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**CFO**  
**May 2014**



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# Legal Disclaimer

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# Agenda

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- Strategy
- Strategic Execution
- Financial Framework
- Q1 2014 Trading update
- Q&A

# G4S Strategy

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**Market Led**

**Customer Focused**

**Sustainable**

**Execution: People, Investment, Excellence**

**People & Values**

**Investment in organic growth, customer service & operational excellence**

**Leveraging our capabilities, technology and best practice worldwide**

**Portfolio and performance management**

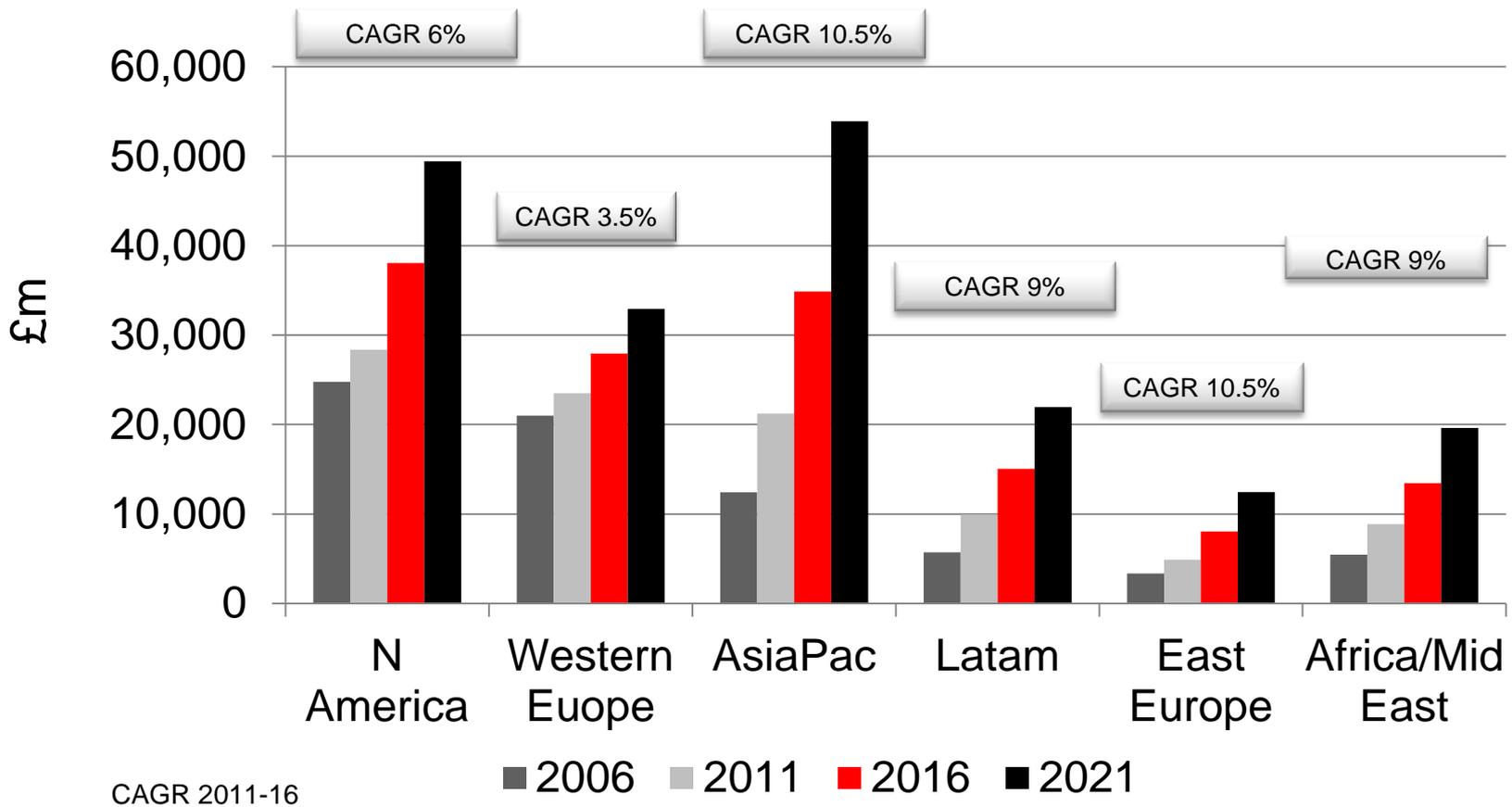
**Disciplined financial management**

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# G4S Strategy

## Global security market by region



**Emerging Markets to be c.50% of £190bn total by 2021**

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# G4S strategy

## Diverse services, diverse customer segments

Service Line	Key Services	Major Customer Segments	% 2013 Rev.
Cash Solutions	<ul style="list-style-type: none"> <li>▪ Outsourcing Services</li> <li>▪ ATM Maintenance</li> <li>▪ ATM Replenishment</li> <li>▪ Cash Processing</li> <li>▪ CIT</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial Institutions</li> <li>▪ Retail</li> <li>▪ Other</li> </ul>	16%
