Securing Your World

23 July 2020

G4S plc
Results for the six months ended 30 June 2020

G4S Chief Executive Officer Ashley Almanza commented:

"G4S is at an important inflection point as we accelerate our transition to a highly focused global integrated security business. The benefits of our strategy, focused execution and timely response to Covid-19 are reflected in the Group's results with resilient revenue, earnings and cash flows reported for the first six months.

Underlying revenue[a] was £3.35 billion (2019: £3.40 billion), underlying EPS was 6.3p per share (2019: 6.3p per share) and underlying operating cash flow was £364 million (2019: £164 million). The Group's strategic focus and financial position were further strengthened by the sale of conventional cash businesses, now 76% complete, and financial leverage was significantly improved at 2.58x (2019: 2.90x). Further proceeds of approximately £135 million, from this disposal, are expected in the second half of this year.

Our investment in integrated, technology-enabled security solutions is providing our customers with valuable solutions to their security needs and this, together with the implementation of our productivity programme, has been instrumental in strengthening our competitive position and reinforcing the resilience of our Secure Solutions business. Our success in key markets and continued growth in technology-enabled revenues (up 5%) provides increasing confidence in the Group's performance and prospects.

The path of the Covid-19 pandemic and its economic impact remain uncertain. In these circumstances, and notwithstanding the resilient performance of the Group in the first half of this year, the board has decided to prioritise the financial strength of the company in the near term whilst recognising the importance of resuming dividend payments in the future. The board has therefore concluded that the company will not pay an interim dividend for 2020. The board intends to resume dividend payments once the uncertainty surrounding the pandemic has reduced to an acceptable level."

First half highlights (Underlying results[a] unless otherwise noted):

- Secure Solutions: Revenue £3.1 billion (2019: £3.1 billion); Adjusted PBITA £202 million (2019: £199 million), growth in Americas and Asia offset the impact of Covid-19 in our Europe & Middle East markets and Adjusted PBITA margin rose +20bp to 6.5%
- Cash Solutions: Revenue £0.22 billion (2019: £0.27 billion); Adjusted PBITA £16 million (2019: £24 million) reflecting the impact of Covid-19 in the UK. Restructuring being implemented
- Adjusted PBITA of £187 million (2019: £196 million)
- EPS[d] 6.3p per share (2019: 6.3p per share)
- Operating cash flow[e] £364 million (2019: £164 million) including £152 million tax deferrals
- Free cash flow[f] of £178 million (2019: free cash outflow of £51 million)
- Net debt to Adjusted EBITDA[c] 2.58x (2019: 2.90x)
- Productivity and restructuring: Direct and indirect cost savings of £100 million in 2020
- Statutory earnings[d] of £167 million (2019: £59 million) includes gain on sale of conventional cash businesses and cost of Deferred Prosecution Agreement with UK Serious Fraud Office
- Cash business disposal proceeds of £522 million and gain on sale of £171 million recognised to 30 June 2020

Group results

	Underlying Results[a] In Constant Currency			Statutory Results[b] Actual Rates		
	2020	2019	%	**2020**	2019	%
Revenue	**£3,353m**	£3,403m	(1.5)	**£3,525m**	£3,807m	(7.4)
Adjusted PBITA[c]	**£187m**	£196m	(4.6)	**£199m**	£234m	(15.0)
Adjusted PBITA[c] margin	**5.6%**	5.8%		**5.6%**	6.1%	
Earnings[d]	**£97m**	£97m	-	**£167m**	£59m	+183.1
Earnings Per Share[d]	**6.3p**	6.3p	-	**10.8p**	3.8p	+184.2
Operating Cash Flow[e]	**£364m**	£164m	+122.0	**£350m**	£192m	+82.3
Free Cash Flow[f]				**£178m**	£(51)m	+449.0

[a] Underlying results are Alternative Performance Measures ("APMs") as defined and explained on page 39 and, for both 2019 and 2020, exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items. Underlying results are reconciled to statutory results on pages 4 and 44 and are presented at constant exchange rates other than operating cash flow, which is presented at actual rates in both 2019 and 2020. A reconciliation between the results as previously reported and the restated results above is included on page 45.

[b] Statutory results reflect the entire Group including the results of the businesses subject to the conventional cash disposal up to the date of completion. See page 26 for the basis of preparation of statutory results.

[c] Adjusted PBITA and net debt to Adjusted EBITDA are APMs as defined and explained on pages 40 and 42.

[d] Earnings is defined as profit attributable to equity shareholders of G4S plc. Underlying earnings and underlying earnings per share ("EPS") are adjusted to exclude specific and other separately disclosed items, as described on page 39, and are reconciled to statutory earnings and EPS on page 4.

[e] Operating cash flow is defined on page 40 as net cash flow from operating activities of continuing operations and is stated after pension deficit contributions of £28 million (2019: £26 million). For the six months ended 30 June 2019 operating cash flow is presented at 2019 average exchange rates. Operating cash flow is reconciled to the Group's movements in net debt on page 41. Statutory operating cash flow for 2019, originally stated as £189 million, has increased by £3 million to reflect an IFRS 16 adjustment identified when finalising the 2019 Integrated Report and Accounts.

[f] Free cash flow ("FCF") is an APM as defined and explained on page 40.

Focus on growth of integrated security solutions

The sale of the majority of the Group's conventional cash businesses to Brink's enables G4S to focus on the growth of its core integrated security solutions business and the further development of the rapidly growing Retail Technology Solutions business, whilst also streamlining the Group to enhance agility and efficiency.

G4S is a global market leader in security, providing both established and new technology-enabled security solutions to customers around the world.

The shape of the Group, post the sale of the majority of the conventional cash businesses, is summarised in the table below, which sets out the proportion of Group revenue and PBITA margin achieved in H1 2020, along with the revenue growth potential in the medium term.

	H1 2020 % of Group Revenue	H1 2020 PBITA Margin[c]	Revenue Growth Potential p.a.
Secure Solutions (excl. Risk Consulting and Security Technology Solutions)[a]	83%	6%	4-6%
Risk Consulting and Security Technology Solutions[a]	10%	12%	10-12%
Total Secure Solutions	*93%*[a]		
Retail Technology Solutions[b]	3%	13%	14-16%
Conventional Cash	4%	2%	-

[a] Integrated technology-enabled solutions combines two or more of: security officers, risk consulting, security technology, data analytics and intelligence elements of Secure Solutions and Risk Consulting and Security Technology Solutions and was 49% of total Secure Solutions revenues in H1 2020 (2019: 46%).
[b] Includes Retail Cash Solutions, SA-Deposita.
[c] Adjusted PBITA margin before corporate cost allocations.

Revenue growth during the first half of 2020 was adversely impacted by the Covid-19 pandemic, particularly in our Europe & Middle East markets and our UK Cash Solutions business. Notwithstanding the impact of the pandemic, our Secure Solutions revenues held up well and PBITA increased by 1.5%, reflecting the growing success of our integrated security strategy and essential nature of the services we provide (see page 5).

Over the course of the economic cycle we expect security to continue to be a growth industry and we believe that G4S has the expertise and global footprint to grow Secure Solutions revenues in line with the growth rates indicated above. As at 30 June 2020, we had won and retained business with an annual contract value ("ACV") of £1.4 billion (2019: £1.4 billion).

As a result of our investment in risk consulting and the integration of technology and data analytics into our security solutions, we are generating an increasing proportion of revenues from integrated, technology-enabled solutions. In H1 2020 these integrated technology-enabled revenues grew by 5% and at the end of June 2020 represented around 49% (2019: 46%) of our Secure Solutions revenues. Our growing focus on integrated technology-enabled solutions creates additional security and efficiency benefits for customers and increases our ability to differentiate G4S's offering in the security market, which in turn supports our goal of accelerating profitable growth.

Of the retained cash businesses (7% of Group revenues), H1 performance in our industry-leading Retail Technology Solutions businesses was impacted by new contract win mobilisations being postponed from the second quarter of 2020 into the last six months of the year, driven by Covid-19. However margins were resilient, reflecting a greater proportion of recurring revenue. We have a substantial backlog of confirmed orders and are now working with customers to resume the installation of our technology solution. Over the medium term, we aim to grow our Retail Technology Solutions business at 14-16% per annum and would look to achieve margins of 10-15%. G4S has also retained a number of conventional cash businesses, including the UK business, and these were more significantly impacted by the pandemic. As a result of restructuring and a gradual easing of lockdown we expect our conventional cash business performance to improve in the second half of 2020.

Covid-19

In response to the Covid-19 pandemic, we continue to reinforce health and safety measures for employees and customers, assure service delivery and protect the company's financial performance, cash flow and financial position. In the midst of the pandemic, G4S staff all over the world have responded with extraordinary courage and resilience to keep vital services and workplaces safe, clean and secure.

In addition, in the short-run, we are assisting customers around the world with their Covid-19 return to work assurance programmes with an increased demand for thermal cameras, security systems integrated with healthcare applications, access control and screening personnel. Markets such as technology, healthcare, distribution centres and utilities are expected to maintain positive underlying demand.

We believe that the resilient performance of the Group reflects the essential nature of our services, the growing value to customers of our integrated security solutions, increasingly focused execution and the benefit of a diversified revenue base, by market and customer type. The net financial cost of the pandemic in those countries where we received Covid-19 related government employment support is estimated to be around £20 million to £25 million arising from lost revenue, incremental safety and operating costs and the cost of continuous employment for staff whose roles would have otherwise been at risk, partially offset by government employment support. This impact is reflected, in particular, in the lower profits in the Europe & Middle East region and the UK Cash Solutions business.

Covid-19 (continued)

We have also taken proactive steps to restructure and reduce costs in a number of areas to address the sale of the conventional cash businesses and to respond to the impact of Covid-19, and expect to deliver total direct and indirect cost savings of £100 million in 2020, including the acceleration of previously announced programmes.

SFO DPA

A charge of £50 million has been recognised in relation to the Deferred Prosecution Agreement entered into with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020.

Resolving this long-standing matter brings certainty to G4S and allows us to focus on delivering innovative and valuable services to our customers in order to grow our business.

Dividend policy

The path of the pandemic and its economic impact remain uncertain. In these circumstances, and notwithstanding the resilient performance of the Group in the first half of this year, the board has decided to prioritise the financial strength of the company in the near term whilst recognising the importance of resuming dividend payments in the future. The board has therefore concluded that the company will not pay an interim dividend for 2020.

The company's dividend policy remains unchanged. The board intends to resume dividend payments once the uncertainty surrounding the pandemic has reduced to an acceptable level and in line with its stated policy objectives of attaining dividend cover of 2.0x and a progressive dividend thereafter.

Outlook

G4S Group Chief Executive Officer, Ashley Almanza, commented:

"The Group's transition to a focused, global leader, delivering integrated security solutions, is accelerating. The benefits of G4S's strategy and focused execution are beginning to be realised and in the first six months of this year the Group produced substantial revenues, profits and cash flows strengthening further our financial position. G4S has an unrivalled market footprint, a well-diversified revenue base and pipeline, and growing capability in the delivery of integrated technology-enabled solutions. We believe that the Group is very well positioned to emerge from the pandemic as a leaner and more focused market leader in the global security market and to create material value for all stakeholders."

Group results for the period ended 30 June 2020

Six months ended 30 June 2020 (at 2020 average exchange rates)

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring and separation	Specific and other separately disclosed items[d]	Statutory
Revenue	**3,353**	12	160			**3,525**
Adjusted PBITA[b]	**187**	-	12			**199**
Net specific and other items[d]	**-**	(4)	-	(25)	101	**72**
Profit before tax	**137**	(4)	8	(25)	101	**217**
Tax	**(37)**	1	(5)	2	(8)	**(47)**
Profit after tax	**100**	(3)	3	(23)	93	**170**
Earnings[e]	**97**	(3)	3	(23)	93	**167**
EPS[e]	**6.3p**	(0.2)p	0.2p	(1.5)p	6.0p	**10.8p**
Operating cash flow[f]	**364**	(4)	14	(24)	-	**350**

Six months ended 30 June 2019 (at 2020 average exchange rates)[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring and separation	Specific and other separately disclosed items[d]	Constant currency[h]
Revenue	**3,403**	60	304			**3,767**
Adjusted PBITA[b]	**196**	-	38			**234**
Net specific and other items[d]	**-**	9	-	(36)	(32)	**(59)**
Profit before tax	**141**	9	35	(36)	(32)	**117**
Tax	**(37)**	(2)	(9)	7	2	**(39)**
Profit after tax	**104**	7	26	(29)	(30)	**78**
Earnings[e]	**97**	7	23	(29)	(30)	**68**
EPS[e]	**6.3p**	0.5p	1.5p	(1.9)p	(1.9)p	**4.4p**
Operating cash flow[f]	**164**	(1)	47	(18)	-	**192**

Six months ended 30 June 2019 (at 2019 average exchange rates)[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring and separation	Specific and other separately disclosed items[d]	Statutory
Revenue	**3,442**	60	305			**3,807**
Adjusted PBITA[b]	**196**	-	38			**234**
Net specific and other items[d]	**-**	9	-	(36)	(40)	**(67)**
Profit before tax	**141**	9	34	(36)	(40)	**108**
Tax	**(37)**	(2)	(9)	7	2	**(39)**
Profit after tax	**104**	7	25	(29)	(38)	**69**
Earnings[e]	**97**	7	22	(29)	(38)	**59**
EPS[e]	**6.3p**	0.5p	1.4p	(1.9)p	(2.5)p	**3.8p**
Operating cash flow[f]	**164**	(1)	47	(18)	-	**192**

[a] Underlying results are APMs as defined and explained on page 39 and, for both 2019 and 2020, exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items. Underlying results are reconciled to statutory results on pages 4 and 44 and are presented at constant exchange rates other than operating cash flow, which is presented at actual rates in both 2019 and 2020. A reconciliation between the results as previously reported and the restated results above is included on page 45.

[b] Adjusted PBITA is an APM as defined and explained on page 40.

[c] Disposed businesses include the results of all businesses that have been sold or closed by the Group between 1 January 2019 and 30 June 2020 and are excluded from underlying results to present the underlying results of the current and comparative periods on a like-for-like basis. Within these amounts, £38 million of revenue (2019: £44 million), £3 million of Adjusted PBITA (2019: £7 million) and £4 million of operating cash flow (2019: £9 million) relates to 7 conventional cash businesses sold to Brink's in February 2020, where completion is expected in the second half of 2020.

