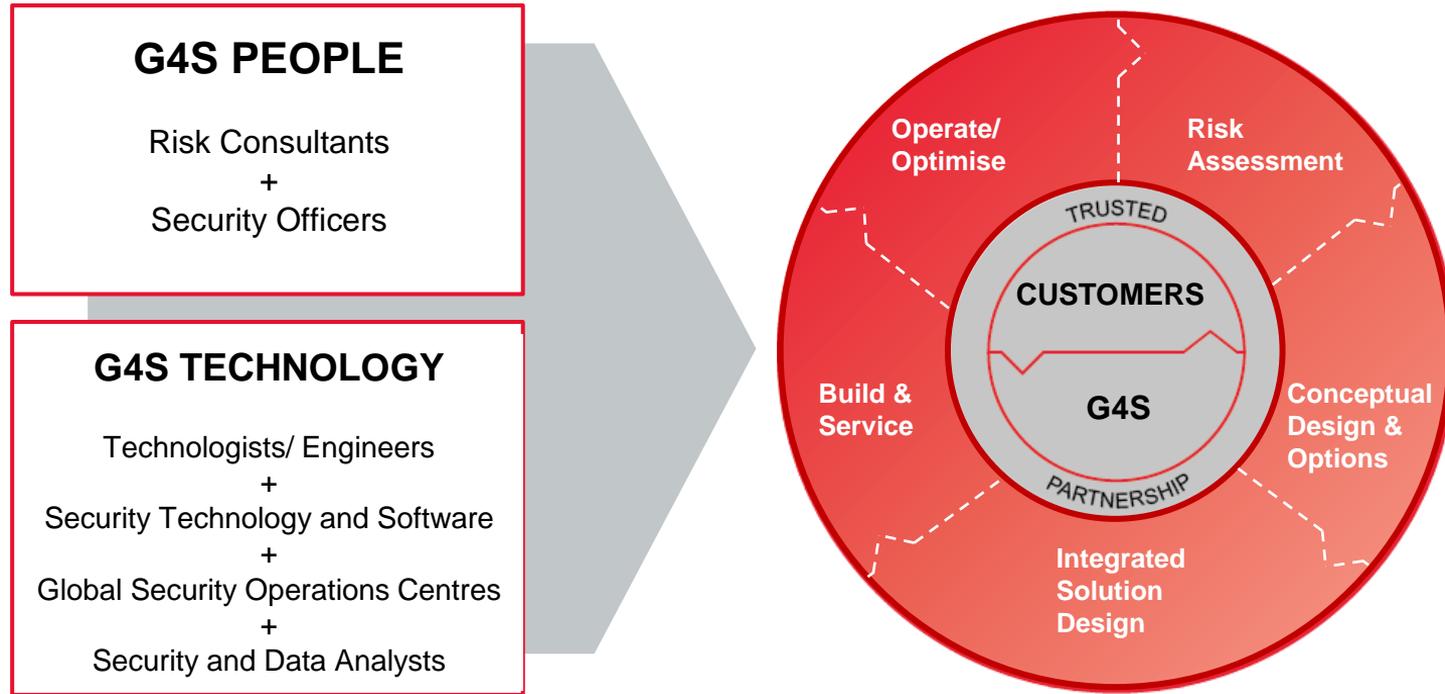
- Structural growth industry 4-6% p.a.
- Mix – technology integration supports contract longevity and margins
- Actively manage tight labour markets/ wage inflation
- Commercial discipline
- IT/ back office automation

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SECURE SOLUTIONS

OUR BUSINESS MODEL



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2018: RESULTS AND OUTLOOK

SECURE SOLUTIONS



85% group revenues; 77% PBITA*

514,000 employees

*pre corporate costs.

In £m, underlying results at constant FX	Revenue		PBITA		Margin
	2018	Organic Growth	2018	Change	2018
Africa	405	6.3%	32	18.5%	7.9%
Americas	2,443	4.8%	129	10.3%	5.3%
Asia	881	6.0%	63	10.5%	7.2%
Europe & Middle East	2,501	(0.2)%	179	1.7%	7.2%
Total	6,230	3.0%	403	6.9%	6.5%

Outlook 2019

- Revenue momentum
- Technology differentiators, positive mix
- Actively managing wage inflation in tight labour markets
- Efficiency initiatives

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