Secure Solutions	<ul style="list-style-type: none"> <li>▪ Risk Services</li> <li>▪ Consultancy Services</li> <li>▪ System Software / Integration</li> <li>▪ Monitoring &amp; Response</li> <li>▪ System Install &amp; Maintenance</li> <li>▪ Manned Security</li> <li>▪ Integrated Secure FM</li> <li>▪ Other</li> </ul>	<ul style="list-style-type: none"> <li>▪ Major corporates &amp; industrials</li> <li>▪ Government</li> <li>▪ Financial institutions</li> <li>▪ Private energy &amp; utilities</li> <li>▪ Retail</li> </ul>	75%
Care & Justice Services	<ul style="list-style-type: none"> <li>▪ Prison Outsourcing</li> <li>▪ Electronic Monitoring</li> <li>▪ Immigration Centres</li> <li>▪ Asylum Services</li> <li>▪ Court Escorting</li> <li>▪ Juvenile Custody</li> <li>▪ Police</li> <li>▪ Forensic Medical</li> </ul>	<ul style="list-style-type: none"> <li>▪ Central Government</li> <li>▪ Local Government</li> <li>▪ Government Agencies &amp; Authorities</li> <li>▪ Constabularies</li> </ul>	9%

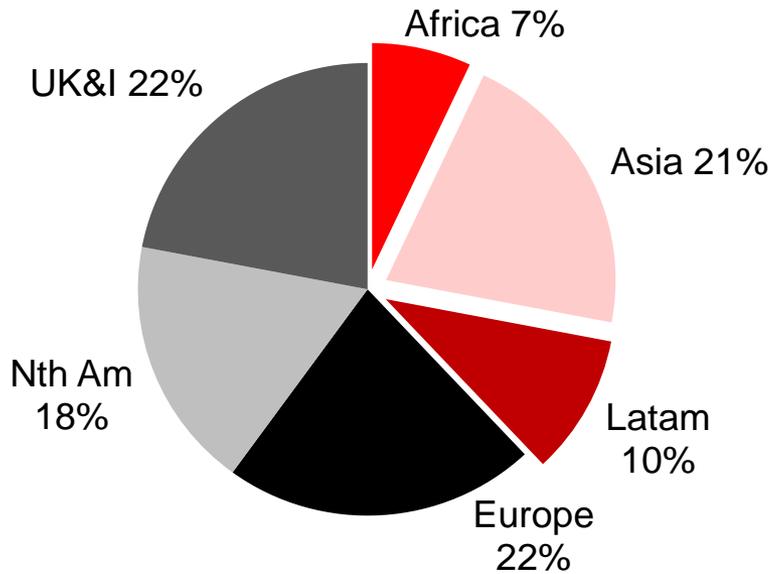
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# G4S Strategy

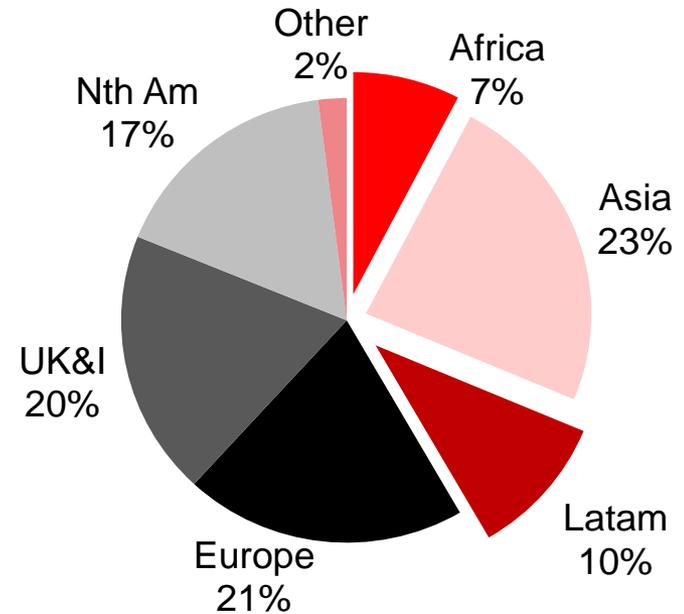
## Our market positions

Revenue 2013



**Developed Markets: 63%**  
**Emerging Markets: 37%**

Revenue 2016



**Developed Markets : 60%**  
**Emerging Markets: 40%**

**Organic growth 5-8% p.a.**

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Source: Company data  
Note: Other included in DM



# Strategy execution



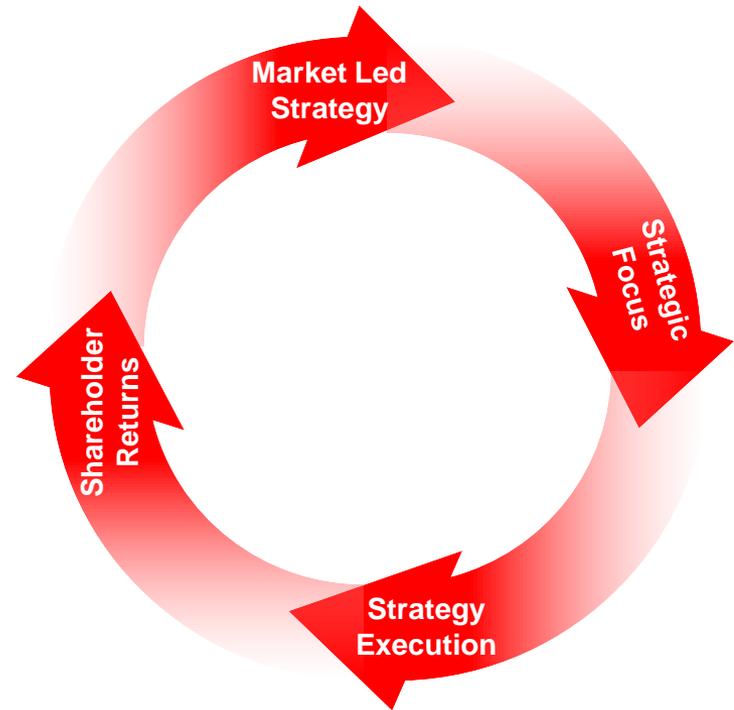
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# Strategy execution

