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***group 4 securicor***

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Interim results to 30 June 2004



Lars Nørby Johansen  
Chief Executive Officer



**group 4 securicor**



# Agenda

Introduction	Lars Nørby Johansen
Results Summary	Lars Nørby Johansen
Strategy & Performance Update <ul style="list-style-type: none"><li>▪ Integration</li><li>▪ Divestments</li><li>▪ Strategy</li><li>▪ Results Overview</li></ul>	Lars Nørby Johansen
Detailed Financials	Trevor Dighton
Operational Review <ul style="list-style-type: none"><li>▪ Manned Security</li><li>▪ Security Systems</li><li>▪ Cash Services</li></ul>	Nick Buckles
Summary & Close	Lars Nørby Johansen
Q & A	All

# Results Highlights

- Organic turnover growth of 5%
- Group turnover of continuing businesses up 0.6% to £1.84 billion
  - (5% at constant exchange rates)
- Pro-forma EBITA up 10% to £94.4 million
  - (16% at constant exchange rates)
- Margin improvement of 0.4% to 5.1%
- Strong cashflow generation of £97.8m, 106% of EBITA
- Merger integration proceeding according to plan
- Divestments on schedule
- Good first half performance – solid base for development

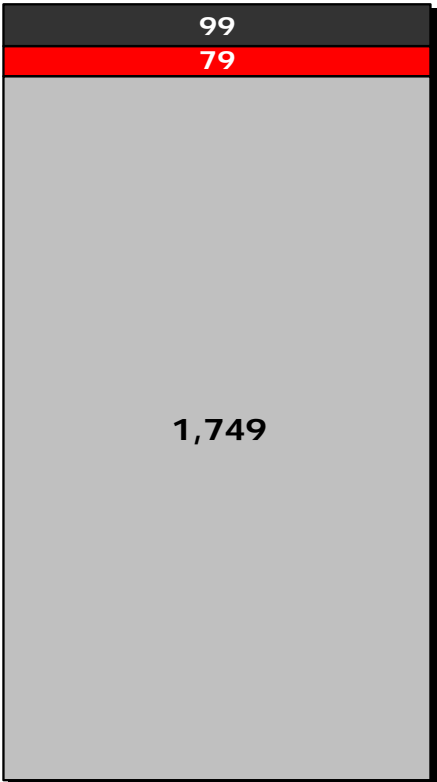
# Group Turnover

## 6 months ended 30 June 2004

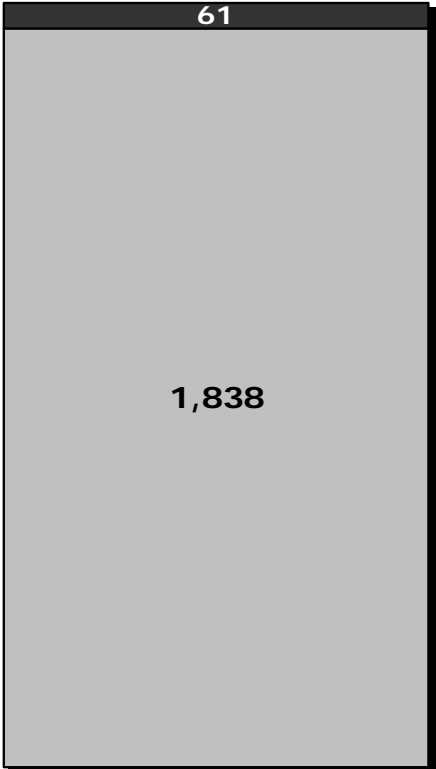
£m

1,927

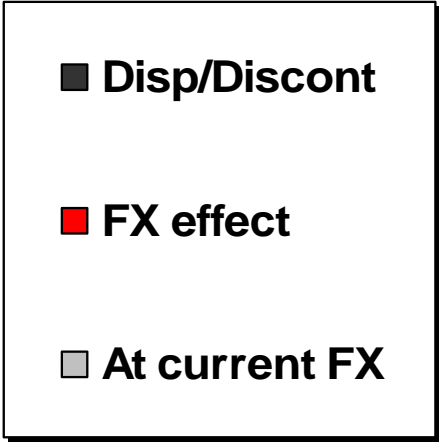
1,899



2003



2004

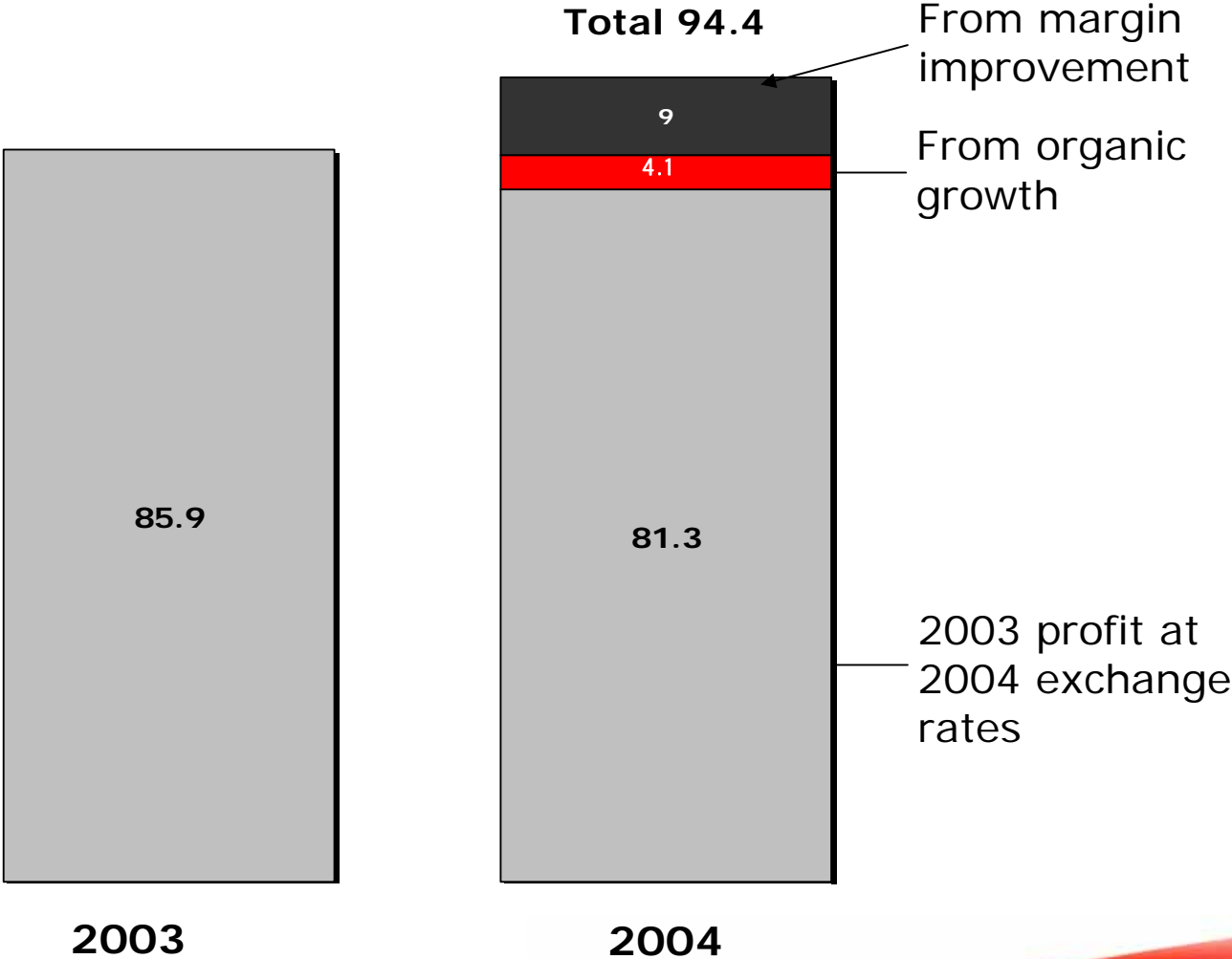


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# Group Profit

## 6 months ended 30 June 2004

£m



# Group 4 Securicor – Key areas of focus

- Deliver cost synergies and business performance
- Deliver organic growth and margin targets
- Further development of integrated security proposition
- Leverage best practice to improve overall cash services business performance
- Expand further in higher growth countries
- Strategic, value-enhancing acquisitions
  - France, Australia, Iberia, Latin America and Security Systems



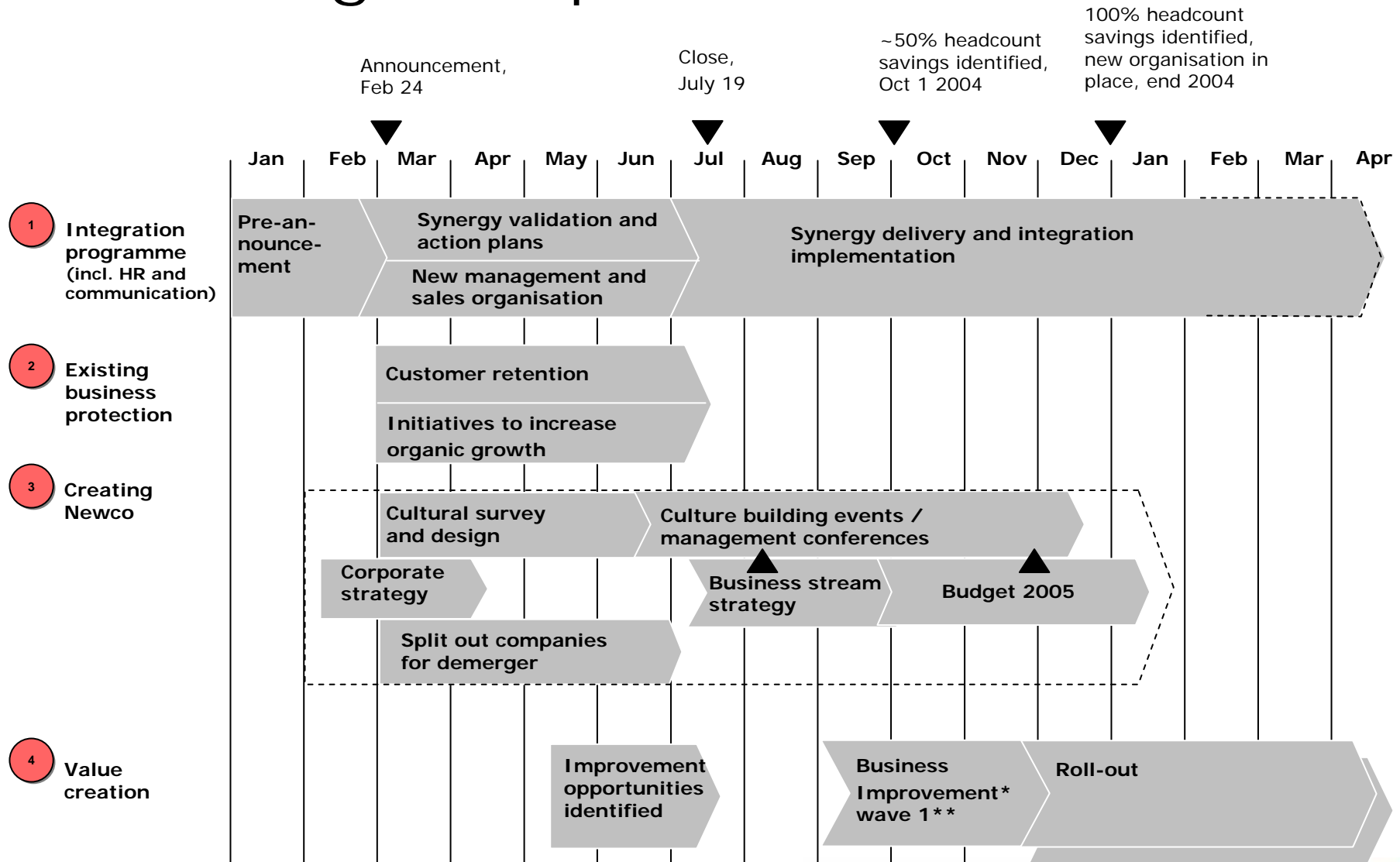
# Integration - Building the new organisation

