



# **2019 HALF YEAR RESULTS**

9 AUGUST 2019

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# LEGAL DISCLAIMER

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# AGENDA

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Highlights

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Financial Review

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# KEY MESSAGES

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- **Improving business performance**
- **Sales, pipeline and productivity support positive outlook**
- **Separation: on track to create substantial value**

# GROUP HIGHLIGHTS

UNDERLYING RESULTS: HALF YEAR 2019

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<b>Revenue</b>	£3.7bn	+4.7%	<b>Secure Solutions</b> +4.9% <b>Cash Solutions</b> +3.9%. Excl. bullion contract: +5.5%. RCS +33%
<b>PBITA</b>	£234m	+1.7%	+5.4% excl. bullion contract <b>Secure Solutions</b> margin 6.3%. Mix and productivity (+10bp) <b>Cash Solutions</b> margin 11.2%
<b>OCF Conversion</b>	88%		OCF conversion weighted to H2
<b>EPS</b>	7.7p/sh	+1.7%	Interest ↓ , non-controlling interest ↑ , effective tax rate ↑
<b>DPS</b>	3.59p/sh		2018 H1: 3.59p/sh

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# SECURE SOLUTIONS

2019: 1H RESULTS



In £m, underlying results at constant FX	Revenue		PBITA		Margin
	H1 2019	Change %	H1 2019	Change %	H1 2019
Africa	211	8.8	17	6.3	8.1%
Americas	1,309	8.9	61	3.4	4.7%
Asia	453	3.0	31	6.9	6.8%
Europe & Middle East	1,239	1.0	92	5.7	7.4%
Total	3,212	4.9	201	5.2	6.3%

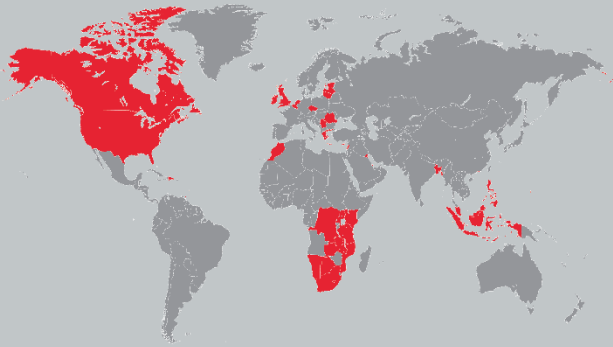
- Sales momentum and healthy pipeline
- Continued growth in technology enabled security solutions
- Commercial discipline and cost management

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# GLOBAL CASH SOLUTIONS

2019: 1H RESULTS



Revenue		PBITA		Margin
H1 2019	Change %	H1 2019	Change %	H1 2019
535	3.9	60	(10.4)	11.2%

In £m, underlying results performance at constant FX

- Revenue ex bullion contract +5.5%, RCS +33%
- PBITA ex bullion: +1.7%
- Substantial pipeline: retail and banking
- Expanding technology into banks and SME retail
- Restructuring benefits H2 2019/2020

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# OUTLOOK

## REVENUE, MARGIN AND CASH FLOW

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### Revenue

- + Sales momentum and substantial pipeline
- Highly competitive industry
- + Differentiated offering: technology enabled solutions



### Margin

- + Sales mix
- + Productivity and restructuring – in/direct costs
- +/- Mobilisation (growth)
- +/- Wage/ price



### Cash Flow

- OCF conversion >100% FY 2019
- Net debt/ EBITDA c. 2.7x (policy ≤2.5x)

POSITIVE OUTLOOK



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# HY 2019 RESULTS

	Six months ended 30 June		Change %
	2019	2018	
<b>Revenue</b>	<b>3,747</b>	3,578	4.7
<b>PBITA</b>	<b>234</b>	230	1.7
<i>PBITA margin</i>	<b>6.2%</b>	6.4%	(20bp)
Interest	<b>(59)</b>	(67)	(11.9)
Tax	<b>(46)</b>	(39)	17.9
Non-controlling interests	<b>(10)</b>	(7)	42.9
<b>Earnings attributable to equity holders</b>	<b>119</b>	117	1.7
<b>EPS</b>	<b>7.7p</b>	7.6p	1.7
<b>Operating cash flow</b>	<b>206</b>	247	(16.6)
<b>OCF conversion</b>	<b>88%</b>	109%	

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# HY 2019 RESULTS

## BRIDGE FROM UNDERLYING RESULTS

£m	Underlying results	Change % HoH	Onerous contracts	Disposed businesses	Separation and restructuring	Acquisition related amortisation and other	Statutory Results
Revenue	3,747	+4.7	60	-	-	-	3,807
PBITA	234	+1.7	-	-	-	-	234
Earnings	119	+1.7	7	-	(29)	(38)	59
OCF	206	(16.6)	(1)	2	(18)	-	189