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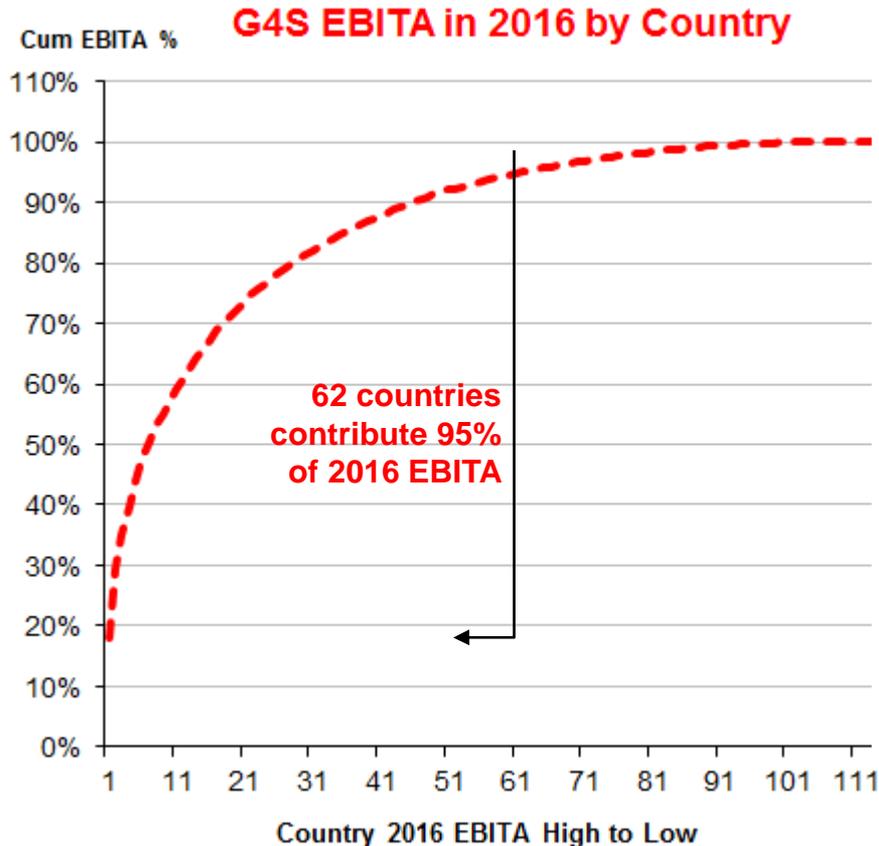
- Strategic focus: Portfolio management
- People: management, organisation and values
- Performance management
- Organic growth
- Technology & innovation



**Building sustainable, profitable growth**

# G4S Strategy

## Strategic focus



Review criteria applied to all businesses:

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

**Active portfolio management**

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# Strategy execution

## Management and organisation

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- 1 Strengthening Global Leadership Team
  - 28 senior appointments
- 2 Appointment to new roles to strengthen execution:
  - Chief Information Officer: IT efficiency and effectiveness
  - Chief Procurement Officer: leveraging global procurement
  - Group Head of Risk and Program Assurance
- 3 Organisational benchmarking
  - Targeting efficiency and execution: successfully piloted in India

**Strengthening capability & capacity**

# Strategy execution

## Group values

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### **Performance:**

We seek to improve performance year-on-year to create long-term sustainability

### **Teamwork & Collaboration:**

We collaborate for the benefit of our customers and G4S

### **Best People:**

We employ the best people, develop their competence, provide opportunity and inspire them to live our values

### **Safety First:**

We prioritise safety management to protect the health and wellbeing of our colleagues and those around us

### **Expertise:**

We develop and demonstrate our expertise through our innovative approach to creating and delivering the right solutions

### **Customer Focus:**

We have close, open relationships with our customers which generate trust and we work in partnership for the mutual benefit of our organisations

### **Integrity:**

We can always be trusted to do the right thing

# Performance Management

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- Performance measures re-aligned with strategy
  - Focusing on Revenue growth, sustainable profit, cash flow
- Performance contracts for all GEC and GLT, cascade to Business Units
- Accelerated Best Practice: prioritising high potential areas
- Embedding monthly and quarterly performance management process

