

Sector Strategy

Graham Levinsohn
Group Strategy and Development Director

Securing Your World



Agenda

- Sector strategy overview
- Aviation
- Risk Consultancy
- Technology

Strategy Model – Developed Markets + Major New Markets

From the world's largest security company to the leading outsourced security solutions provider



Strategic Goals	
Manage	Deliver fully outsourced solutions: <ul style="list-style-type: none"> ▪ Output based contracts ▪ Ability to share in gains
Analysis & Design	Provide expertise: <ul style="list-style-type: none"> ▪ Market segmentation/specialisation ▪ Risk assessment & consultancy ▪ Safety & environment consultancy ▪ Solutions & bid design capability
Operate	Enhancement of core services with supervision & IT: <ul style="list-style-type: none"> ▪ Delivery of core services
Deliver across all services according to market need, in a phased and evolutionary implementation	

Securing Your World



Strategy Model – Small – Mid Size New Markets
From the world's largest security company to the leading outsourced security solutions provider

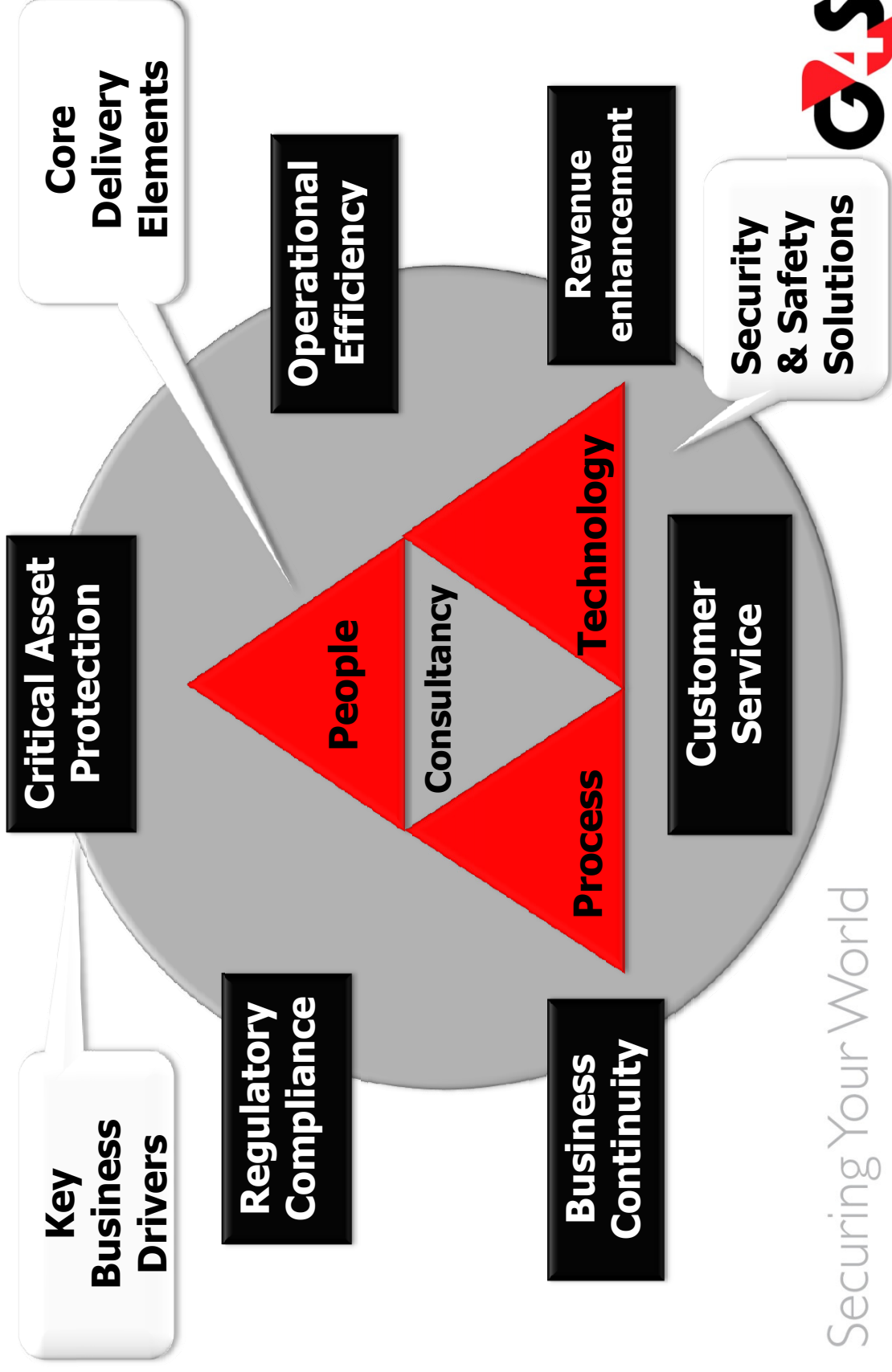


Strategic Goals	
Manage	<p>Deliver fully outsourced solutions:</p> <ul style="list-style-type: none"> ▪ Output based contracts ▪ Ability to share in gains
Widening Services into Multi-Service Security & Safety Provider	<p>Fire & Safety</p> <p>Journey Management</p> <p>Manned Security</p> <p>Security Systems</p> <p>Response & Patrol</p> <p>Monitoring</p> <p>Cash-in-transit</p> <p>Note & Coin Processing</p> <p>ATM replen & firm</p> <p>Secure courier</p>
Operate	<p>Enhancement of core services with supervision & IT:</p> <ul style="list-style-type: none"> ▪ Delivery of core services
<p>Deliver across all services according to market need, in a phased and evolutionary implementation</p>	

Securing Your World



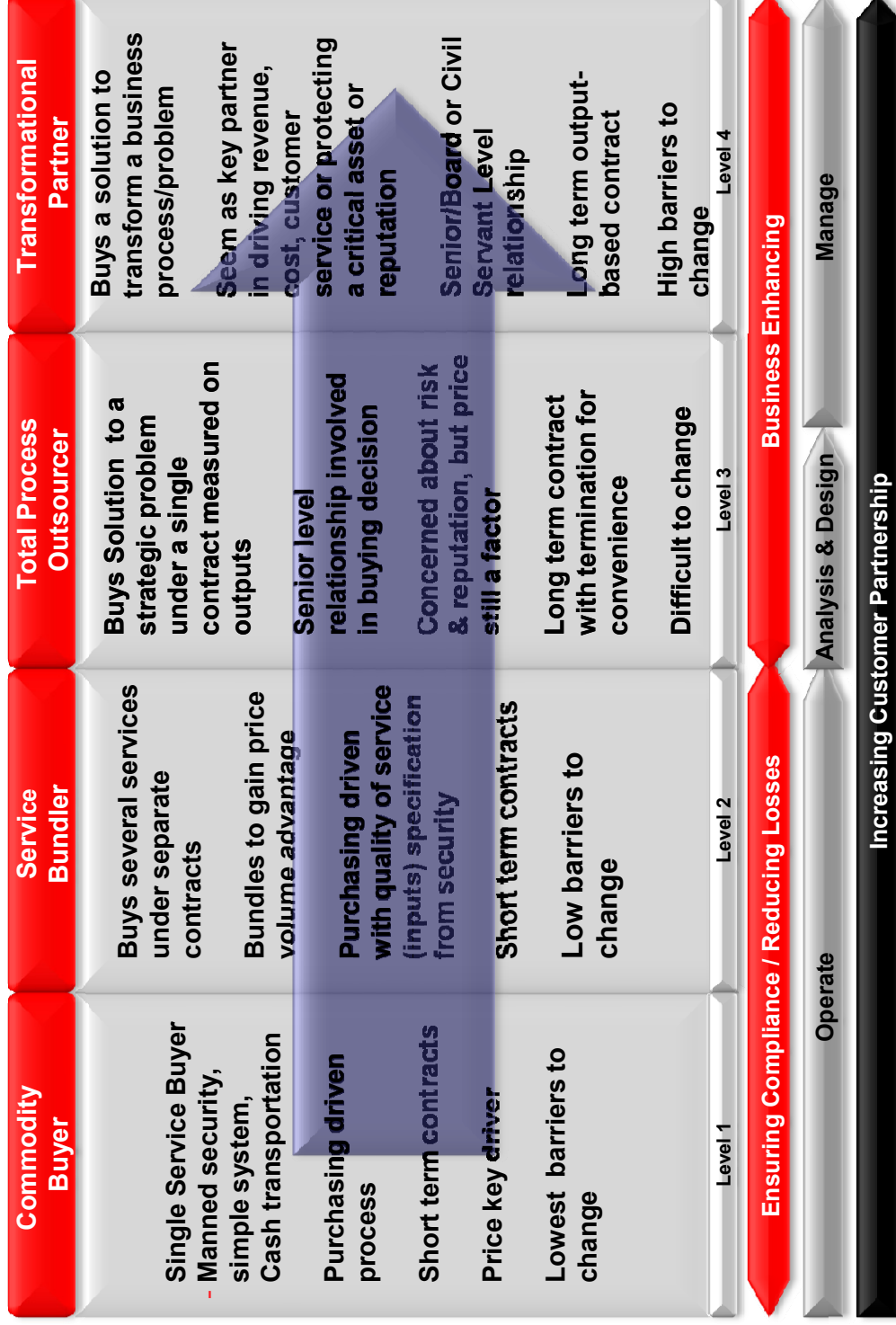
Understanding the Sector Risk - Business Drivers & Delivery Model



Securing Your World

Transforming Customer Partnerships

Customer Attributes

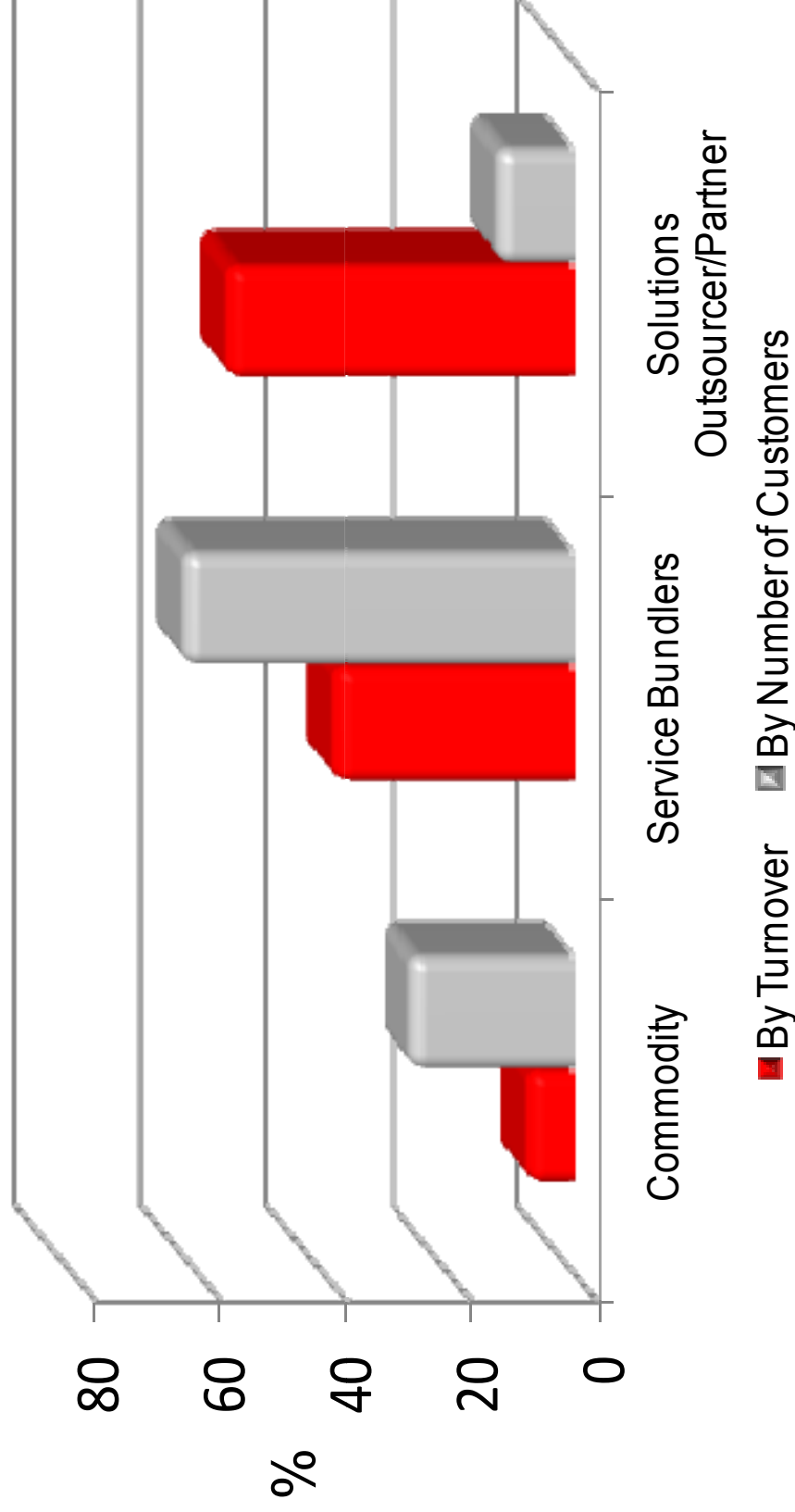


Securing Your World



Measuring Solutions Strategy

700 large customers in top 40 countries

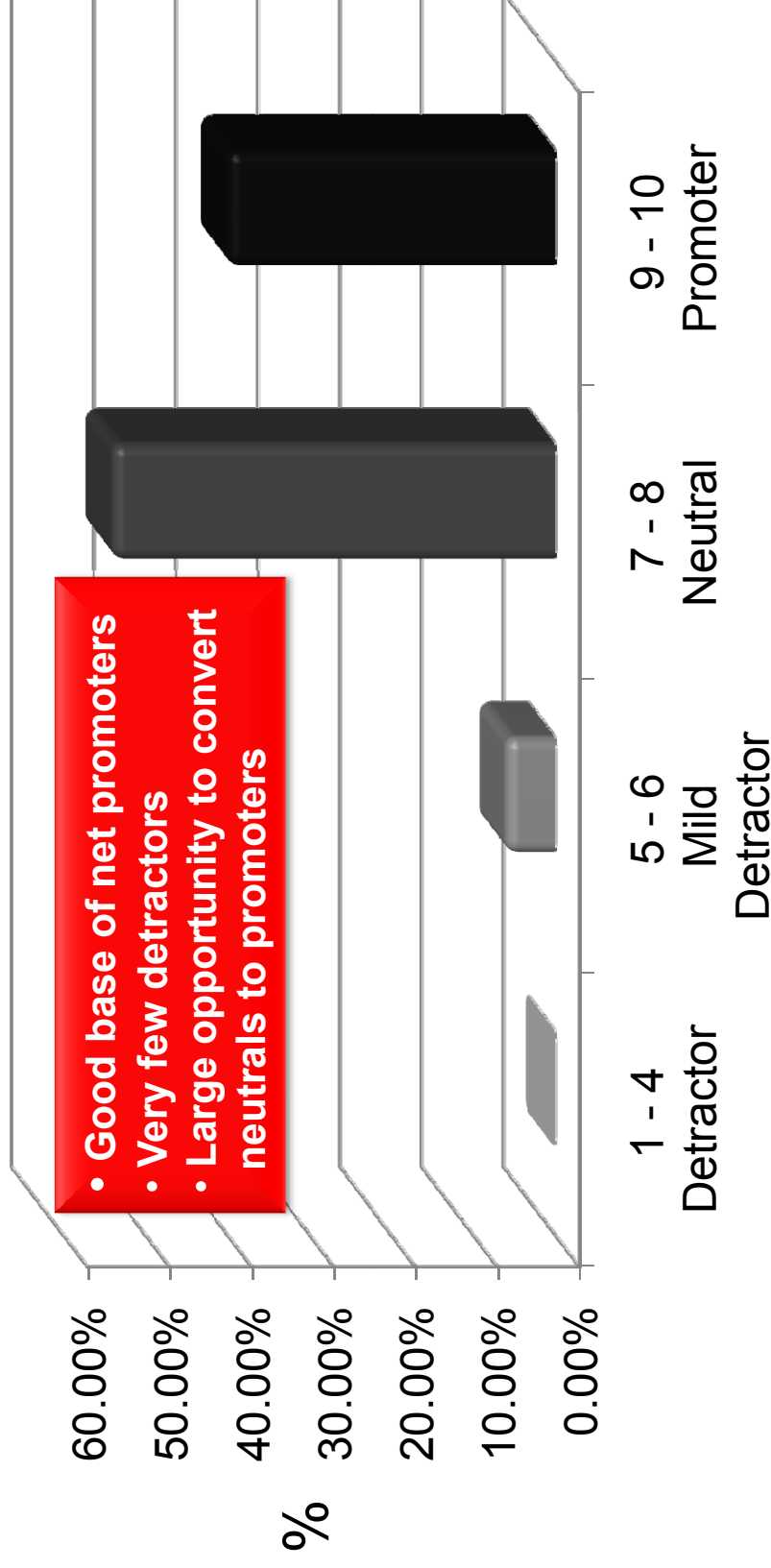


Securing Your World



NPS Score 2009 (+ 36)

700 large customers in top 40 countries



Group Strategies

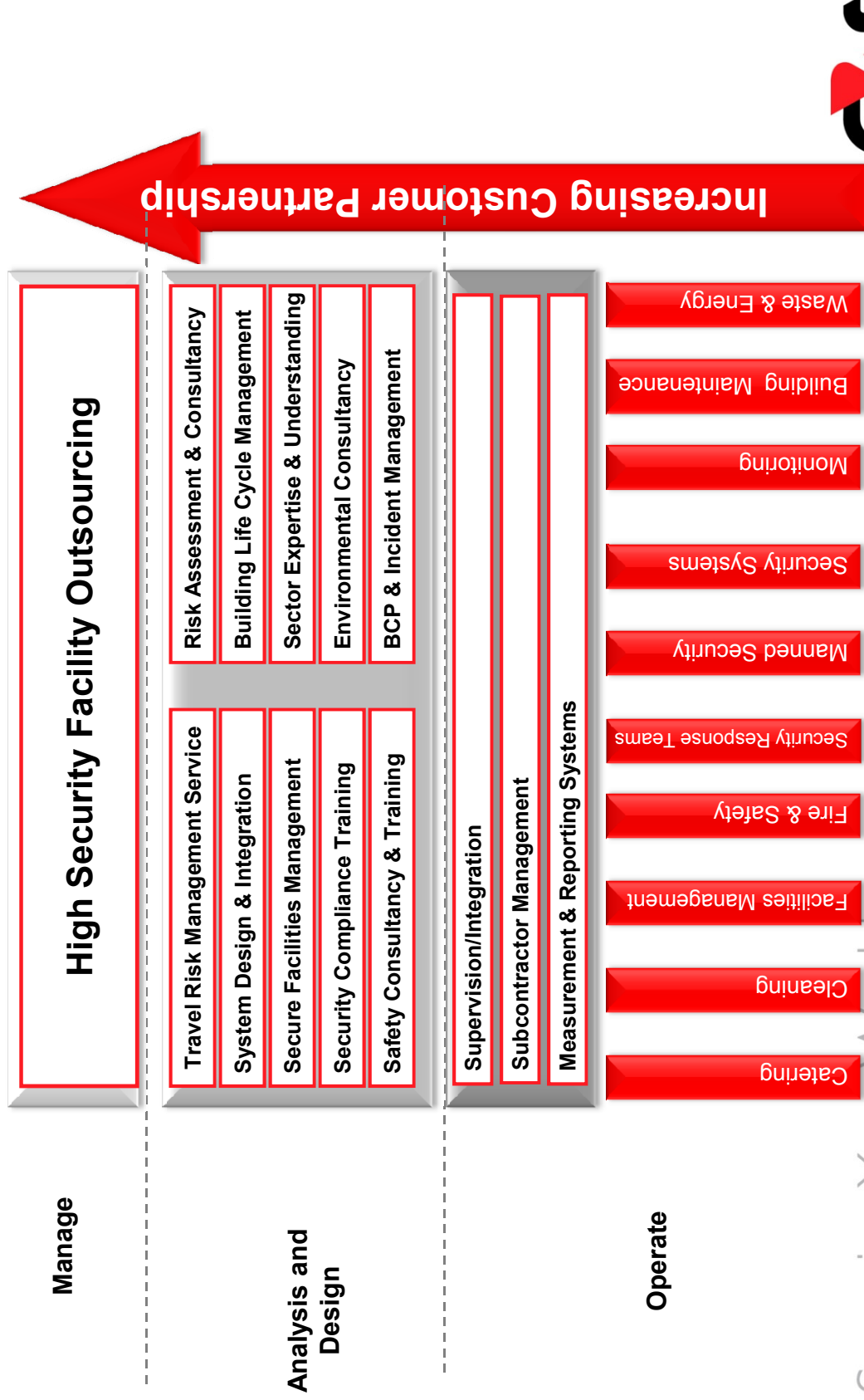
Critical National Infra-structure (CNI) Solutions Strategy