- Executive Committee established February 2004
- Monthly meetings of Integration Steering Committee from March to July 04
  - Business preservation
  - Integration progress
  - Joint decisions on corporate and regional structures
- Alignment seminar with Executive Committee members in May 04
  - Values and perceptions
  - Roles and responsibilities
- Strategy seminar with Executive Committee and Regional Presidents in June 04
  - Who are we, where are we going, how do we get there?
- Management conference with country directors in Autumn 04
  - Vision and strategies
  - Motivate management
- Extensive employee & customer survey initiated





# Building Group 4 Securicor



# Key Integration Initiatives

- Integration Office established in February 2004
- Integration communication web-platform established in March 2004
- Integration policies agreed in April 2004
  - “Best of both” maintained as principle for integration decisions
  - Two Groups kept separate during pre-closing period
  - Pre-closing planning detailed without being value-destroying
  - Post-closing emphasis to be on speed and business focus
- Business maintenance programme established in April 2004
  - Focus on customers during pre and post-closing integration
- Quantification, planning and tracking tools developed, finalised and in place in July/August 2004

# Teams have completed their key milestones

## IS Europe

Division

UK Guarding

NL Guarding

GE Guarding

IE Guarding

Hungary

France

## IS Americas & New Markets

Division

South Africa Guarding

Other overlapping countries

## Cash

Division

GE Cash

## Head Office

Corporate

Finance

HR

Legal

CIT insurance

Communication

IT

Procurement (team)

Facilities

Procurement savings

Joint team kicked off	Top management structure communicated	Selection of levels 2 + 3 complete	Baseline complete	80% of synergies verified	Detailed synergy analysis complete	Restructuring costs and phasing	Day one plan complete	Implementation plan complete
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓		✓	✓	(✓)	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓		✓	✓	✓	✓	✓	✓
✓	✓	(✓)	✓	✓	✓	✓	✓	✓
✓	✓	N/a	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓					
✓	✓		✓					
(✓)			✓					
✓	✓	✓	✓	N/a	N/a	✓	✓	✓
✓	✓		✓	✓	✓	(✓)	✓	✓
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✓	N/a	N/a	N/a	✓	✓	(✓)	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	(✓)	✓	✓	✓	✓	✓	✓
✓	✓	(✓)	✓	✓	✓	✓	✓	✓
✓	✓	(✓)	✓	✓	✓	✓	✓	✓
✓	N/a	N/a						

# Summary Integration Update

- Central and business level integration teams established
- Detailed synergy targets cascaded through business units & integration teams
- Integration Steering Committee monitoring progress
- Non-integrating business units focused on “business as usual”
- Core business processes agreed and being implemented
- New HQ opened 6 September
- All senior management positions confirmed & structure in place
- Employee & customer retention programmes established
- Good customer & employee retention rates
- On target for 60% of annual synergy benefits to be achieved within 12 months of completion

# Divestment Progress

- EU Monitoring Trustee appointed
- Divestment businesses separated from group
- Expressions of interest – particularly Luxembourg & Netherlands
- Expect to complete transactions by December 2004

Business to be divested	Turnover £m (2003)	EBITA £m (2003)
Securicor Luxembourg SA	25.8	1.9
Group 4 Cash Services UK Limited	5.2	(0.7)
Falck Security BV	99.8	4.4



Trevor Dighton  
Chief Financial Officer



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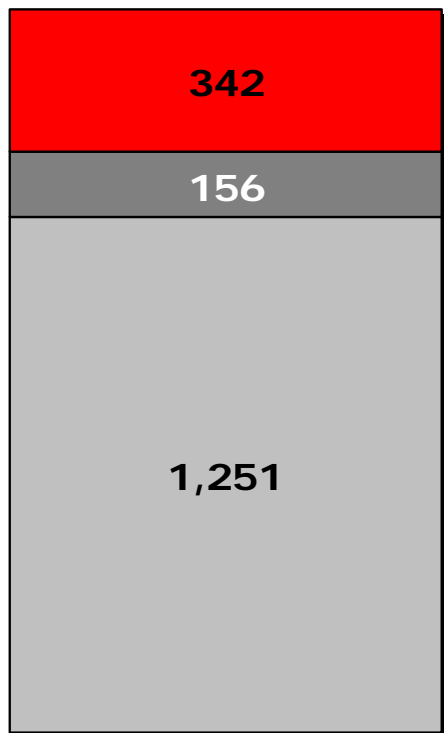