[d] Other separately disclosed items include goodwill impairment, net profit/(loss) on disposal/closure of subsidiaries/businesses, the Serious Fraud Office Deferred Prosecution Agreement and acquisition-related amortisation. The associated tax impact is included in the tax charge within other separately disclosed items. In addition, tax-specific charges or credits, such as those arising from significant changes in tax legislation which have a material impact, and which are unrelated to net specific items, are included within the tax charge within other separately disclosed items. The accounting policy for specific and other separately disclosed items is provided on page 26.

[e] Earnings is defined as profit attributable to equity shareholders of G4S plc. Underlying earnings and underlying EPS are adjusted to exclude specific and other separately disclosed items, as described on page 39, and are reconciled to statutory earnings and statutory EPS above.

[f] Operating cash flow is defined on page 40 as net cash flow from operating activities of continuing operations and is stated after pension deficit contributions of £28 million (2019: £26 million). For the six months ended 30 June 2019 operating cash flow is presented at 2019 average exchange rates. Operating cash flow is reconciled to the Group's movements in net debt on page 41. Statutory operating cash flow for 2019, originally stated as £189 million, has increased by £3 million to reflect an IFRS 16 adjustment identified when finalising the 2019 Integrated Report and Accounts.

[g] Results for the six months ended 30 June 2019 are reconciled to previously reported results on page 45.

[h] Constant currency amounts show the 2019 statutory results retranslated at 2020 average exchange rates as described on page 44. Constant currency amounts should not be considered as or used in place of the Group's statutory results. Constant currency operating cash flow is translated at 2019 average exchange rates.

Business Review – Group Commentary:
Underlying Results & Alternative Performance Measures

The commentary in this Business Review discusses the Group's underlying results, which are Alternative Performance Measures ("APMs") as described on page 39 and are reconciled to statutory results on pages 4 and 44. Commentary on the Group's statutory results is provided on pages 12 to 17. Throughout this Business Review, to aid comparability, 2019 comparative results are presented on a constant currency basis by applying 2020 average exchange rates as described on page 39.

Underlying results At constant exchange rates	**Revenue 2020 £m**	Revenue[a] 2019 £m	YoY %	Organic growth[b] %	**Adjusted PBITA 2020 £m**	Adjusted PBITA[a] 2019 £m	YoY %	**Adjusted PBITA margin 2020 %**	Adjusted PBITA margin[a] 2019 %
Africa	**197**	200	(1.5)	(1.5)	**15**	15	-	**7.7**	7.5
Americas	**1,355**	1,285	5.4	5.4	**82**	62	32.3	**6.0**	4.8
Asia	**443**	437	1.4	1.4	**36**	30	20.0	**8.1**	6.9
Europe & Middle East	**1,136**	1,215	(6.5)	(6.5)	**69**	92	(25.0)	**6.1**	7.6
Secure Solutions	**3,131**	3,137	(0.2)	(0.2)	**202**	199	1.5	**6.5**	6.3
Cash Solutions	**222**	266	(16.5)	(16.5)	**16**	24	(33.3)	**7.2**	9.0
Total Group before corporate costs	**3,353**	3,403	(1.5)	(1.5)	**218**	223	(2.2)	**6.5**	6.6
Corporate costs					**(31)**	(27)	14.8		
Total Group	**3,353**	3,403	(1.5)	(1.5)	**187**	196	(4.6)	**5.6**	5.8

[a] Underlying results are APMs as defined and explained on page 39 and, for both 2019 and 2020, these exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items. Underlying results are reconciled to statutory results on pages 4 and 44 and are presented at constant exchange rates. A reconciliation between the results as previously reported and the restated results above is included on page 45.

[b] Organic revenue growth is an APM as defined and explained on page 40. Quarterly organic revenue growth for current and prior periods is set out in note D on page 43.

DIVISONAL PERFORMANCE

All commentary and figures refer to underlying results in constant currency, unless otherwise stated.

SECURE SOLUTIONS *(93% of Group revenues in H1 2020)*

Overview

- *Security Solutions (86% of Group revenues) incorporating manned security and technology-enabled security (49% of Secure Solutions revenues) which includes integration of world class proprietary and partner software and hardware and risk consulting (10% of Group revenues).*

  Our Security Solutions business delivers industry-leading security services in 85 countries around the world. Building on our established security services, we have invested in developing the capabilities to design and deliver security technology, security systems and integrated security solutions that combine people and technology to offer our customers more efficient and valuable security solutions.

  We believe that our growing ability to design and deliver technology-enabled security solutions strengthens our customer-value proposition and provides G4S with the opportunity to increase the longevity and value of existing customer relationships, to win new business and to earn higher margins. We have achieved demonstrable success with these solutions in markets such as North America, UK, South Africa and Denmark.

- *Care & Justice Services (7% of Group revenues) including custody, detention, education, rehabilitation and transportation concentrated in the UK and Australia. We manage this ancillary business for value and continue to apply stringent criteria to new business to ensure that we deliver a good service at an appropriate margin.*

Performance and Outlook

In our Secure Solutions business, revenues and profits were broadly unchanged overall. The impact of Covid-19 has started to reduce in June as some of our key markets emerge from lockdown and revenues in June were 1.6% lower than June 2019. As a result of our sustained multi-year development of risk consulting and technology integration capabilities, we are generating an increasing proportion of revenues from technology-enabled solutions and, at the end of June, around 49% (2019: 46%) of our Secure Solutions revenues included technology in the customer service.

We delivered good organic revenue growth in the Americas +5.4% (2019: +9.0%) driven by demand for additional services and a resilient performance in our existing business. Despite the impact of the pandemic, we also delivered revenue growth in Asia +1.4% (2019: +3.3%). Revenues in Africa declined 1.5% (2019: +8.1%) with lower demand in the mining sector. As expected, the impact of Covid-19 was greatest in our Europe & Middle East markets, where revenues declined by 6.5%. These markets have a higher weighting to customer segments most impacted by the pandemic – including sectors such as aviation, tourism, leisure and sporting events and oil and gas.

SECURE SOLUTIONS (continued)

Performance and Outlook (continued)

The growth in some of our key markets, combined with our actions to reduce costs, mitigated the impact of Covid-19 and Adjusted PBITA was 1.5% higher at £202 million (2019: £199 million). As a result the Adjusted PBITA margin improved to 6.5% from 6.3%.

Africa
Revenue in Africa declined by 1.5%, with lower demand in mining and the adverse impact of Covid-19 in tourism, aviation and energy. Our security technology revenues grew 5.0% and Adjusted PBITA remained constant at £15 million reflecting cost reduction efforts and improved revenue mix.

In the telecoms and mining sectors we have won a number of new contracts to deliver integrated security solutions using G4S Risk360. Some of these contracts have begun mobilisation, with the rest expected to do so in the second half of the year.

Americas
Revenues in our Americas region grew by 5.4% overall, with organic growth of 5.4%. Adjusted PBITA was £82 million, up 32.3% reflecting robust demand for our new services from new and existing customers more than offsetting challenging market conditions in Latin America due to the pandemic.

Our Secure Solutions revenues in North America grew 6.2% as we saw strong demand for temporary work, risk consulting services, security analytics and regulated security services. This demand was across a broad range of sectors including healthcare, technology and financial services. North America PBITA increased by 40.4% resulting in a six month margin of 7.5% (2019: 5.7%).

In Latin America, economies such as Peru and Chile were materially impacted by Covid-19, especially in sectors such as energy, hospitality and tourism, mining and retail. We have continued to focus on business continuity plans and overall our revenues grew 2.6%.

Our on-going investment in sales, business development and customer service has enabled G4S to sustain a substantial pipeline in the Americas, which supports our organic growth programme.

Asia
Revenue growth in Asia was 1.4% with growth across all of our major security markets, including India. Adjusted PBITA for the region increased by £6 million to £36 million, reflecting improved performances in India, Hong Kong, Singapore and Care & Justice services in Australia. Our Hong Kong and Singapore businesses benefited from government grants of £4m in aggregate, which was offset at a regional level by the impact of revenue reductions and incremental operating costs arising from Covid-19 estimated at around £3 million across Asia as a whole.

Across our Asia markets we have a healthy pipeline and an attractive set of new business opportunities.

Europe & Middle East
Revenue in our Europe & Middle East markets was 6.5% lower, with the Covid-19 pandemic having the most impact, as expected, in customer sectors such as aviation, tourism, oil and gas and events. The impact in the UK was mitigated by the existing and additional work for the UK government in areas such as pandemic-related testing, track and trace and securing important supply chains for the National Health Service. In the Middle East, we have increased our accommodation facilities for employees and provided additional transport to enable social distancing, as well as providing PPE and hand sanitiser. Where work has ceased we have continued to accommodate and care for staff while assisting these workers to return to their home countries.

Adjusted PBITA for the region was £23 million lower at £69 million (2019: £92 million) and Adjusted PBITA margin was 6.1% (2019: 7.6%) as governmental financial support was more than offset by the impact of the reduction in revenues due to Covid-19, incremental safety and operating costs and the cost of continuous employment for staff whose roles would have been at risk.

Our Europe & Middle East security pipeline is being rebuilt and our focus for the remainder of 2020 is on increasing revenue momentum. We have won a number of new security systems contracts in the Middle East, which were delayed due to Covid-19 and we expect to mobilise these contracts in the second half of 2020.

CASH SOLUTIONS *(7% of group revenues in H1 2020)*

Overview

- *Retail Technology Solutions comprising:*
  - *Cash technology services focused on the efficient management of cash, including Retail Cash Solutions ("RCS"), the leading software and service solution for large retail formats in North America*
  - *Deposita, Cash360 and G4S Pay solutions for medium and small retail formats*
- *Conventional cash services including cash-in-transit ("CIT"), cash-processing and automated teller machine ("ATM") services*

In our Cash Solutions business we provide software, hardware, systems and services that improve the security, control and efficiency of our customers' cash handling. We aim to grow volumes in traditional cash services of CIT and ATMs organically through cost leadership, which enables us to win market share and encourages banks to outsource more services. We are advancing commercial discussions for additional bank outsourcing in the UK.

We believe that the Group is well positioned to address a substantial and valuable opportunity to extend and grow our new products and services that are currently being adopted by banks and some of the world's leading retailers. We expect this market to continue to grow strongly and we have market-leading innovative products combining software and services to help us achieve this. We are making significant progress both with large retailers, with what we refer to as our "big box" solution, and in our mid-size and small box offerings. We are also seeing increased interest from banks looking to automate more in-branch cash handling. We believe that our Retail Technology Solutions service has the potential to grow rapidly and to enhance the overall Group margins over the medium term.

Performance and Outlook

Cash Solutions revenues declined by 16.5% for the six months to June 2020 reflecting the severe impact of Covid-19 across retail, leisure, travel and banking. Volumes are now beginning to recover with the easing of lockdown restrictions.

The severe impact of Covid-19 upon our customers meant that conventional cash revenues declined by 22.1%. Adjusted PBITA for Cash Solutions overall was £8 million lower at £16 million as the impact of the volume reductions in the UK Cash Solutions business was only partially offset by government employment support.

In Retail Technology Solutions, the large H2 2019 win in the small-box market, which had been scheduled for mobilisation in the first half of 2020, was delayed to the second half of the year and mobilisation preparations are now underway. Our North America Retail Technology Solutions business grew revenue by 6.0% in June. As expected the Covid-19 related delays to mobilisation meant that Retail Technology Solutions revenues declined by 10.0% but margins were resilient due to the higher proportion of recurring revenue.

We believe growth opportunities exist in our Cash Solutions markets, as we possess the infrastructure, technology, licences and a strong track record of reliable and efficient delivery, for banks and retailers to outsource more of their cash management activities to G4S. In addition, we expect our network and operational restructuring and efficiency programmes, particularly in the UK, to improve business performance through the second half of 2020.

CORPORATE COSTS

Corporate costs comprise the costs of the G4S plc board and the central costs of running the Group including executive, governance and central support functions and were 14.8% higher at £31 million (HY 2019: £27 million) with the year-on-year growth primarily reflecting increased insurance and legal costs.

Business Review – Group Commentary: Underlying Results & Alternative Performance Measures

UNDERLYING RESULTS

Summary underlying results[a]

At constant exchange rates	2020 £m	2019 £m	YoY %
Revenue	**3,353**	3,403	(1.5)
Adjusted PBITA[a]	**187**	196	(4.6)
Adjusted PBITA[a] margin	**5.6%**	5.8%	
Interest	**(50)**	(55)	
Profit before tax	**137**	141	(2.8)
Tax	**(37)**	(37)	
Profit after tax	**100**	104	(3.8)
Non-controlling interests	**(3)**	(7)	
Earnings[a] (profit attributable to equity holders of the parent)	**97**	97	-
EPS[a] (p)	**6.3**	6.3	-
Operating cash flow[a]	**364**	164	122.0

[a] Underlying results are APMs as defined and explained on page 39 and, for both 2019 and 2020, these exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items. Underlying results are reconciled to statutory results on pages 4 and 44 and are presented at constant exchange rates other than operating cash flow, which is presented at actual rates in both 2019 and 2020. A reconciliation between the results as previously reported and the restated results above is included on page 45.

Revenue

The Group's revenue decreased by 1.5% compared with June 2019. Secure Solutions revenues were 0.2% lower than the prior period, mainly due to the impact of Covid-19 on the aviation and events businesses in Europe & Middle East, as explained on pages 5 and 6. Cash Solutions revenue decreased by 16.5% mainly driven by the decline in volumes observed within the UK conventional cash business following the impact of Covid-19.

Adjusted PBITA

Adjusted PBITA of £187 million (HY 2019: £196 million) was lower than the prior period. This reflects an increase in Adjusted PBITA of £3 million in Secure Solutions, a reduction of £8 million in Cash Solutions and a £4 million increase in corporate costs (see pages 5 to 7).

Interest

Net interest payable on net debt decreased to £47 million (HY 2019: £50 million). This primarily reflects the benefit of Group's refinancing programme which has been implemented over the last few years with the replacement of loan notes bearing high interest rates with new loan notes issued at lower interest rates (see pages 15 and 16 for details) and a reduction in interest on lease liabilities to £8 million (HY 2019: £9 million). Net other finance income was £2 million (HY 2019: net other finance costs of £1 million) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £5 million (HY 2019: £4 million), resulting in a total net interest cost of £50 million (HY 2019: £55 million).

Tax

A tax charge of £37 million (HY 2019: £37 million) was incurred on profit before tax of £137 million (HY 2019: £141 million) which represents an effective tax rate of 27% (HY 2019: 26%). In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates, (ii) changes in the value and recognition of deferred tax assets and liabilities, (iii) permanent differences such as expenses disallowable for tax purposes, (iv) irrecoverable withholding taxes, (v) the level of provision required for potential tax liabilities not agreed with tax authorities, (vi) the impact of one-off items, and (vii) the overall level of profit against which the preceding items are measured.