- OCF timing differences to reverse for FY 2019. OCF conversion weighted to H2
- Reduced OCP cash outflow

# HY 2019 RESULTS

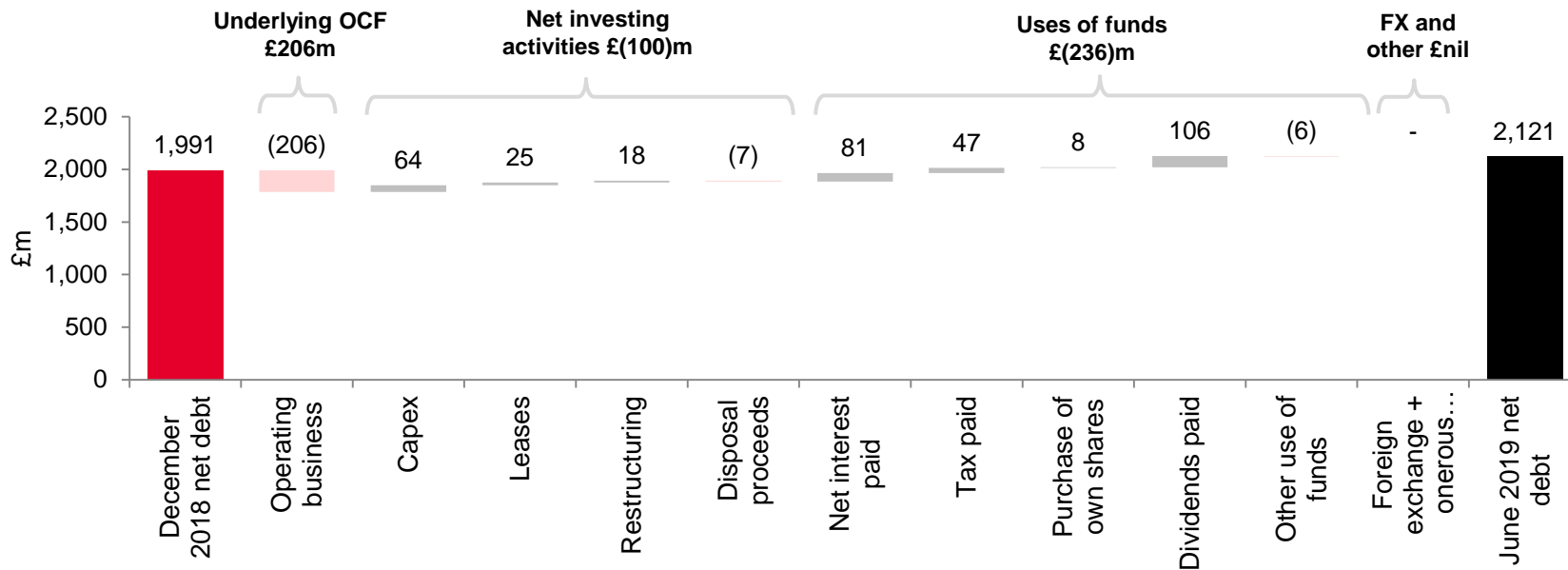
## STATUTORY RESULTS

	Six months ended 30 June £m		Change %
	2019	2018	HoH
<b>Revenue</b>	<b>3,807</b>	3,669	3.8
<b>PBITA</b>	<b>234</b>	224	4.5
<i>PBITA margin</i>	<b>6.1%</b>	6.1%	-
Specific items, restructuring, amortisation & other	<b>(67)</b>	(19)	
<b>Earnings attributable to equity holders</b>	<b>59</b>	101	(41.6)
<b>EPS</b>	<b>3.8p</b>	6.5p	(41.5)
<b>Operating cash flow</b>	<b>189</b>	251	(24.7)

- FX tailwind of c.0.8%
- £35m goodwill impairment for Brazil (acquired in 2012)
- £36m separation costs and restructuring