# Continuing Turnover by Business Line at current exchange rates 6 months ended 30 June 2004

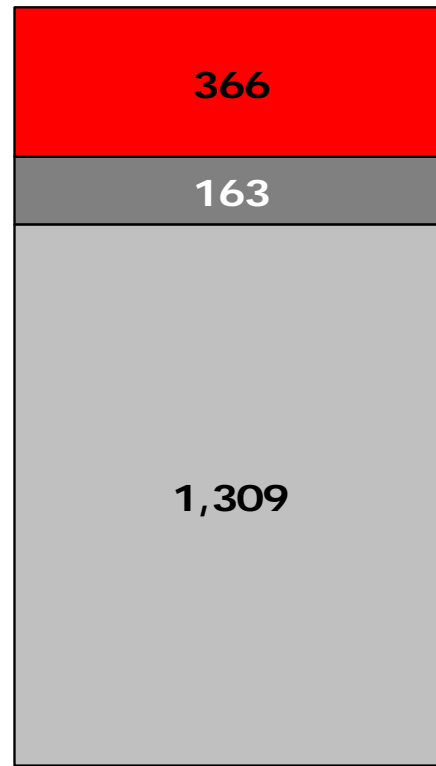
£m

1,749

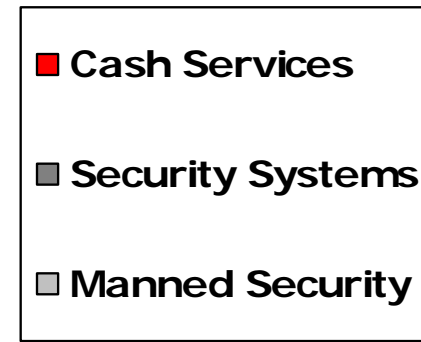
1,838



2003



2004

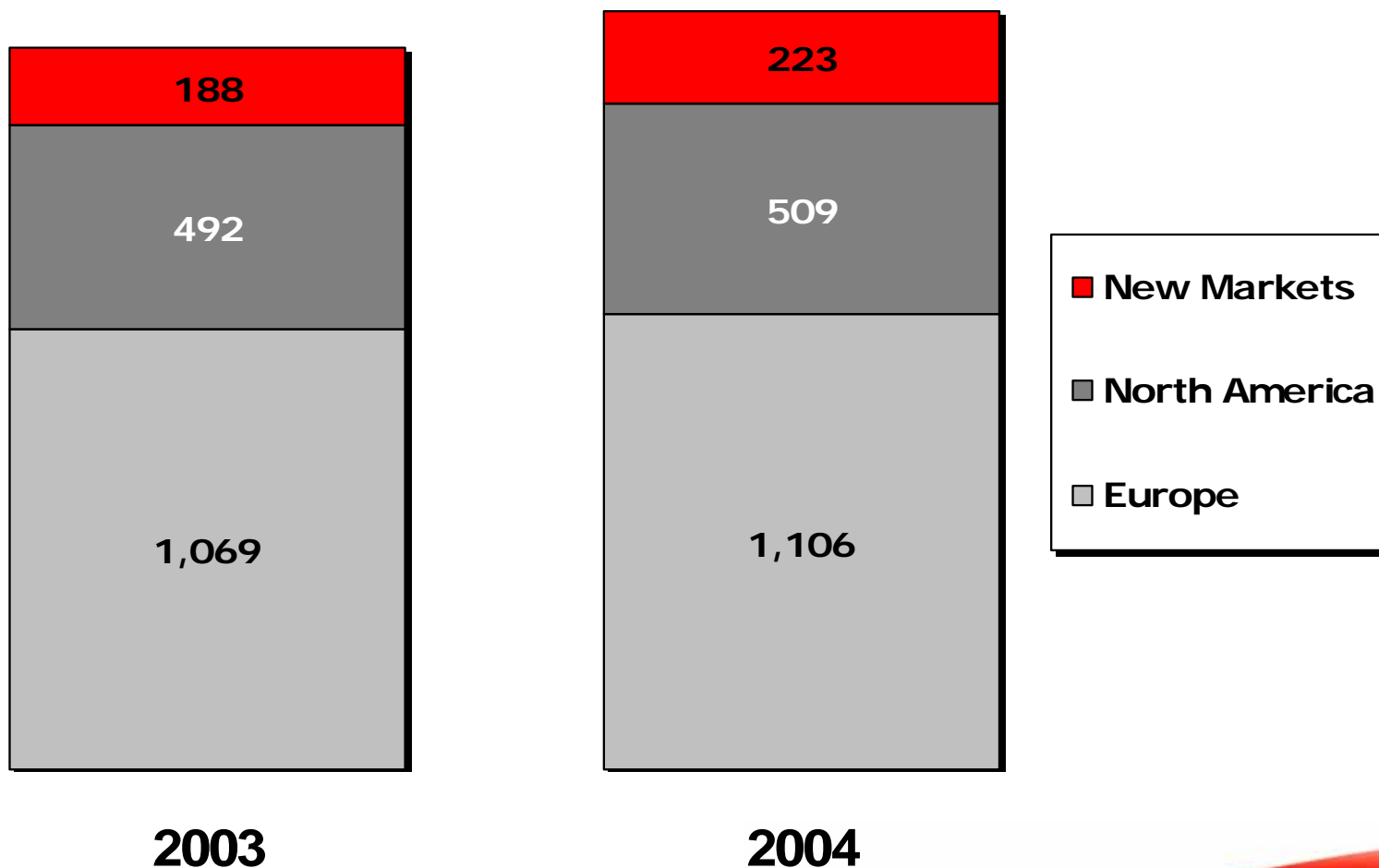