The effective tax rate is similar to that of the prior period which is a consequence of the impact of the upwards revaluation of deferred tax assets following the reversal of the previously enacted decrease of the UK corporation tax rate from 19% to 17% from April 2020, offset by the de-recognition of deferred tax assets arising from a change in anticipated taxable capital gains arising on planned disposals.

Non-controlling interests

Profit attributable to non-controlling interests was £3 million in 2020, a decrease from £7 million in 2019, primarily reflecting the impact of Covid-19 on the profits of certain businesses in the Europe & Middle East region.

Earnings

The Group generated profit attributable to equity holders ("earnings") of £97 million for the six months ended 30 June 2020 (HY 2019: £97 million).

UNDERLYING RESULTS (continued)

Earnings per share
Earnings per share was in line with the prior period at 6.3p (HY 2019: 6.3p), based on the weighted average of 1,547 million (HY 2019: 1,547 million) shares in issue[a]. A reconciliation of profit for the period to earnings per share is provided below:

Underlying earnings per share

	2020 £m	2019 at constant exchange rates[b] £m	2019 at actual exchange rates £m
Underlying profit for the period	**100**	104	104
Non-controlling interests	**(3)**	(7)	(7)
Underlying profit attributable to equity holders of the parent (earnings)	**97**	97	97
Average number of shares[a] (m)	**1,547**	1,547	1,547
Underlying earnings per share (p)	**6.3**	6.3	6.3

[a] Stated net of the average number of shares held in the Employee Benefit Trust of 5 million (HY 2019: 5 million).
[b] Refer to page 39 for a definition of constant currency results.

ONEROUS CONTRACTS

The Group's onerous contracts generated revenues of £12 million for the six months ended 30 June 2020 (HY 2019: £60 million), which are lower than prior period mainly due to the finalisation of two UK contracts in the prior year. This included the COMPASS contract that ended in August 2019. For the six months ended 30 June 2020 onerous contracts reported Adjusted PBITA of £nil (HY 2019: £nil).

During the first half of the period the Group recognised a £4 million additional onerous contract provision recorded as a specific item relating to estimated higher expected losses than initially forecast in a facilities management contract in the UK. In the prior period the Group recognised a £9 million specific item credit following the improved performance of two UK contracts.

Operating cash outflow in respect of onerous contracts was £4 million for the six months ended 30 June 2020 (HY 2019: £1 million).

DISPOSED BUSINESSES

In the first six months of 2020, the Group completed the sale to Brink's of its international logistics business, as well as its traditional Cash Solutions businesses in the Netherlands, Belgium, Hong Kong, Ireland, Romania, Czech Republic, Cyprus, Malaysia, Dominican Republic and the Philippines, along with some associated Secure Solutions businesses in those countries, realising net cash consideration of £522 million. These businesses generated revenue of £122 million (2019: £260 million) and Adjusted PBITA of £9 million (2019: £31 million) in the first half of the year, up to the date of their respective disposals. In addition, disposed businesses includes the results of cash businesses in Luxembourg, Estonia, Latvia, Lithuania, Kuwait, Indonesia and Macau also sold to Brink's in February 2020 where completion is expected in the second half of the year. These businesses generated revenue of £38 million (2019: £44 million) and Adjusted PBITA of £3 million (2019: £7 million) in the first half of the year.

The Group also sold a documentation business in Guatemala for net cash consideration of £nil. This business did not generate any material revenue or Adjusted PBITA to the date of disposal. Small businesses in Bolivia and Panama were also closed during the period.

In early 2019, the Group sold a parking management business in Estonia which had not generated any material revenue or Adjusted PBITA in 2019 to the date of disposal. The Group did not dispose of any other significant businesses during the six months ended 30 June 2019.

RESTRUCTURING AND SEPARATION

Charges of £25 million (HY 2019: £36 million) were recorded for restructuring and separation during the six months ended 30 June 2020. Restructuring costs of £9 million (HY 2019: £19 million) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East region and the Americas region. During the first half of the year the Group also incurred final costs of £16 million in respect of the Cash Solutions separation (HY 2019: £17 million). In addition, the Group incurred non-strategic reorganisation costs of £6 million (HY 2019: £5 million) which are included within Adjusted PBITA.

Business Review – Group Commentary: Underlying Results & Alternative Performance Measures

SPECIFIC AND OTHER SEPARATELY DISCLOSED ITEMS

	2020 £m	2019 at constant exchange rates[a] £m	2019 at actual exchange rates £m
Specific items – charges	**(5)**	(4)	(5)
Specific items – credits	**-**	3	3
Serious Fraud Office Deferred Prosecution Agreement	**(50)**	-	-
Net gain/(loss) on disposal/closure of subsidiaries/businesses	**171**	(1)	(1)
Goodwill impairment	**-**	(28)	(35)
Asset impairment	**(13)**	-	-
Acquisition-related amortisation	**(2)**	(2)	(2)
Specific and other separately disclosed items before tax	**101**	(32)	(40)
Tax (charges)/credits arising on specific and other separately disclosed items	**(8)**	2	2
Total specific and other separately disclosed items – credit/(charge) to earnings	**93**	(30)	(38)

[a] Refer to page 39 for a definition of constant currency results.

Specific items
The specific item charge for the period was £5 million (HY 2019: £4 million) which was incurred in relation to a commercial settlement in respect of a legacy dispute in a business closed in 2015 in North America. Specific item charges incurred during the six months ended 30 June 2019 of £4 million related to a review of legacy labour-related claims in Brazil.

There were specific item credits of £nil for the six months ended 30 June 2020 (HY 2019: £3 million). The specific item credits during the first six months of 2019 of £3 million primarily related to the recovery of a legacy claim in North America.

Serious Fraud Office Deferred Prosecution Agreement
On 10 July 2020, we announced that, in relation to the UK Serious Fraud Office ("SFO") investigation initiated in 2013, our subsidiary G4S Care and Justice Services (UK) Limited ("G4SCJ") had agreed a Deferred Prosecution Agreement ("DPA") with the SFO. The DPA is a voluntary agreement under which G4SCJ will not be prosecuted provided the business fulfils certain requirements, including paying a financial penalty of £38.5 million, plus a payment of £5.9 million in respect of the SFO's costs. Including our own legal and other costs associated with the DPA, we have made a total provision of £50 million and we expect to pay the financial penalty and the SFO's costs in the second half of 2020.

The DPA received final approval at a Court hearing on 17 July 2020. As part of the DPA, the SFO recognised the significant steps taken by G4S to reform the company since 2013 including substantial changes to senior management and the adoption and implementation of a wide ranging corporate renewal programme approved by the UK Government. Building on this corporate renewal programme, over the three-year period of the DPA the Group has agreed to fulfil certain compliance commitments and reporting obligations including periodic review, assessment and reporting of G4SCJ's and G4S plc's internal controls, policies and procedures by a third-party reviewer.

Net gain/(loss) on disposal/closure of subsidiaries/businesses
During the period, the Group recognised a net gain of £171 million (HY 2019: loss of £1 million) primarily reflecting the gain on disposal of those conventional cash businesses sold to Brink's which completed in the first half of the year (see page 9). Disposals during the six months ended 30 June 2019 related to a small profit recognised on the disposal of a parking management business in Estonia offset by costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018.

Goodwill impairment
In 2019 the Group recognised a goodwill impairment of £35 million in respect of its Brazil Secure Solutions business that was acquired in 2012. The impairment charge reflects the adverse macro-economic environment affecting the business that is expected to subsist for a prolonged period.

Asset impairment
During the first half of 2020 the Group recognised an impairment charge of £13 million in respect of the carrying value of certain branches in the UK Cash Solutions business reflecting the decision to restructure the network of cash branches in light of the step down in volumes experienced over the period and, in particular, in recognition of the potential medium-term impact of Covid-19 on the business (HY 2019: £nil).

Tax charges/credits arising on specific and other separately disclosed items
The net tax charges arising on specific and other separately disclosed items were £8 million (HY 2019: credits of £2 million). The net tax charge primarily relates to the gains arising on the sale of the majority of the Group's conventional cash businesses to Brink's.

Business Review – Group Commentary: Underlying Results & Alternative Performance Measures

CASH FLOW, CAPITAL EXPENDITURE AND PORTFOLIO MANAGEMENT

The Group generated underlying operating cash flow of £364 million (HY 2019: £164 million) after pension deficit repair contributions of £28 million (HY 2019: £26 million) during the period. This included £152 million (HY 2019: £nil) of payroll and indirect tax deferrals to the second half of 2020 and beyond under Covid-19 related government financial support schemes in certain countries. Underlying operating cash flow represents 195% (HY 2019: 84%) of Adjusted PBITA. The Group invested £76 million (HY 2019: £94 million) in net capital expenditure including £36 million (HY 2019: £30 million) in leased assets that are capitalised in accordance with IFRS 16. The Group received net proceeds of £522 million (HY 2019: £15 million) from the disposal of businesses.

Net cash flow after investing in the business was £707 million (HY 2019: £113 million) and free cash flow excluding acquisitions and disposals was £178 million (HY 2019: free cash outflow of £51 million).

The Group's net decrease in net debt before foreign exchange movements was £611 million (HY 2019: increase of £131 million) after net interest of £60 million (HY 2019: £81 million), tax paid of £30 million (HY 2019: £47 million) and dividends paid to non-controlling interests of £5 million (HY 2019: £106 million paid to equity shareholders of the parent and non-controlling interests).

Business Review – Group Commentary: Statutory Results

The basis of preparation of the Group's statutory results is set out on page 26. Comparative figures for statutory results are presented at actual historical exchange rates (i.e. the results for the six months ended 30 June 2019 are presented at average exchange rates for the six months ended 30 June 2019).

REVIEW OF STATUTORY RESULTS

Statutory results at actual exchange rates[a]	**2020 £m**	2019 £m	YoY %
Revenue	**3,525**	3,807	(7.4)
Adjusted profit before interest, tax and amortisation ("Adjusted PBITA")	**199**	234	(15.0)
Specific items – charges	**(9)**	(5)	
Specific items – credits	**-**	12	
Serious Fraud Office Deferred Prosecution Agreement	**(50)**	-	
Restructuring and separation costs	**(25)**	(36)	
Gain/(loss) on disposal/closure of subsidiaries/businesses	**171**	(1)	
Goodwill impairment	**-**	(35)	
Asset impairment	**(13)**	-	
Acquisition-related amortisation	**(2)**	(2)	
Operating profit	**271**	167	62.3
Net interest costs	**(54)**	(59)	
Profit before tax	**217**	108	100.9
Tax	**(47)**	(39)	
Profit for the period	**170**	69	146.4
Non-controlling interests	**(3)**	(10)	
Profit attributable to equity holders of the parent ("statutory earnings")	**167**	59	183.1
EPS	**10.8p**	3.8p	184.2
Operating cash flow[b]	**350**	192	82.3

[a] The basis of preparation of statutory results is shown on page 26.
[b] Operating cash flow for 2019, originally stated as £189 million, has increased by £3 million to reflect an IFRS 16 adjustment identified when finalising the 2019 Integrated Report and Accounts.

Revenue
Revenue decreased by 7.4% compared with the prior period's statutory results. Of the decrease, 1.0% (£40 million) was due to movements in average exchange rates. At constant exchange rates, revenue decreased by 6.4% which included decreases in revenue from businesses disposed of during the period (£144 million reduction) and from onerous contracts (£48 million reduction). Excluding the effects of movements in exchange rates, disposed businesses and onerous contracts, revenue reduced by 1.5% at constant exchange rates, as explained on pages 5 to 7.

Adjusted PBITA
Adjusted PBITA of £199 million (HY 2019: £234 million) was down 15.0% reflecting a £26 million decrease in Adjusted PBITA from disposed businesses. Excluding disposed businesses and onerous contracts, the Group's Adjusted PBITA decreased by 4.6% compared with the prior period. Business performance is discussed in more detail by service line and region on pages 5 to 7.

Specific items - charges
The specific items charge was £9 million (HY 2019: £5 million), including a £5m charge for a commercial settlement in relation to a legacy dispute in a business closed in 2015 in North America and a £4 million onerous contract provision relating to estimated higher expected losses than initially forecast in a facilities management contract in the UK.

Specific items charges incurred during the six months ended 30 June 2019 of £5 million related to a review of legacy labour-related claims in Brazil.

Specific items - credits
There were no specific item credits during the first half of 2020. Specific item credits recorded during the six months ended 30 June 2019 of £12 million included £3 million relating to the recovery of legacy claims in North America and £9 million related to the improved performance of two UK onerous contracts.

Serious Fraud Office Deferred Prosecution Agreement
A charge of £50 million has been recognised in relation to the Deferred Prosecution Agreement entered into with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020. The charge reflects a financial penalty of £38.5 million, plus £5.9 million for the settlement of the SFO's full investigation costs and £6 million of legal and other costs in relation to the Deferred Prosecution Agreement process (see page 10).

REVIEW OF STATUTORY RESULTS (continued)

Restructuring and separation costs
Restructuring and separation costs of £25 million (HY 2019: £36 million) were recorded during the six months ended 30 June 2020. Restructuring costs of £9 million (HY 2019: £19 million) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East region and the Americas region. During the first half of the year the Group also incurred final costs of £16 million in respect of the Cash Solutions separation (HY 2019: £17 million). In addition, the Group incurred non-strategic reorganisation costs of £6 million (HY 2019: £5 million) which are included within Adjusted PBITA.

Gain/(loss) on disposal/closure of subsidiaries/businesses
During the period, the Group recognised a net gain of £171 million (HY 2019: loss of £1 million) primarily reflecting the profit on disposal of those conventional cash businesses sold to Brink's which were completed in the first half of the year. Disposals during the six months ended 30 June 2019 related to a small profit recognised on the disposal of a parking management business in Estonia offset by costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018.

Goodwill impairment
In 2019 the Group recognised a goodwill impairment of £35 million in respect of its Brazil Secure Solutions business that was acquired in 2012.

Asset impairment
During the first half of 2020 the Group recognised an impairment charge of £13 million in respect of the carrying value of certain branches in the UK Cash Solutions business reflecting the decision to restructure the network of cash branches in light of the step down in volumes experienced over the period and, in particular, in recognition of the potential medium-term impact of Covid-19 on the business (HY 2019: £nil).