Securing Your World



Secure Solutions CNI Strategy

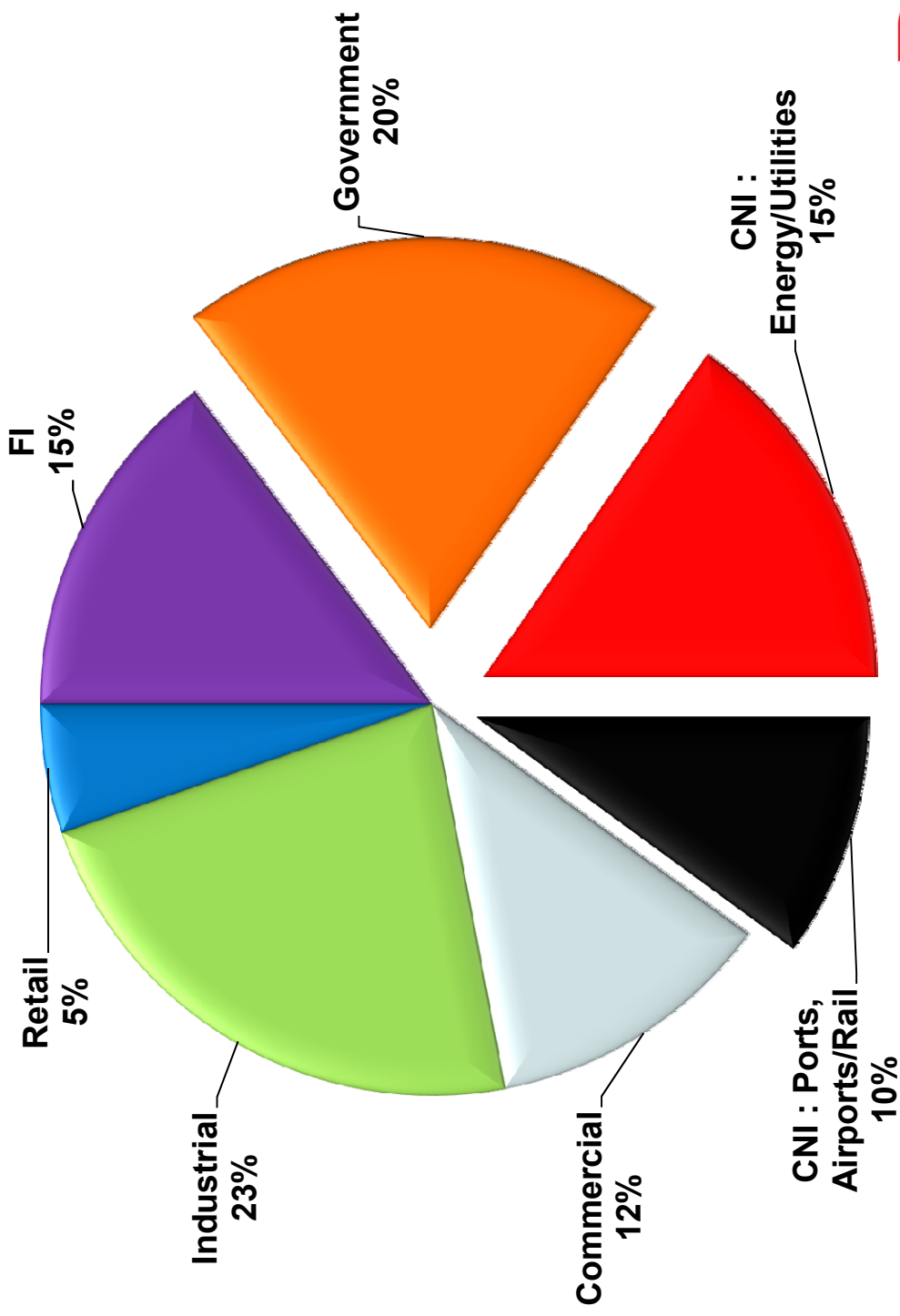
A secure solutions model – All Markets



Securing Your World



Global Outsourced Security Market : £75bn



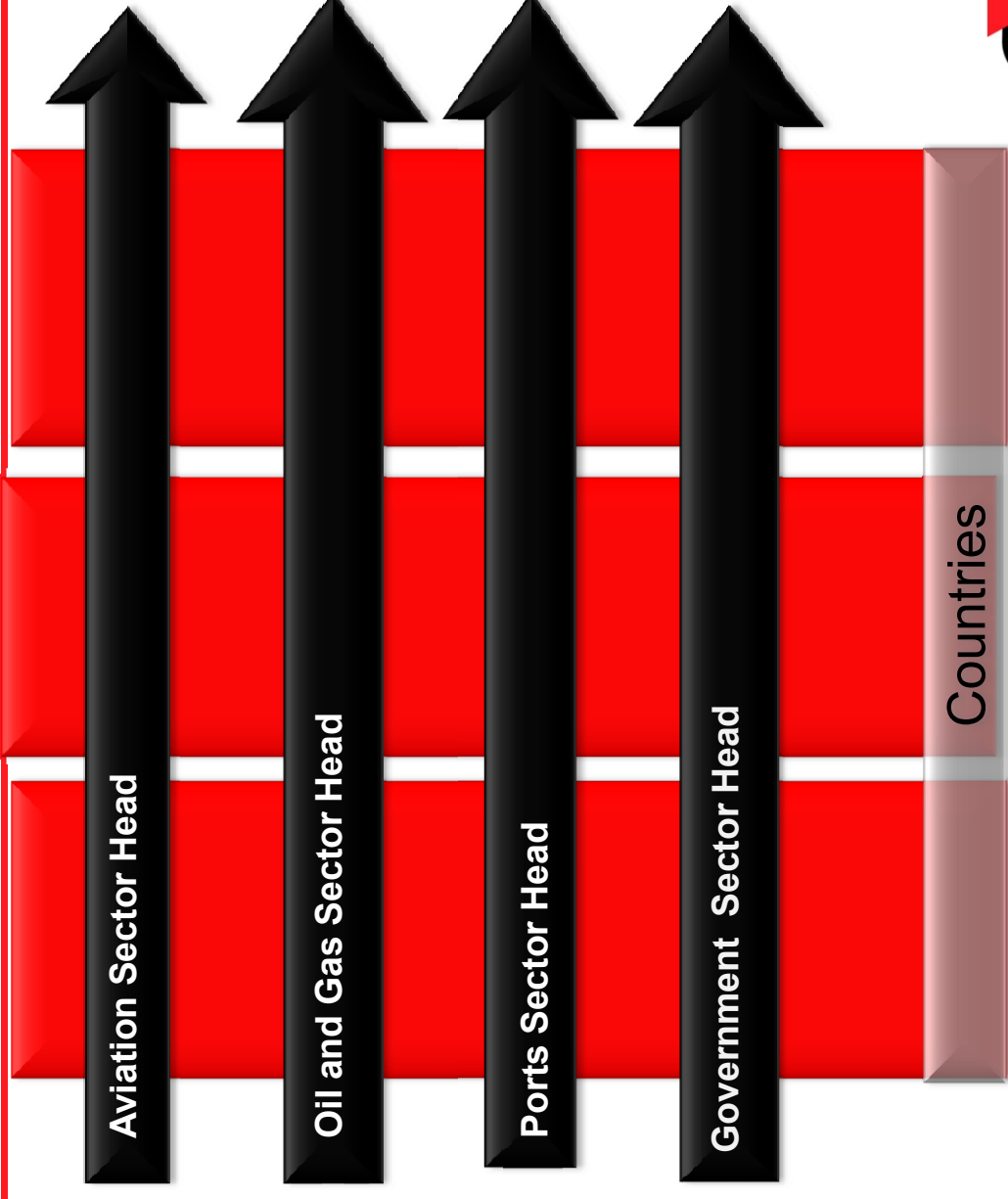
Securing Your World

Sources : Freedonia, Frost & Sullivan, Turner & Townsend, G4S analysis



G4S Strategy Overview

Deploy Sector Knowledge Across Geographies



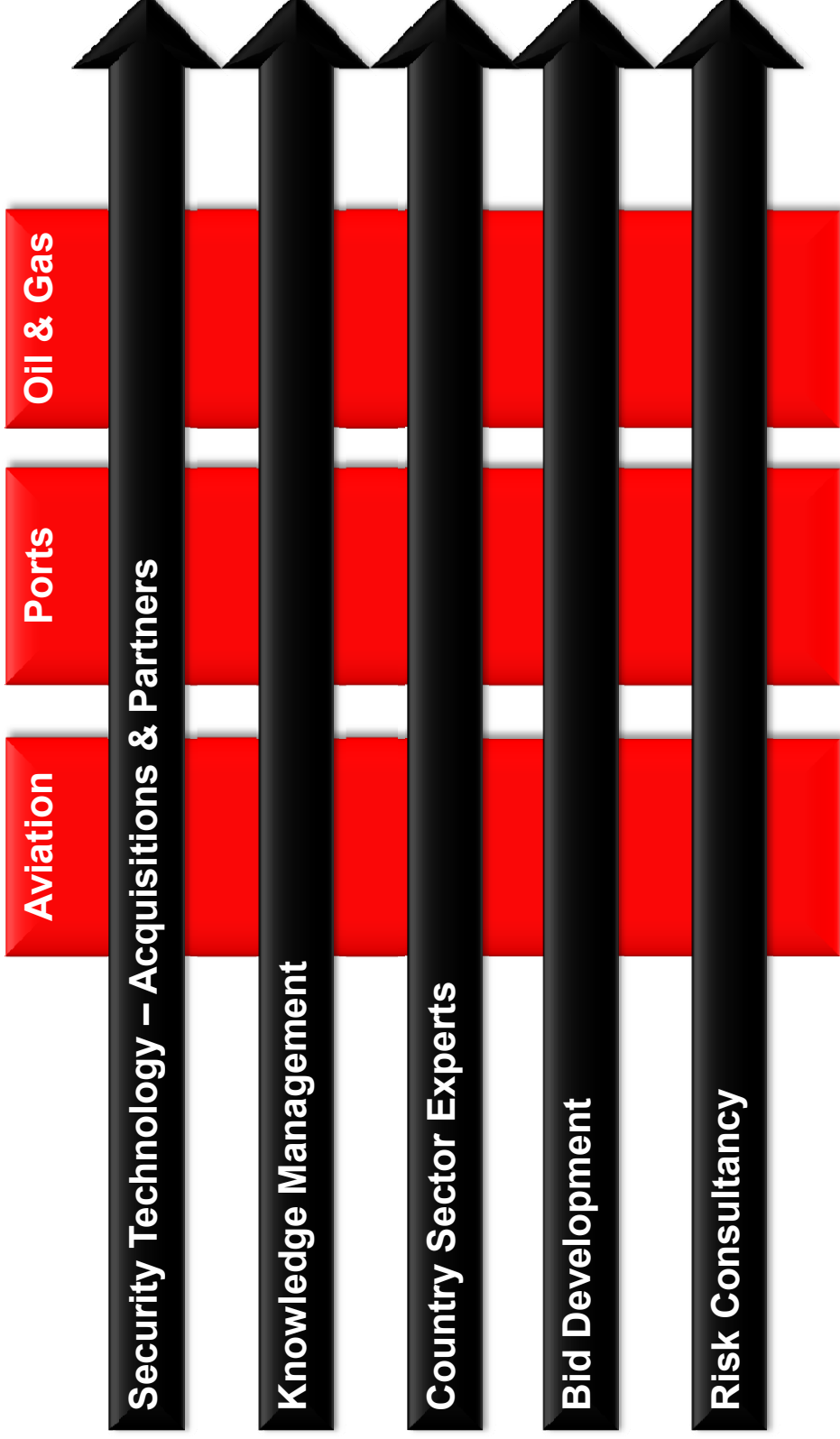
Sector Responsibilities

- Sector champion
- Develops sector strategy
- Acts as bid specialist
- Builds sector capability – people & acquisitions
- Shares best practice
- Mobilises internal resources as necessary

Securing Your World



Global Sectors – Critical National Infra-structure
Where Global Villages/Expertise/Regulation Drive the Sector :
Delivery/profit always in country