# Continuing Turnover by Geography at current exchange rates 6 months ended 30 June 2004

£m

1,749

1,838



2003

2004



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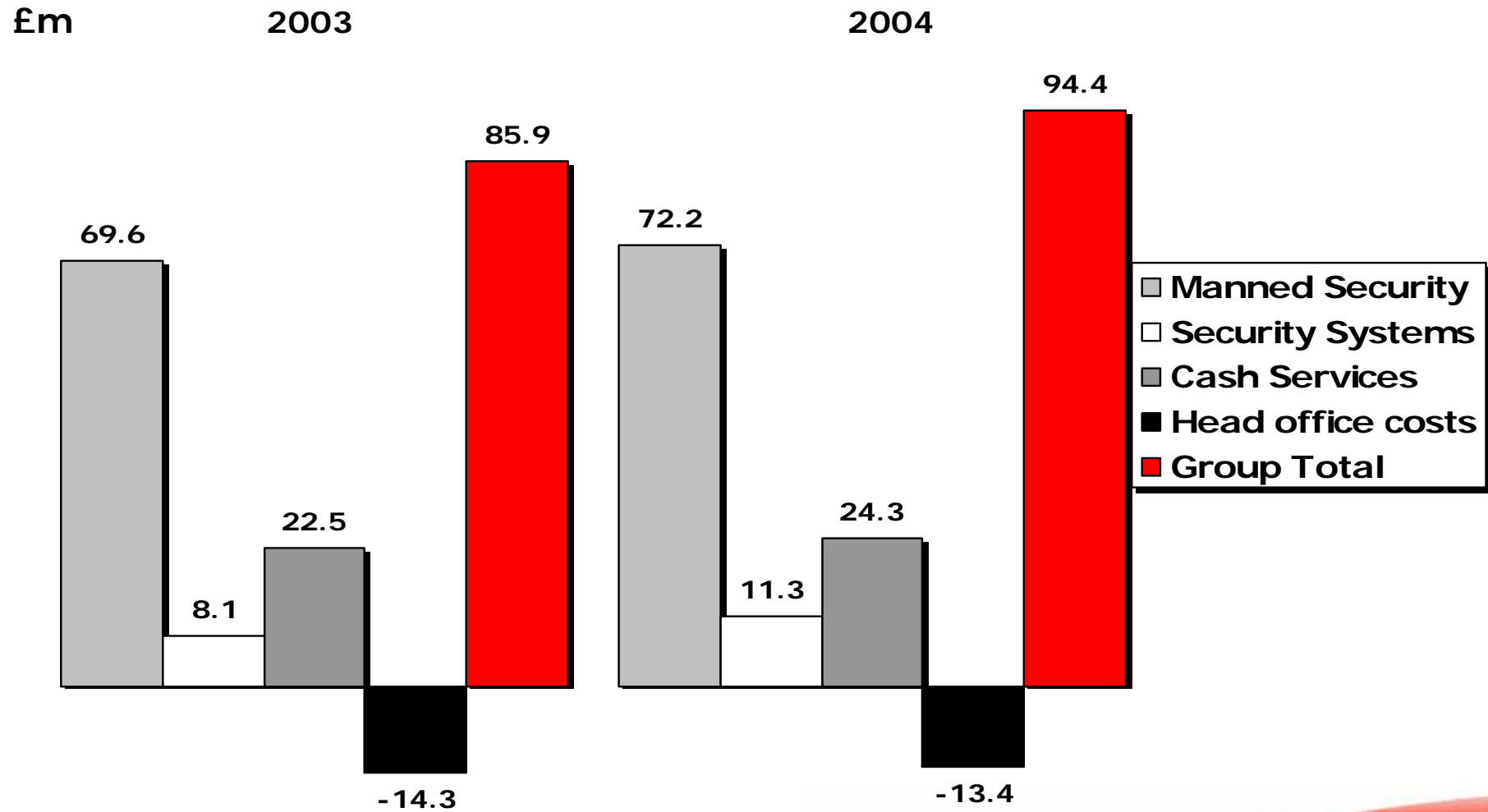
# Organic Turnover Growth