# FINANCIAL FRAMEWORK

## CASH FLOW AND NET DEBT

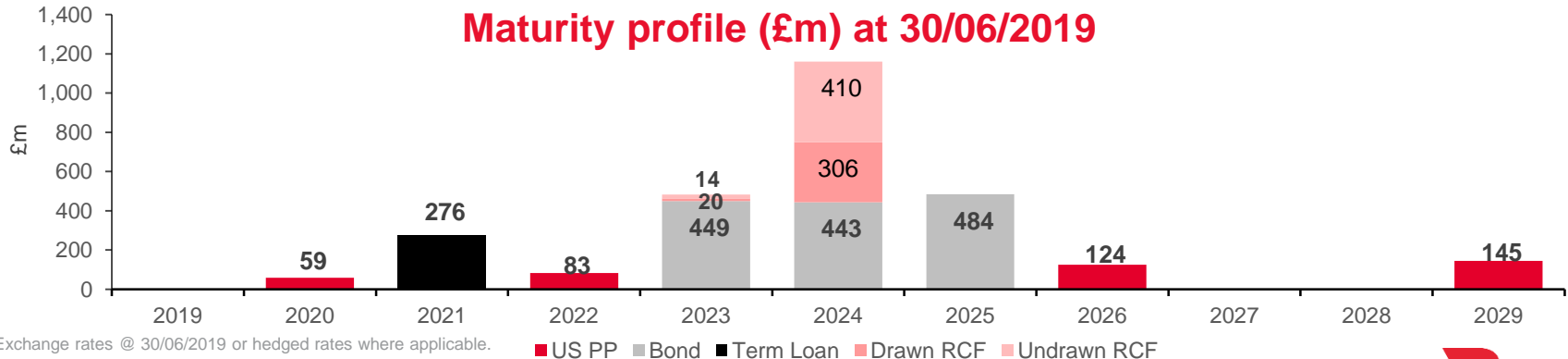


- Net cash outflow of £129m (2018: £68m)
- FY 19 capex guidance c£110m + c£60m leases post IFRS16

# FINANCIAL FRAMEWORK

## EXTENDED MATURITY PROFILE AND REFINANCING BENEFITS CAPTURED

- Completed refinancing has captured c. £20m annualised interest cost savings (expect FY2019 interest cost of c. £120m (2018: £137m))
- Strong liquidity; unutilised committed bank facilities of £430m, net cash of £600m and a £300m bridge facility signed in July
- New 7 year US\$162m USPP and 10 year US\$188m USPP issued in May 2019. Repaid US\$145m USPP matured in March 2019 and £350m public bond matured in May 2019
- Net debt/EBITDA 2.85x; FY 2019: c. 2.7x; Policy:  $\leq 2.5x$





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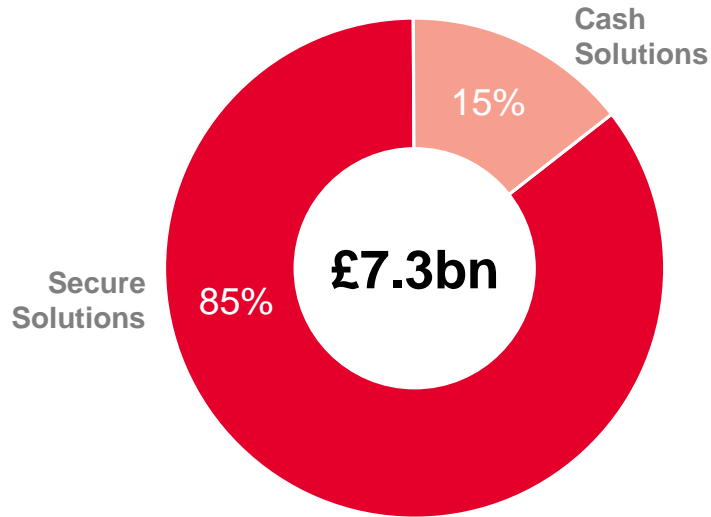




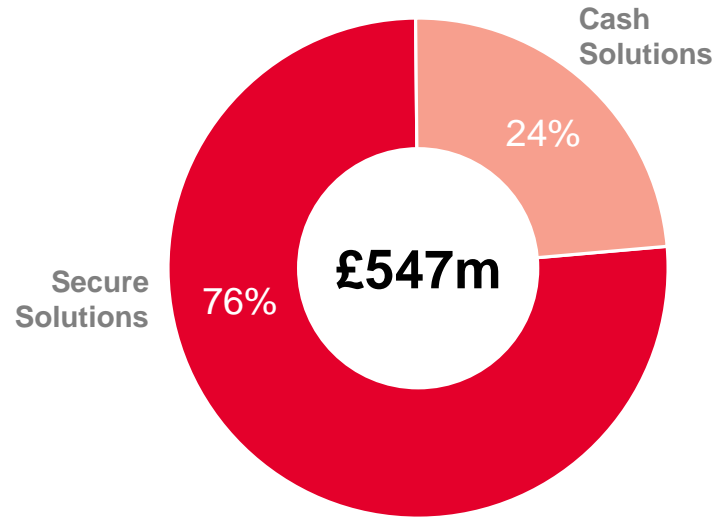
# G4S GROUP

## SECURE SOLUTIONS AND CASH SOLUTIONS

FY 2018 Revenue



FY 2018 PBITA\*



\* Pre allocation of corporate costs.