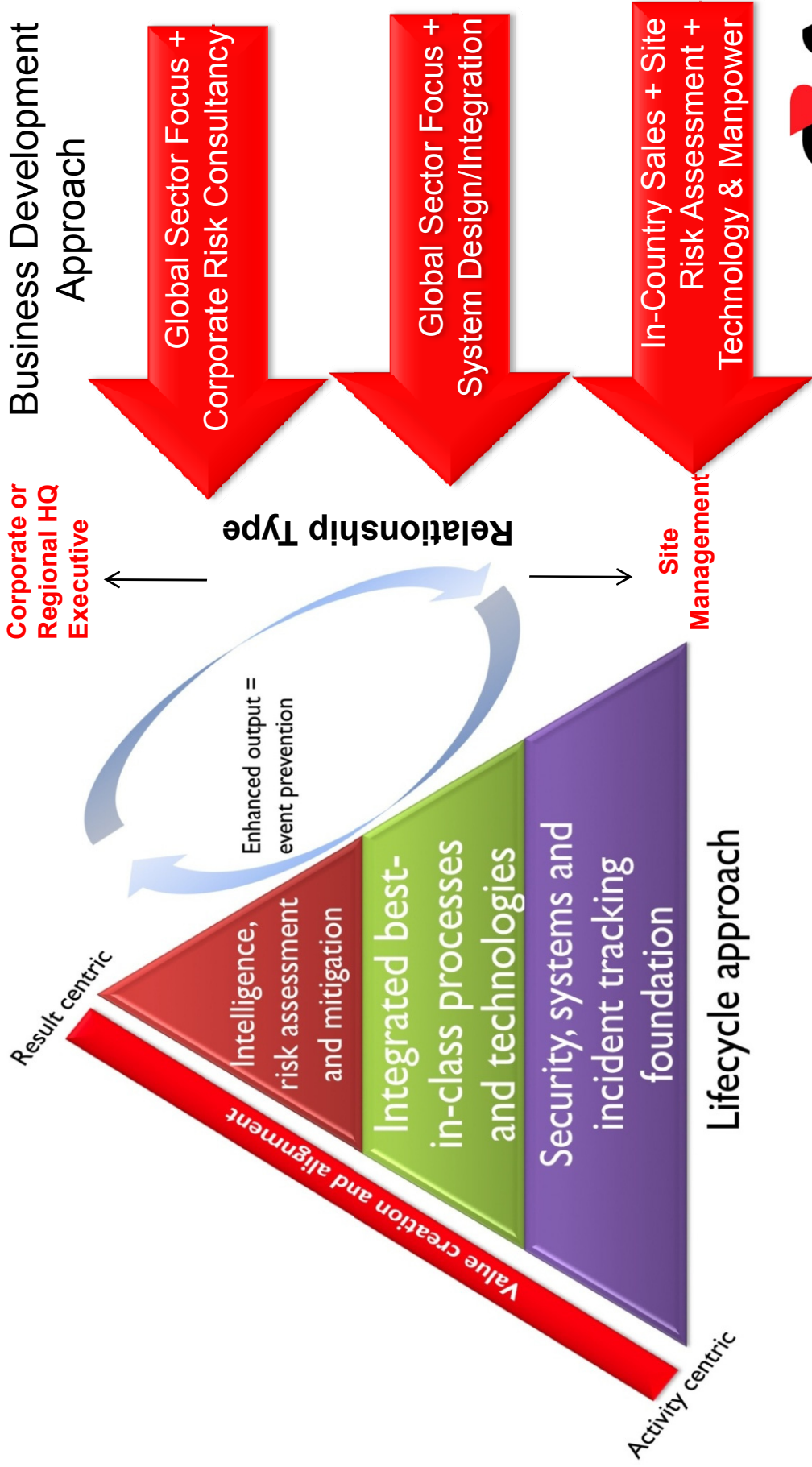


Securing Your World



Relationship Matrix

Solutions Targeting – CNI Global Opportunities



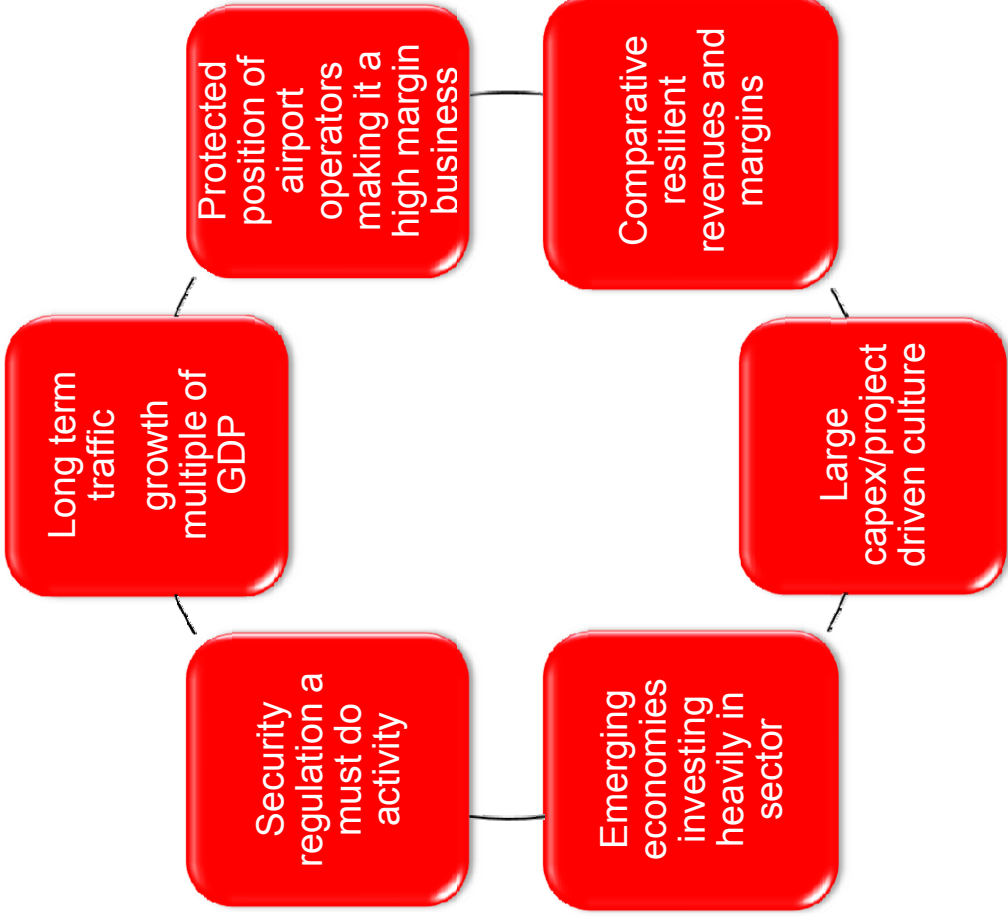
Securing Your World

Aviation

Securing Your World



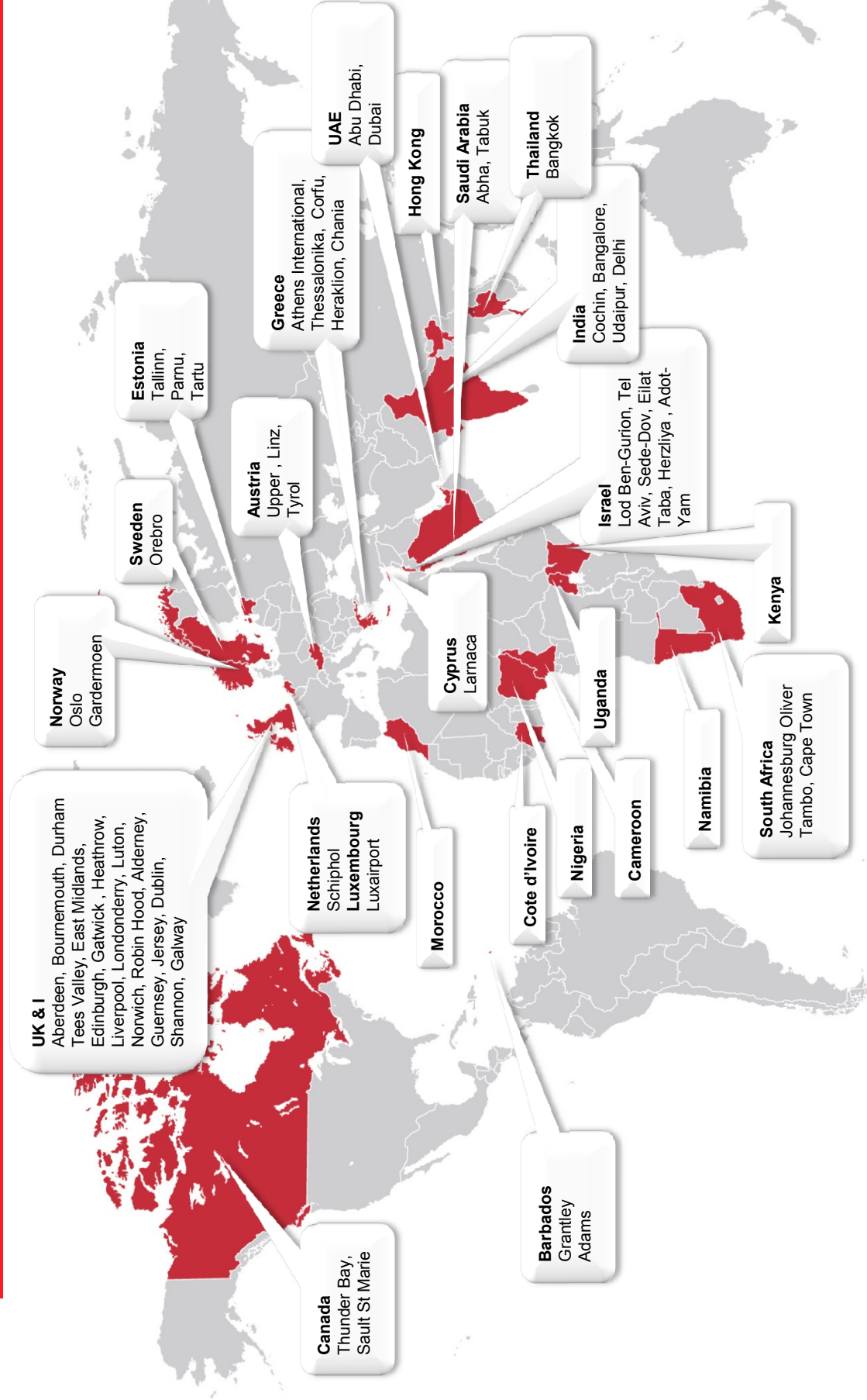
Airports Attractiveness



Securing Your World



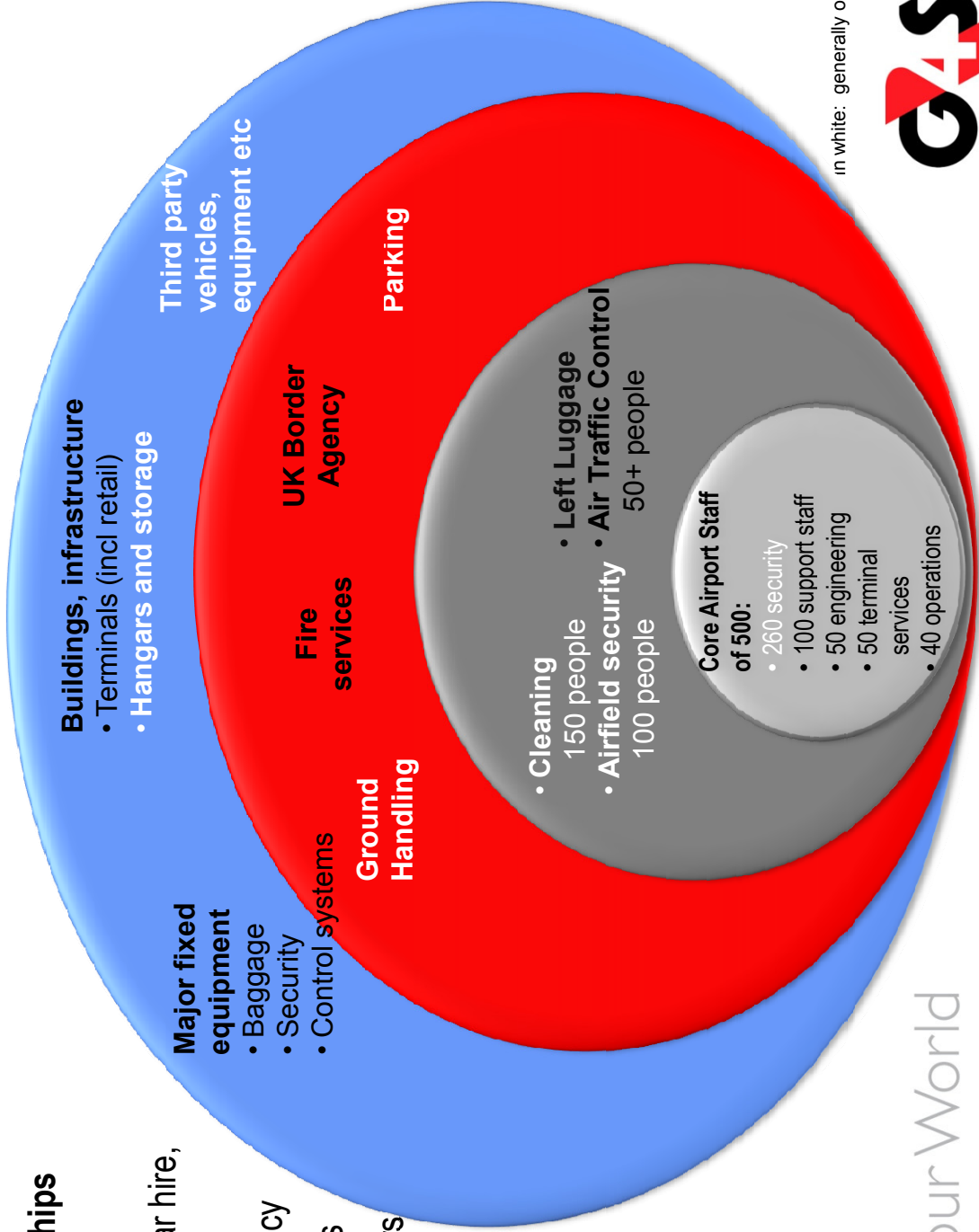
G4S current airport spread



A typical airport opportunity

Potential relationships

- Airlines
- Retailers (incl car hire, catering etc)
- UK Border Agency
- Ground handlers
- Other contractors



in white: generally outsourced



Securing Your World

G4S Risk Consulting Group: Service Line Matrix

Global Risk		Enterprise Risk Mgt		Business Intelligence & Integrity Risk	
Global	Global	Country	Global	Global	Global
Travel Risk Management	Crisis Management	Risk Management	Critical Infrastructure	Fraud Prevention & Integrity Risk	Corporate Intelligence
Training Services					
Risk Intelligence					
Information Security					

G4S Board Room Positioning
and Brand Awareness

G4S Core Strategy and
Wider G4S Supply

G4S Board Room Positioning
and Brand Awareness

G4S Risk Consulting Group: Service Line Matrix

Global Risk		Enterprise Risk Mgt		Business Intelligence & Integrity Risk	
Global	Global	Country	Global	Global	Global
Travel Risk Management	Crisis Management	Risk Management	Critical Infrastructure	Fraud Prevention & Integrity Risk	Corporate Intelligence
Training Services					
Risk Intelligence					
Information Security					

G4S Board Room Positioning
and Brand Awareness

**G4S Core Strategy and
Wider G4S Supply**

G4S Board Room Positioning
and Brand Awareness

Different Levels of Risk Assessment



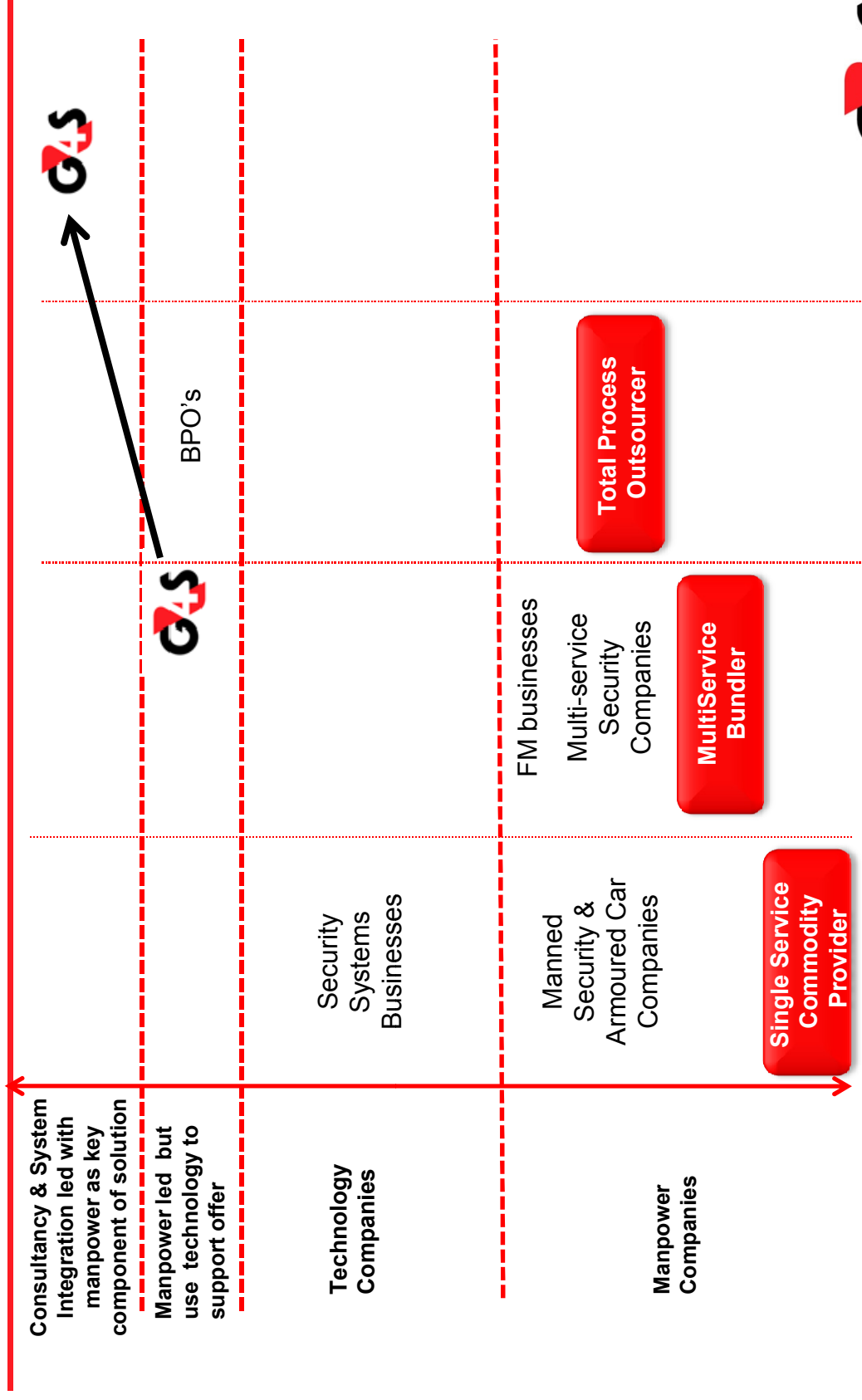
Global Risk Consultancy Practice

Progress Report

- G4S Risk Consulting
 - 500 + Consultants across UK, Europe, Africa, Asia, US
 - £50m + consultancy turnover – one of worlds leading risk consultancy groups
- Standardisation of Offer
 - Introduction of standard G4S methodology
 - Introduction of standard pricing protocols
 - Introduction of G4S “accredited” consultants
- Future Developments
 - Further build scale via regional acquisitions
 - Develop full Travel Risk Management Proposition

Security Companies Landscape

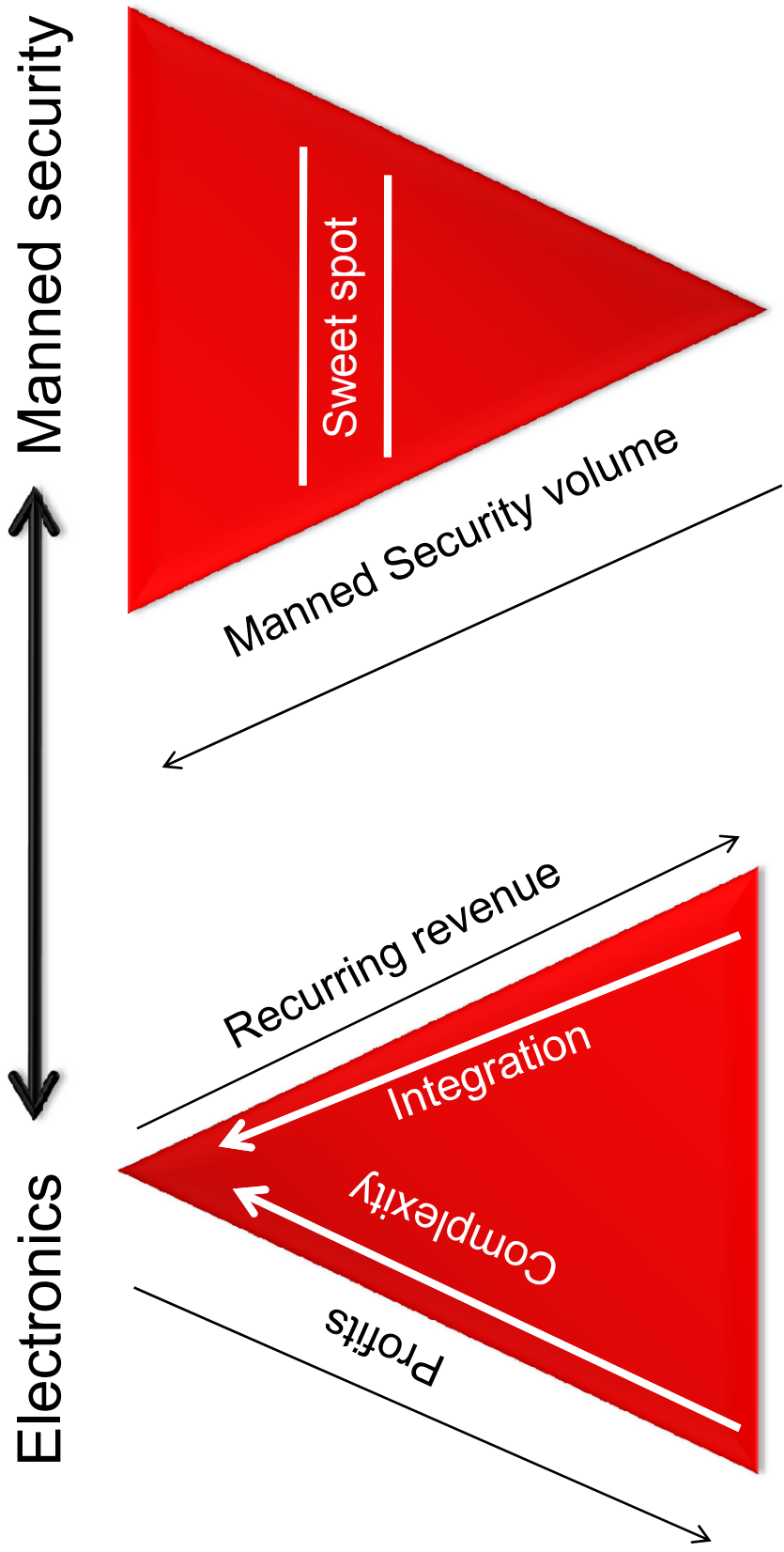
Role of Technology



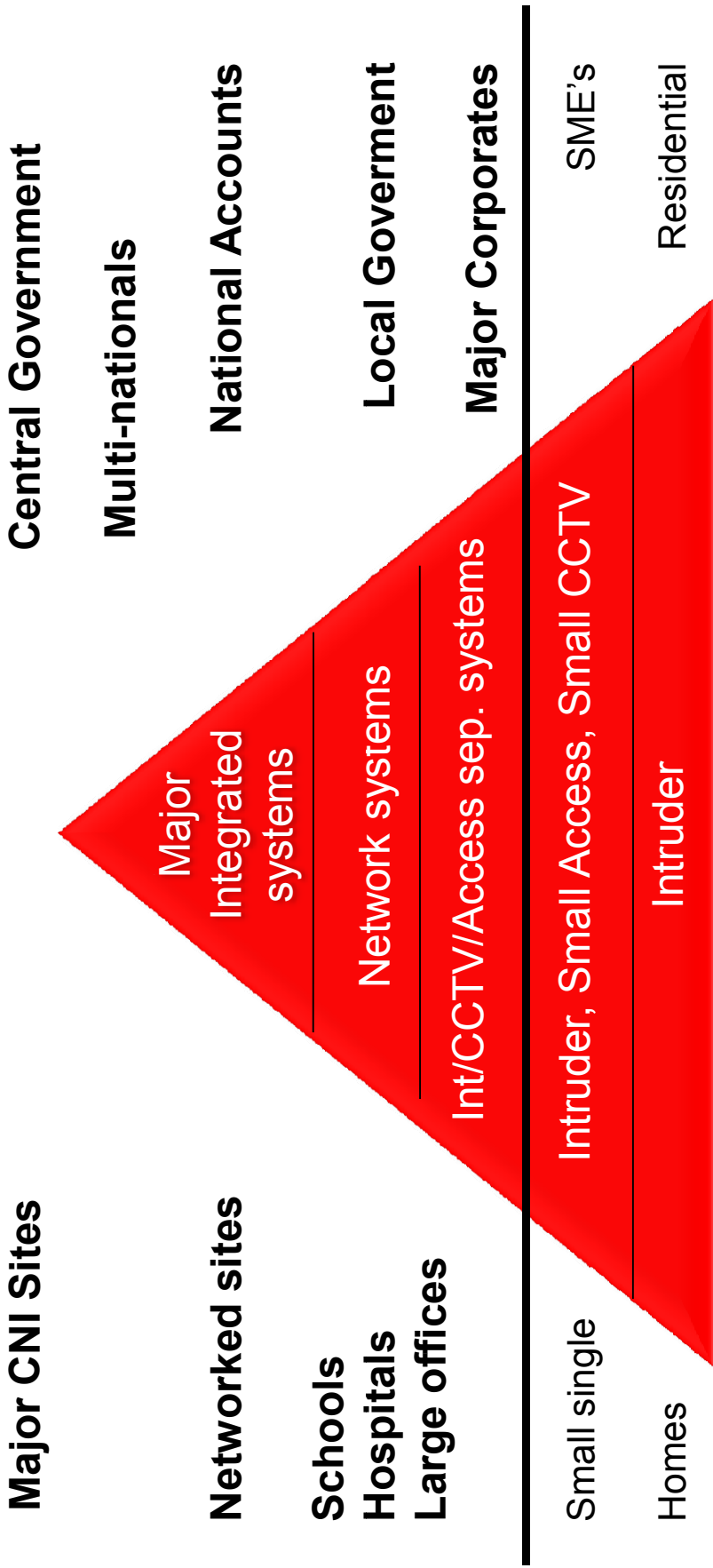
Securing Your World



Market Perspective



Technology Market Perspective



Securing Your World



Summary

- Key sectors require a more complex security solution
- We have the sector expertise and global reach to differentiate us from competitors
- Our Customer Attributes and NPS analysis demonstrate that we have the relationships to build a global security solution for customers
- This will deliver sustainable growth opportunities for the group