## 6 months ended 30 June 2004

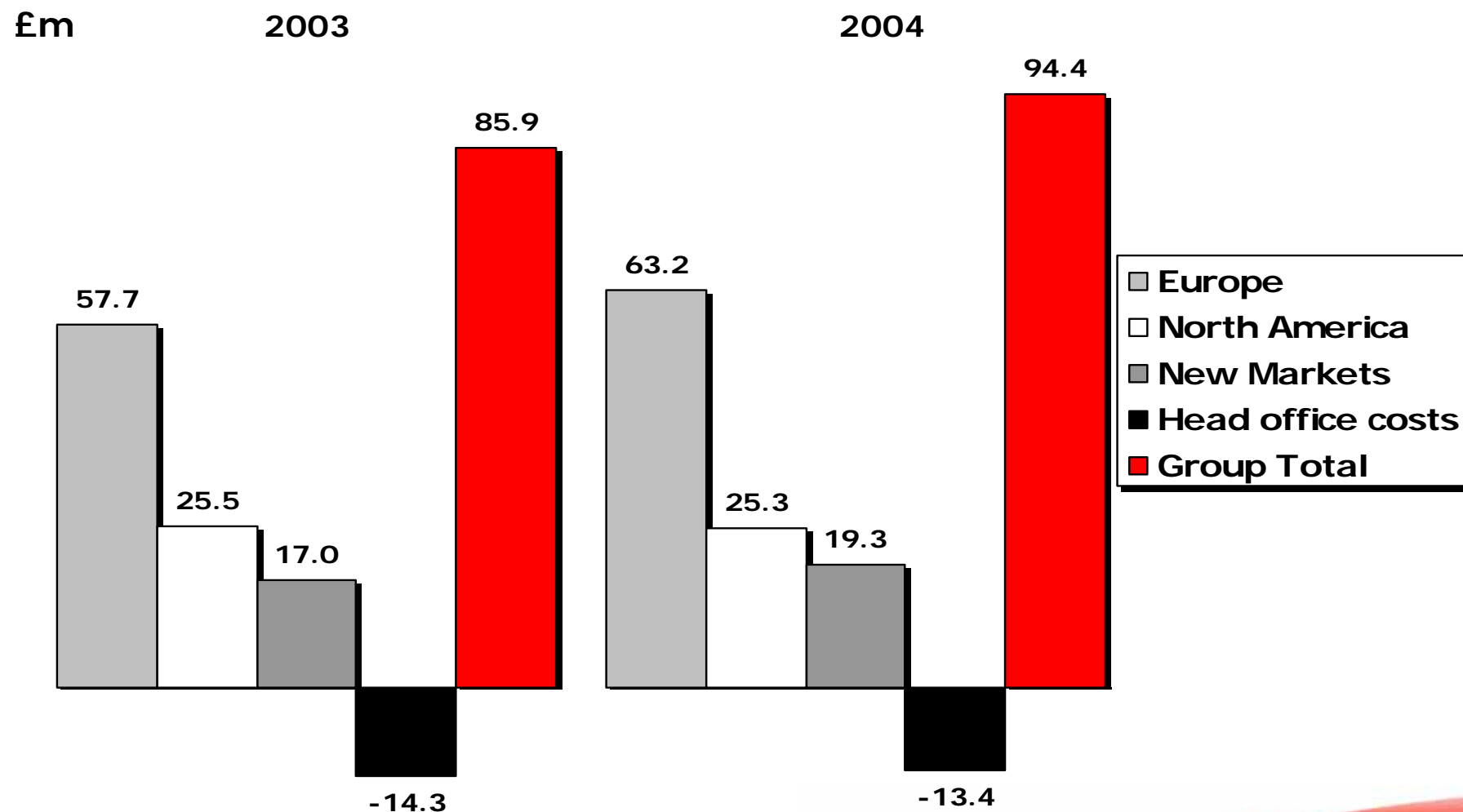
	Europe	North America	New Markets	Total
Manned Security	2.7%	3.9%*	15.1%	4.7%
Security Systems	1.9%	17.9%	58.5%	4.3%
Cash Services	6.0%	-2.4%	35.0%	7.0%
<b>Total</b>	3.5%	3.5%	18.8%	5.1%