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# SEPARATION

## REVIEW AND IMPLEMENTATION

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- Extensive, thorough process: legal, commercial, operations, accounting, finance, tax, pensions etc.
- Review completed and Board approved separation on 8 August
- Implementing separation
  - Finalise separation blueprint: legal, ops, transitional support services
  - Preparing listing documentation incl. circular and prospectus for each business
  - Chair and board; executive selection
  - Capital markets day – March/April 2020
  - Court Process and Approval – Q2 2020
  - EGM and Admissions – Q2 2020

# SEPARATION

## CREATION OF TWO STRONG PURE PLAY BUSINESSES

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- Create two market leading, pure play companies in Security and Cash management
- Manage for value and/ or exit non-core businesses
- Separation and related corporate actions will enable each company to benefit from:
  - Strategic focus: core services and markets
  - Execution: commercial and operational focus
  - Simplified operating model – agility and efficiency
  - Financial strength and flexibility: performance and portfolio actions
  - Investment in Technology, Innovation, Sales and Operations

# G4S CASH SOLUTIONS

## UNSOLICITED EXPRESSIONS OF INTERESTS

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- Expressions of interests received for all or parts of Cash Solutions
- Financial, tax and legal advisors appointed to assist
- Formal process established
- Active engagement with interested parties
- Credible proposals will continue to be evaluated by the Board
- No assurance that this process will lead to a transaction
- Continue to drive implementation of Cash separation



**SECURE SOLUTIONS**

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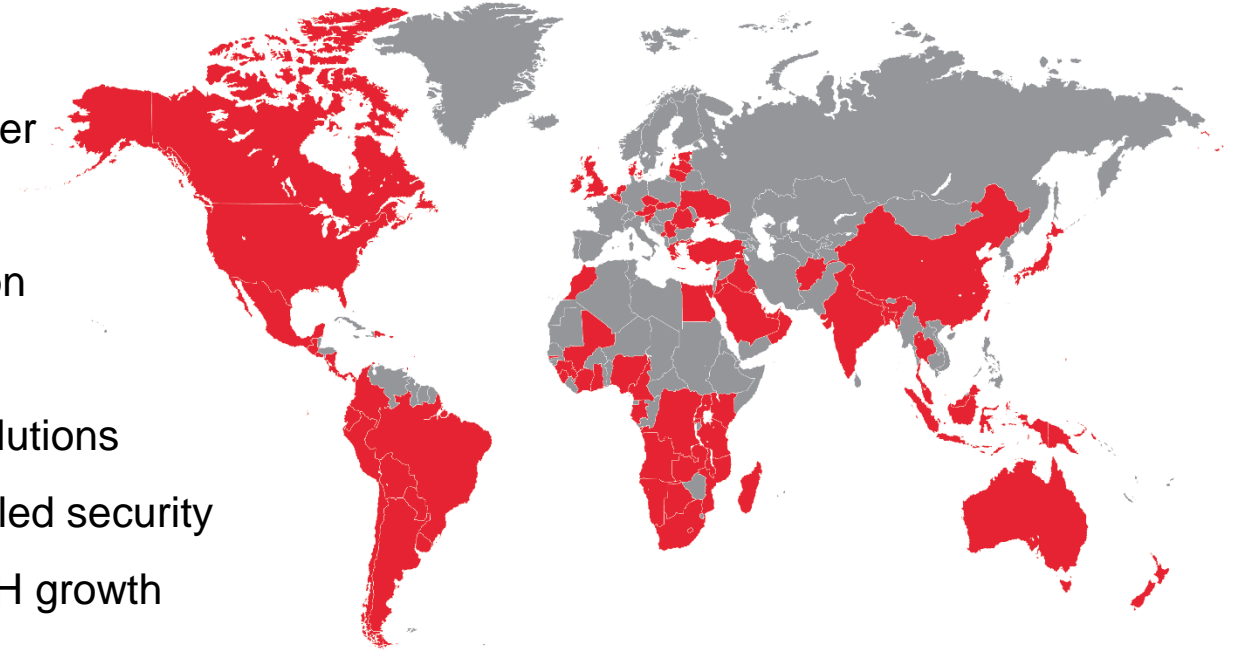


# G4S SECURE SOLUTIONS

GLOBAL LEADER IN SECURITY

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- Global business
- Trusted security partner
- 530,000 employees
- Revenue FY18: £6.2bn
- PBITA FY18: £417m\*
- Integrated security solutions
- 46% technology enabled security solutions; +14.8% HoH growth