Secure Solutions – Port Sector

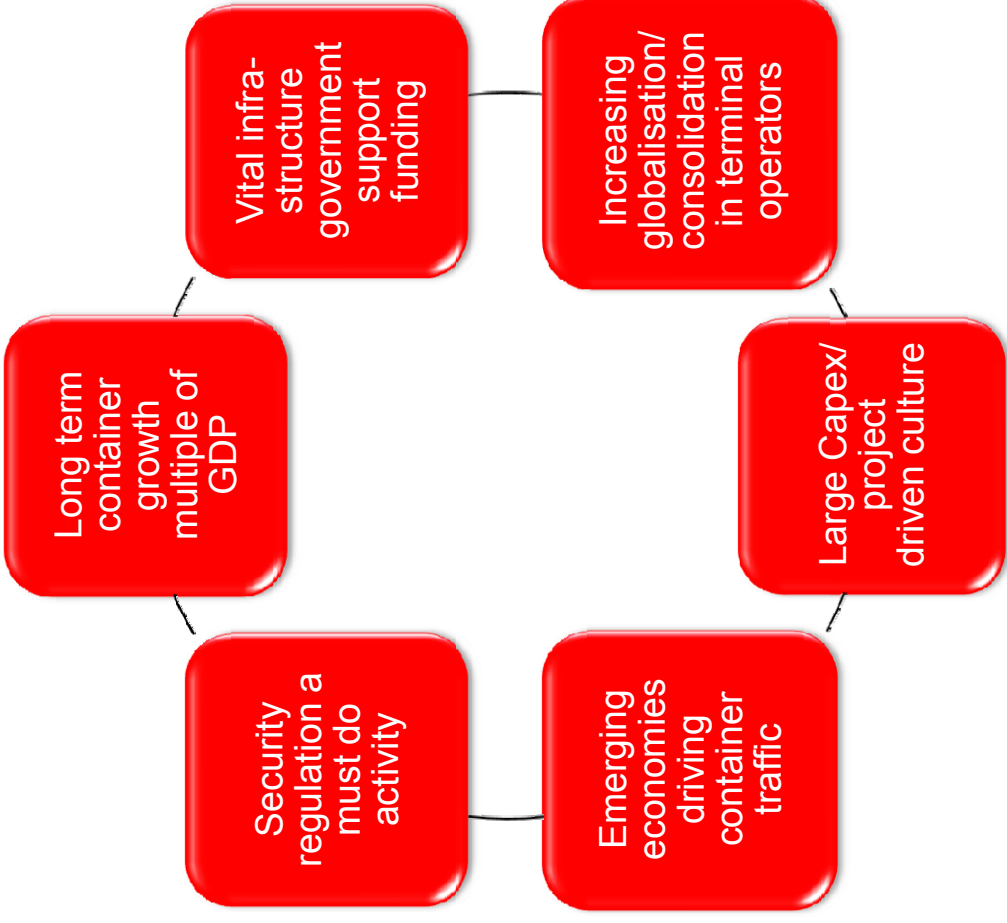
David Fairnie

Director – Global Port Solutions

Securing Your World

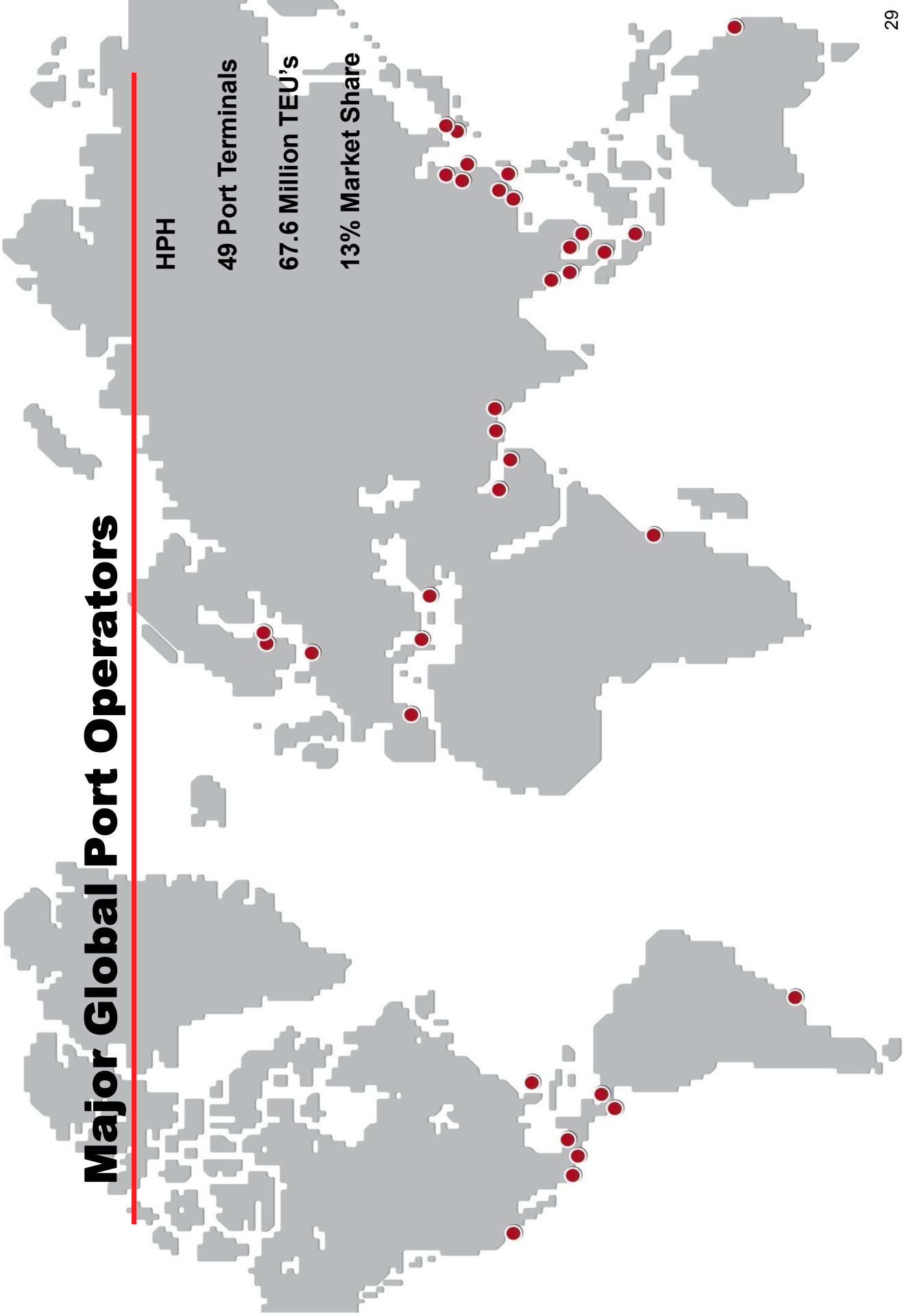


Sector Overview – Trends & Outlook



Securing Your World

Major Global Port Operators



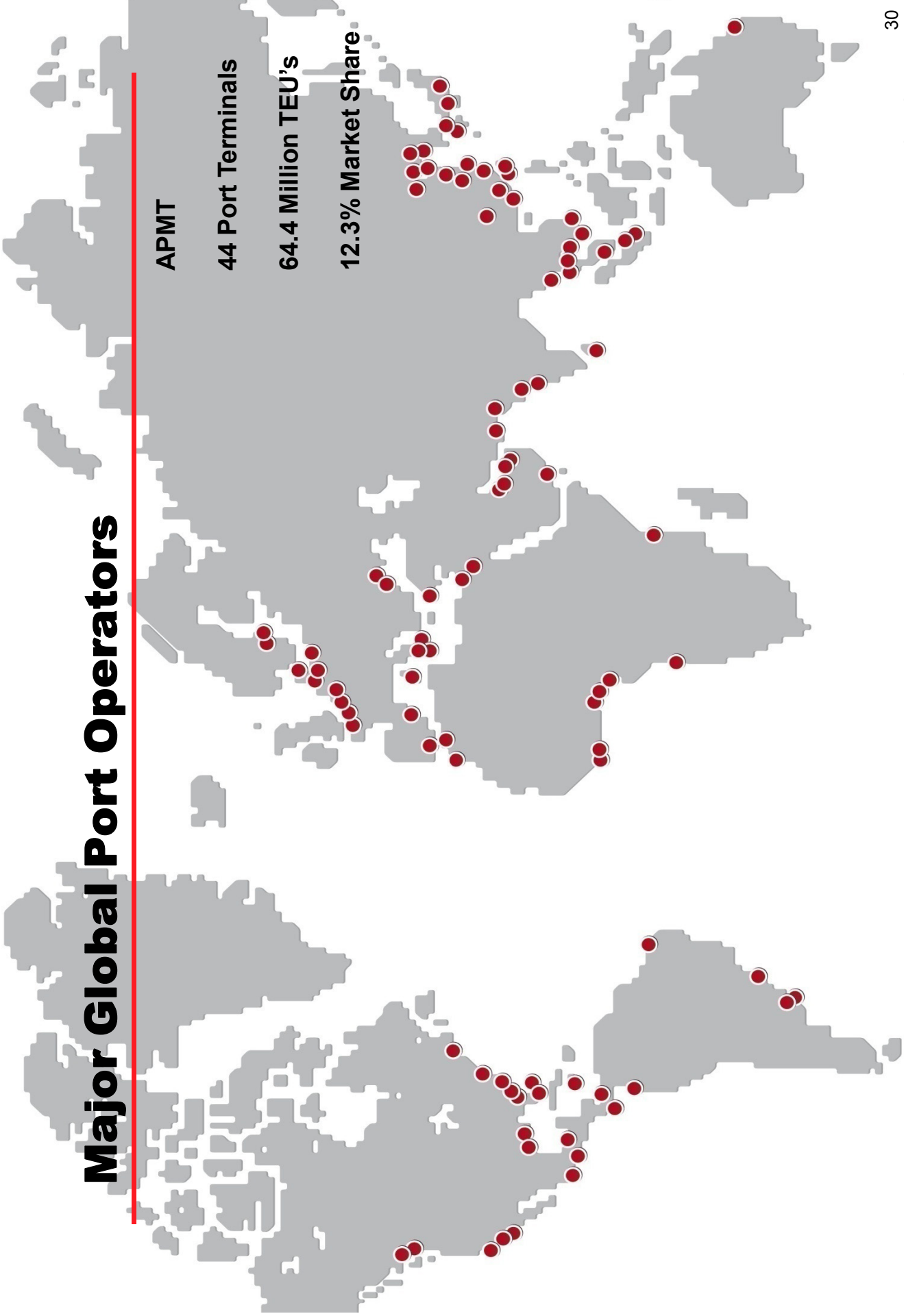
HPH

49 Port Terminals

67.6 Million TEU's

13% Market Share

Major Global Port Operators



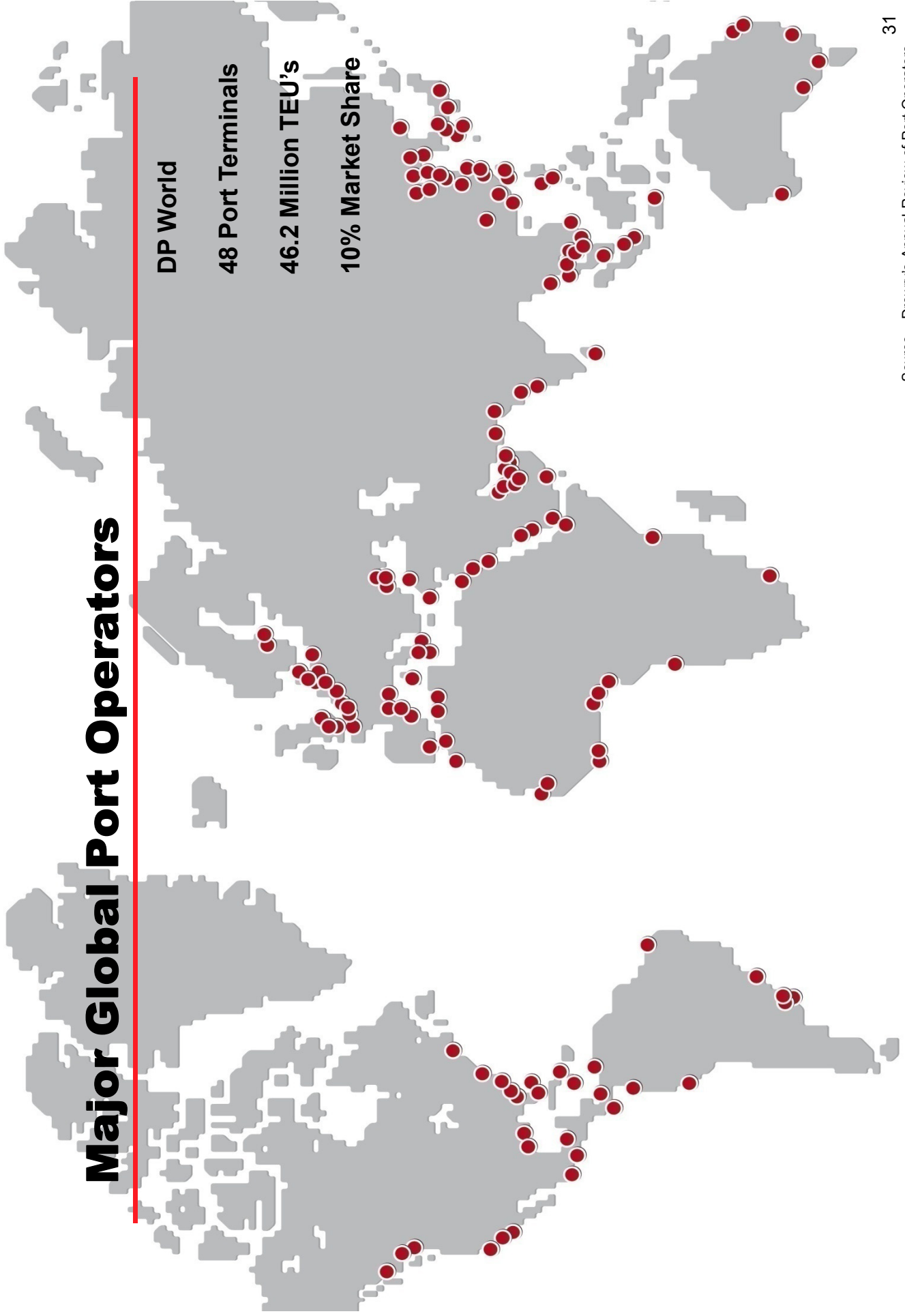
APMT

44 Port Terminals

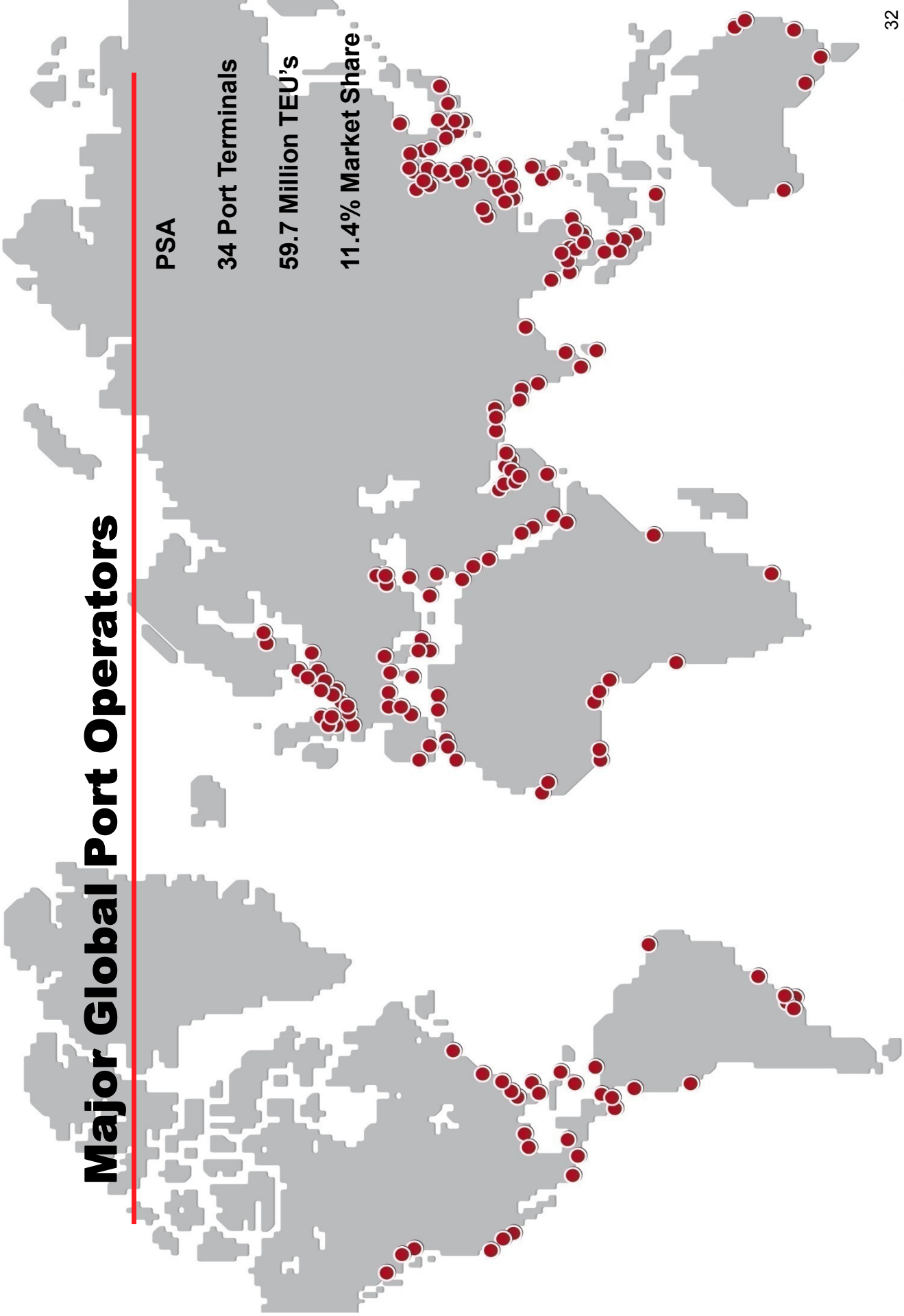
64.4 Million TEU's

12.3% Market Share

Major Global Port Operators

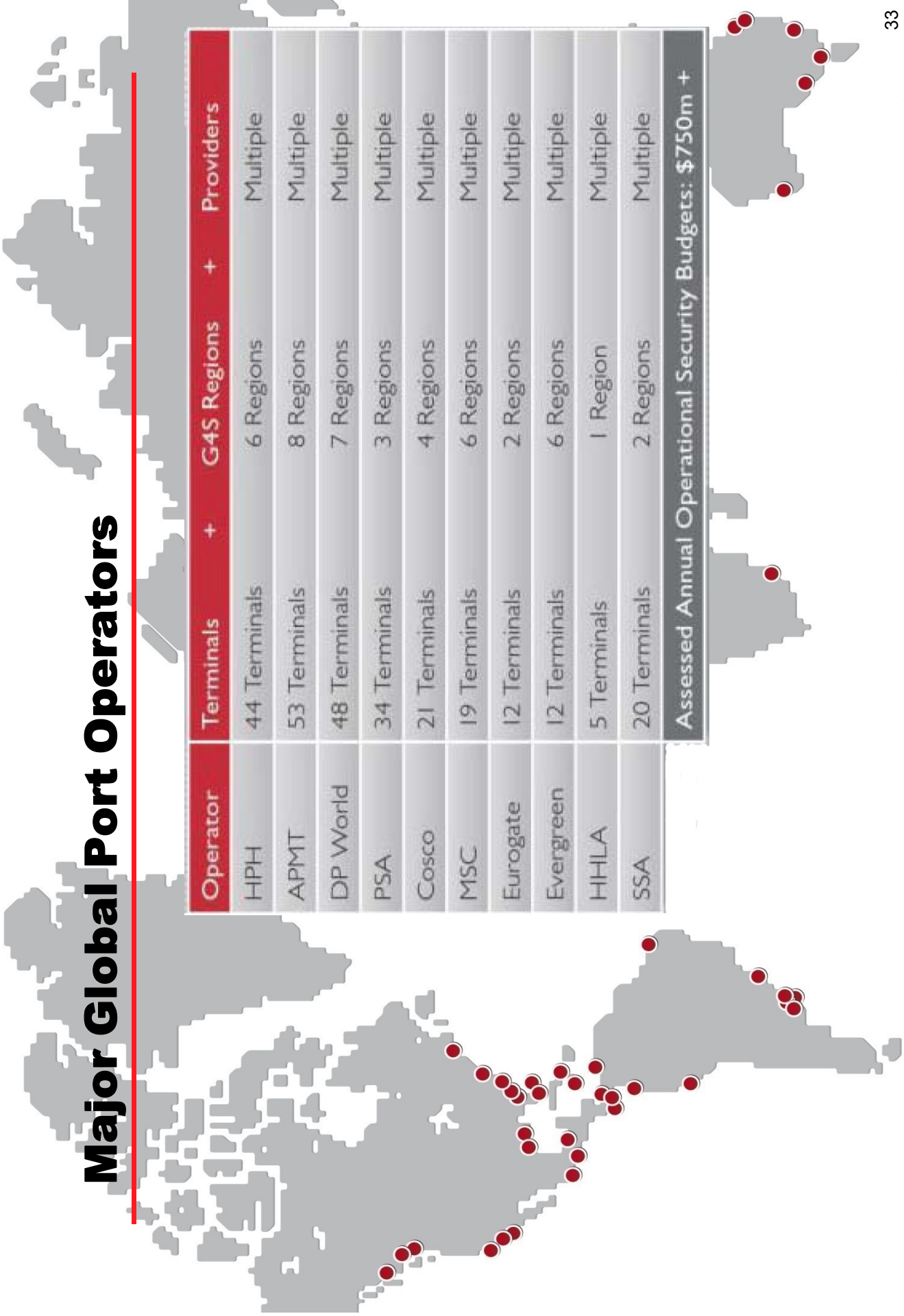


Major Global Port Operators

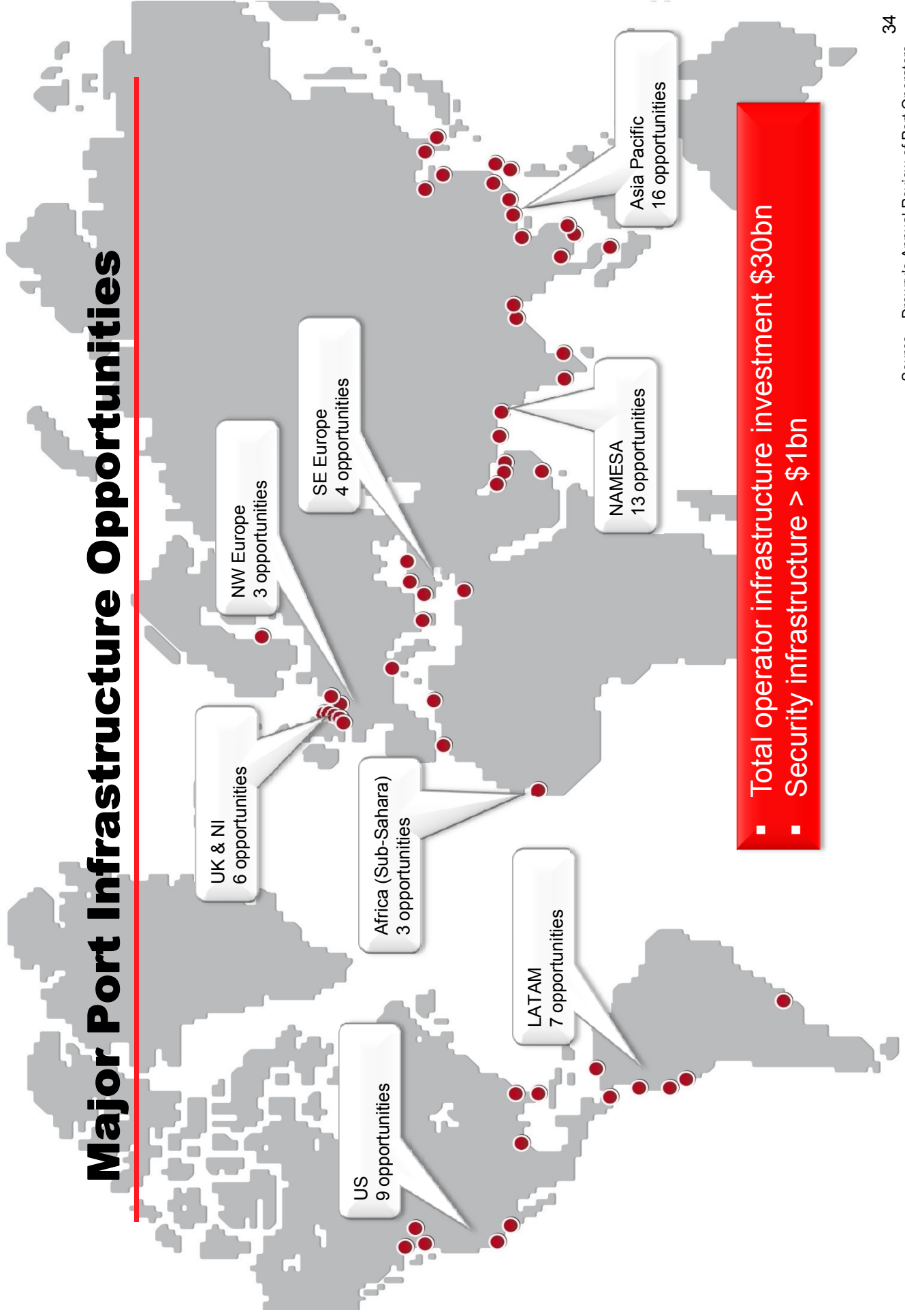


Major Global Port Operators

Operator	Terminals	+	G4S Regions	+	Providers
HPH	44 Terminals		6 Regions		Multiple
APMT	53 Terminals		8 Regions		Multiple
DP World	48 Terminals		7 Regions		Multiple
PSA	34 Terminals		3 Regions		Multiple
Cosco	21 Terminals		4 Regions		Multiple
MSC	19 Terminals		6 Regions		Multiple
Eurogate	12 Terminals		2 Regions		Multiple
Evergreen	12 Terminals		6 Regions		Multiple
HHLA	5 Terminals		1 Region		Multiple
SSA	20 Terminals		2 Regions		Multiple
Assessed Annual Operational Security Budgets: \$750m +					



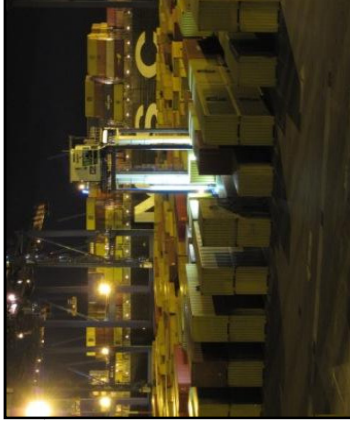
Major Port Infrastructure Opportunities



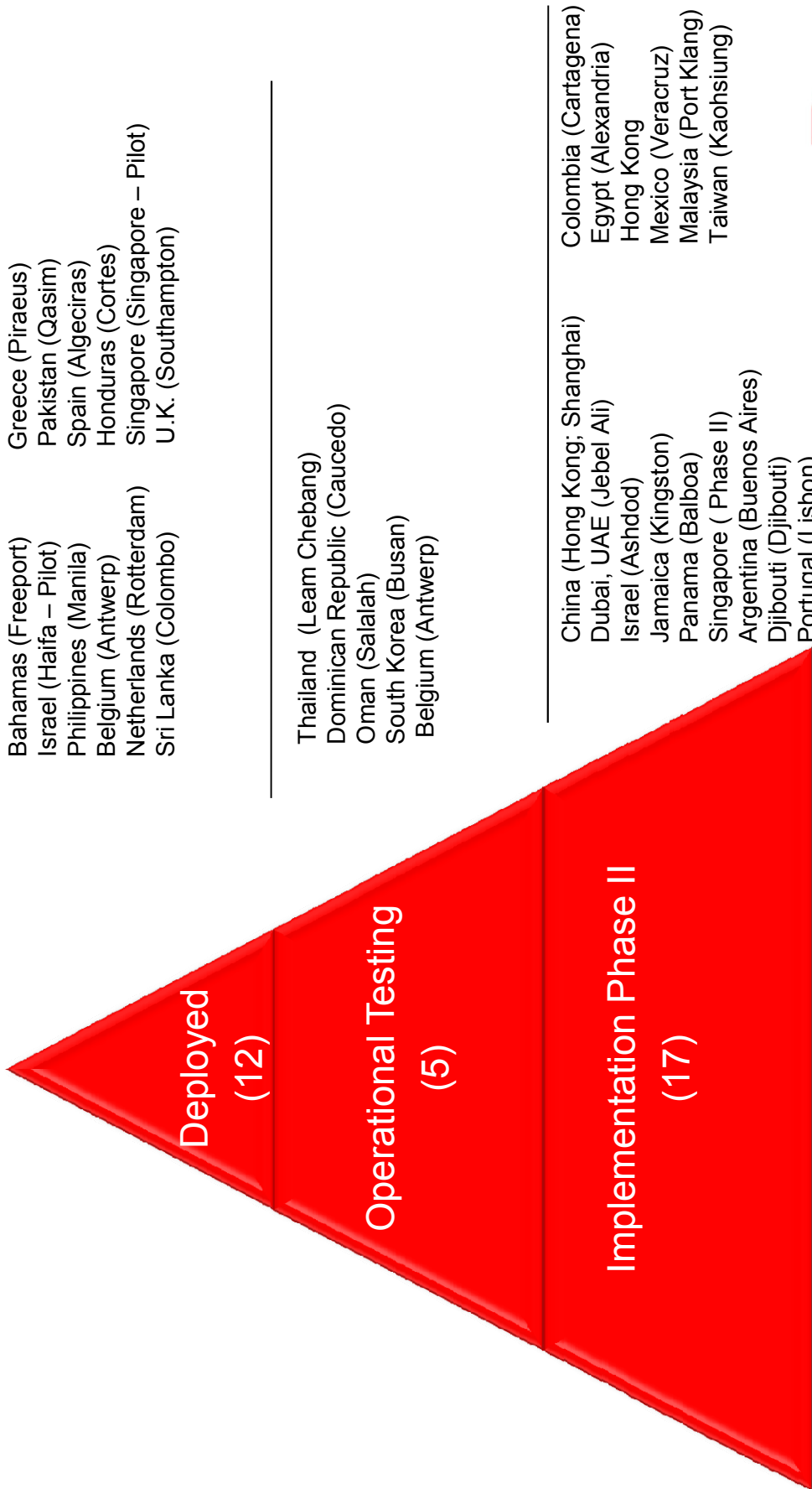
- Total operator infrastructure investment \$30bn
- Security infrastructure > \$1bn

Global Port Security Initiatives - Megaports

- Megaports initiative is a key component of the USG's Proliferation Security Initiative.
- Working with foreign customs, port authorities, port operators, and/or other relevant entities in partner countries to systematically enhance detection capabilities for special nuclear and other radioactive materials in containerised cargo.
- The goal is to scan as much container traffic as possible regardless of destination and with minimal impact to port operations.
- The intent is to equip 100 seaports with radiation detection systems by 2015, scanning approximately 80% of global maritime containerised cargo.
- DOE has congressional appropriations of \$7.9bn to achieve the objectives of Megaports.



Megaports – Current & Planned Deployment



Securing Your World



Market Segmentation & Potential for G4S

- **Global Port Operators – Operational Security Budgets**
 - Top 4 global port operators - 50% global volume
 - Top 4 global port operators - > 170 facilities
 - Top 10 Operational Security spend > **\$750m annually**
- **Global Port Infrastructure Projects**
 - Global GDP growth drives increasing capacity demand
 - \$30bn Capital committed to > 60 new port projects
 - Security Infrastructure spend > **\$1bn**
- **Global Port Security Initiatives – Megaports**
 - Global Nuclear Security commitment driving demand
 - Intent to deploy radiation detection systems at 100 international ports by 2015
 - Program appropriated by US Congress at **\$7.9bn**

Competitive Landscape

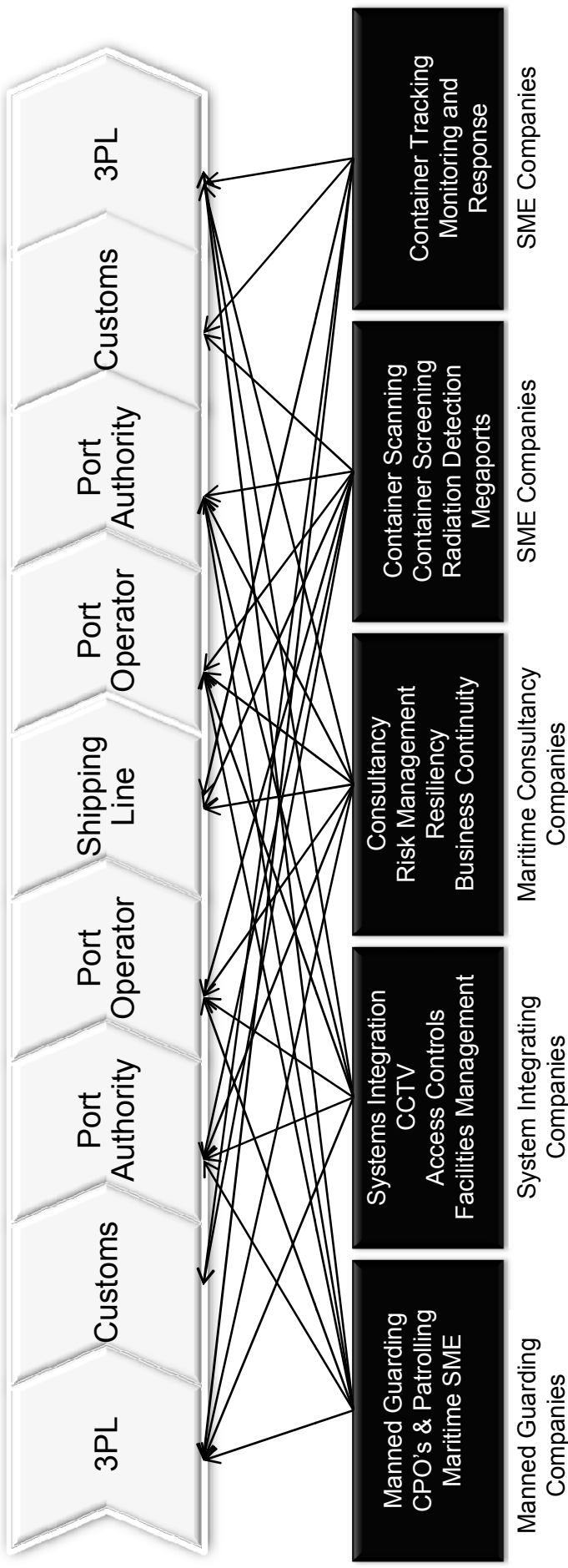
System Integrators	Risk Management & Consultancy
Manned Security	G4S PORT SECURITY SOLUTIONS

Securing Your World



Different Port Stakeholders Buy Different Services

Port Stakeholder



Commodity Services

Securing Your World



Challenging Landscape for Port Stakeholders:

Port Security Compliance Standards

ISPS Code (2004) – IMO

- The ISPS Code is the universal minimum security standard for security measures in internationally operating ports. The IMO intend to issue an update in 2010.