\* Includes Wackenhut organic growth of 6%

# Continuing EBITA by Business Line 6 months ended 30 June 2004

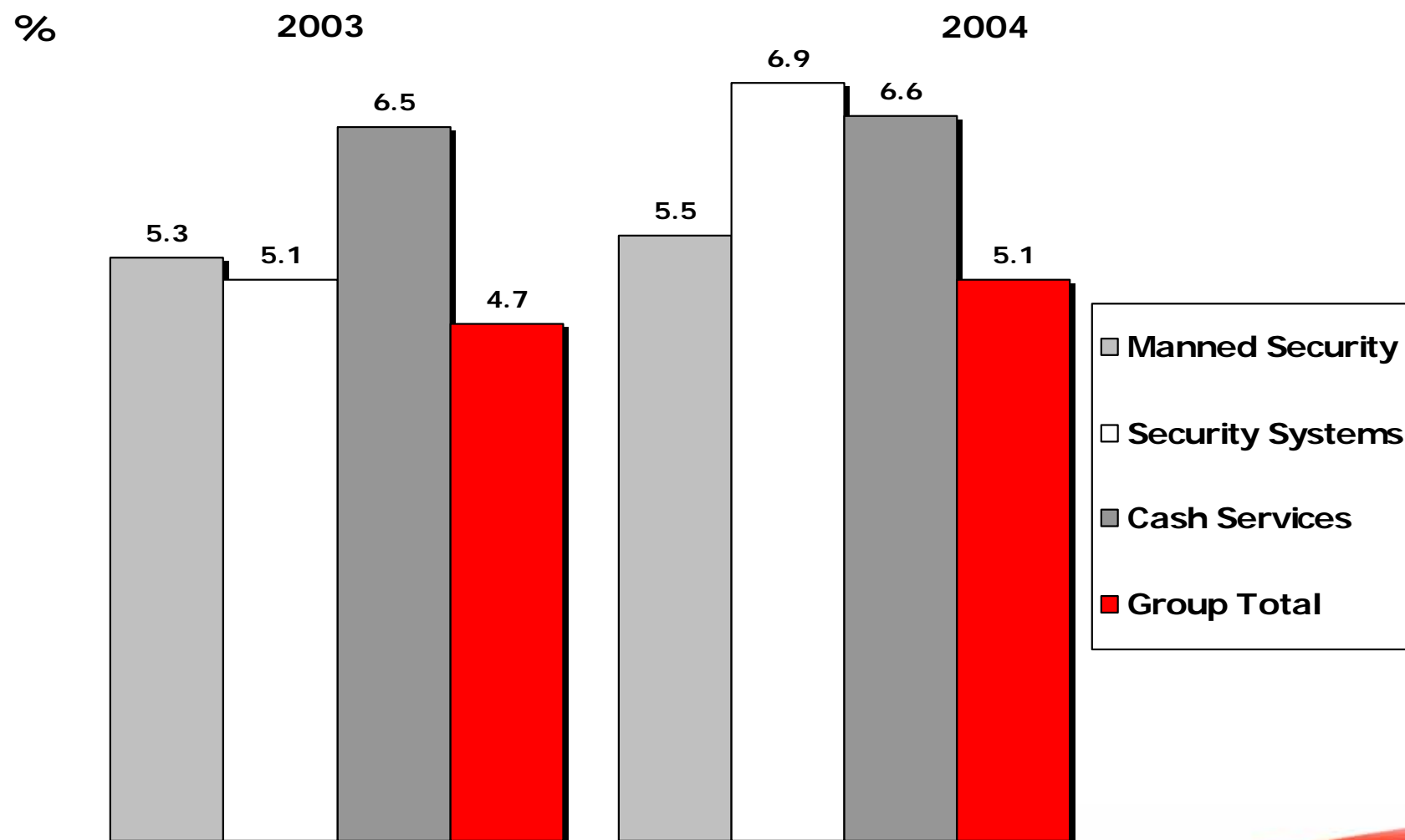


# Continuing EBITA by Geography 6 months ended 30 June 2004



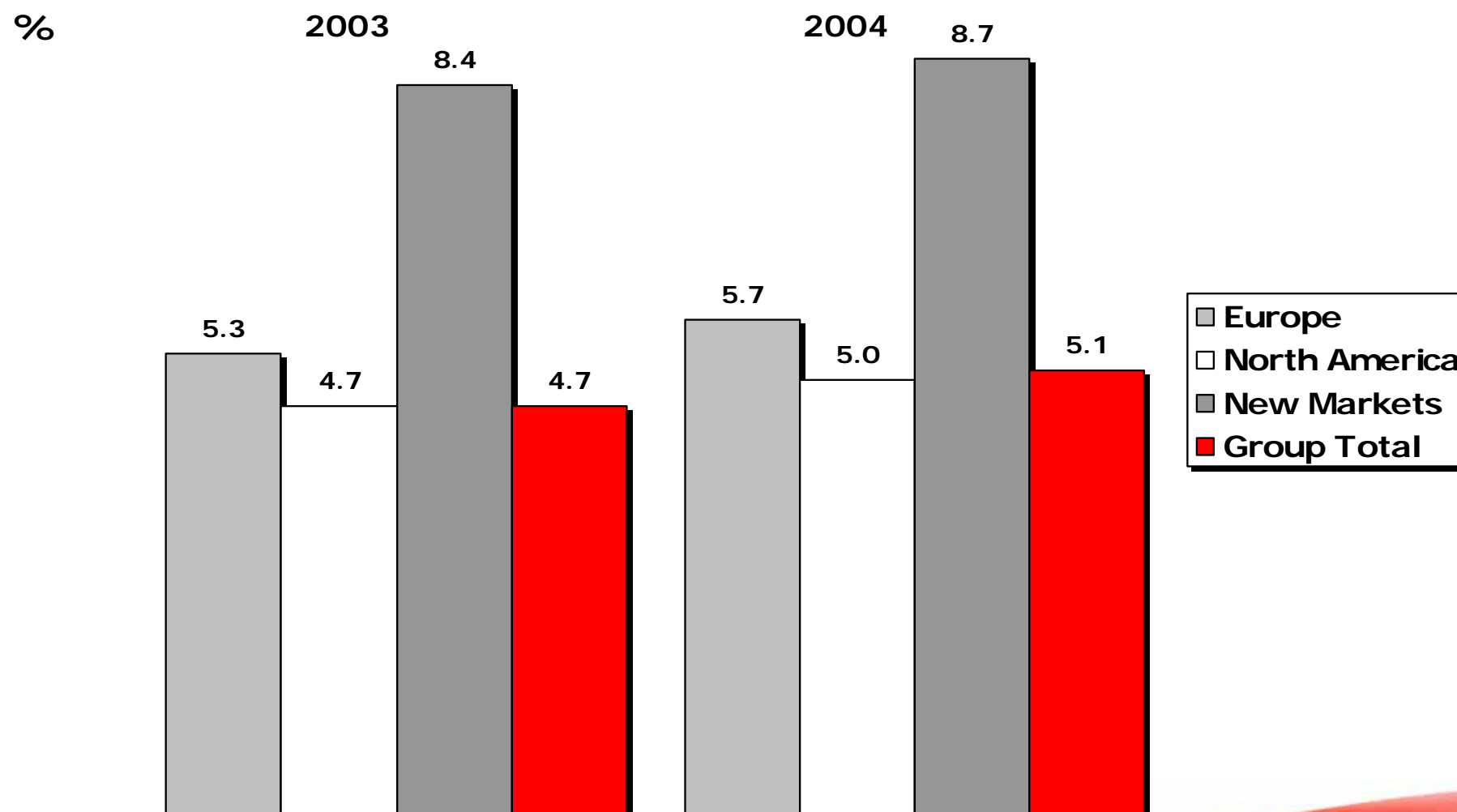
# EBITA Margin by Business Line

## 6 months ended 30 June 2004



# EBITA Margin by Geography

## 6 months ended 30 June 2004



# Operating Cash Flow

## 6 months ended 30 June 2004

<b>£m</b>	<b>2004</b>	<b>2003</b>
Group EBITA	92.2	82.0
Depreciation	37.0	37.5
Working capital movement	8.6	(6.9)
Cash generated from operations	137.8	112.6
Capital expenditure	(40.0)	(48.4)
Operating cash flow	97.8	64.2
Operating cash flow as % of EBITA	106%	78%