*\* Pre allocation of corporate costs.*

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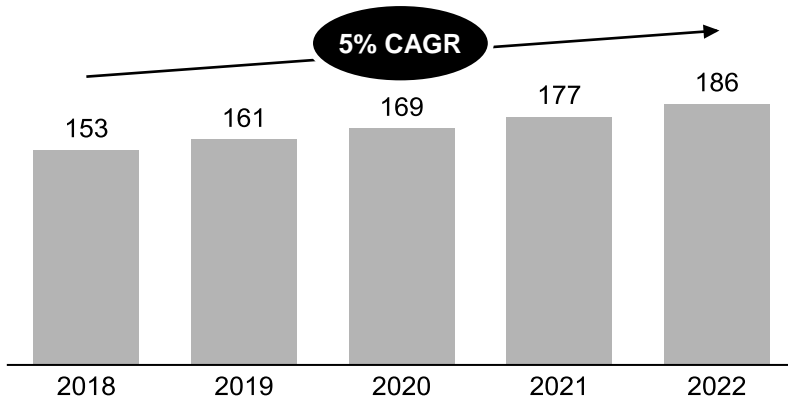


# GLOBAL SECURITY MARKET

## STRONG FUNDAMENTALS

### Structural growth market

Global Secure Solutions Market (\$B)



Note: Excluding China and Residential  
Source: Freedonia; company annual reports

### Key growth drivers



Global economic growth



Increase in wealth driven by urbanisation and wealth concentration



Heightened concern for safety

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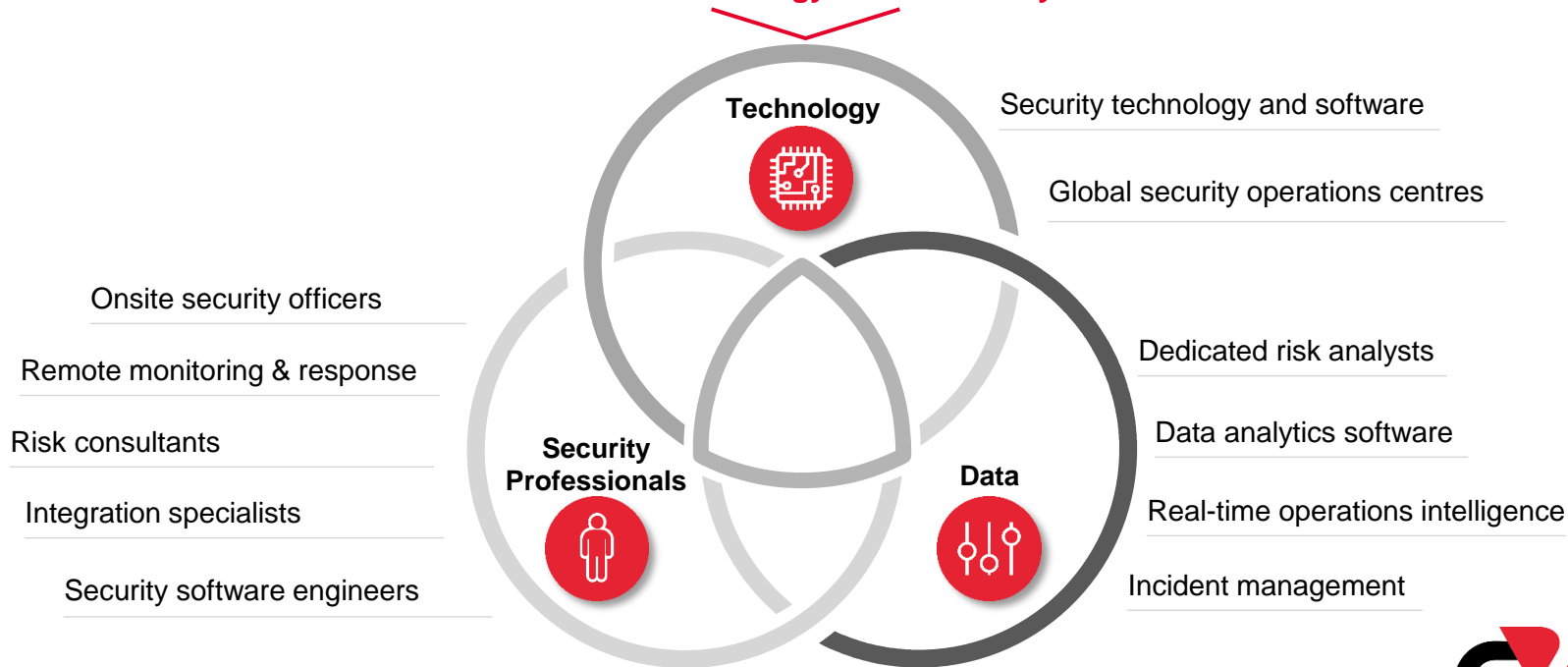