Maritime Transportation Security Act (MTSA)

- The MTSA is the US equivalent of the ISPS Code, all US Port Operations must maintain compliance with MTSA standards which is strongly regulated by the US Coast Guard. US Government Port Security appropriations support MTSA compliance (\$4bn 2010).

EU Port Security Directives

- EU directive to further improve Port Security beyond ISPS Code, extending security compliance requirements and responsibility to whole port area and inland supply chain. There are 1200 EU Seaports and 4000 Port Facilities with compliance and annual maintenance of 2.5bn Euro and 1.3bn Euro

UK Port Security Regulations 2009

- To comply with the EU Port Security Directive the UK Government has introduced the UK Port Security Regulations 2009. Extending the responsibility for security to cover the inland supply chain to the UK Port Authorities. 43 Port Security Authorities to be formed through acts of parliament to implement and manage the regulations.

Challenging Landscape for Port Stakeholders:

Container Screening Compliance Standards

Container Security Initiative (CSI)

- The US Customs Container Security Initiative (CSI) is an exchange program, focused on international ports shipping to the US. US Customs officers are stationed at international ports, working with the port operator and host nation customs to assess and inspect high risk containers prior to departure.



Secure Freight Initiative (SFI)

- SFI is a US DHS program which is linked to the congressional 9/11 Act requirement to scan 100% of container traffic at point of origin prior to departure for the US. The law mandates that by 1 July 2012 all containers destined for the US must be first non-intrusively inspected by X-ray and radiation detection systems.



Proliferation Security Initiative (PSI)

- PSI is a global effort that aims to stop trafficking of weapons of mass destruction, their delivery systems, and related materials. Following on from a US sponsored Global Nuclear Security Summit (Apr 2010) PSI has gathered momentum as the vehicle for national government reaction to address the threat.



Challenging Landscape for Port Stakeholders:

Government to Industry Security Initiatives

Customs Trade Partnership Against Terrorism (CTPAT)

- CTPAT is a voluntary (industry to government) US initiative to improve security within the international supply chain. Participant companies (9,000 to date) receive US Customs trade facilitation benefits on arrival in the US by demonstrating CTPAT standards of security within the supply chain. Non compliance or additional physical inspection incurs a cost of \$800 per container.



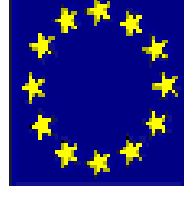
World Customs Organisation (WCO) (Framework - Standards)

- The WCO has developed a framework of standards for programs that improve security within the supply chain. Modelled very much along the lines of the US CTPAT program the WCO advocates voluntary industry and government (customs) programs underpinned by minimum standards of security. Their model framework standards, the Approved Economic Operator, has been adopted by national customs in APAC (Australia and Singapore) and in the EU.



EU Supply Chain Security Standards (AEO)

- The Approved Economic Operator program was implemented in 2008 and to date 1,000 companies of a potential 25,000 eligible have joined the program.