- Net Debt at 30 June 2004 = £598.1 m
- Net Debt at 31 December 2003 = £623.1m

Nick Buckles  
Deputy Chief Executive &  
Chief Operating Officer

# Organic Growth & Margin Targets

	Organic Growth Targets	Margin Targets
Manned Security Developed Markets	5%+	6%+
Manned Security Developing Markets	10%+	
Security Systems	8%+	10%+
Cash Services	8%+	10%+
Justice Services	15%+	10%+



# Manned Security

	Turnover £m		EBITA * £m		Margins	
	H104	H103	H104	H103	H104	H103
At constant exchange rates (30 June 2004)	1,312.8	1,254.1	72.2	65.5		
Exchange differences		68.7		4.1		
At actual exchange rates	1,312.8	1,322.8	72.2	69.6	5.5%	5.3%

- Organic turnover growth of 4.7% (at constant exchange rates)
- Margins increased by 0.2% to 5.5%

\* Includes share of associates

# Manned Security - Europe

- **UK**
  - Organic growth of 4%
  - Good customer retention rates in excess of 90%
  - New contract wins and good growth in aviation sector
  - Price competition continues in traditional guarding
- **Netherlands**
  - Market continues to tighten
  - Turnover slightly down on 2003 but margin maintained
- **Germany**
  - Slight turnover growth on H1 2003
  - Profit performance ahead of prior year
- **Justice**
  - Secure Training Centre opened in August 2004
  - Continued growth in Electronic Monitoring
- **Other**
  - Operational improvements increased margin performance in Belgium
  - Disappointing results in Sweden with loss of Stockholm Metro contract



# Manned Security - North America

- **Wackenhut**

- Good organic growth of 6%
- Margins slightly below H1 2003 due to cessation of Rocky Flats contract and increased employment costs in 2004
- New contract wins with General Electric, Daimler Chrysler, Wal-Mart and others in commercial guarding
- Further growth in nuclear business
- Strong growth in H2

- **Canada**

- Loss of Toronto airport contract
- Some regional aviation contract wins
- Some price pressure from local competitors

- **Other**

- Cognisa operating at a slight loss



# Manned Security - New Markets

- Good performance overall with 15% organic growth and 8% margin
- Good results from **Africa** and **South Africa**
- Continuing strong performance in **India**
- New US Embassy contracts in **Philippines** and **Brazil**
- **Far East** continuing to perform well with strong new business opportunities despite slow economies

# Security Systems

	Turnover £m		EBITA * £m		Margins	
	H104	H103	H104	H103	H104	H103
At constant exchange rates (30 June 2004)						
Europe	151.5	148.7	10.2	7.5	6.7%	5.0%
North America	0.8	0.6	0.1	0.1	12.9%	10.0%
New Markets	10.2	6.4	1.0	0.5	9.8%	7.8%
Exchange differences		4.0				
At actual exchange rates	162.5	159.7	11.3	8.1	7.0%	5.0%

- Organic turnover growth of 4.3% (at constant exchange rates)
- Margins increased by 2% to 7%

\* Includes share of associates

# Security Systems

- Strong organic growth in **Germany, the Baltic States, Netherlands, Greece and Norway**
- Good cost control and contract wins in **Denmark** improved performance
- **Norway** remains competitive
- Turnover growth in **Sweden** despite flat market
- Forecast improvements in European construction industry in H2 2004



# Cash Services

	Turnover £m		EBITA * £m		Margins	
	H104	H103	H104	H103	H104	H103
At constant exchange rates (30 June 2004)						
Europe	306.7	289.3	19.2	18.7	6.3%	6.4%
North America	31.3	32.0	1.5	0.7	4.8%	2.2%
New Markets	28.3	21.0	3.6	2.6	12.7%	12.4%
Exchange differences		6.1		0.6		
At actual exchange rates	366.3	348.4	24.3	22.5	6.6%	6.5%

- Organic turnover growth of 7% (at constant exchange rates)
- Margins increased to 6.6%

\* Includes share of associates

# Cash Services - Europe

- **UK**
  - Improvements overall versus H1 2003
  - Cash centre model proven and profitable
  - Excellent customer service levels
  - Contract wins in banking, rail and retail sectors
  - Price increase strategy proceeding according to plan
- **Germany**
  - Market continues to be tough with ongoing price pressure
  - Combination of merged businesses should provide opportunity to improve
- **Netherlands**
  - Continued growth and margin improvements
- **Other**
  - Volume reductions in cash transport contribute to a slight increase in the loss in Belgium
  - Modest contract wins in France contribute to improved profit performance



# Cash Services - North America & New Markets

- **Canada**
  - Modest organic growth and improved profitability
  - Good cost control following earlier contract reductions
  - Much improved labour relations market
  - Some bolt-on acquisition opportunities
  
- **New Markets**
  - Good progress in Malaysia and Morocco
  - Pan African cash services contract operational (Barclays)

# Trading Summary

- **Good US performance**
- **All UK businesses performing well**
- **Strong growth in developing markets**
- **Good improvements in security systems**
- **Germany Cash Services and Sweden requiring significant improvement**
- **Overall a good result**



Lars Nørby Johansen  
Chief Executive Officer



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# Summary & Outlook

- **Complex merger completed ahead of schedule**
- **Integration progressing very well**
  - Key structures and processes in place
  - Synergy targets rolled out to businesses
- **Strong H1 trading performance**
- **Good progress expected to continue**

# Q & A



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