# G4S SECURE SOLUTIONS

## TECHNOLOGY CAPABILITIES

Integrated offering combining the best security professionals  
with latest technology and data analytics



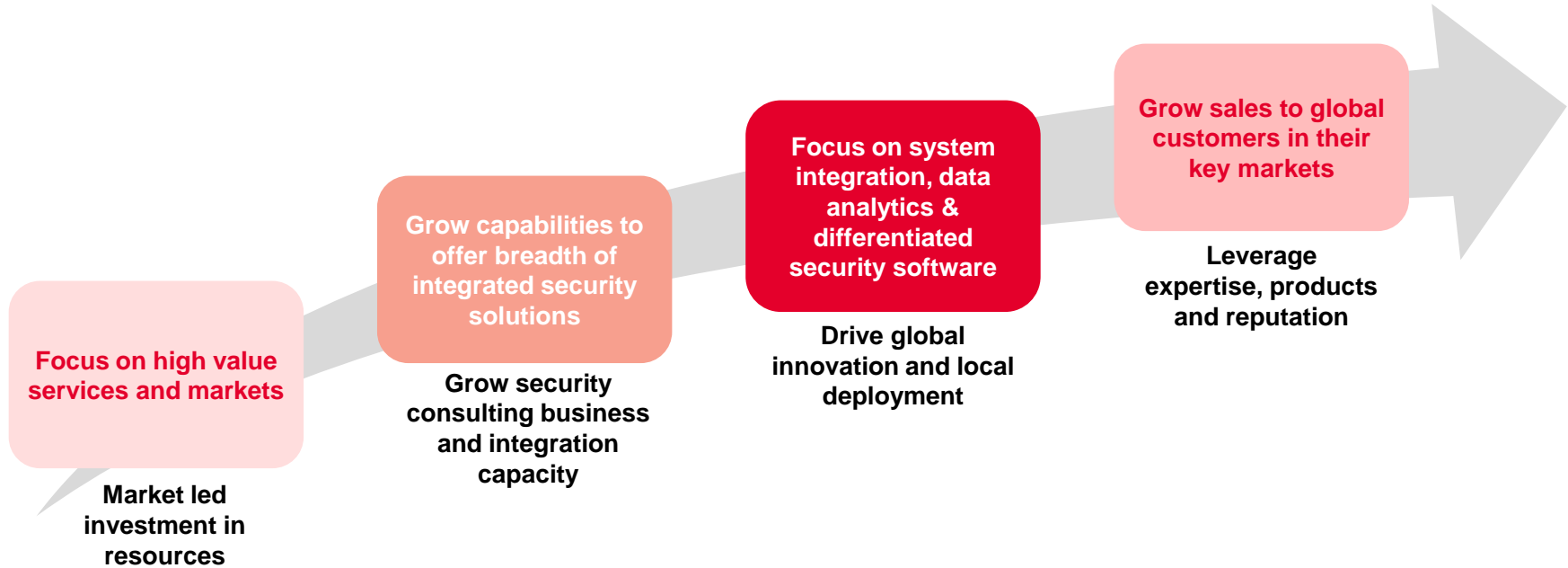
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# G4S SECURE SOLUTIONS

CLEAR STRATEGY ALIGNED WITH MARKET DYNAMICS

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A large digital screen displays a software interface. At the top, the word "Sessie" is visible. Below it, there are several icons: a person in a suit, a person in a hijab, and a person in a blue shirt. A hand is pointing at the person in the hijab icon. In the center, there is a diagram with arrows and icons of a cash register and a person. Below the diagram, the word "Check-out" is visible. At the bottom, there is a section labeled "Locaties" with several icons of people. The overall theme is related to cash solutions and security.