Operating profit
Operating profit for the period of £271 million (HY 2019: £167 million) increased by 62.3%, primarily reflecting the profit on disposal of those conventional cash businesses sold to Brink's which were completed in the first half of the year, offset by the charge recognised in respect of the Deferred Prosecution Agreement entered into with the SFO.

Net interest costs
Net interest payable on net debt decreased to £47 million (HY 2019: £52 million). This primarily reflects the benefit of Group's refinancing programme which has been implemented over the last few years with the replacement of loan notes bearing high interest rates with new loan notes issued at lower interest rates (see pages 15 and 16 for details) and a reduction in interest on lease liabilities to £10 million (HY 2019: £12 million). Net other finance costs were £1 million (HY 2019: £2 million) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £6 million (HY 2019: £5 million), resulting in a total net interest cost of £54 million (HY 2019: £59 million).

Tax
The statutory tax charge of £47 million (HY 2019: £39 million) for the first half of 2020 included a tax charge of £37 million (HY 2019: £37 million) on the Group's underlying profits, as explained on page 8, a tax credit on onerous contracts of £1 million (HY 2019: charge of £2 million), a tax charge of £5 million in respect of disposed businesses (HY 2019: £9 million), a tax credit of £2 million (HY 2019: £7 million) in respect of restructuring costs and a net tax charge of £8 million (HY 2019: credit of £2 million) in respect of tax-specific items and tax charges and credits relating to specific and other separately disclosed items (as explained on page 10).

The Group's statutory tax charge represents an effective rate of 22% (HY 2019: 36%) on profit before tax of £217 million (HY 2019: £108 million).

In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates, (ii) changes in the value, and recognition of, deferred tax assets and liabilities, (iii) permanent differences such as expenses disallowable for tax purposes, (iv) irrecoverable withholding taxes, (v) the level of provision required for potential tax liabilities not agreed with tax authorities, (vi) the impact of one-off items, and (vii) the overall level of profit against which the preceding items are measured.

The Group's lower 2020 effective tax rate is mainly a consequence of the tax exempt status of most of the gains arising on the disposal of the majority of the Group's conventional cash businesses to Brink's, the impact of the upwards revaluation of deferred tax assets following the reversal of the previously enacted decrease of the UK corporation tax rate from 19% to 17% from April 2020, offset by the de-recognition of deferred tax assets arising from a change in anticipated taxable capital gains arising on planned disposals.

The Group's 2019 effective tax rate was mainly a consequence of goodwill impairments for which no tax benefit was available, the level of provision required for potential liabilities not agreed with tax authorities, changes in the recognition of deferred tax assets and the geographic mix of profits.

REVIEW OF STATUTORY RESULTS (continued)

Non-controlling interests
Profit attributable to non-controlling interests was £3 million in 2020 (HY 2019: £10 million). The decrease primarily reflects the impact of Covid-19 on certain businesses in the Europe & Middle East region.

Profit attributable to equity holders of the parent (“statutory earnings”)
The Group’s profit for the period attributable to equity holders of the parent (“statutory earnings”) was £167 million (HY 2019: £59 million) reflecting, inter alia, the profit on disposal of those conventional cash businesses sold to Brink’s which were completed in the first half of the year.

Earnings per share
Statutory earnings per share[a] was 10.8p (HY 2019: 3.8p), based on the weighted average number of shares in issue[c] of 1,547 million (HY 2019: 1,547 million). A reconciliation of the Group’s statutory profit for the period to EPS is provided below:

Earnings per share	**2020**	2019 at constant exchange rates[b]	2019 at actual exchange rates
	£m	£m	£m
Profit for the period	**170**	78	69
Non-controlling interests	**(3)**	(10)	(10)
Profit attributable to equity holders of the parent (“statutory earnings”)	**167**	68	59
Average number of shares[c] (m)	**1,547**	1,547	1,547
Statutory earnings per share[a] (p)	**10.8**	4.4	3.8

[a] The basis of preparation of statutory results is shown on page 26.
[b] Refer to page 39 for a definition of constant currency results.
[c] Stated net of the average number of shares held in the Employee Benefit Trust of 5 million (2019: 5 million).

Business Review – Group Commentary: Statutory Results

REVIEW OF THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Significant movements in the consolidated statement of financial position

Current loan notes increased to £358 million (31 December 2019: £56 million), reflecting the issuance of £300 million of commercial paper. In addition, non-current bank loans reduced to £300 million (31 December 2019: £533 million) reflecting the repayment of a substantial amount of the Revolving Credit Facility ("RCF") in the first half of 2020.

The following movements in the Group's consolidated statement of financial position are set out elsewhere in this report, as follows:

- Cash, cash equivalents and overdrafts are explained below;
- Retirement benefit obligations are explained in note 15;
- Provisions are analysed in note 16; and
- Net debt is analysed in note 17.

Total equity

Total equity at 30 June 2020 was £543 million (31 December 2019: £302 million). The main movements during the period were: profit for the period of £170 million (HY 2019: £69 million), other comprehensive income of £103 million (HY 2019: loss of £87 million), and dividends paid to non-controlling interests of £3 million (HY 2019: £108 million paid to equity holders of the parent and non-controlling interests). The other comprehensive income of £103 million included a re-measurement gain on deferred retirement benefit schemes of £121 million (HY 2019: loss of £114 million) as explained on page 17, an exchange gain on translation of foreign operations of £41 million (HY 2019: £9 million) and a fair value loss in respect of net investment and cash flow hedging financial instruments of £45 million (HY 2019: £nil).

REVIEW OF THE GROUP'S CASH FLOW AND FINANCING

Consolidated statement of cash flows

Net cash flow from operating activities before tax was £350 million (HY 2019: £192 million). Net cash flow from operating activities was £320 million (HY 2019: £145 million) including £152 million (HY 2019: £nil) of payroll and indirect tax deferrals to the second half of 2020 and beyond under various Covid-19 related government financial support schemes in certain countries. Net cash generated from investing activities was £368 million (HY 2019: net cash used in investing activities was £54 million), including £522 million (HY 2019: £15 million) of net business disposal proceeds and an outflow of £148 million relating to net cash previously held in disposed entities (HY 2019: £1 million). Net cash outflow from financing activities was £101 million (HY 2019: £159 million) with the difference compared with the prior period being mainly lower net borrowings of £41 million (HY 2019: £134 million), lower interest paid of £71 million (HY 2019: £89 million), lower repayment of lease obligations of £61 million (HY2019: £86 million), offset by no dividends being paid to equity shareholders of the parent during the period (HY 2019: £95 million). Cash, cash equivalents and overdrafts at 30 June 2020 were £1,126 million (HY 2019: £600 million), a net increase compared with 30 June 2019, including the impact of exchange rate movements, of £607 million (HY 2019: decrease of £73 million). The Group's statutory cash flow is presented in full on page 24.

Net debt

Net debt as at 30 June 2020 was £1,560 million (HY 2019: £2,154 million). The Group's net debt to Adjusted EBITDA ratio decreased to 2.58x (HY 2019: 2.90x) reflecting the reduction in net debt. The detailed reconciliation of movements in net debt is provided on page 42 and is reconciled to the statutory cash flow in note A on page 41.

Net debt maturity

In March 2020, the Group's credit rating was re-affirmed by Standard & Poor's as BBB-, with a stable outlook. As at 30 June 2020 the Group had liquidity of £1,776 million (HY 2019: £1,030 million) comprising cash, cash equivalents and bank overdrafts of £1,126 million (HY 2019: £600 million) and unutilised but committed facilities of £650 million (HY 2019: £430 million).

During the period, the Group issued £300 million of commercial paper maturing May 2021 under the Bank of England's Covid Corporate Financing Facility, cancelled the undrawn bridge facility which had been reduced to £200 million from £250 million in March 2020, and reduced the amount available to draw under the Revolving Credit Facility ("RCF") by £100 million to £650 million. The reduction in the RCF followed the sale of the majority of the Group's conventional cash businesses. In June 2020 the Group also exercised the second option to extend the term of the RCF by a further year, resulting in £136 million maturing in 2024 and £514 million maturing in 2025. As at 30 June 2020 this facility was undrawn (HY 2019: £320 million drawn).

The next debt maturities are the $74.5 million US private loan note due in July 2020, the £300 million commercial paper due May 2021 and the $350 million term loan facility due in August 2021. The Group has good access to the capital markets and a diverse range of finance providers. Borrowings are principally in Sterling, US dollars and Euros, reflecting the geographies of significant operational assets and earnings.

REVIEW OF THE GROUP'S CASH FLOW AND FINANCING (continued)

The Group's main sources of finance and their applicable rates as at 30 June 2020 are set out below:

Debt instrument/ Year of issue	Nominal amount[a]	Issued interest rate	Post hedging average interest rate	Year of redemption and amounts (£m)[b]								
				2020	2021	2022	2023	2024	2025	2026	2029	Total
US PP 2007	US$105m	6.06%	2.23%			85						**85**
US PP 2008	US$74.5m	6.88%	6.88%	60								**60**
US PP 2019	US$162m	4.90%	3.83%							124		**124**
US PP 2019	US$188m	5.12%	4.32%								146	**146**
Public Bond 2016	€500m	1.50%	2.23%				452					**452**
Public Bond 2017	€500m	1.50%	3.25%					454				**454**
Public Bond 2018	€550m	1.88%	2.78%						486			**486**
Term Loan Facility 2018	US$350m	3.13%	3.13%		283							**283**
Commercial Paper[c]	£300m				300							**300**
Revolving Credit Facility 2018[d]	£650m (multi-currency)	Undrawn	-									**-**
				60	**583**	**85**	**452**	**454**	**486**	**124**	**146**	**2,390**

[a] Nominal debt amount, for fair value and carrying amounts see note 19.
[b] Translated at exchange rates prevailing at 30 June 2020, or hedged exchange rates where applicable.
[c] The interest rate on the commercial paper is calculated in line with the Bank of England Covid Corporate Financing Facility per the Bank of England website.
[d] Of the £650 million revolving credit facility, £136 million matures in August 2024 with the remaining £514 million maturing in August 2025. As at 30 June 2020 this facility was undrawn.

The average cost of the Group's borrowings, net of lease liabilities, was 3.1% (HY 2019: 4.0%).

OTHER INFORMATION

Significant exchange rates applicable to the Group
The Group derives a significant proportion of its revenue and profits in the following currencies. Closing and average rates for these currencies are shown below:

	30 June 2020 Closing rates	Six months to 30 June 2020 Average rates	31 December 2019 Closing rates	Year to 31 December 2019 Average rates
£/US$	1.2379	1.2679	1.3263	1.2774
£/€	1.1010	1.1470	1.1813	1.1412
£/South Africa Rand	21.5141	21.1417	18.5415	18.4364
£/India Rupee	93.5253	93.7175	94.4900	89.8276
£/Brazil Real	6.758	6.2317	5.3336	5.0283
£/Saudi Riyal	4.6439	4.7637	4.9759	4.7978
£/Canada Dollar	1.6855	1.7293	1.7213	1.6939

Applying June 2020 closing rates to underlying results for the six months to 30 June 2020 would result in an increase in revenue of 1.8% to £3,414 million (for the six months ended 30 June 2019: an increase of 0.7% to £3,465 million) and an increase in Adjusted PBITA of 2.7% to £192 million (for the six months ended 30 June 2019: an increase of 2.1% to £239 million).

Applying June 2020 closing rates to the Group's statutory results for the six months to 30 June 2020 would result in an increase in revenue of 1.9% to £3,591 million (for the six months ended 30 June 2019: an increase of 0.8% to £3,838 million) and an increase in Adjusted PBITA of 2.5% to £204 million (for the six months ended 30 June 2019: an increase of 2.0% to £200 million).

The movements in average exchange rates led to a decrease in statutory revenue of 1.0% and no change in Adjusted PBITA. The impact of exchange rate movements increased the Group's net debt by £79 million compared with the prior period.

Business Review – Group Commentary: Statutory Results

OTHER INFORMATION (continued)

Dividend

The path of the pandemic and its economic impact remain uncertain. In these circumstances, and notwithstanding the resilient performance of the Group in the first half of this year, the board has decided to prioritise the financial strength of the company in the near term whilst recognising the importance of resuming dividend payments in the future. The board has therefore concluded that the company will not pay an interim dividend for 2020.

The company's dividend policy remains unchanged. The board intends to resume dividend payments once the uncertainty surrounding the pandemic has reduced to an acceptable level and in line with its stated policy objectives of attaining dividend cover of 2.0x and a progressive dividend thereafter.

Pensions

The Group's IAS 19 Revised (2011) Employee Benefits net pension deficit at 30 June 2020 recognised in the consolidated statement of financial position was £276 million (30 June 2019: £463 million; 31 December 2019: £411 million) or £228 million (30 June 2019: £385 million; 31 December 2019: £331 million) net of applicable tax in the relevant jurisdictions. The Group's UK pension trustees have adopted investment strategies to mitigate changes in the interest rates used to measure the UK scheme's liabilities but do not specifically seek to hedge against credit spreads. The decrease in the Group's net pension deficit compared with the position as at 31 December 2019 primarily reflects the widening spread between gilt yields that drive the value of the scheme's investments in government bonds and corporate bond yields that are used to measure the scheme's liabilities.

The UK scheme's pension liabilities decreased compared with the position as at 31 December 2019 primarily reflecting asset gains in the UK, offset by a decrease in discount rates to 1.7% (31 December 2019: 2.0%) used to compute the scheme obligations and by the payment of scheduled deficit repair contributions of £26 million (30 June 2019: £26 million) during the period. In addition, in accordance with the Deed of Undertaking entered into with the Trustees of the UK pension scheme, the Group is required to make an additional deficit contribution estimated at around £25 million out of the disposal proceeds arising from the sale of the conventional cash businesses to Brink's following completion of the sale process.

The most recent triennial valuation in respect of the UK scheme was concluded in 2019, as a result of which the Group agreed to pay future deficit repair contributions in line with the previous schedule. The schedule sets the deficit repair payment for 2020 at £53 million. The effective date for the next triennial valuation is 5 April 2021.

Risk and uncertainties

A discussion of the Group's risk assessment and control processes, and the emerging and principal risks and uncertainties that could affect the business activities or financial results, is detailed on pages 78 to 87 of the company's Integrated Report and Accounts for the financial year ended 31 December 2019, a copy of which is available on the Group's website at www.g4s.com.