**Rigorous performance management framework**

# G4S Strategy

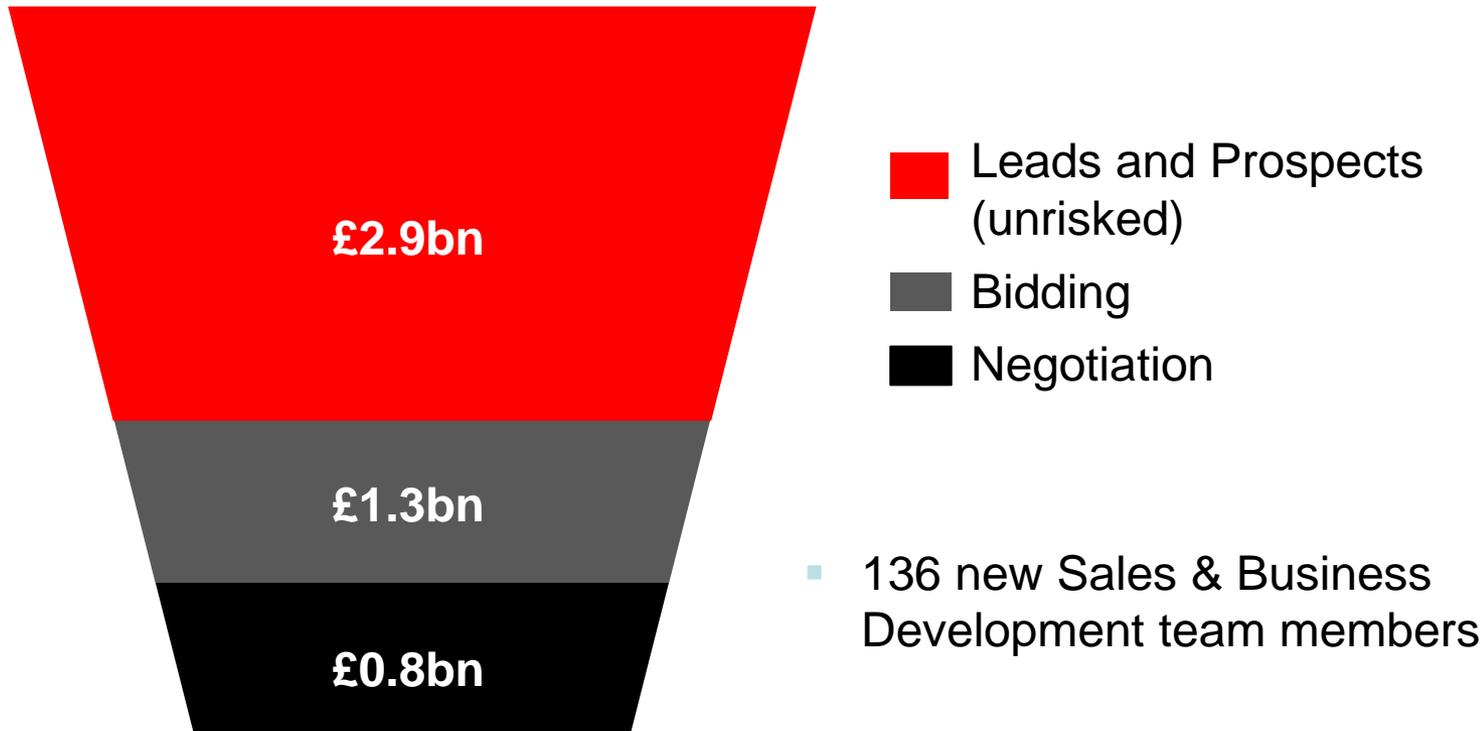
## Organic investment

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- Scale & quality of organic opportunity
  - Structural growth in demand
  - c.£5bn p.a. sales pipeline
  - Under-invested in some core markets
- No ring-fenced capital for M&A
- Single capital pool
- Economic, financial, risk criteria
- Acquisitions