# CASH SOLUTIONS

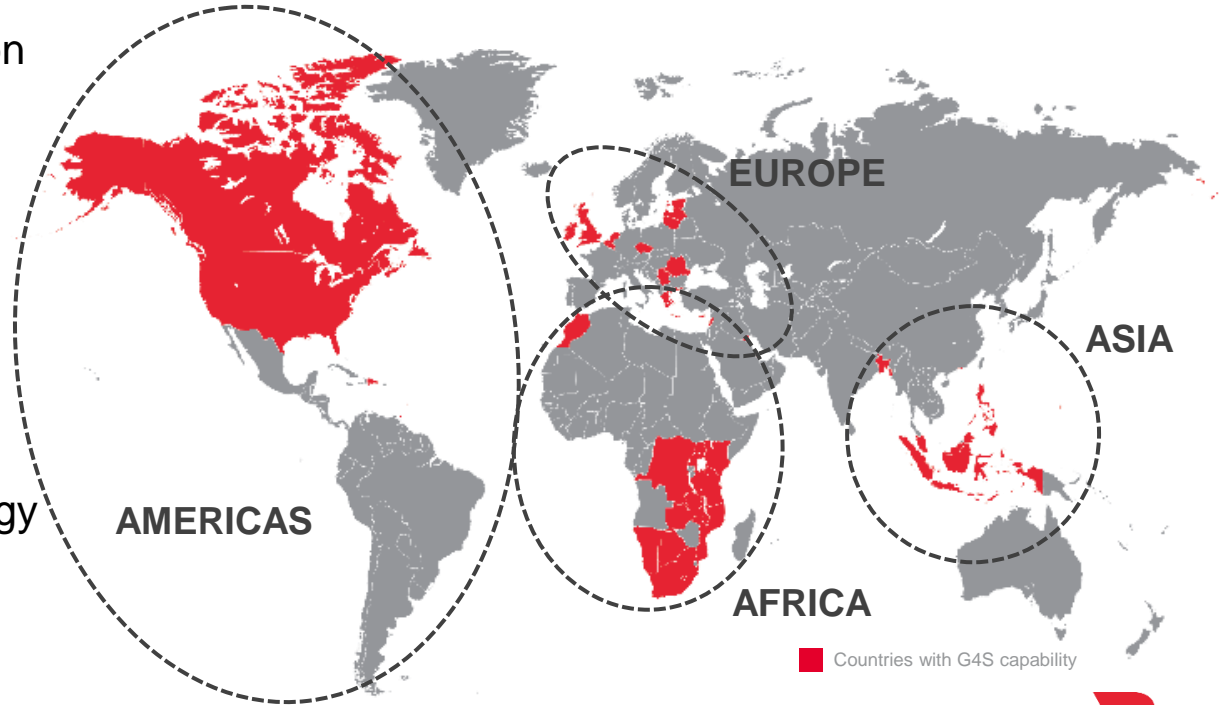
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# G4S CASH SOLUTIONS

## GLOBAL REACH AND CAPABILITIES

- Revenue FY18: £1.1bn
- PBITA FY18: £130m\*
- 32,000 employees
- #1/2 in 41 countries
- Rapidly growing cash technology
- 26,200 cash technology locations



\* Pre allocation of corporate costs.

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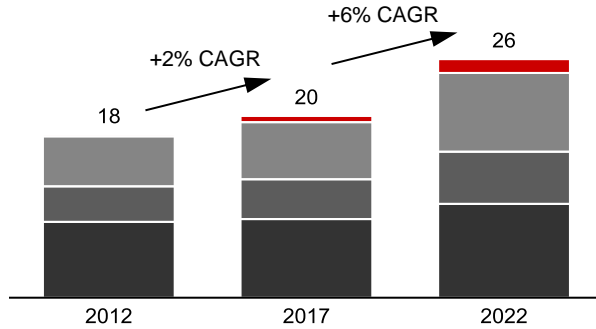


# KEY MARKET TRENDS

## GROWING CROSSOVER TO CASH TECHNOLOGIES

### Growth outlook by segment

Global Cash Solutions Market revenue (\$B)



#### % cash tech

Cash transactions value CAGR

1%

2%

3%

0%

6%



Source: Freedonia, Euromonitor

### Growth opportunities



**Growing crossover to cash technologies** as retailers and banks look for automated and integrated solutions to achieve cost optimisation



**Significant potential for cash processing outsourcing**, both in developed and emerging markets



**Volume consolidation of CIT and cash processing market** in developed markets; **continued outsourcing** in emerging markets as banking and retail landscape expands

# G4S CASH SOLUTIONS

UNIQUELY POSITIONED TO CAPTURE GROWTH



- Broad global reach and #1 / #2 position in 41 countries
- Uniquely positioned to **capture growth in emerging** markets
- Strongly positioned to **consolidate volumes** in developed markets

- **Compelling proposition** with a range of market-leading solutions for retailers (and extending to banks)
- **Clear replicable model** for new markets
- Rapid growth, low penetration

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# G4S CONVENTIONAL CASH MANAGEMENT

## STRONG POSITIONS IN KEY MARKETS

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Consolidate position to maintain volumes