These risks and uncertainties include, but are not limited to, Covid-19, culture and values, health and safety, laws and regulations, geopolitical, people, growth strategy, information security, major contracts, business separation and cash losses. The business risks and uncertainties are expected to remain materially the same as outlined in the 2019 Integrated Report and Accounts during the remaining six months of the financial year. The risks associated with the SFO investigation have now been resolved and the risks associated with the terms of the UK's exit from the EU and Covid-19 continue to evolve.

Brexit

The UK left the EU at 11pm on 31 January 2020, beginning a transition period to 31 December 2020 during which time the EU and UK intend to negotiate their future relationship. Whilst that future relationship is inherently uncertain, the Group operates mainly within national boundaries, typically subject to security-licencing regulations in each territory, and is relatively well positioned to minimise any risk with around 80% of revenues outside of the UK and minimal cross-border trading. Brexit may, however, impact the overall macro-economic environment, including foreign exchange rates, and could also have an impact on the availability of labour in the UK which may have consequential effects on the Group.

The Group will continue to monitor developments relating to the future relationship between the UK and the EU as part of its risk management and governance framework.

Directors' responsibility statement in respect of the results for the six months ended 30 June 2020

We confirm that to the best of our knowledge:

- the condensed consolidated set of interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as adopted by the European Union;
- the half-yearly report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency* Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

A list of the directors is available on the company's website www.g4s.com.

The responsibility statement is signed on behalf of the board by:

Tim Weller
Group Chief Financial Officer
22 July 2020

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed G4S plc's condensed consolidated interim financial statements (the "interim financial statements") in the 2020 half-year report of G4S plc for the six month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated statement of financial position at 30 June 2020;
- the consolidated income statement for the period then ended;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the 2020 half-year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The 2020 half-year report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the 2020 half-year report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the 2020 half-year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the 2020 half-year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
22 July 2020

For the six months ended 30 June 2020

Consolidated income statement (unaudited)

Continuing operations	Notes	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Revenue	5	**3,525**	3,807	7,758
Operating profit before impairment losses on financial and contract assets, joint ventures, specific items and other separately disclosed items		**205**	239	507
Net impairment losses on financial and contract assets		**(8)**	(7)	(11)
Share of post-tax profit from joint ventures		**2**	2	5
Adjusted profit before interest, tax and amortisation ("Adjusted PBITA")	5	**199**	234	501
Specific items – charges	6	**(9)**	(5)	(38)
Specific items – credits	6	**-**	12	25
Serious Fraud Office Deferred Prosecution Agreement	6	**(50)**	-	-
Restructuring and separation costs	6	**(25)**	(36)	(57)
California class action settlement	6	**-**	-	18
Gain/(loss) on disposal/closure of subsidiaries/businesses	6,8	**171**	(1)	(7)
Goodwill impairment	6	**-**	(35)	(291)
Asset impairment	6	**(13)**	-	-
Amortisation of acquisition-related intangible assets	6	**(2)**	(2)	(6)
Operating profit	5,6	**271**	167	145
Finance income	9	**6**	10	21
Finance expense	9	**(60)**	(69)	(139)
Profit before tax		**217**	108	27
Tax	10	**(47)**	(39)	(107)
Profit/(loss) for the period		**170**	69	(80)
Attributable to:				
Equity holders of the parent		**167**	59	(91)
Non-controlling interests		**3**	10	11
Profit/(loss) for the period		**170**	69	(80)
Earnings/(loss) per share attributable to equity shareholders of the parent	12			
Basic and diluted – from continuing operations		**10.8p**	3.8p	(5.9)p
Basic and diluted – from continuing and discontinued operations		**10.8p**	3.8p	(5.9)p
Dividends declared and proposed in respect of the period				
Interim dividend		**-**	55	55
Final dividend		**-**	-	-
Total dividend	11	**-**	55	55

For the six months ended 30 June 2020

Consolidated statement of comprehensive income (unaudited)

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Profit/(loss) for the period	**170**	69	(80)
Other comprehensive income			
Items that will not be re-classified to profit or loss:			
Re-measurements relating to defined benefit retirement schemes	**121**	(114)	(148)
Tax on items that will not be re-classified to profit or loss	**(17)**	18	22
	104	(96)	(126)
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**41**	9	(99)
Change in fair value of net investment hedging financial instruments	**(31)**	1	46
Change in cash flow hedging financial instruments	**(14)**	(1)	(13)
Tax on items that may be re-classified subsequently to profit or loss	**3**	-	7
	(1)	9	(59)
Other comprehensive income/(loss), net of tax	**103**	(87)	(185)
Total comprehensive income/(loss) for the period	**273**	(18)	(265)
Attributable to:			
Equity holders of the parent	**269**	(28)	(275)
Non-controlling interests	**4**	10	10
Total comprehensive income/(loss) for the period	**273**	(18)	(265)

For the six months ended 30 June 2020

Consolidated statement of changes in equity (unaudited)

	Attributable to equity holders of the parent						
	Share capital £m	**Share premium £m**	**Retained earnings £m**	**Other reserves £m**	**Total £m**	**NCI reserve £m**	**Total equity £m**
At 1 January 2020	**388**	**258**	**(696)**	**321**	**271**	**31**	**302**
Total comprehensive income	**-**	**-**	**269**	**-**	**269**	**4**	**273**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Transactions with non-controlling interests	**-**	**-**	**(5)**	**-**	**(5)**	**(22)**	**(27)**
Own shares awarded	**-**	**-**	**(7)**	**7**	**-**	**-**	**-**
Own shares purchased	**-**	**-**	**-**	**(3)**	**(3)**	**-**	**(3)**
Share-based payments	**-**	**-**	**1**	**-**	**1**	**-**	**1**
At 30 June 2020	**388**	**258**	**(438)**	**325**	**533**	**10**	**543**

	Attributable to equity holders of the parent						
	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Total £m	NCI reserve £m	Total equity £m
At 1 January 2019	388	258	(303)	379	722	18	740
Total comprehensive loss	-	-	(37)	9	(28)	10	(18)
Dividends paid	-	-	(95)	-	(95)	(13)	(108)
Transactions with non-controlling interests	-	-	(8)	-	(8)	24	16
Own shares awarded	-	-	(12)	12	-	-	-
Own shares purchased	-	-	-	(8)	(8)	-	(8)
Share-based payments	-	-	3	-	3	-	3
At 30 June 2019 - restated[1]	388	258	(452)	392	586	39	625

	Attributable to equity holders of the parent						
	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Total £m	NCI reserve £m	Total equity £m
At 1 January 2019	388	258	(303)	379	722	18	740
Total comprehensive loss	-	-	(216)	(59)	(275)	10	(265)
Dividends paid	-	-	(150)	-	(150)	(24)	(174)
Transactions with non-controlling interests	-	-	(19)	-	(19)	27	8
Own shares awarded	-	-	(12)	12	-	-	-
Own shares purchased	-	-	-	(11)	(11)	-	(11)
Share-based payments	-	-	4	-	4	-	4
At 31 December 2019	388	258	(696)	321	271	31	302

[1] The consolidated statement of changes in equity as at 30 June 2019 has been restated to reflect the finalisation of the IFRS 16 adjustments made during the completion of the 2019 Integrated Report and Accounts, see note 1.

As at 30 June 2020

Consolidated statement of financial position (unaudited)

	Notes	As at 30 June 2020 £m	As at 30 June 2019 Restated[1] £m	As at 31 December 2019 £m
ASSETS				
Non-current assets				
Goodwill		**1,420**	1,911	1,374
Other acquisition-related intangible assets		**5**	10	6
Non-acquisition-related intangible assets		**122**	112	106
Property, plant and equipment		**466**	694	501
Trade and other receivables		**101**	131	57
Investment in joint ventures		**5**	8	8
Investments	*17*	**30**	26	26
Retirement benefit surplus	*15*	**91**	69	64
Deferred tax assets	*10*	**238**	276	237
		2,478	3,237	2,379
Current assets				
Inventories		**113**	123	109
Investments	*17*	**22**	50	43
Trade and other receivables		**1,401**	1,488	1,287
Current tax assets	*10*	**82**	70	66
Cash and cash equivalents	*17*	**1,329**	955	745
Assets of disposal groups classified as held for sale	*13*	**87**	9	734
		3,034	2,695	2,984
Total assets		**5,512**	5,932	5,363
LIABILITIES				
Current liabilities				
Bank overdrafts	*17*	**(204)**	(310)	(367)
Bank loans	*17*	**(8)**	(17)	(22)
Loan notes	*17*	**(358)**	-	(56)
Lease liabilities	*17*	**(93)**	(157)	(89)
Trade and other payables		**(1,214)**	(1,192)	(1,079)
Current tax liabilities	*10*	**(100)**	(51)	(53)
Provisions	*16*	**(123)**	(167)	(64)
Liabilities of disposal groups classified as held for sale	*13*	**(37)**	-	(280)
		(2,137)	(1,894)	(2,010)
Non-current liabilities				
Bank loans	*17*	**(300)**	(621)	(533)
Loan notes	*17*	**(1,778)**	(1,806)	(1,656)
Lease liabilities	*17*	**(209)**	(266)	(221)
Trade and other payables		**(52)**	(41)	(41)
Retirement benefit obligations	*15*	**(367)**	(532)	(475)
Provisions	*16*	**(121)**	(139)	(121)
Deferred tax liabilities	*10*	**(5)**	(8)	(4)
		(2,832)	(3,413)	(3,051)
Total liabilities		**(4,969)**	(5,307)	(5,061)
Net assets		**543**	625	302
EQUITY				
Share capital		**388**	388	388
Share premium		**258**	258	258
Reserves		**(113)**	(60)	(375)
Equity attributable to equity holders of the parent		**533**	586	271
Non-controlling interests		**10**	39	31
Total equity		**543**	625	302

[1] The consolidated statement of financial position as at 30 June 2019 has been restated to reflect the finalisation of the IFRS 16 adjustments made during the completion of the 2019 Integrated Report and Accounts, see note 1.

For the six months ended 30 June 2020

Consolidated statement of cash flows (unaudited)

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 Restated[1] £m	Year ended 31 December 2019 £m
Operating profit	**271**	167	145
Adjustments for non-cash and other items (see note 18)	**(27)**	122	373
Increase in inventories	**(3)**	(10)	(8)
Increase in receivables	**-**	(75)	(28)
Increase/(decrease) in payables	**109**	(12)	22
Net cash flow from operating activities before tax (see note 18)	**350**	192	504
Tax paid	**(30)**	(47)	(90)
Net cash flow from operating activities	**320**	145	414
Investing activities			
Purchases of non-current assets	**(44)**	(66)	(127)
Proceeds on disposal of property, plant and equipment	**4**	2	17
Disposal/closure of subsidiaries/businesses	**522**	15	12
Cash, cash equivalents and bank overdrafts in disposed entities	**(148)**	(1)	(1)
Acquisition of subsidiaries	**(2)**	(4)	(4)
Interest received	**11**	8	20
Sale of investments	**21**	(10)	(6)
Cash flow from equity-accounted investments	**4**	2	4
Net cash from/(used in) investing activities	**368**	(54)	(85)
Financing activities			
Dividends paid to equity shareholders of the parent	**-**	(95)	(150)
Dividends paid to non-controlling interests	**(5)**	(11)	(22)
Purchase of own shares	**(3)**	(8)	(11)
Proceeds from new borrowings	**300**	594	526
Repayment of borrowings	**(259)**	(460)	(460)
Interest paid	**(71)**	(89)	(142)
Repayment of lease obligations	**(61)**	(86)	(157)
Transactions with non-controlling interests	**(2)**	(4)	(14)
Net cash flow used in financing activities	**(101)**	(159)	(430)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**587**	(68)	(101)
Cash, cash equivalents and bank overdrafts at the beginning of the period	**519**	673	673
Effect of foreign exchange rate movements on net cash held	**20**	(5)	(53)
Cash, cash equivalents and bank overdrafts at the end of the period	**1,126**	600	519

[1] Operating cash flow for June 2019 has been adjusted to reflect an IFRS 16 adjustment identified when finalising the 2019 Integrated Report and Accounts. Additionally, proceeds from discontinued operations of £8m as at 30 June 2019 have been represented within disposal/closure of subsidiaries/businesses rather than cash flow from operating activities, see note 1.

Alternative Performance Measures - (as per Note B)

The following table shows a reconciliation of changes in cash, cash equivalents and bank overdrafts to movement in net debt.

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 Restated[1] £m	Year ended 31 December 2019 £m
Net increase/(decrease) in cash, cash equivalents and bank overdrafts (page 24)	**587**	(68)	(101)
Adjustments for items included in cash flow excluded from net debt:			
Cash, cash equivalents and bank overdrafts in disposed entities	**148**	1	1
Sale of investments	**(21)**	10	6
Proceeds from new borrowings	**(300)**	(594)	(526)
Repayment of borrowings	**259**	460	460
Repayment of lease obligations	**61**	86	157
Items included in net debt but excluded from cash flow:			
Net (cash)/debt in disposed/acquired entities	**(87)**	4	3
New leases	**(36)**	(30)	(78)
Net decrease/(increase) in net debt before foreign exchange movements	**611**	(131)	(78)
Effect of foreign exchange rate movements	**(79)**	1	10
Net decrease/(increase) in net debt after foreign exchange movements	**532**	(130)	(68)

[1] The reconciliation of changes in cash, cash equivalents and bank overdrafts to movement in net debt as at 30 June 2019 has been restated to reflect the finalisation of the IFRS 16 adjustments made during the completion of the 2019 Integrated Report and Accounts, see note 1.

1) Basis of preparation and accounting policies

These condensed consolidated interim financial statements (the “interim financial statements”) comprise the unaudited consolidated results of G4S plc (the “Group”) for the six months ended 30 June 2020. These results and the comparatives for the six months ended 30 June 2019 and for the year ended 31 December 2019, do not comprise statutory accounts and should be read in conjunction with the Integrated Report and Accounts 2019, which is available at www.g4s.com. The Integrated Report and Accounts 2019 was reported on by the company’s auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not contain a reference to any matters to which the auditor drew attention by emphasis of matter without qualifying their report, and (iii) did not contain any statement under section 498 (2) or (3) of the Companies Act 2006. The interim financial statements have been prepared applying accounting policies consistent with those applied by the Group in the Integrated Report and Accounts 2019.

The financial information in these interim financial statements for the half year to 30 June 2020 has been reviewed but not audited by PricewaterhouseCoopers LLP, the company’s auditor.

The interim financial statements of the Group presented in this half-yearly results announcement have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Conduct Authority.