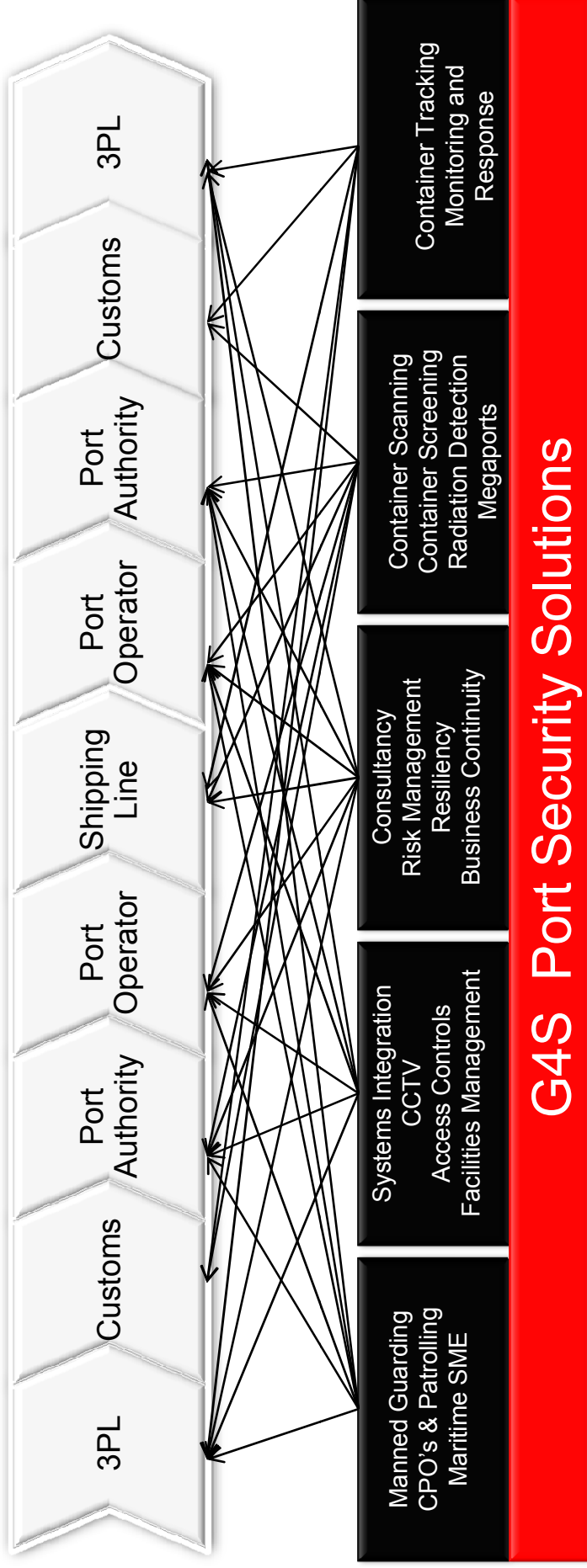


Securing Your World



G4S Port Security Solutions - Differentiator

Port Stakeholder



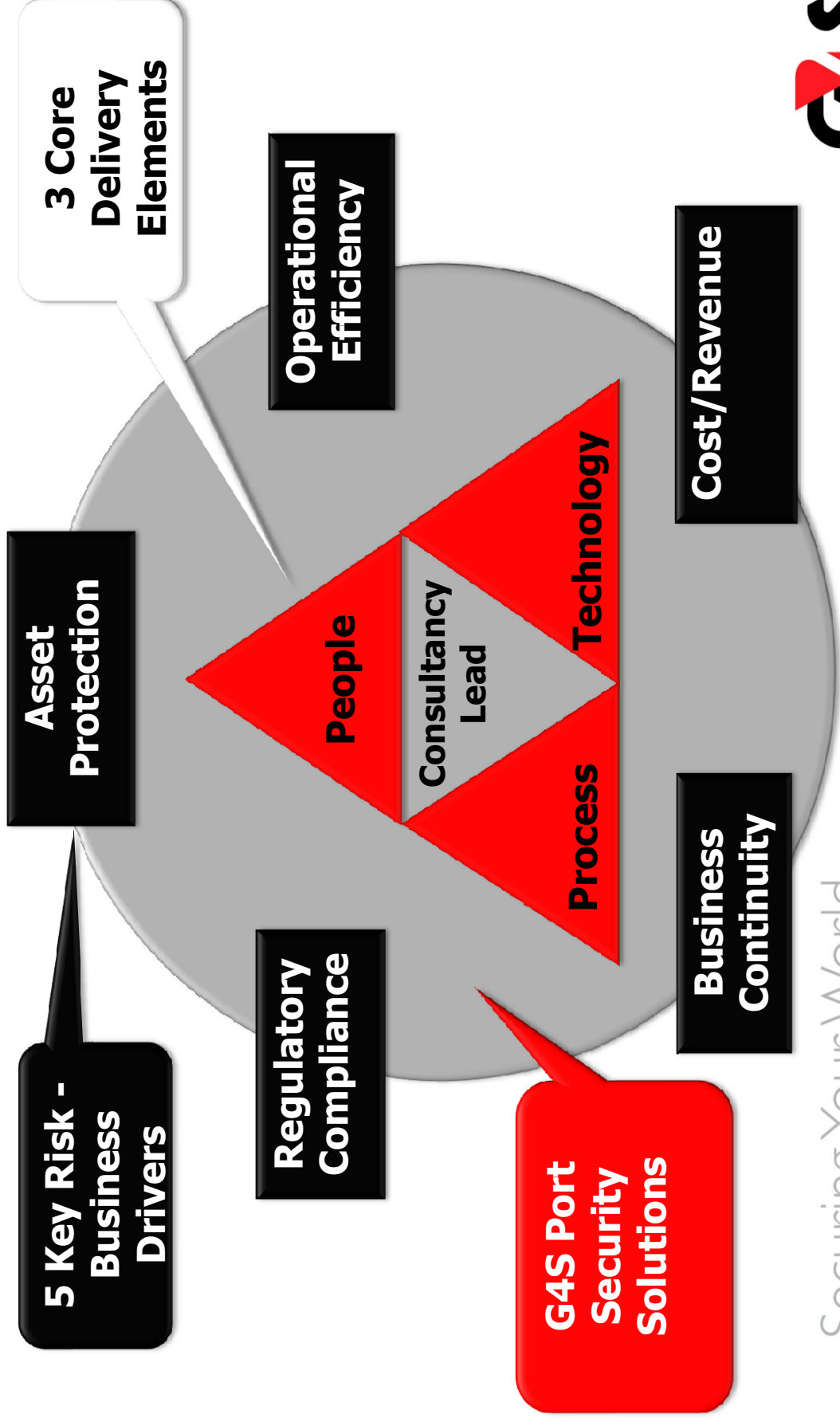
G4S uniquely positioned to offer holistic solutions approach to all port stakeholders, based on:

- Global Reach
- Understanding sector drivers
- Capacity & Capability to deliver solutions

Securing Your World



Understanding the Sector Risk - Business Drivers & Delivery Model



Securing Your World



G4S Port Security Solutions - Methodology

- Focused on Integrating Security Technology, People and Process with Customer Core Risk & Business Drivers
 - Manage Risk – Security, Safety, Environment and Brand
 - Manage Resilience and Continuity
 - Improve Operational efficiency – Move product quickly, safely and securely
 - Cost effective and Innovative solutions

G4S Global Port Solutions

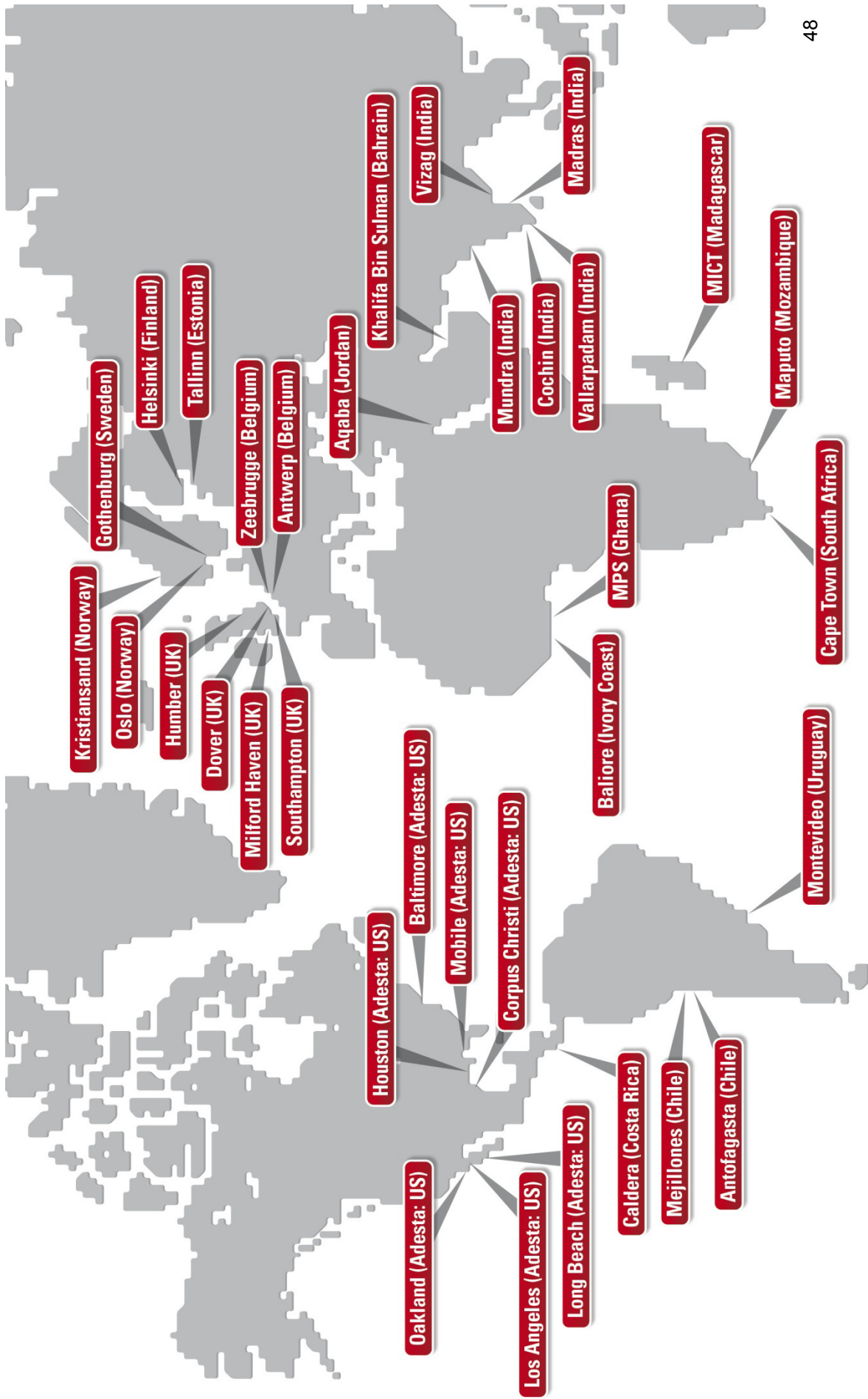


Securing Your World



G4S Global Port Security

Solid solutions building block



Gothenburg Port, Sweden

- Port surveillance technology including advanced key & access control, electronic identification, perimeter surveillance, monitoring of personnel and cargo



“G4S is a leading security firm throughout the world, for us that ability combines expertise with port security with a global network reaching out to major ports and beyond. It is a crucial part of delivering such a high level of service & expertise at Gothenburg”



Port Security officer Thomas Fransson

Securing Your World

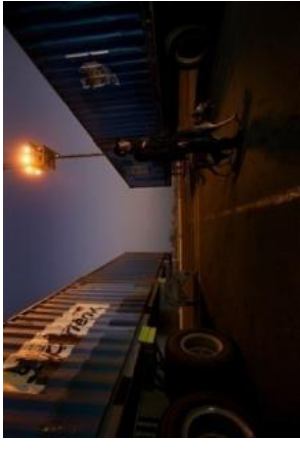


Port of Los Angeles, USA

- Access control, CCTV, video content analysis system at numerous facilities at the Port. Video analytics, sensors, access control and system monitoring capabilities.

“Adesta has proven to be a true partner in delivering innovative and cost effective security solutions to the Port of Los Angeles”

Kurt Arend, Assistant Chief Harbor Engineer, Port of Los Angeles



Securing Your World



Dover Port, UK

- Passenger and baggage screening, passenger services, berthing, mooring & ship support, stores & cargo loading



“G4S’ expertise in security sector along with its expertise in maritime security were important factors in choosing G4S”



Robin Dodridge, Head of Landside Operations, Dover Port



Securing Your World



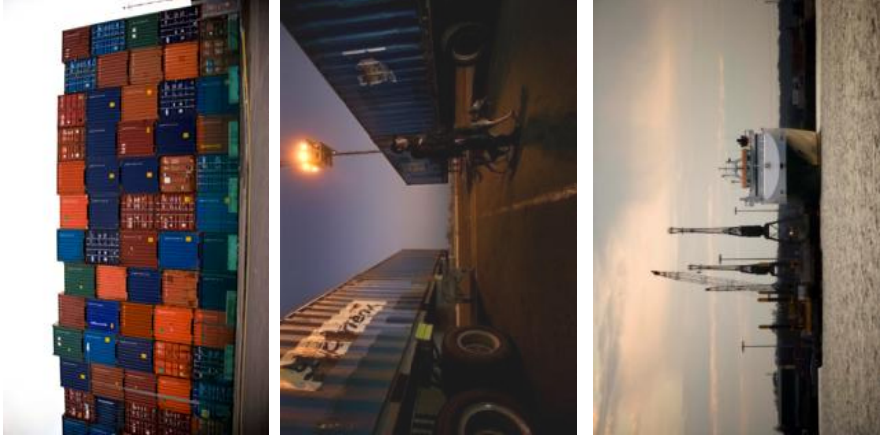
Port of Long Beach, USA

- Integrated system and software with the capability to manage control, data, communication and detection services/systems combined, plus the development of a program for the implementation of an integration plan linking multi agency, regional communications and data network.

“Adesta has made it possible for the Port to meet all of our unique security integration needs with one company partner. We feel we’ve made the right choice”.

Cosmo Peronne, Director of Security, Port of Long Beach

Securing Your World



Megaports System – MRDIS

G4S Global Detection Solutions (GDS) is a company formed by G4S and Detector Networks International (DNI) specifically to respond to a US DOE RFP to build and integrate radiation detection systems for the USG Megaports Program. G4S GDS provides the USG with the best-value MRDIS solution integration, and commissioning of Mobile Radiation Detection and Identification Systems (MRDIS).



“G4S GDS can meet Megaports technical challenges and satisfy the demanding operational requirements of ports around the world by using technically mature and proven components. DNI’s technical leadership in transshipment systems integration, combined with the financial strength, global footprint and organizational depth provided by G4S, ensures that the GDS second generation MRDIS design will be delivered on time and at the lowest realistic cost.”

Louis Guillebaud – CEO DNI

Securing Your World



G4S Port Security Solutions - Summary

- Port sector growth linked to global GDP
- Fragmented service market – large total security spend
- Understanding port stakeholder risk/business drivers
- Solutions focused on adding value to the customers business
- Experience, credibility and capability to deliver solutions
- Global reach and established building block to leverage from
- Port Solutions = increasing value to customer resulting in long term sustainable partnership

Global Oil & Gas Solutions

Jorge Machnizh

Director – Global Oil & Gas Solutions

Securing Your World



Agenda

- Industry Fundamentals
- Sector Spend and Market size
- Sector Market Opportunities
- Competitive Landscape
- G4S Sector Approach
- Case Studies

Industry Fundamentals

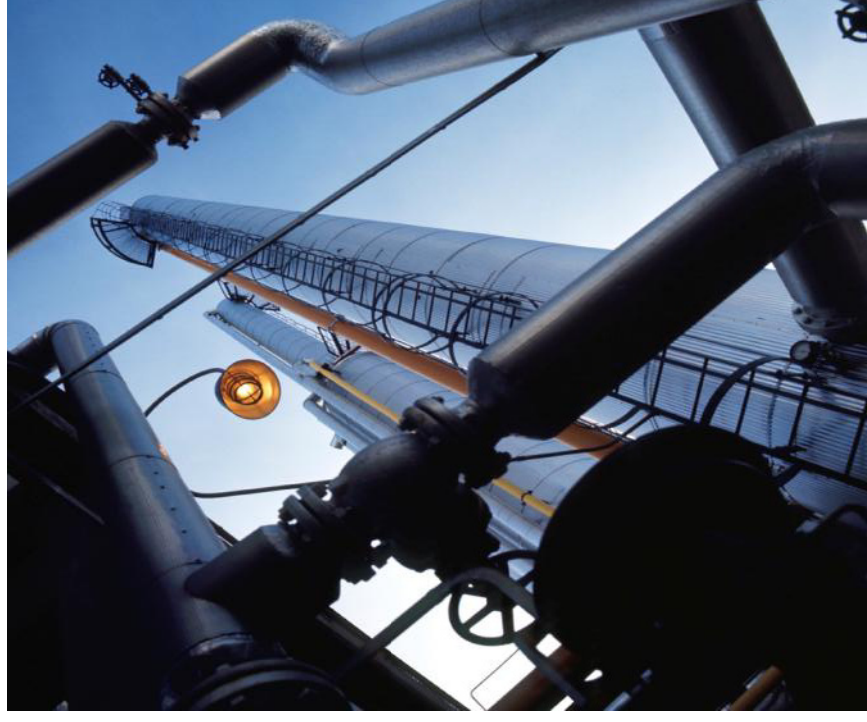
Easy Oil and Gas are past

Challenge to access new reserves

- 35% increase in demand by 2030
- National Oil Company expansion
- IOC's / NOC's shift in power
- Independents expanding
- Ministries entrenching

2010 Opex estimate - \$330bn

- Forecasted to increase in spend
- Large industry projects
- Infrastructure investments
- Challenging security environment



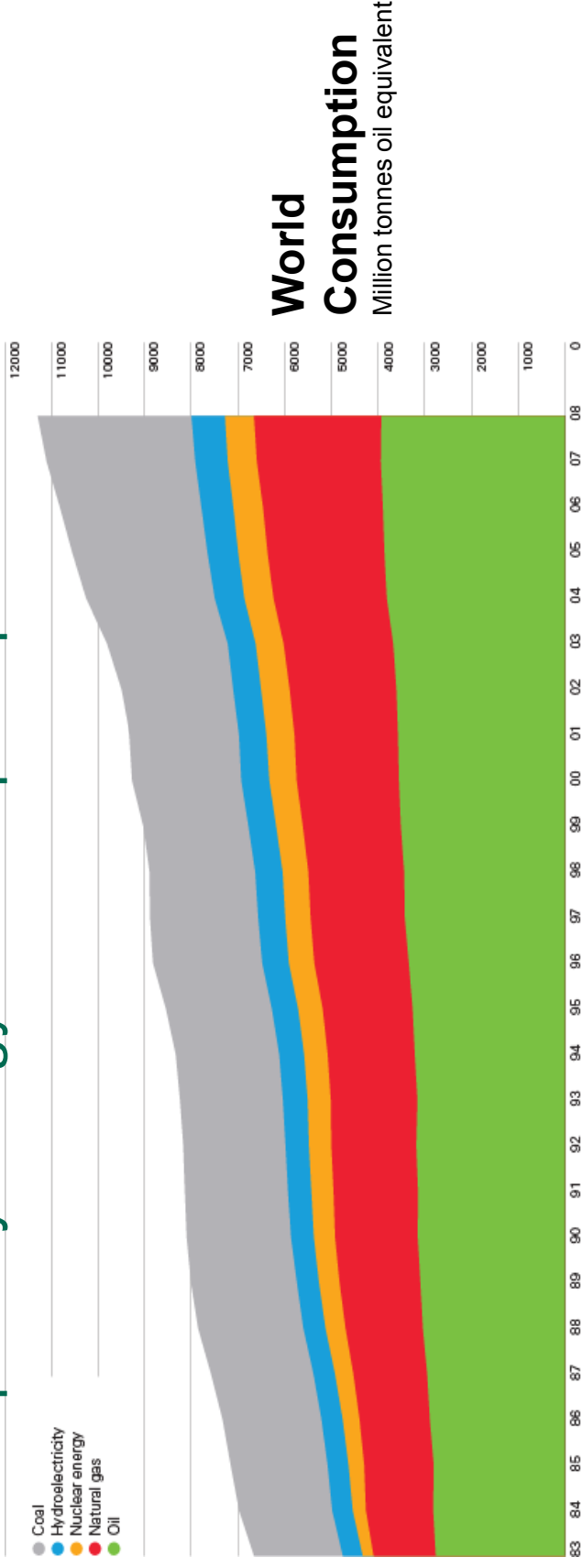
Securing Your World



Oil And Gas Consumption

- Constant increase in consumption
- Oil and Gas 58% of energy mix

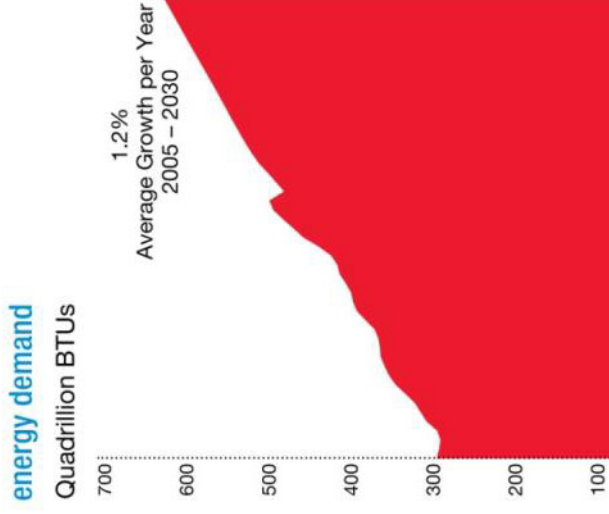
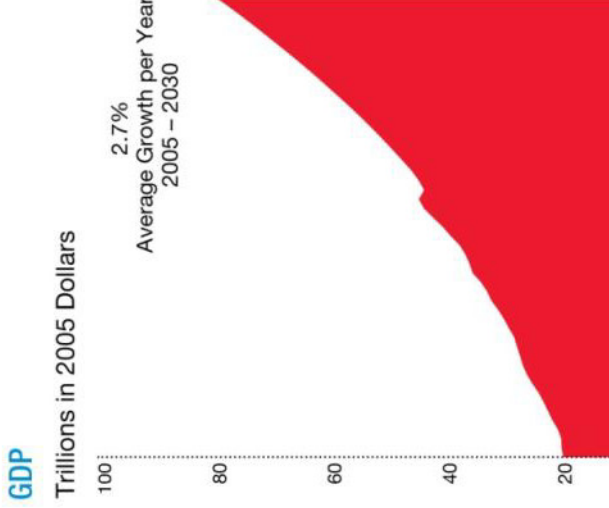
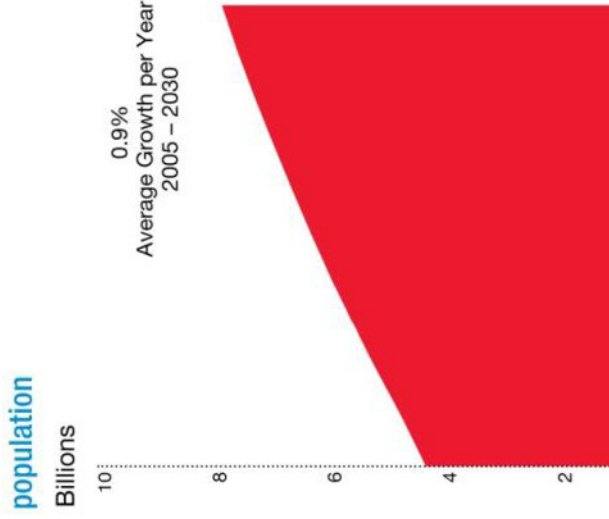
World primary energy consumption patterns