- #1 or 2 in most **existing markets**
- Laser focus on **customer service excellence** and **volume consolidation**



Laser focus on cost optimisation to maintain competitiveness



- Investments in **core CIT technologies (e.g. dynamic route planning/ smart armouring)** and **cash centre automation** to drive costs down
- **Management of overheads** at local and global level



Leading the next wave of bank outsourcing



- Strongly positioned to **capture cash centre outsourcing** in key markets
- Leading **next wave of outsourcing** (e.g. bank branch automation) in key markets

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# G4S CASH TECHNOLOGY

## COMPELLING PROPOSITION FOR CUSTOMERS

### Market Opportunities



**Labour intensive** cash counting and handling process



**Frequent collections** of cash and change deliveries



**Cash trapped** in the business on site and in transit



**Inefficient cash forecasting** leading to overprovision



Outlets or branches **vulnerable to fraud and shrinkage**

### G4S Technology Solution

**Count and sort cash automatically** to reduce labour

**Recycle cash** in the outlet / branch and reduce number of collections required

**Credit at bank** for cash (same day)

**G4S data analytics and predictive algorithms** to eliminate 'idle cash'

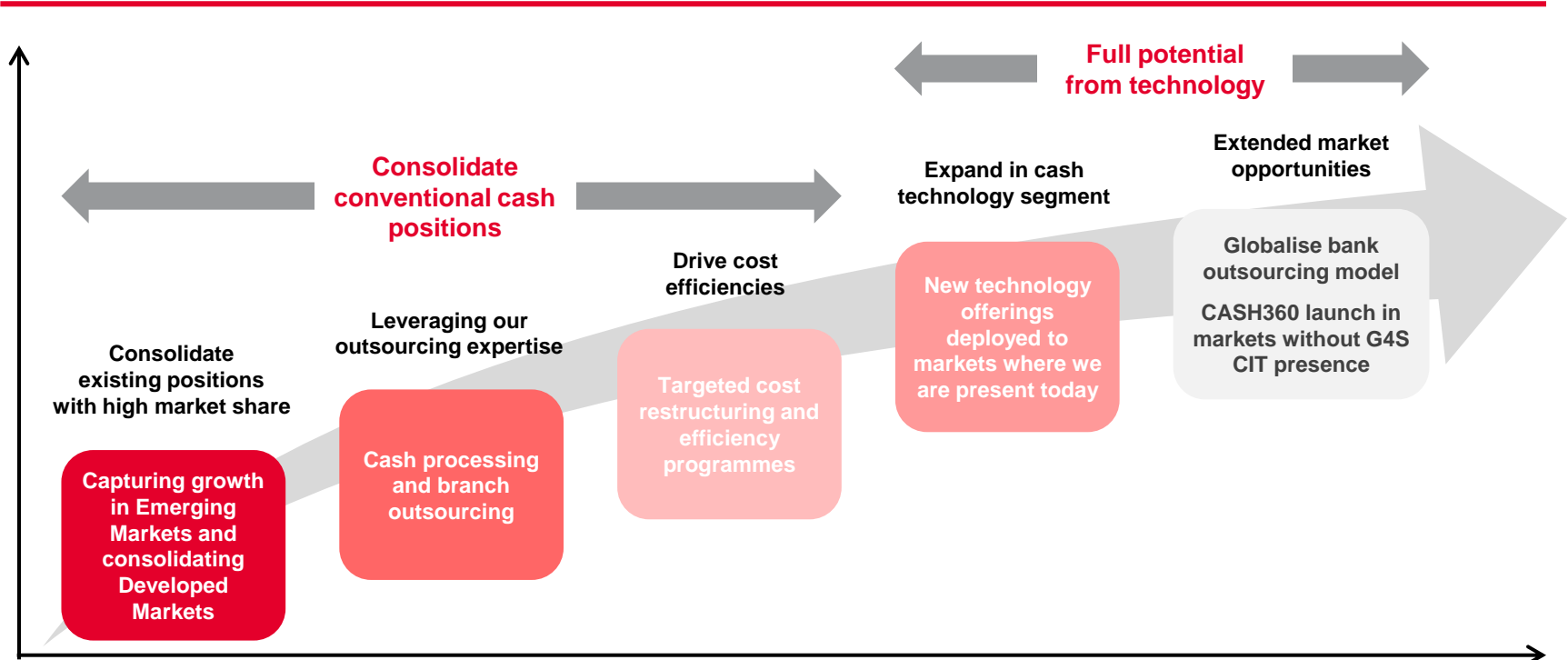
**Eliminate human touchpoints** to improve security

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# G4S CASH SOLUTIONS

## CLEAR GROWTH STRATEGY



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