On 26 February 2020, the Group entered into an agreement to sell the majority of its conventional cash businesses (the “Disposal Group”) to The Brink’s Company (“Brink’s”) for net cash consideration of £670m (see note 13 for more details). Assets and liabilities of the businesses for which the sale transaction has not completed have been included within disposal groups classified as held for sale in the consolidated statement of financial position as at 30 June 2020 (see note 13). Comparatives have not been re-presented.

In the six months following the 30 June 2019 announcement, a further review of the impact of restatements in relation to IFRS 16 identified certain additional adjustments to lease related items which were reflected within the 2019 Integrated Report and Accounts. These adjustments have been reflected within the comparative June 2019 consolidated statement of financial position. The adjustments increased the carrying amount of ‘land and buildings’ by £21m and reduced the carrying amount of ‘equipment and vehicles’ by £2m, creating an overall increase to ‘property, plant and equipment’ of £19m. Non-current ‘trade and other receivables’ increased by £5m, while current ‘trade and other receivables’ decreased by £6m. ‘Deferred tax assets’ increased by £2m as a result of the adjustments. Additionally, current ‘bank loans’ increased by £2m, and non-current ‘bank loans’ increased by £6m. Current ‘lease liabilities’ dropped by £10m and non-current ‘lease liabilities’ rose by £35m. Current ‘trade and other payables’ decreased by £1m and non-current ‘trade and other payables’ decreased by £6m. In total, net assets decreased by £6m. There were no material adjustments to the consolidated income statement. In addition, operating cash flow has decreased by £5m and cash used in investing activities has increased by £5m.

The Group has considerable financial resources including committed, unutilised credit facilities of £650m and net cash of £1,126m at 30 June 2020. In addition, the sale of the majority of the Group’s conventional cash businesses to Brink’s is expected to generate net proceeds of approximately £670m, of which 75% has been received as at 30 June 2020 and a further 22% is expected to be received before the end of 2020. These proceeds, together with the Group’s long-term customer contract portfolio, flexible cost base coupled with the geographically diverse operating footprint of the Group and breadth of customer industry groupings, mean that the Group is well placed to manage the direct business impacts and the current global economic uncertainty arising from the Covid-19 pandemic.

This view is underpinned by sensitivity analysis which has been carried out to model the potential financial impact on the Group of the pandemic over 2020. This sensitivity analysis assumes that the adverse impact which occurred in the second quarter of the year will lessen, but nevertheless be significant, over the quarter to September 2020 and lessen further in the final quarter of the year. After applying these sensitivities to the Group’s financial forecasts, the Group still expects to show significant headroom relative to the covenant limits included in the Group’s debt and borrowing facilities.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the consolidated interim financial statements.

2) Specific items and other separately disclosed items

The Group’s consolidated income statement and segmental analysis note separately identify results before specific items. Specific items are those that in management’s judgment need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

All specific items are evaluated and approved by the Group’s Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversals of excess provisions previously created as specific items are classified consistently as specific items. Specific items may not be comparable with similarly-titled measures used by other companies.

2) Specific items and other separately disclosed items (continued)

In general, provisions recognised for future losses on onerous contracts are charged to the consolidated income statement within Adjusted PBITA. However, where onerous contract charges are significant by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses.

Releases of onerous contract provisions originally charged as specific items are separately credited within specific items.

In order to provide further clarity in the consolidated income statement, the Group also discloses separately certain restructuring costs, profits or losses on disposal or closure of subsidiaries, costs of major corporate restructuring, acquisition-related amortisation and expenses and goodwill impairments. Restructuring costs that are separately disclosed reflect costs incurred relating to the Group's 2018 to 2020 productivity programme announced in 2017. This programme is of a strategic nature and, as such, is monitored and approved by the Group's Executive Committee. In addition, the Group has disclosed separately the costs incurred in the Cash Solutions separation and subsequent sale of the majority of the Group's conventional cash businesses to Brink's.

3) Adoption of new and revised accounting standards and interpretation

There was no material effect from the adoption of any other new standards or interpretations in the period ended 30 June 2020, which included:

- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- IFRS 9 amendments – Prepayment features with negative compensation;
- IAS 28 amendments – Long term interests in associates and joint ventures;
- IFRS 3 amendments – Definition of a business; and
- IAS 1 and IAS 8 amendments – Definition of material.

New standards not yet effective

As disclosed in the 2019 Integrated Report and Accounts, the Group early adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of Interest Rate Benchmark (IBOR) Reforms early, with effect from 1 January 2019. The Group has not early-adopted any other standard, amendment or interpretation. A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2020. The directors are currently evaluating the impact of these new standards on the group financial statements:

- IFRS 16 amendments – Covid-19 Related Rent Concessions
- IFRS 17 – Insurance contract

4) Accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with adopted IFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These judgments, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions and, in some cases, actuarial techniques. Although these judgments, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgments, estimates and assumptions which are of most significance in preparing the Group's consolidated interim financial statements are the same as those that applied to the consolidated financial statements for the year ended 31 December 2019 with the exception of the following judgments:

- The investigation opened by the SFO in 2013 in the UK, in respect of the Group's Electronic Monitoring contract, was a key judgment in the consolidated financial statements for the year ended 31 December 2019. Our subsidiary G4S Care and Justice Services (UK) Limited has agreed a Deferred Prosecution Agreement with the SFO and this judgment has now been resolved (see page 10).
- In April 2020, the Group received requests for information from the Belgian Competition Authority ("BCA") and the US Department of Justice Antitrust Division ("DoJ") in connection with contract tenders principally in Belgium. Given the early stage of the inquiry process, it is not possible to determine a reliable range of potential outcomes (see page 36).

5) Operating segments and revenue

The Group operates on a worldwide basis and derives its revenue and the majority of its operating profit from its four Secure Solutions regions: Africa, Asia, the Americas and Europe & Middle East, and its Cash Solutions division. The Group Executive Committee (the Chief Operating Decision Maker) reviews internal management reports for each of these reportable segments on a regular basis.

Segment information is presented below:

Revenue by reportable segment	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Africa	**197**	211	425
Americas	**1,357**	1,309	2,703
Asia	**449**	453	940
Europe & Middle East	**1,165**	1,299	2,590
Total Secure Solutions	**3,168**	3,272	6,658
Cash Solutions	**357**	535	1,100
Total Revenue	**3,525**	3,807	7,758
Adjusted profit before interest, tax and amortisation (Adjusted PBITA) by reportable segment			
Africa	**15**	17	30
Americas	**82**	61	136
Asia	**36**	31	70
Europe & Middle East	**70**	92	179
Total Secure Solutions	**203**	201	415
Cash Solutions	**27**	60	134
Adjusted PBITA before corporate costs	**230**	261	549
Corporate costs	**(31)**	(27)	(48)
Adjusted PBITA	**199**	234	501
Specific items (net)	**(9)**	7	(13)
Serious Fraud Office Deferred Prosecution Agreement	**(50)**	-	-
Restructuring and separation costs	**(25)**	(36)	(57)
California class action settlement	**-**	-	18
Gain/(loss) on disposal/closure of subsidiaries/businesses	**171**	(1)	(7)
Goodwill impairment	**-**	(35)	(291)
Asset impairment	**(13)**	-	-
Amortisation of acquisition-related intangible assets	**(2)**	(2)	(6)
Operating profit	**271**	167	145

The Group’s revenue by customer type can be analysed as follows:

Revenue by customer type	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Major corporates	**1,353**	1,339	2,761
Government	**752**	831	1,640
Financial institutions	**512**	591	1,235
Retail, leisure and consumers	**524**	626	1,263
Private energy/utilities	**216**	225	459
Transport, ports and aviation	**168**	195	400
Total Revenue	**3,525**	3,807	7,758

6) Operating profit

The income statement can be analysed as follows:

Continuing operations	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Revenue	**3,525**	3,807	7,758
Cost of sales	**(2,973)**	(3,158)	(6,419)
Gross profit	**552**	649	1,339
Administration expenses	**(262)**	(442)	(897)
Net impairment losses on financial and contract assets	**(8)**	(7)	(11)
Goodwill impairment	**-**	(35)	(291)
Asset impairment	**(13)**	-	-
Share of profit after tax from joint ventures	**2**	2	5
Operating profit	**271**	167	145

Operating profit includes items that are separately disclosed for the six months ended 30 June 2020 related to:

- Administration expenses include Covid-19 related government support income of £30m that partially mitigated the financial effect of lost revenue, incremental safety and operating costs and the cost of continuous employment for staff whose roles would have otherwise been at risk given the impact of the pandemic (see page 2);

- The specific item charge for the period was £9m (six months ended 30 June 2019: £5m; year ended 31 December 2019: £38m), including a £5m charge for a commercial settlement in relation to a legacy dispute in a business closed in 2015 in North America and a £4m onerous contract provision relating to estimated higher expected losses than initially forecast in a facilities management contract in the UK;

- Specific item charges incurred during the six months ended 30 June 2019 of £5m related to a review of legacy labour-related claims in Brazil;

- Specific item charges incurred during the year ended 31 December 2019 of £38m included a £15m non-recurring, non-cash expense incurred when the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf States. Also included within specific items was a £9m charge that was booked in relation to collective labour claims in the US, most of which were received during the year following the California class action settlement. An amount of £5m, incurred in the UK Care & Justice business, was charged to specific items in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring contract. An additional £5m specific item charge related to a review of legacy labour claims in Brazil. Finally, a £4m additional onerous contract provision was recorded as a specific item relating to a facilities management contract in the UK;

- There were no specific item credits during the period (six months ended 30 June 2019: £12m; year ended 31 December 2019: £25m). Specific item credits recorded during the six months ended 30 June 2019 of £12m included £3m relating to the recovery of legacy claims in North America, and £9m related to the improved performance of two UK contracts. Specific item credits recorded during the year ended 31 December 2019 of £25m included £22m related to the improved performance of three UK onerous contracts, together with the review of their related provisions, and £3m in respect of the recovery of a legacy claim in North America;

- A charge of £50m has been recognised in relation to the Deferred Prosecution Agreement entered into with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020. The charge reflects a financial penalty of £38.5m, plus £5.9m for the settlement of the SFO's full investigation costs and £6m of legal and other costs in relation to the Deferred Prosecution Agreement process (see page 10);

- Restructuring and separation charges of £25m (six months ended 30 June 2019: £36m; year ended 31 December 2019: £57m) were recorded during the six months ended 30 June 2020. Restructuring costs of £9m (six months ended 30 June 2019: £19m; year ended 31 December 2019: £19m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East region and the Americas region. During the first half of the year the Group also incurred final costs of £16m in respect of the Cash Solutions separation project (six months ended 30 June 2019: £17m; year ended 31 December 2019: £38m). In addition, the Group incurred non-strategic reorganisation costs of £6m (six months ended 30 June 2019: £5m; year ended 31 December 2019: £11m) which are included within Adjusted PBITA;

6) Operating profit (continued)

- During the period, the Group recognised a net gain of £171m (six months ended 30 June 2019: loss of £1m; year ended 31 December 2019: loss of £7m) primarily in relation to the sale of the majority of the Group's conventional cash businesses. Disposals during both the six months ended 30 June 2019 and the year ended 31 December 2019 related to a small profit recognised on the disposal of a parking management business in Estonia offset by costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018;
- In the year to 31 December 2019, the Group recognised a goodwill impairment of £205m to fully impair the goodwill in respect of its UK Cash Solutions business;
- In the year to 31 December 2019, the Group also recognised goodwill impairments of £86m comprising of: £35m (six months ended 30 June 2019: £35m) in respect of its Brazil Secure Solutions business; £40m (six months ended 30 June 2019: £nil) in relation to the Group's Facilities Management business in the UK; and £11m (six months ended 30 June 2019: £nil) in respect of the Group's Secure Solutions business in the United Arab Emirates;
- During the first half of 2020 the Group recognised an impairment charge of £13 million in respect of the carrying value of certain branches in the UK Cash Solutions business reflecting the decision to restructure the network of cash branches in light of the step down in volumes experienced over the period and, in particular, in recognition of the potential medium-term impact of Covid-19 on the business (HY 2019: £nil). The Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future and that, following this restructure, G4S will be well placed to exploit new opportunities as the market evolves; and
- Amortisation of acquisition-related intangible assets was £2m (six months ended 30 June 2019: £2m; year ended 31 December 2019: £6m).

7) Discontinued operations

There was no profit or loss from discontinued operations during the period (six months ended 30 June 2019: £nil; year ended 31 December 2019: £nil).

For the six months ended 30 June 2020, discontinued operations generated cash flows of £nil. For both the six months ended 30 June 2019 and the year ended 31 December 2019, discontinued operations generated cash flows of £8m in respect of collection of amounts due related to the disposal of the US Government Solutions business sold in 2014.

None of the Group's businesses currently held for sale, sold or closed meet the criteria to be classified as discontinued operations in the current period (six months ended 30 June 2019: none; year ended 31 December 2019: none).

8) Disposals, closures and other transactions

On 26 February 2020 the Group announced the sale of the majority of its conventional cash businesses to Brink's with phased completion in which 75% of proceeds were received in the first half of the year, a further 22% are expected in the second half of 2020 and the final 3% after 2020. In the first six months of 2020, the Group completed the sale of its international logistics business, and its Cash Solutions businesses in the Netherlands, Belgium, Hong Kong, Ireland, Romania, Czech Republic, Cyprus, Malaysia, Dominican Republic and the Philippines, along with some associated Secure Solutions businesses in those countries, to Brink's, realising net cash consideration of £522m. These businesses generated revenue of £122m and an Adjusted PBITA of £9m up to the date of their respective disposals. The Group also sold a documentation business in Guatemala for net cash consideration of £nil. This business did not generate any material revenue or Adjusted PBITA to the date of disposal. Small businesses in Bolivia and Panama were also closed during the period.

During the six months ended 30 June 2019, the Group sold a parking management business in Estonia realising net cash consideration of £5m. This business did not generate any material Adjusted PBITA to the date of disposal. The Group also received additional consideration of £15m during the year ended 31 December 2019 and incurred costs of £12m relating to businesses disposed of or sold in prior periods.