# Strategy execution

## Organic investment: pipeline



Note: As at March 2014

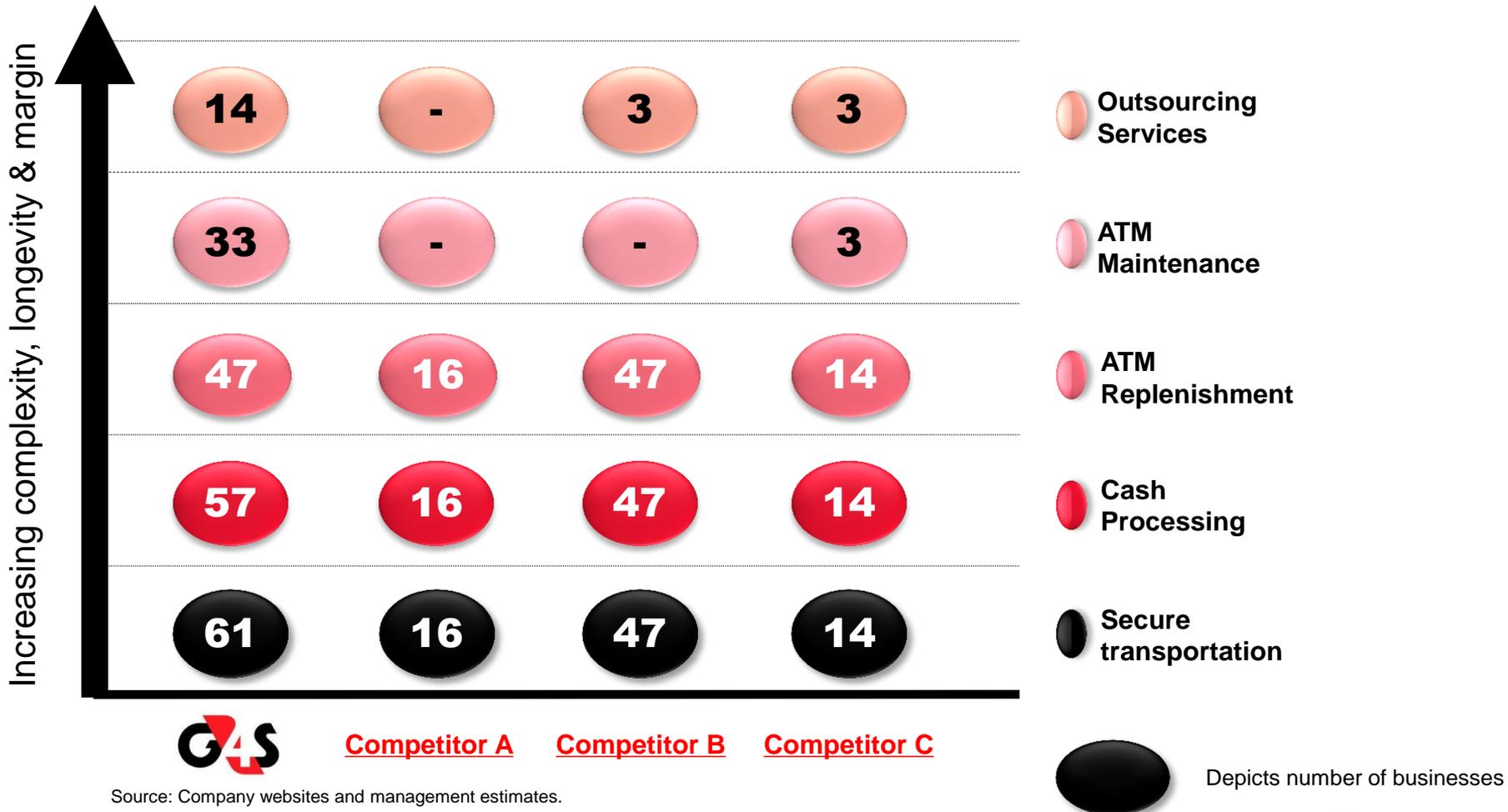
Large, growing pipeline

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# G4S Cash solutions

## Unique breadth and reach

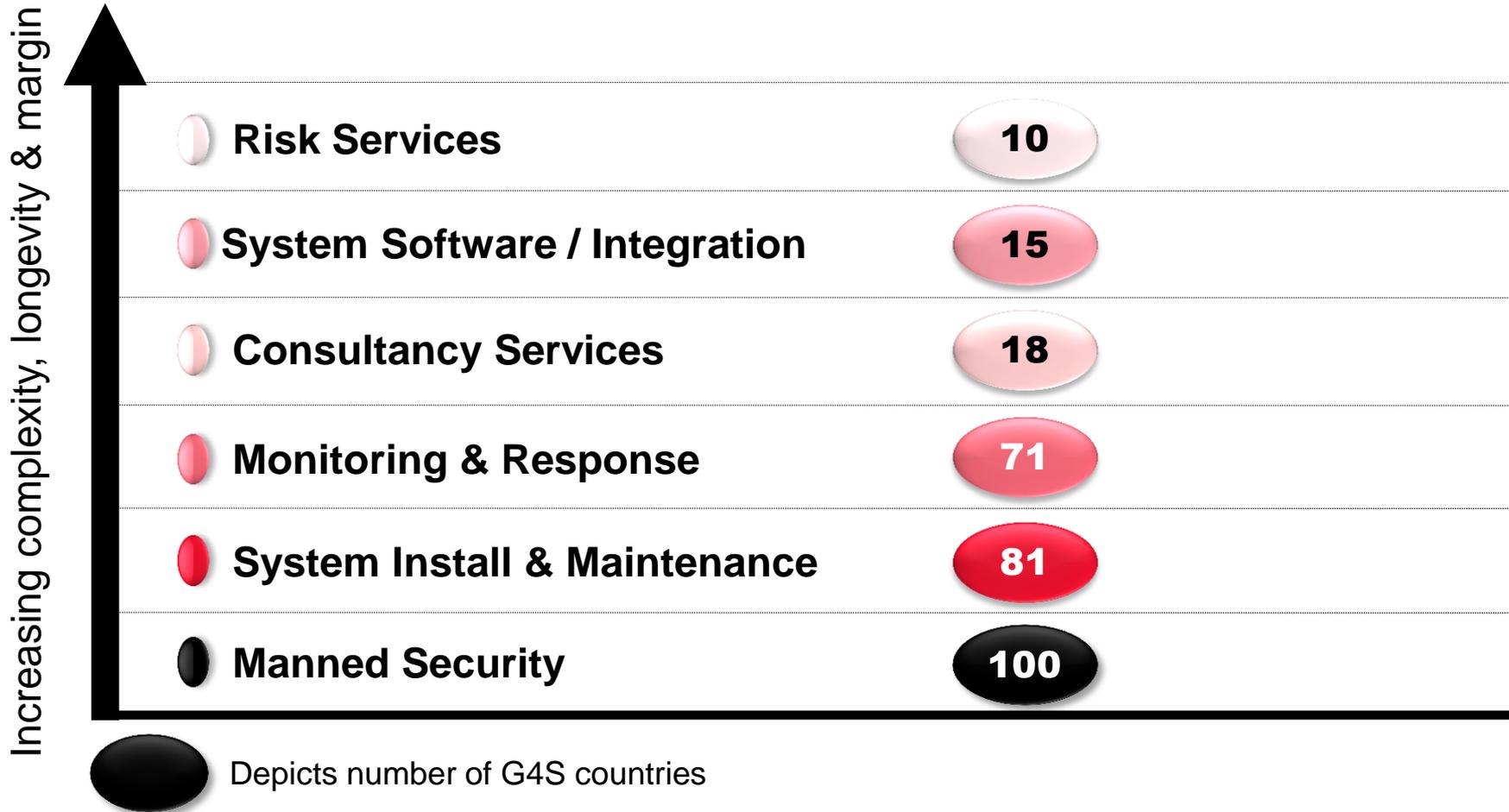


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# G4S Secure solutions

## Positioned for future development



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# Strategy execution

## Technology & innovation

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- 3 dimensions to our development of Technology & Innovation
  - Customer facing Technology (“Go to market”)
  - Operational Technology
  - Infrastructure and Shared Services
- Customer facing Technology:
  - Centres of Excellence: US, UK, Europe and South Africa
  - Building Regional capacity and credentials
- Operations, Infrastructure and Shared Services
  - Appointed Group CIO
  - Global organisation and standardisation
  - Phased to ensure disciplined, cost effective execution