World primary energy consumption grew by 1.4% in 2008, below the 10-year average. It was the weakest year since 2001. Oil remains the world's dominant fuel, though it has steadily lost market share to coal and natural gas in recent years. Oil's share of the world total has fallen from 38.7% to 34.8% over the past decade. Oil consumption and nuclear power generation declined last year, while natural gas and coal consumption, as well as hydroelectric generation, increased.

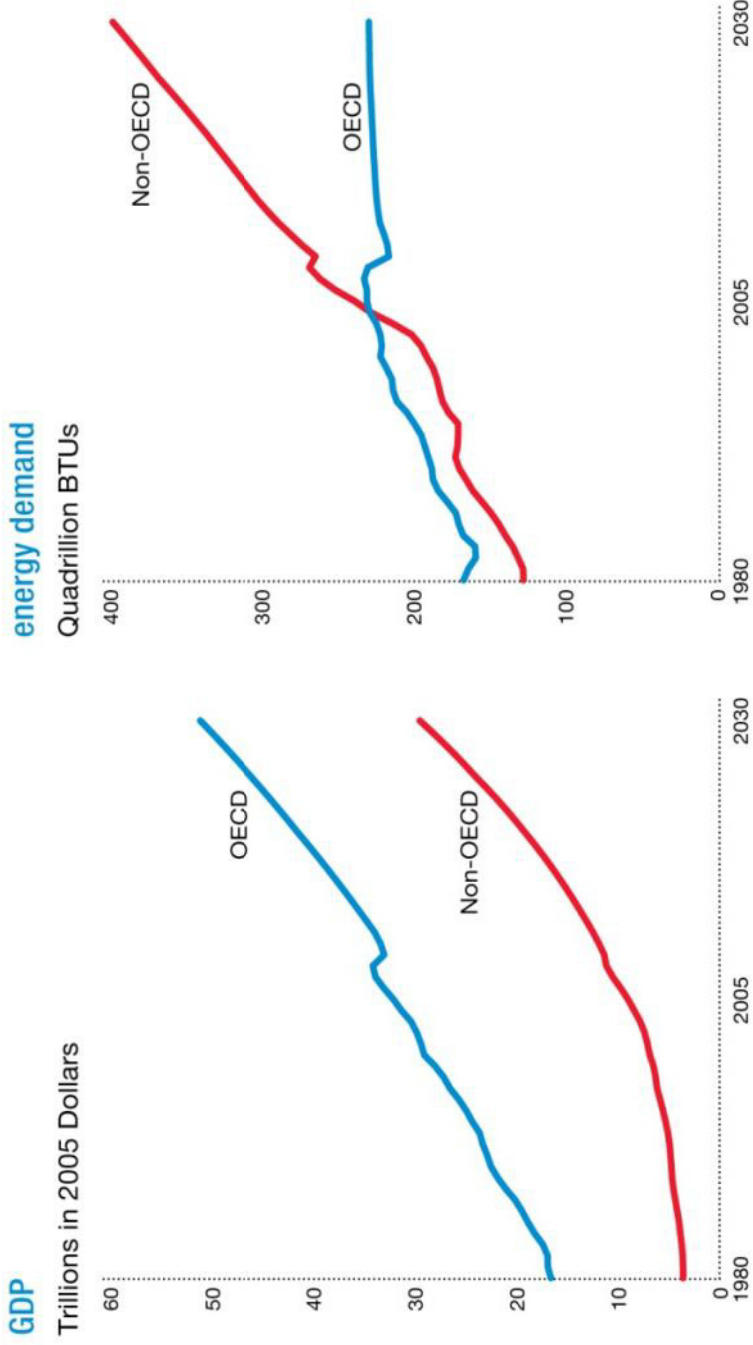
Oil and Gas Demand Growth

ExxonMobil expects that global energy demand will rise by an average annual rate of 1.2 % a year through 2030, when the world will be using almost 35 % more energy than it did in 2005



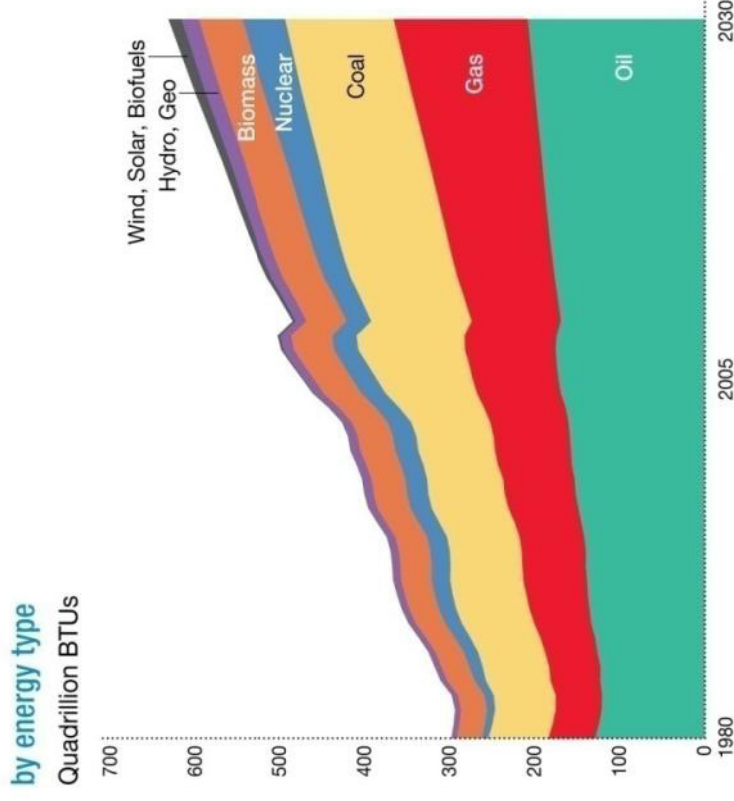
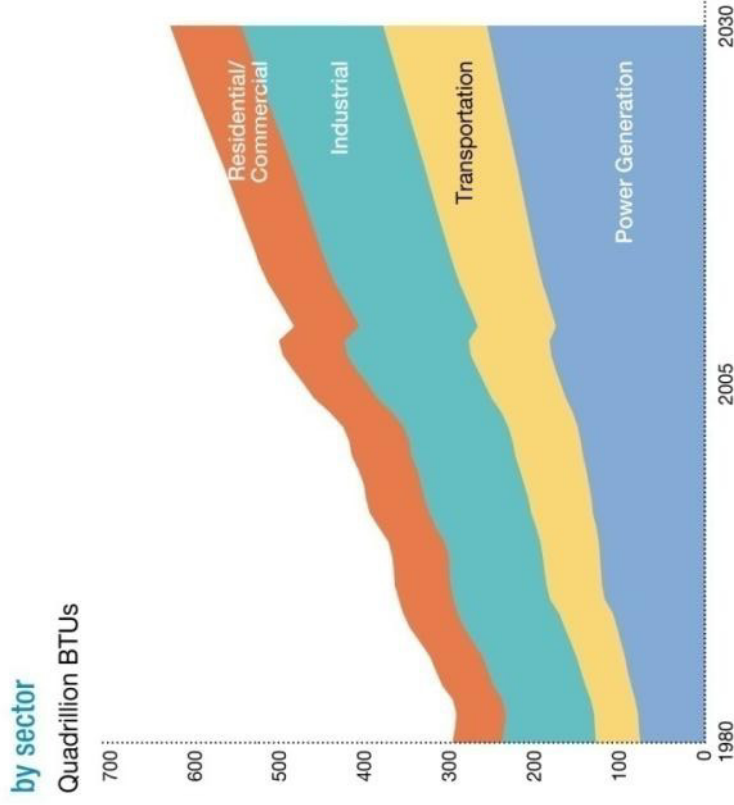
Growth by Emerging Economies

- Growth led by India and China increase energy demand
- Energy efficiency will reduce demand in OECD countries



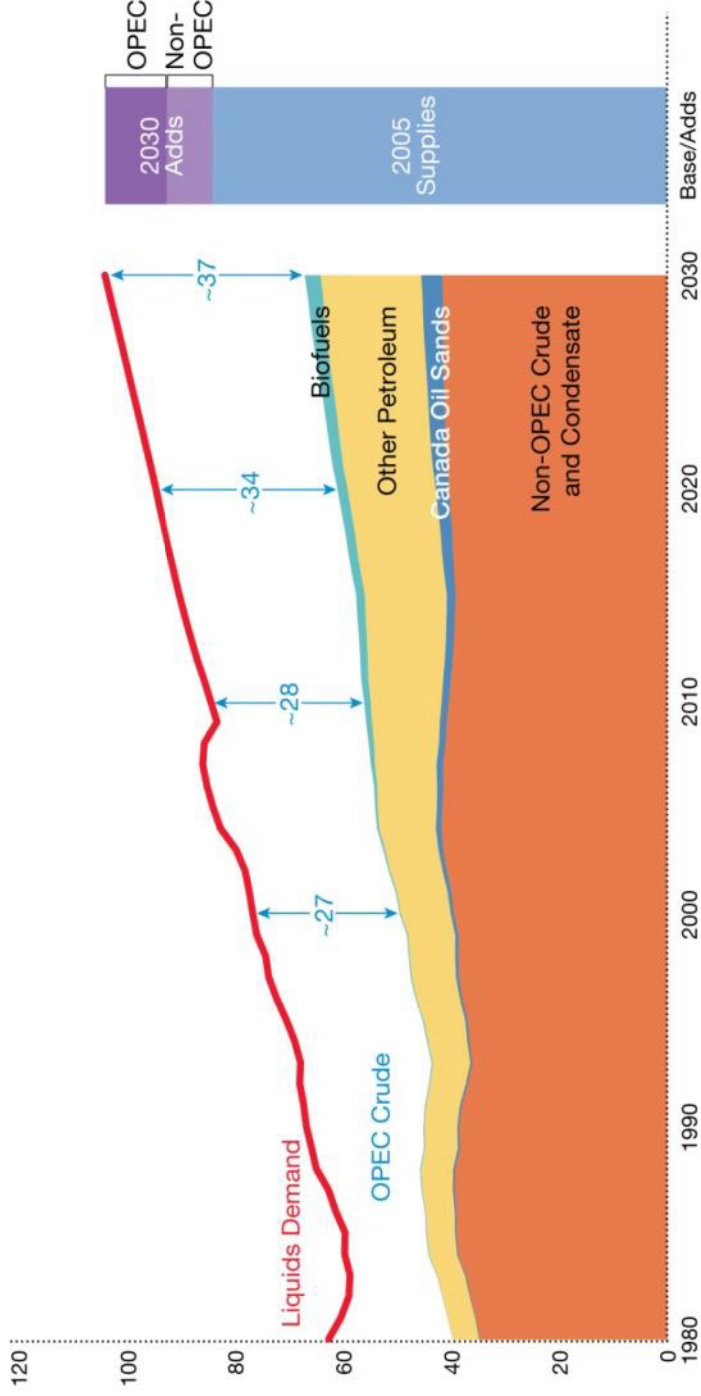
Energy Supply by Sector and Type

- Alternative energies still not fully developed
- Oil and Gas will continue to be the primary source of energy



Oil and Gas Supply

- Through 2030 OPEC and Non-OPEC sources will combine to meet an expected 25% increase
- Alternative fuels will not be significant source



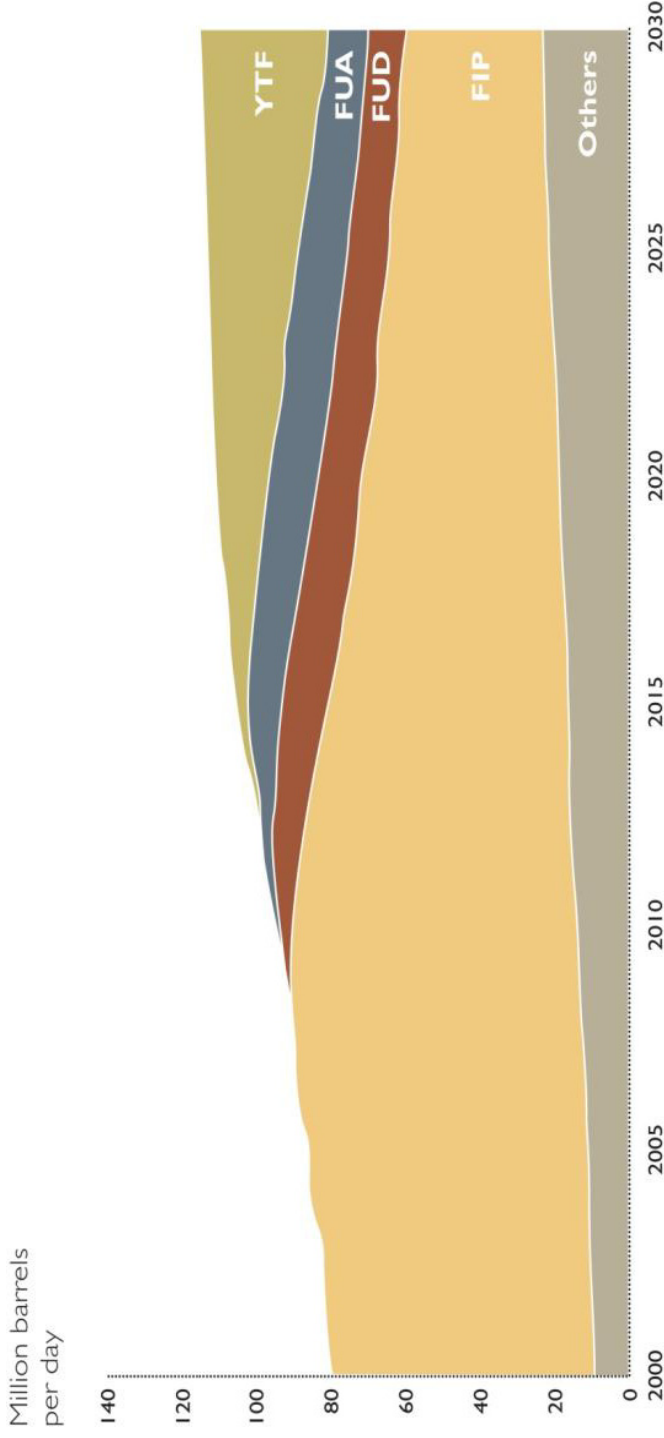
Securing Your World

Source: ExxonMobil Outlook for Energy A View to 2030

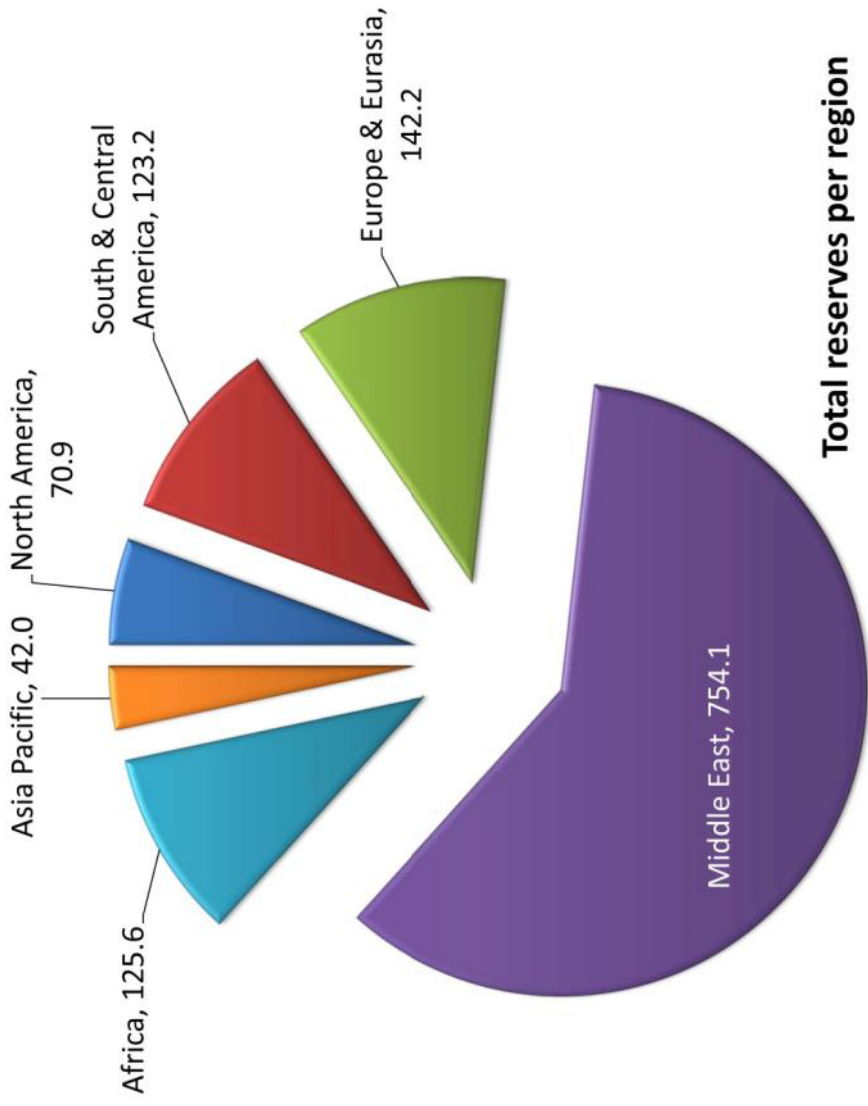


Oil and Gas Supply

- Challenge to find new reserves to meet demand
- Potential for new reserves Yet To be Found (YTF) will come from Remote Regions and Ultra Deep Water