8) Disposals, closures and other transactions (continued)

The gain on disposal/closure of subsidiaries/businesses of £171m (six months ended 30 June 2019: loss of £1m; year ended 31 December 2019: loss of £7m) includes a loss on disposal of fixed assets of £nil (six months ended 30 June 2019: £nil; year ended 31 December 2019: £2m primarily relating to properties sold in Europe). The net assets and remaining net loss on disposal/closure of operations disposed of or closed were as follows:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Goodwill	**200**	-	-
Acquisition related intangible assets	**3**	-	-
Non-acquisition related intangible assets	**1**	-	-
Property, plant and equipment	**138**	6	6
Other non-current assets	**37**	-	-
Cash, cash equivalents and bank overdrafts	**148**	-	-
Other current assets	**159**	3	2
Retirement benefit obligations	**(50)**	-	-
Lease liabilities	**(61)**	-	-
Other liabilities	**(148)**	(5)	(7)
Net assets of operations disposed/closed	**427**	4	1
Plus: effect of foreign exchange rate movements	**1**	-	-
Less: non-controlling interests	**(24)**	-	-
Plus: movements in opening debtors/creditors in respect of prior period disposals[1]	**1**	-	12
Net impact on the consolidated statement of financial position due to disposals/closures	**405**	4	13
Gain/(loss) on disposal/closure of subsidiaries/businesses	**171**	(1)	(5)
Total consideration	**576**	3	8
Satisfied by:			
Cash received	**530**	5	5
Disposal costs paid	**(7)**	-	-
Additional consideration received relating to disposals completed in prior period[1]	**2**	2	15
Additional costs paid relating to disposals completed in prior period	**(3)**	-	(8)
Net cash consideration received in the period	**522**	7	12
Deferred consideration receivable [2]	**67**	-	-
Accrued disposal and other costs	**(13)**	(4)	(4)
Total consideration	**576**	3	8

[1] Consideration received in 2019 includes £8m of receivables that were collected in the year relating to amounts owed to the Group following the disposal of the US Government Solutions business in 2014 which is classified as a discontinued operation.

[2] Approximately 70% of the deferred consideration is expected to be received in H2 2020.

Other transactions

During the period ended 30 June 2020 the Group invested £4m on acquisitions, including the purchase of a Canadian security systems company and acquiring non-controlling interests within South Africa.

During the year ended 31 December 2019 the Group invested £4m on acquisitions including the purchase of a small Cash Solutions business in the Netherlands (included in the disposal group held for sale as at 31 December 2019), and an additional £14m to acquire non-controlling interests primarily in a business in Europe and in two businesses in Latin America. The Group also recognised a receivable of £20m (included in the disposal group held for sale as at 31 December 2019) for the sale of shares in a business in Asia to one of its partners to strengthen its relationships in that country.

9) Net finance expense

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Interest and other income on cash, cash equivalents and investments	**5**	9	16
Other finance income	**1**	1	5
Finance income	**6**	10	21
Interest on bank overdrafts and loans	**(14)**	(15)	(32)
Interest on loan notes	**(24)**	(28)	(51)
Net interest payable on loan note related derivatives	**(4)**	(6)	(11)
Loss arising from interest rate swaps derivatives not in a hedging relationship	**-**	-	(1)
Loss arising from fair value adjustment to the hedged loan notes	**(1)**	(3)	-
Gain arising from change in fair value of derivative financial instruments hedging loan notes	**1**	3	-
Interest on lease liabilities	**(10)**	(12)	(24)
Other interest charges	**(2)**	(3)	(9)
Total Group borrowing costs	**(54)**	(64)	(128)
Finance costs on defined retirement benefit obligations	**(6)**	(5)	(11)
Finance expense	**(60)**	(69)	(139)
Net finance expense	**(54)**	(59)	(118)

10) Tax

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Current tax expense	**61**	38	93
Deferred tax (credit)/expense	**(14)**	1	14
Total income tax expense for the period	**47**	39	107

The effective tax rate on continuing operations was 22% (six months ended 30 June 2019: 36%; year ended 31 December 2019: 396%). In general, the effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates, (ii) changes in the value and recognition of, deferred tax assets and liabilities, (iii) permanent differences such as expenses disallowable for tax purposes, (iv) irrecoverable withholding taxes, (v) the level of provision required for potential tax liabilities not agreed with tax authorities, (vi) the impact of one-off items, and (vii) the overall level of profit against which the preceding items are measured.

The lower effective tax rate compared with the prior period is primarily driven by the tax exempt status of most of the gains arising on the disposal of the majority of the Group's conventional cash businesses to Brink's, the impact of the upwards revaluation of deferred tax assets following the reversal of the previously enacted decrease of the UK corporation tax rate from 19% to 17% from April 2020, offset by the de-recognition of deferred tax assets arising from a change in anticipated taxable capital gains arising on planned disposals.

At 30 June 2020, the Group had recognised deferred tax assets of £238m (31 December 2019: £237m) based upon the latest view of expected future profitability of businesses to which these assets relate. Deferred tax liabilities of £5m (31 December 2019: £4m), current tax liabilities of £100m (31 December 2019: £53m) and current tax assets of £82m (31 December 2019: £66m) were also recognised. The increase in current tax liabilities is primarily driven by amounts due on the disposal of assets to Brink's, combined with the deferral of tax payments under various Covid-19 support packages. Deferred tax assets arise predominantly on tax losses and on deficits in defined benefit pension schemes. At 30 June 2020, the Group had estimated tax losses of £303m (31 December 2019: £317m) which were not recognised as deferred tax assets. Recognition of deferred tax assets is dependent upon the availability of future taxable profits based on business plans of the legal entities.

10) Tax (continued)

At 30 June 2020, the Group had capital losses available to carry forward of approximately £2.7bn (31 December 2019: £2.7bn). These losses have no expiry date and only £144m (31 December 2019: £144m) has been agreed with the relevant tax authorities. A deferred tax asset of £2m (31 December 2019: £10m) has been recognised on £13m (31 December 2019: £57m) of capital losses. No deferred tax asset has been recognised in respect of remainder of the losses as the likelihood of their future utilisation is considered to be remote.

At 30 June 2020, the Group had adequate provision for liabilities likely to arise in accounting years which remain open to enquiry by tax authorities. The global nature of the Group's operations means that the most significant tax risk is in relation to challenges from tax authorities regarding the pricing of cross-border transactions and the Group's interpretation of the OECD's arm's-length principle. This risk is largely driven by the inherently subjective nature of transfer pricing and the divergent views taken by tax authorities.

In determining the appropriate level of provisions in respect of such challenges, the Group applies a risk-based approach which considers factors such as the quantum of the charge, the countries party to the transaction and the relevant statutes of limitation. An assessment is also made of the likelihood that compensating adjustments will be obtained under the relevant tax treaties to mitigate the level of double taxation which could arise. As the Group operates in a significant number of countries, determining the appropriate level of provisions inevitably involves a significant level of judgment which is typically influenced by the Group's evolving experience of tax controversy in different countries. The Group has open tax years in a number of countries involving a number of issues, with the most material disputes typically being in respect of cross-border transactions.

At 30 June 2020, the Group had total tax exposures of approximately £147m (31 December 2019: £151m) of which £38m (31 December 2019: £33m) is provided against. The Group believes that it has made appropriate provision for open tax years which have not yet been agreed by tax authorities. The final agreed liabilities may vary from the amounts provided, as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant countries. The Group typically has limited control over the timing of resolution of uncertain tax positions with tax authorities. Acknowledging this inherent unpredictability, and on the basis of currently available information, the Group does not expect material changes to occur in the level of provisions against existing uncertain tax positions during the next twelve-month period.

At any point in time, the Group is typically subject to tax audits in a number of different countries. In situations where a difference of opinion arises between the Group and a local tax authority in respect of its tax filings, the Group will debate the contentious areas and, where necessary, resolve them through negotiation or litigation. The Group relies upon advice and opinions from the Group tax department, local finance teams and external advisors, to ensure that the appropriate judgments are made when establishing accounting provisions in relation to such disputes.

11) Dividends

	Pence per share	DKK per share	**2020 £m**	2019 £m
Amounts recognised as distributions to equity holders of the parent during the period				
Final dividend for the year ended 31 December 2018	6.11	0.5321	**-**	95
Interim dividend for the six months ended 30 June 2019	3.59	0.2905	**-**	55
			-	150

No interim dividend is proposed for the six months ended 30 June 2020.

12) Earnings per share attributable to equity shareholders of the parent

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
From continuing and discontinued operations			
Earnings/(loss)			
Profit/(loss) for the period attributable to equity shareholders of the parent	**167**	59	(91)
Weighted average number of ordinary shares[1] (m)	**1,547**	1,547	1,547
Earnings/(loss) per share from continuing and discontinued operations			
Basic and diluted (p)	**10.8**	3.8	(5.9)

[1] Stated net of the average number of shares held in the Employee Benefit Trust of 5m (2019: 5m).

13) Disposal groups classified as held for sale

On 26 February 2020 the Group announced that it had reached an agreement to sell the majority of its conventional cash businesses to Brink's (the "Transaction") with expected net proceeds of approximately £670m.

The entities subject to the transaction comprise principally all of the Group's conventional cash businesses in Belgium, Cyprus, Czech Republic, Dominican Republic, Hong Kong, Ireland, Malaysia, Netherlands, Romania, the Philippines, Estonia, Latvia, Lithuania, Kuwait, Luxembourg, Macau and Indonesia, along with some associated Secure Solutions businesses in those countries, and the Group's international logistics business.

As the disposal did not represent the Group's exit from providing cash-in-transit or cash-processing operations, the businesses subject to the disposal were not presented as discontinued operations as at 31 December 2019. Nevertheless, the assets and liabilities reported by the disposal group were separately presented within assets and liabilities of disposal groups, classified as held for sale in the consolidated statement of financial position.

During the six months to 30 June 2020 the Group completed the sale to Brink's of its international logistics business, as well as its conventional cash businesses in Belgium, Cyprus, Czech Republic, Dominican Republic, Hong Kong, Ireland, Malaysia, Netherlands, Romania and the Philippines, along with some associated Secure Solutions businesses in those countries, receiving 75% of the proceeds expected from the sale agreement with Brink's. On 6 July 2020, the Group completed the sale to Brink's of its conventional cash business in Indonesia generating a further £1m in disposal proceeds. Those businesses which have been sold to Brink's but not completed as at 30 June 2020 remain within the held for sale category and a summary statement of financial positions in respect of these entities is provided below.

Revenue from businesses not yet completed and sitting within the disposal group as at 30 June 2020 was £38m (HY19: £44m) and Adjusted PBITA was £3m (HY19: £7m).

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	As at 30 June 2020 £m	As at 30 June 2019 £m	As at 31 December 2019 £m
Assets			
Goodwill	**28**	-	221
Acquisition-related intangible assets	**-**	-	3
Property, plant and equipment and non-acquisition-related intangible assets	**20**	9	161
Deferred tax assets	**1**	-	18
Trade and other receivables[1]	**21**	-	122
Inventories	**2**	-	6
Cash and cash equivalents	**15**	-	203
Comprising:			
Cash at bank and in hand	***15***	-	*129*
Stocks of money within cash-processing operations[2]	***-***	-	*41*
Cash in ATMs	***-***	-	*33*
Total assets of disposal groups classified as held for sale	**87**	9	734
Liabilities			
Bank overdrafts	**(2)**	-	-
Trade and other payables[2]	**(12)**	-	(136)
Lease liabilities	**(13)**	-	(77)
Bank loans	**(1)**	-	(1)
Retirement benefit obligations	**(9)**	-	(57)
Provisions	**-**	-	(8)
Deferred tax liability	**-**	-	(1)
Total liabilities of disposal groups classified as held for sale	**(37)**	-	(280)
Net assets of disposal groups	**50**	9	454

[1] Net of trade receivable loss allowance of £nil (2019: £2m).
[2] Trade and other payables includes £nil (2019: £41m) of cash-processing liabilities related to stocks of money held within cash-processing operations.

The disposal group was tested for impairment at the date of classification as held for sale and the Group determined that the disposal group's fair value less costs to sell was in excess of its carrying value and therefore no impairment was required.

14) Cash and cash equivalents, overdrafts and customer cash-processing balances

The Group's Cash Solutions businesses provide a range of cash handling and processing services on behalf of customers. These services include collection, segregated storage and delivery of customer cash, with title to the cash handled remaining with the customer throughout the process. For these services, customer cash is never recorded in the Group's balance sheet.

A number of other cash-processing services are provided to customers, such as the sale and purchase of physical cash balances, and the replenishment of ATMs and similar machines from customer funds held in Group bank accounts. These funds, which are generally settled within two working days, are classified as "funds within cash-processing operations", along with the related balances due to and from customers in respect of unsettled transactions, and are included gross within the relevant balance sheet classifications.

Funds within cash-processing operations	**As at 30 June 2020 £m**	As at 30 June 2019 £m	As at 31 December 2019 £m
Stocks of money, included within cash and cash equivalents	**13**	68	31
Overdraft facilities related to cash-processing operations, included within bank overdrafts	**(1)**	(23)	(13)
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(13)**	(45)	(19)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**1**	-	1
Funds within cash-processing operations (net)	**-**	-	-

Whilst cash and bank balances used in these services are not formally restricted by legal title, they are restricted by the Group's own internal policies such that they cannot be used for the purposes of the Group's own operations. For the purposes of the Group's consolidated statement of cash flow, funds within cash-processing operations are therefore recorded net of the related balances due to and from customers in respect of unsettled transactions, within cash, cash equivalents and bank overdrafts, and hence have no impact on the Group's statutory cash flow.

A reconciliation of cash, cash equivalents and bank overdrafts at the end of the period per the consolidated statement of financial position to the corresponding balances included within the consolidated statement of cash flow is included in note 17.

15) Retirement benefit obligations

The Group's main defined benefit scheme is in the UK and accounts for approximately 53% (30 June 2019: 63%; 31 December 2019: 63%) of the total net deficit of all of the defined benefit schemes operated by the Group. The majority of the scheme was closed to future accrual in 2011. The Group's IAS 19 Revised (2011) Employee Benefits net pension deficit at 30 June 2020 recognised in the consolidated statement of financial position was £276m (30 June 2019: £463m; 31 December 2019: £411m) or £228m (30 June 2019: £385m; 31 December 2019: £331m) net of applicable tax in the relevant jurisdictions.

The Group's UK pension trustees have adopted investment strategies to mitigate changes in the interest rates used to measure the UK scheme's liabilities but do not specifically seek to hedge against credit spreads. The decrease in the Group's net pension deficit compared with the position as at 31 December 2019 primarily reflects the widening spread between gilt yields that drive the value of the scheme's investments in government bonds and corporate bond yields that are used to measure the scheme's liabilities.

The UK scheme's pension liabilities decreased compared with the position as at 31 December 2019 primarily reflecting asset gains in the UK, offset by a decrease in discount rates to 1.7% (31 December 2019: 2.0%) used to compute the scheme obligations and by the payment of scheduled deficit repair contributions of £26m (30 June 2019: £26m) during the period. In addition, in accordance with the Deed of Undertaking entered into with the Trustees of the UK pension scheme, the Group is required to make an additional deficit contribution estimated at around £25m out of the disposal proceeds arising from the sale of the conventional cash businesses to Brink's following completion of the sale process.