**Building capability & leveraging expertise**

# Strategy execution

## Customer facing Technology & Innovation

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- Strengthening global technology and systems teams
  - 90 new Systems & Technology hires across the Group
  - US hub increasing resource to focus on Commercial market
  - CASH360 pilot progressing to plan
- Middle East
  - Detailed market assessment: c.\$2bn p.a. market
  - Investment in bid & delivery capability: 52 new hires
- Deposita targeting roll out across Africa, Asia and Middle East
- Europe: Integrating Systems with Patrol & Response
- UK: Strengthening Systems sales resource

**Building capability across the Group**

# Financial Framework



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# Financial Framework

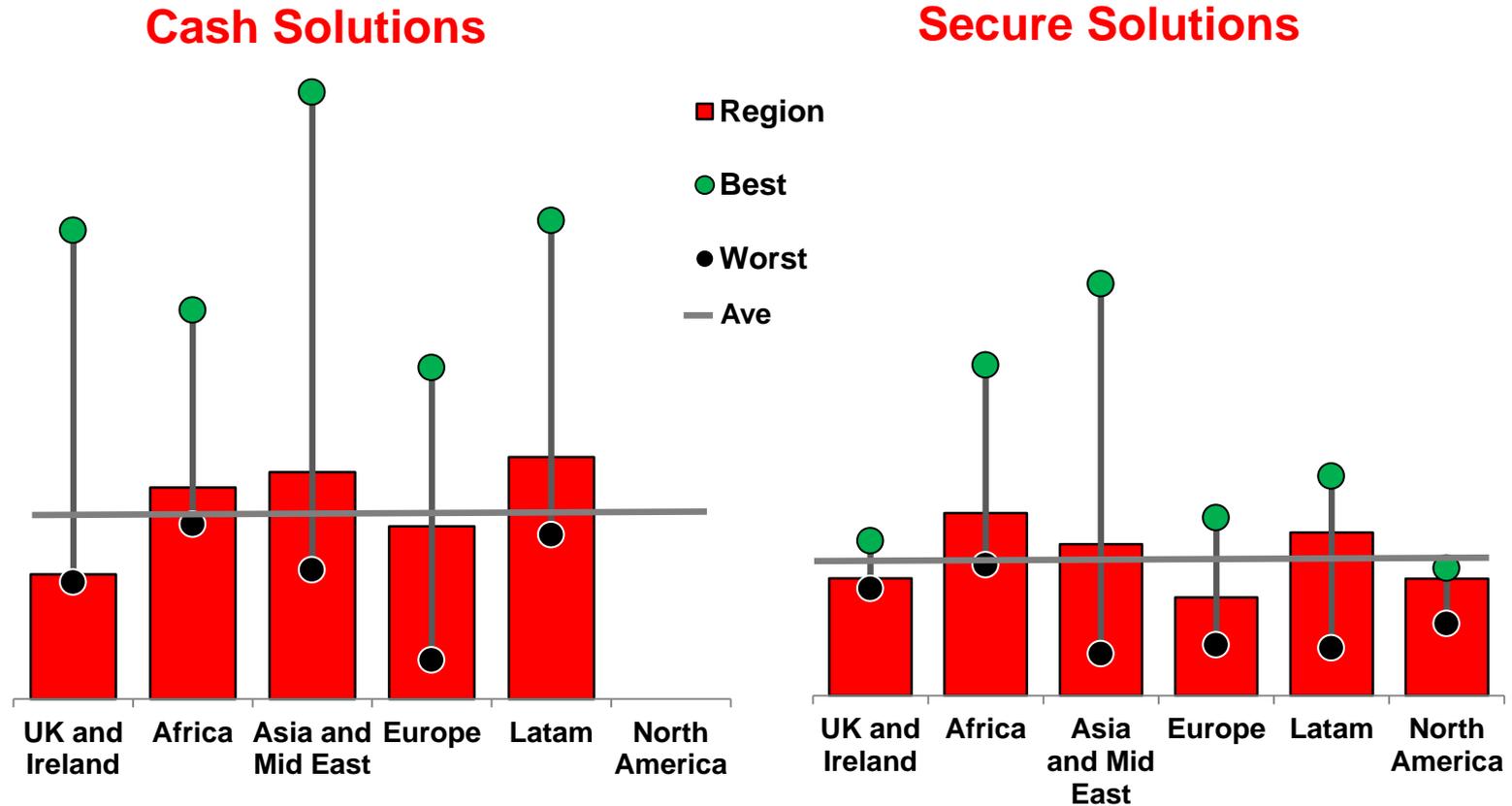
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- Contracts, risk management and delivery assurance
- Service excellence
- Cost leadership
  - Restructuring
- Focus on cash and free cash flow
- Capital discipline
- Balance sheet