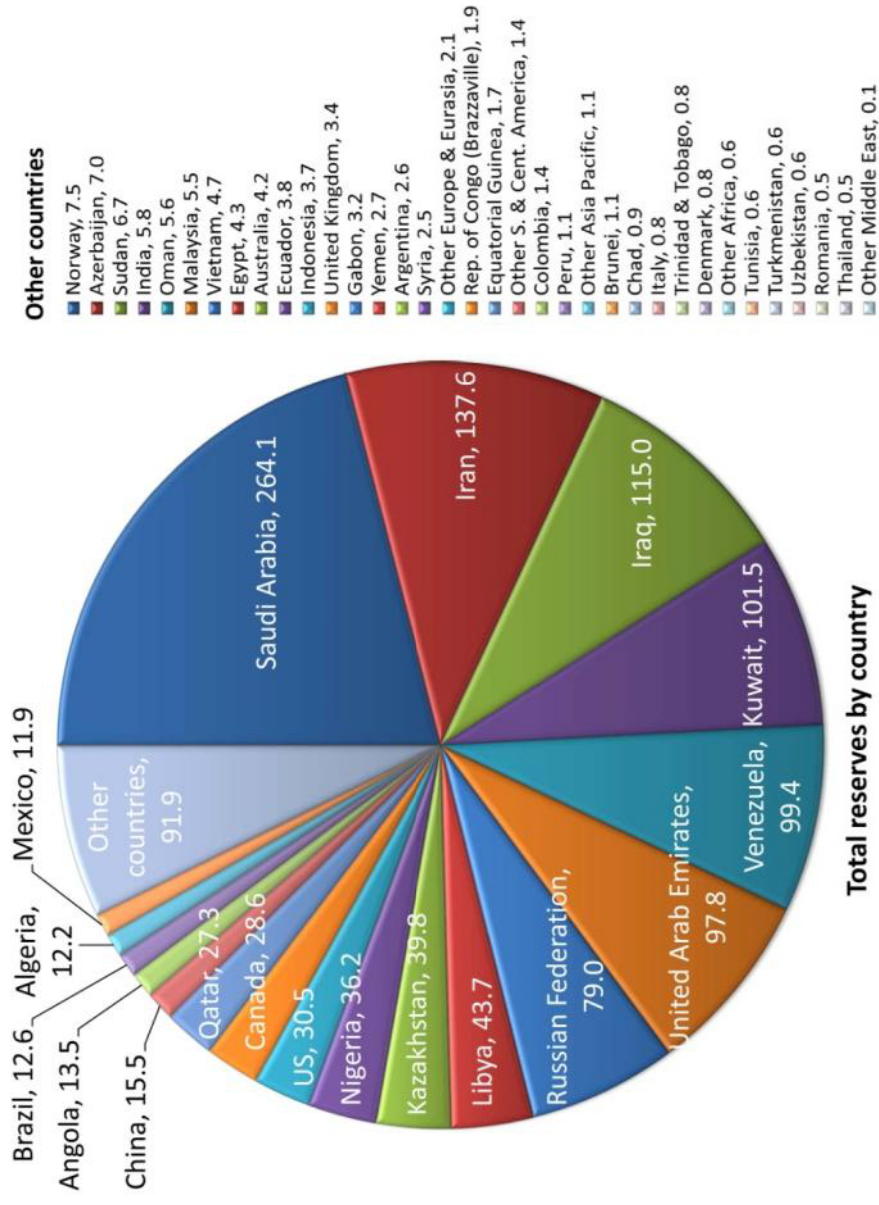


Total O&G Reserves by Region



Total reserves per region

Total O&G Reserves by Country



O&G Industry Spend

Challenges in collecting information

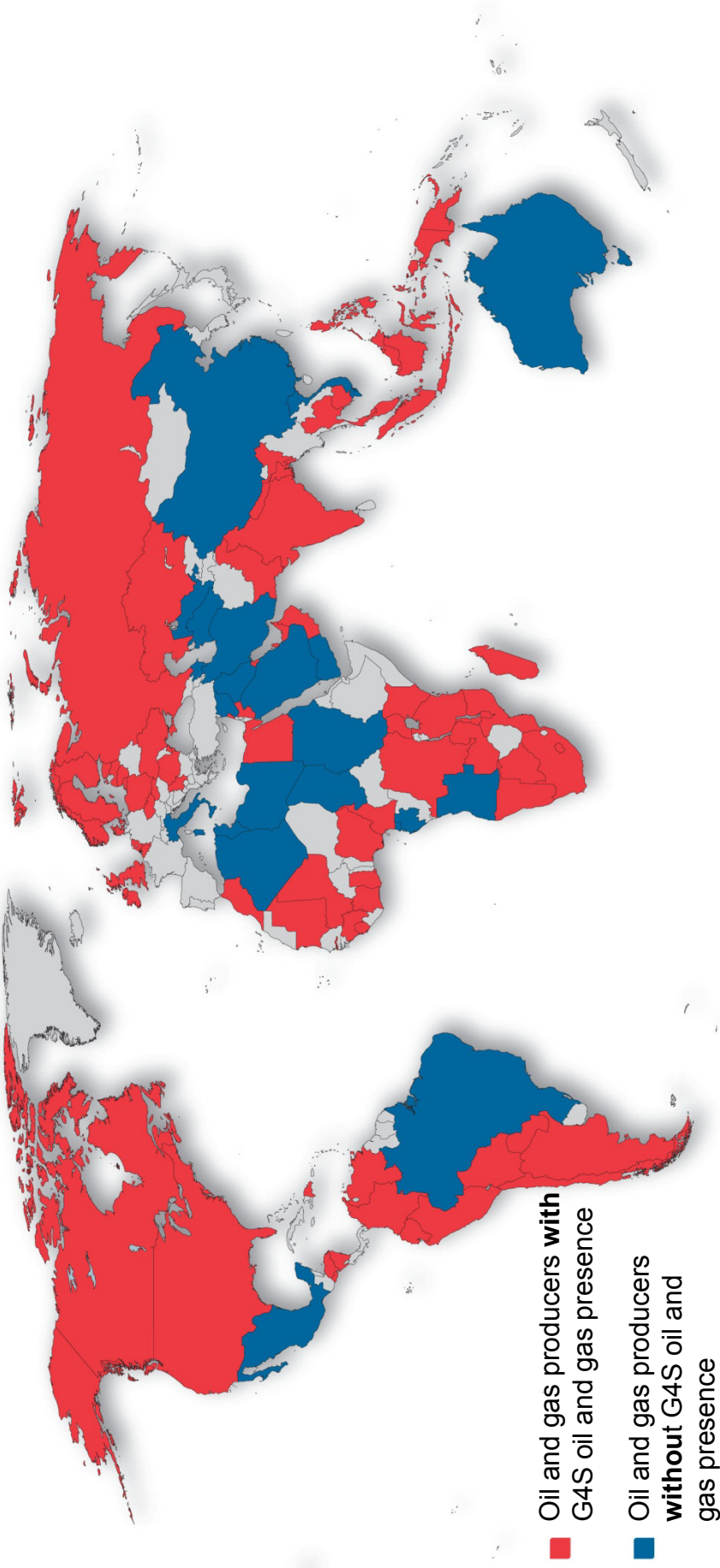
- Security spend = best estimate
- Estimate is approximately 3% of opex
- Security costs can reach up to 15% of opex in certain regions
- Total security spend estimated at \$9-10bn
- Figures do not include:
 - Ministries and NOC's
 - Government Security Forces
 - Insurance Premiums
 - Business Disruptions



G4S Market share in Oil & Gas

G4S share of serviceable market: = c5%

c 3.5% of G4S revenues



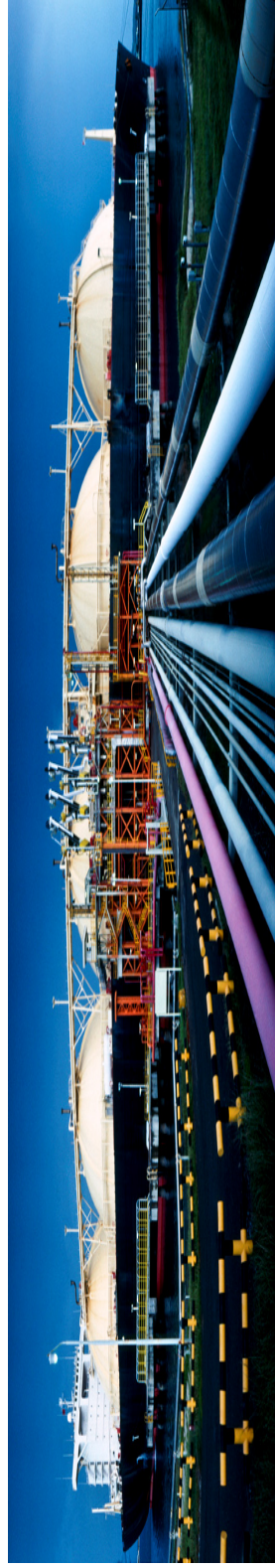
Securing Your World



Oil & Gas Sector

Market Opportunities

- Critical infrastructure such as Liquefied Natural Gas (LNG) projects
 - PNG example:
 - \$15bn total expected investment
 - Entering construction phase
 - Additional LNG projects under development – \$75bn*
- Pipeline and transportation segment
 - New pipelines in Eastern Europe
 - New projects and infrastructure updates worldwide



Securing Your World

* Source: Reuters – New Markets for Oil and Gas LNG Finance



Oil & Gas Sector

Market Opportunities cont.







- Access to reserves
 - Iraq example
 - Third largest proven reserves
 - Committed investments by Oil and Gas operators
 - Significant outlay in infrastructure
 - West Africa example
 - New discovery offshore Ghana
 - New investments by Oil and Gas operators
 - Emerging opportunities
 - New challenging prospects
 - Emphasis on HSSE



Securing Your World



Competitive Landscape

	Guarding	Consulting	Technology	K&R	Trip Management	Global Presence
International risk consulting companies		✓		✓	✓	
International Manned security companies	✓					✓
International Security systems companies			✓			✓
G4S						

Securing Your World



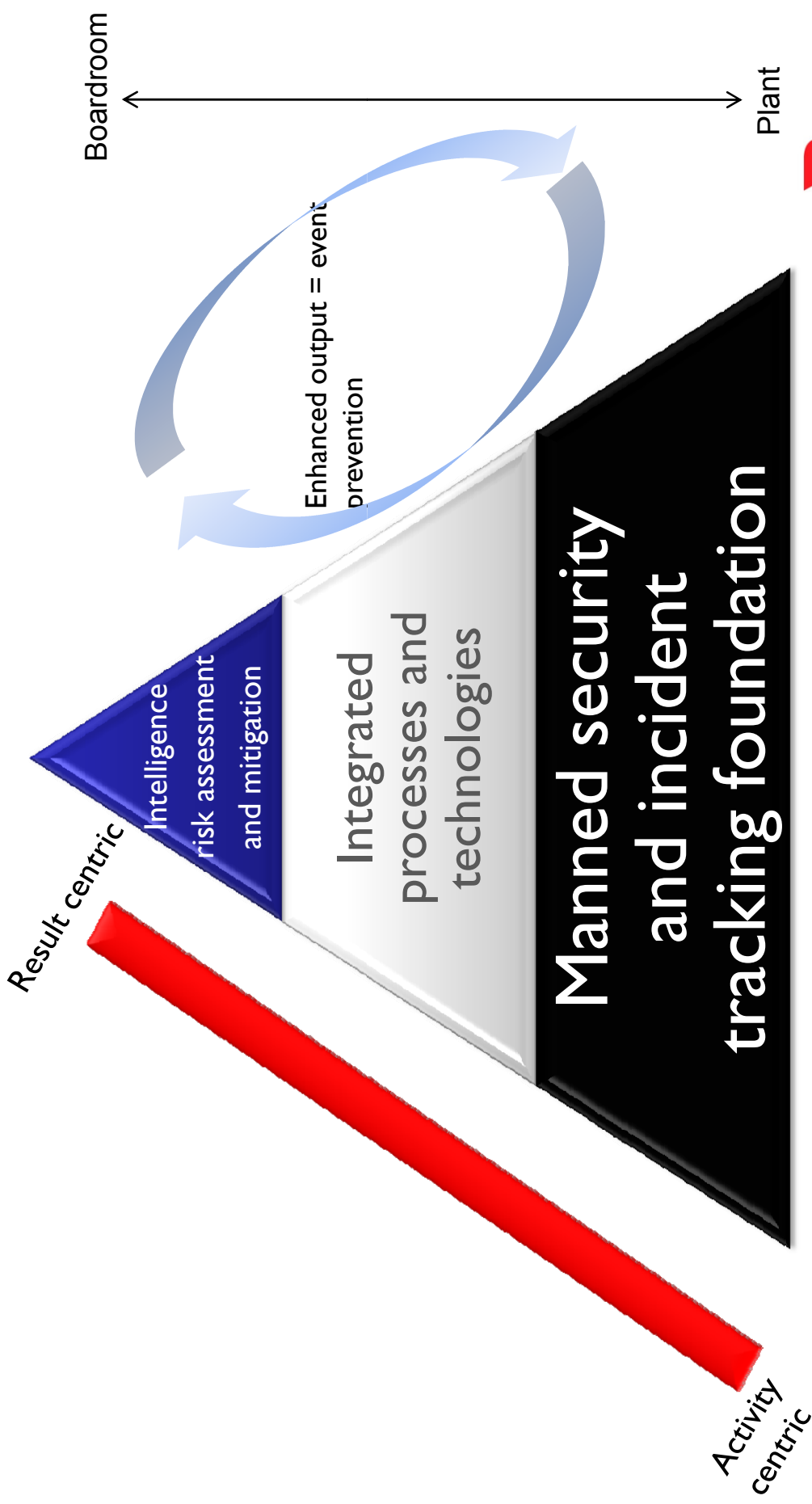
G4S Sector Approach

- Leverage current **capabilities and presence particularly in new markets**
- From opportunistic/transactional relationships to **trusted advisor partnership** with our customers
- Consultative – **customer centric approach**
- Long term **value add** relationships
- Aligned with **customer business objectives**
- Leverage **technologies and consulting** capabilities



G4S Comprehensive Approach

Enhanced Output = Event Prevention



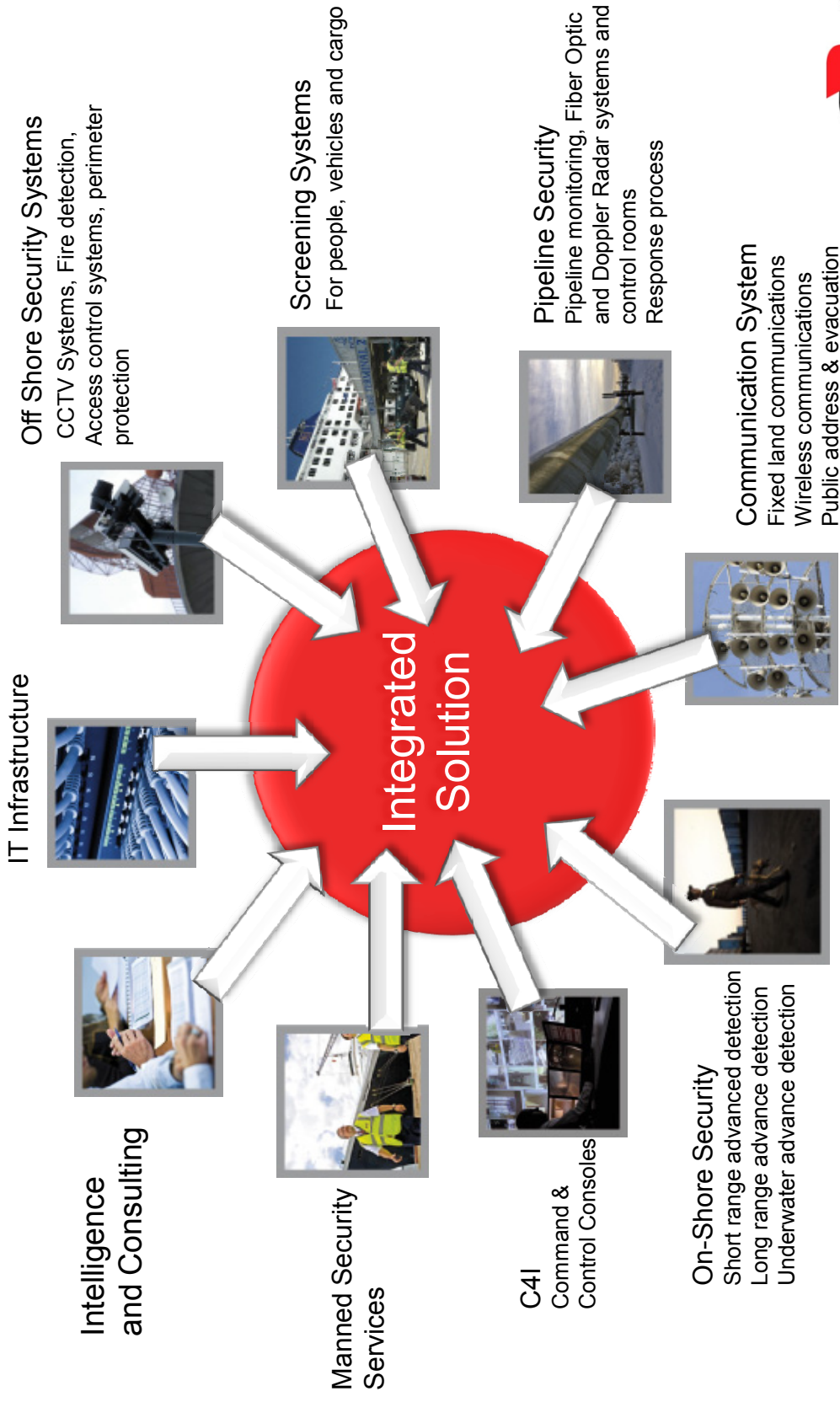
Securing Your World

Lifecycle approach



G4S Oil and Gas Solutions

With over 20 years of large projects experience, we are capable and certified to provide turn key solutions & services



Securing Your World



Case Study #1

Consulting Project - Super Major

- **Customer Challenge:**
 - Complex Geopolitical Environment
 - Large Country Presence and Staff
 - Lack of Reliable Intelligence
 - Lack of Risk Management process
 - Significant Business Disruption Risk
- **G4S Solution:**
 - Develop a Comprehensive Intelligence and Risk Assessment Process
 - Developed Risk Mitigation Process
 - Aligned with CEO Business Objectives



- **Customer Value Creation:**
 - Reduced Business Disruption Risks
 - Elevated Company Reputation
 - Improved Duty of Care to its employees
 - Improved Business Performance and Competitiveness

Securing Your World



Case Study #2

Global Agreement - Super Major

- **Customer Challenge:**
 - Inconsistent service quality
 - Higher Costs of Services
 - Lack of Innovation
 - Heavy Administrative Burden
- **G4S Solution:**
 - Optimize
 - Simplify
 - Standardize
 - Automate
- **Customer Value Creation:**
 - Improve HSE Performance and Security Standards
 - Reduce costs while improving quality
 - Continuous improvement with efficiency and innovation



Securing Your World



Case Study #3

Access to Reserves – PNG Emerging Market

- **Customer Challenge:**
 - Complex Security Environment
 - Remote with Lack of Infrastructure
 - Limited Skilled Resources
 - Duty of Care to Employees
- **G4S Solution:**
 - Developed Skilled Resources
 - Leverage Knowledge and Presence
 - Comprehensive Security Solution Approach
- **Customer Value Creation:**
 - G4S Capabilities to Deliver
 - Ramp-up Aligned with Customer Needs
 - Critical Enabler to Execute Project



Summary

Oil and Gas Sector

- Strong Sustainable Industry Fundamentals
- Large Market Segment and Sector Spend
- Fragmented Market Provides Opportunity
- Untapped Market Opportunity
- G4S Global Presence
- Long Term Sustainable Opportunity for G4S