**Disciplined financial management**

# Service excellence

## Gross Margin%



**Significant opportunity for margin improvement**

# Service Excellence

## Accelerated best practice – 2014

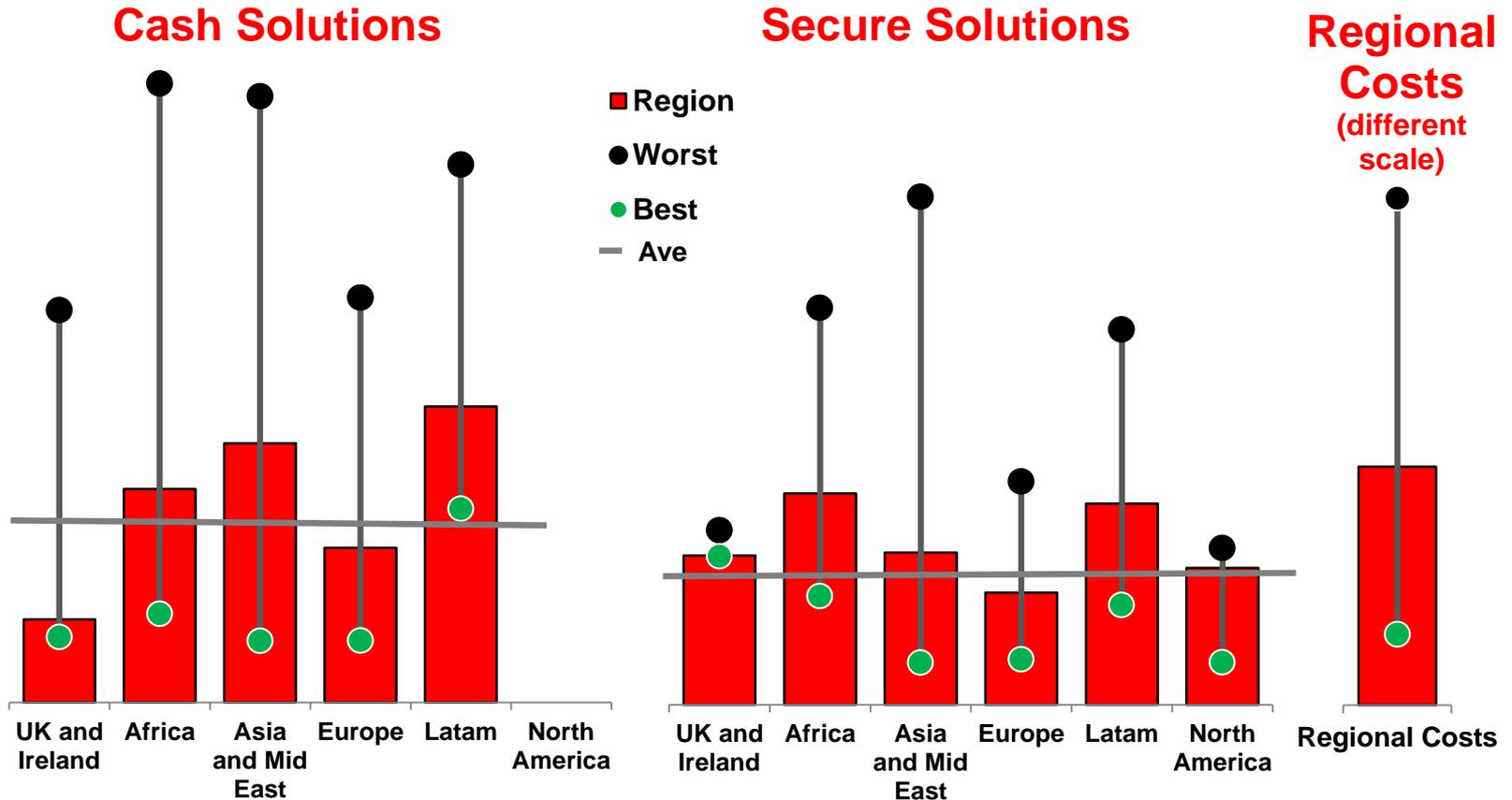
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- Direct labour efficiency
- Route planning
- Telematics
- IT standardisation & IT infrastructure rationalisation
- Procurement
  - Category management
  - Integrated local and global execution
- Regional Shared Services
  - UK back office, North America

**High potential cost improvement**

# Cost Leadership

## Overheads %



# Cost leadership

## Opportunities to reduce costs

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- Zero based approach to overheads and functional costs
- Operating leverage through:
  - Organisation design at country and regional level
  - Shared services
  - Procurement
  - Investment in systems
- Property – efficient use and rationalisation
- Discretionary costs

**Significant opportunity to reduce overhead**

# Strategy execution

## Restructuring

### Initial Plan – Nov 2013

#### 2013:

- UK & Ireland Cash Solutions
- North West Europe Secure Solutions

### Under Evaluation

#### 2014:

- Belgium
- Netherlands
- Finland
- Europe Region overheads
- Africa Region overheads
- G4S Tech
- AME

### Accelerated Plan

#### 2013:

- UK & Ireland Cash Solutions
- North West Europe Secure Solutions
- Belgium
- Netherlands
- Finland
- Europe Region overheads
- Africa Region overheads
- US / Canada overheads
- UK HQ & Group Head Office
- India (AME)

£68m

- All deliver post tax IRR of +10% and paybacks of 12-36 months
- c.75% of costs related to people – reduce headcount by 3,300

**Strengthening competitive position**

# Focus on Cash Flow

## Free cash flow improvement opportunities

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- Driving free cash flow a key target in 2014
- Operating cash flow
  - After working capital and capital expenditure
  - Monthly to weekly cash forecasting
  - Better demand and supply side commercial terms
  - Reduce the event to bill cycle
- Committed to driving growth in free cash flow
  - After debt, interest, pensions, investments

**Sustainable growth in free cash flow**

# 2013 Results Highlights

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- Revenue growth +5.8%
- Emerging Markets +16%; developed markets flat
- PBITA £442m: impacted by US & Europe
- Post IFRS 10/1/1/12 PBITA of £415m
- Significant one offs – clear up and restructuring
- Strong cash flow from cont. operations: £460m +36%
- Stronger financial position

**Clear up, consolidation and laying foundations for growth**

# Q1 IMS 2014 highlights

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- Revenue growth +4.8%, organic growth of 5.0%
- Emerging markets +16%; developed markets flat
- PBITA and earnings slightly ahead
- UK government positive assessment on corporate renewal programme
- Good start to year with £440m new business wins
- Restructuring and cost leadership programmes on track
- S&P affirmed investment grade credit rating to BBB- (stable)

**Trading in line and group-wide change programme on track**

# Summary

## Key Messages

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- Strong demand for our products, services and solutions
- Outstanding market positions, especially Emerging Markets
- Clear and focused strategy
- Strengthening resource and capability
- Leveraging technology and innovation
- Investing in customer service and organic growth
- Reinforcing Group values
- Performance management: cost leadership, cash flow, capital discipline and H&S

**Sustainable, profitable growth**

# Appendix



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# Significant exchange rates

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- 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:

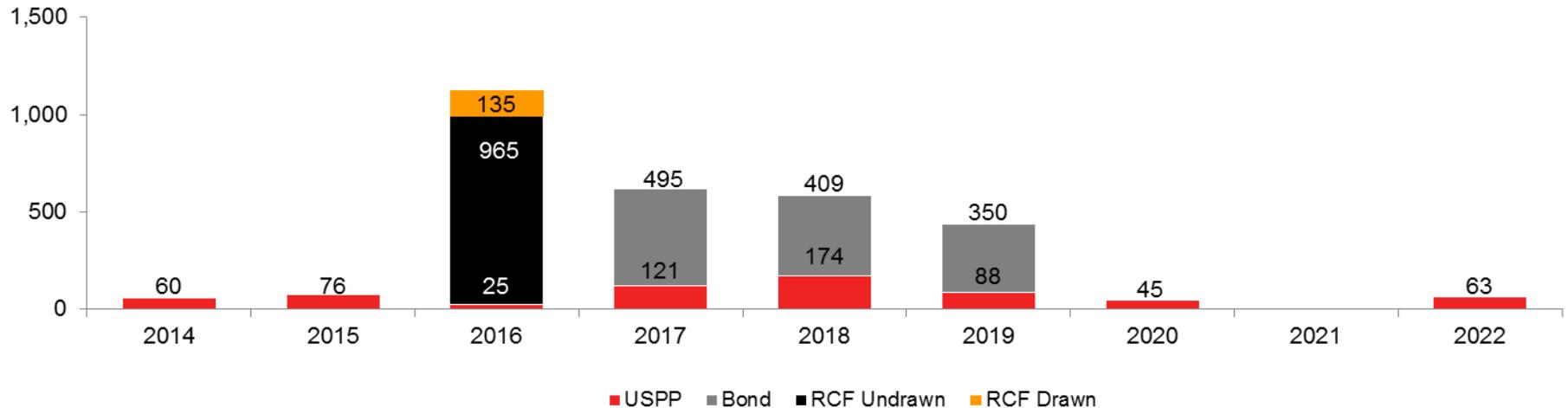
	<b>As at 31 Dec 2013</b>	<b>At 2013 average rates</b>
£/US\$	1.656	1.565
£/€	1.202	1.179
£/South Africa Rand	17.347	15.122
£/India Rupee	102.447	91.807
£/Israel Shekel	5.749	5.649
£/Brazil Real	3.908	3.389

- If current (31 December 2013) exchange rates were used for 2013, underlying PBITA would have been £422m, a reduction from £442m due to a strengthening of the value of sterling

# Financing

- Unutilised committed facilities of £965m
- Average interest rate of 4.1% on gross borrowings in 2013
- Flexible access to long-term capital markets remains key to financing strategy
- £89m disposal proceeds received in 2014

## Available funding – maturity profile (£m) at 31/12/13 \*



(\* exchange rates @ 31/12/13 or hedged/drawn rates where applicable)