The most recent triennial valuation in respect of the UK scheme was concluded in 2019, as a result of which the Group agreed to pay future deficit repair contributions in line with the previous schedule. The schedule sets the deficit repair payment for 2020 at £53 million. The effective date for the next triennial valuation is 5 April 2021.

16) Provisions and contingent liabilities

	Employee benefits £m	Restructuring £m	Claims £m	Onerous customer contracts £m	Property and other[1] £m	Total £m
At 1 January 2020	19	1	106	21	38	185
Additional provisions in the period	2	9	60	5	4	80
Utilisation of provisions	(1)	(5)	(9)	(4)	(6)	(25)
Unused amounts reversed	-	-	(1)	-	(1)	(2)
Unwinding of discounts	-	-	-	-	2	2
Exchange differences	1	-	3	-	-	4
At 30 June 2020	21	5	159	22	37	244
Included in current liabilities						123
Included in non-current liabilities						121
						244

[1] Property and other includes £11m (30 June 2019: £16m; 31 December 2019: £14m) of provisions for property-related dilapidation costs.

Additional provisions in the period in respect of claims include a charge of £50m in relation to the Deferred Prosecution Agreement with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020. The charge reflects a financial penalty of £38.5m, plus £5.9m for the settlement of the SFO's full investigation costs and £6m of legal and other costs in relation to the Deferred Prosecution Agreement (see page 10). Additional claims provisions also include £6m related to the estimated cost of the settlement of claims managed through the Group's internal captive insurance companies. Additional provisions of £9m were recorded in relation to restructuring costs related to the 2018-2020 strategic productivity programme announced in 2017 (see note 6).

The Group is involved in disputes in a number of countries mainly in respect of activities related to its operations. Currently there are a number of disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of labour laws and regulations in a number of countries where the Group operates is complex and there is inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is risk that further disputes and claims from employees could arise in the future. Where there is a dispute or where there is a risk of a dispute or claims in the future and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised.

The Group is currently involved in a number of claims in India, mainly related to periods prior to 2011, in relation to the interpretation of the basis for payments to the India Provident Fund. These disputes are currently awaiting court resolution. Based on the Group's internal and external legal advice, and taking into account the judgment passed by the Supreme Court of India in respect of a different Provident Fund related question on 28 February 2019, the Group believes it has a strong legal position that will prevail in the courts such that no economic outflow is expected to occur and hence no provision has been booked as at period end. The aggregate of the Provident Fund related claims amount to approximately £50m.

During 2019 the Group received a claim seeking damages for alleged losses following the reduction in the G4S share price in 2013. At this point, the Group is unable to make a reliable estimate of the merit, outcome or impact of any potential litigation relating to this claim, therefore no provision has been made in respect of it.

In April 2020, the Group received requests for information from the Belgian Competition Authority ("BCA") and the US Department of Justice Antitrust Division ("DoJ") in connection with contract tenders principally in Belgium. The BCA and DoJ inquiries are continuing and the Group is engaging and cooperating fully with both authorities. There is a wide range of possible outcomes in respect of these inquiries, including the imposition of potentially material financial penalties, third-party claims and/or debarment from certain tendering processes. Given the early stage of the inquiry process and uncertainty about how any financial penalties might be determined, particularly bearing in mind the discretion that investigating authorities typically have over the basis of penalty calculation, at this point, the Group is unable to make a reliable estimate of the potential outcome or financial impact of these inquiries, therefore no provision has been made in respect of them.

The Group is party to a number of other on-going litigation processes in relation to interpretation of local labour law and regulations in a number of countries, where it is expected that these matters will not be resolved in the near future. At this stage, the Group's view is that these cases will either be resolved in a manner favourable to the interests of the Group or, due to the nature and complexity of the cases, it is not possible to estimate the potential economic exposure. In addition, in the ordinary course of business, other contingent liabilities exist where the Group is subject to commercial claims and litigation from a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which is expected to have a material impact on the Group.

Judgment is required in quantifying the Group's provisions, especially in connection with claims and onerous customer contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different from the amount provided. Each of the provisions reflects the Group's best estimate of the probable exposure at 30 June 2020 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Group is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Group's overall provisioning position in the next 12 months.

17) Analysis of net debt

A reconciliation of net debt to amounts in the consolidated statement of financial position is presented below:

	As at 30 June 2020 £m	As at 30 June 2019 Restated[1] £m	As at 31 December 2019 £m
Cash and cash equivalents	**1,329**	955	745
Receivables from customers in respect of cash-processing operations[2]	**1**	-	1
Bank overdrafts	**(204)**	(310)	(367)
Liabilities to customers in respect of cash-processing operations[3]	**(13)**	(45)	(19)
Net cash and bank overdrafts included within net assets of disposal groups held for sale	**13**	-	159
Total Group cash, cash equivalents and bank overdrafts	**1,126**	600	519
Investments	**52**	76	69
Bank loans	**(308)**	(638)	(555)
Loan notes	**(2,136)**	(1,806)	(1,712)
Lease liabilities	**(302)**	(423)	(310)
Fair value of loan note derivative financial instruments	**22**	37	(24)
Net debt included within net assets of disposal groups held for sale[4]	**(14)**	-	(79)
Total net debt	**(1,560)**	(2,154)	(2,092)

[1] Restated for the effect of IFRS 16 – Leases, see note 1.
[2] Included within trade and other receivables.
[3] Included within trade and other payables.
[4] Excluding cash and bank overdrafts.

18) Reconciliation of operating profit to net cash flow from operating activities

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Operating profit	**271**	167	145
Adjustments for non-cash and other items:			
Goodwill impairment	**-**	35	291
Asset impairment	**13**	-	-
Amortisation of acquisition-related intangible assets	**2**	2	6
(Gain)/loss on disposal/closure of subsidiaries/businesses	**(171)**	1	7
Depreciation of property, plant and equipment	**87**	102	204
Amortisation of non-acquisition-related intangible assets	**11**	11	22
Share of profit from joint ventures	**(2)**	(2)	(5)
Impairment of leased right of use assets	**-**	-	1
Net exchange loss on non-functional currency intercompany trading balances	**-**	-	3
Equity-settled share-based payments	**1**	3	3
Increase/(decrease) in provisions	**60**	(4)	(107)
Additional pension contributions	**(28)**	(26)	(52)
Operating cash flow before movements in working capital	**244**	289	518
Increase in inventories	**(3)**	(10)	(8)
Increase in receivables	**-**	(75)	(28)
Increase/(decrease) in payables[1,2]	**109**	(12)	22
Net cash flow from operating activities before tax	**350**	192	504

[1] Operating cash flow for the six months ended 30 June 2019 has been adjusted to reflect an IFRS 16 adjustment identified when finalising the 2019 Integrated Report and Accounts. An amount of £3m relating to lease payments was reclassified, increasing cash flows from operating activities and reducing cash used in investing activities.
[2] Movement in payables for the six months ended 30 June 2020 includes a benefit of £152m (30 June 2019: £nil; 31 December 2019: £nil) from payroll tax and indirect tax deferrals in certain countries relating to Covid-19 in 2020.

19) Fair value of financial instruments

The Group's financial instruments with carrying amounts significantly different to their fair values are shown below. For all other financial instruments, the carrying value is not considered to be materially different to the fair value.

	Level[1]	**30 June 2020 Carrying amount £m**	**30 June 2020 Fair value £m**	30 June 2019 Carrying amount £m	30 June 2019 Fair value £m	31 December 2019 Carrying amount £m	31 December 2019 Fair value £m
Loan notes carried at amortised cost							
Public loan notes	1	**1,404**	**1,381**	1,383	1,416	1,308	1,343
Private loan notes	2	**732**	**767**	423	443	404	414

The carrying amounts and fair values of the Group's derivative financial instruments indicating those which are designated as hedging instruments are shown below:

	Hedge relationship	Level[1]	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m
Derivative assets carried at fair value					
Interest-rate swaps	Fair value hedge	2	**10**	10	8
Cross-currency swaps	Cash flow hedge	2	**49**	45	-
Derivative liabilities carried at fair value					
Interest-rate swaps	Not in a hedging relationship	2	**-**	(1)	-
Cross-currency swaps	Cash flow hedge	2	**(3)**	(1)	(32)
Cross-currency swaps	Net investment hedge	2	**(34)**	(16)	-

[1] Fair value hierarchy level, as defined by IFRS 13 - Fair value measurements. Level 1 - i.e. using unadjusted quoted prices in active markets for identical financial instruments. Level 2 - i.e. using inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly.

The Group's investments of £52m (30 June 2019: £76m; 31 December 2019: £69m) are stated at fair value determined primarily using Level 1[1] inputs. The fair values of financial instruments that are measured using techniques consistent with Level 2[1] of the valuation hierarchy are calculated using discounted cash flow models. The relevant currency-yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date.

20) Post balance sheet events

In July 2020, the Group announced its intention to restructure its network of cash branches in the UK Cash Solutions business in light of the step down in volumes experienced in the first half of 2020, and in recognition of the potential medium-term impact of Covid-19 on the business. The Group estimates that the restructuring will have a cash cost of approximately £17m, which will be incurred in the six months to 31 December 2020, in addition to the asset impairment of £13m recorded in H1 2020 (see note 6).

Alternative Performance Measures

BASIS OF PREPARATION

The Group applies the basis of preparation for its statutory results shown on page 26. To provide additional information and analysis, enabling a full understanding of the Group's results and to easily identify the performance of the Group's on-going businesses, the Group also makes use of a number of Alternative Performance Measures ("APMs") in the management of its operations and as a key component of its internal and external reporting. These APMs are prepared and presented in accordance with the following basis of preparation.

Whilst broadly consistent with the treatment adopted by both the Group's business sector peers and by other businesses outside of the Group's business sector, these APMs are not necessarily directly comparable with those used by other companies.

Adjusted results

In order to allow a full understanding of its results, the Group separately discloses the effects on profit of strategic restructuring activities, costs of major corporate restructuring, acquisition-related amortisation, goodwill impairments and profits or losses arising on the acquisition or disposal of businesses (together, "*separately disclosed items"*). The Group also discloses separately those items that the Group believes need to be shown separately to allow a more fulsome understanding of the results for the period because of their size, nature or incidence ("s*pecific items"*).

Adjusted measures of profit and earnings are stated before the effects of separately disclosed and specific items; the related tax effects; and tax-specific charges or credits which have a material impact such as those arising from significant changes in tax legislation. Adjusted measures of profit are provided to allow the trading results of the Group to be assessed separately from the effects of corporate actions (such as acquisitions, disposals and strategic restructuring) and the effects of significant or unusual items.

A reconciliation of Adjusted PBITA to operating profit is provided on page 12.

Underlying results

To provide a better indication of the performance of the Group's on-going business for the period, the Group separately presents its underlying results. Underlying results are defined as the adjusted results of the Group (i.e. stated before the effect of specific and separately disclosed items) excluding the results of onerous contracts and businesses that have been sold or closed in the current and comparative periods. Underlying results therefore exclude the results of businesses that were classified as discontinued in prior periods and also exclude the results of the conventional cash businesses, sold in February 2020 to Brink's. This provides a clearer indication of the performance of the on-going businesses of the Group at 30 June 2020, and is consistent with the way that the Chief Operating Decision Maker has reviewed the performance of the Group during the period.

Underlying results for the comparative periods are re-presented to remove the effect of businesses disposed of or closed in the current period to enable a like-for-like comparison of the results of the Group's on-going activities at the end of the most recent reporting period.

A reconciliation of the underlying results to the statutory results is included on page 4.

Constant currency results

In order to allow readers to assess the performance of the Group's business before the effect of foreign exchange movements, the Group also presents its comparative results (excluding cash flows) retranslated to sterling using the average rates for the current period. Cash flows are not retranslated but are presented at historical exchange rates. Comparative results for hyperinflationary economies are translated at current period closing exchange rates when presenting constant currency results. For both 2020 and 2019 the only hyperinflationary economy in which the Group operated was Argentina.

A reconciliation of the constant currency results for the period to the statutory results is included on page 44.

Business reporting structure

In line with its strategy for managing the business, the Group reports separately the underlying results of its Cash Solutions and Secure Solutions businesses. The results for the Secure Solutions business are further divided geographically into the following regions:

- Africa;
- Americas;
- Asia; and
- Europe & Middle East.

The Group reports separately the results of onerous contracts and the results of its disposed businesses, being those that have been sold in the current or prior periods, including the results of those businesses where the sale has been agreed but not yet completed.

These components, together with the impact of restructuring costs, specific items and other separately disclosed items constitute "continuing operations". Discontinued operations, in accordance with IFRS 5, represent areas of the business which are being managed for sale or closure but which represent separate major lines of business. The Group has not classified any operations as discontinued in any of the periods presented. All amounts recorded as discontinued relate to businesses sold prior to 1 January 2017.

Alternative Performance Measures

BASIS OF PREPARATION (continued)

Financial performance indicators

The key financial measures used by the Group in measuring progress against strategic objectives are set out below, and are reconciled for the current and prior period to the Group's statutory results on pages 4 and 44:

- **Revenue**

  Statutory revenue arising in each of the underlying, onerous contracts and disposed business components. *Underlying revenue is a Key Performance Indicator ("KPI")*.

- **Organic revenue growth**

  Organic revenue growth is calculated based on revenue growth at constant currency, adjusted to exclude the impact of any acquisitions during the current or prior periods.

- **Adjusted profit before interest, tax and amortisation ("Adjusted PBITA")**

  The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of financial performance from the normal course of business and more comparable period to period. Adjusted PBITA excludes the effect of separately disclosed items (being restructuring and separation costs, goodwill impairment, amortisation of acquisition-related intangible assets and profits or losses on disposals or closures of businesses) and specific items, which the Group believes should be disclosed separately by virtue of their size, nature or incidence, as explained on pages 26 and 27. Further details explaining the reasons for excluding these items are provided on pages 52 and 53 of the Group's 2019 Integrated Report and Accounts. *Underlying Adjusted PBITA is a KPI.*

- **Operating cash flow**

  Net cash flow from operating activities before tax. *Underlying operating cash flow excludes restructuring and separation spend and is a KPI.*

- **Operating cash flow conversion**

  Operating cash flow presented as a percentage of Adjusted PBITA.

- **Earnings**

  Profit attributable to equity shareholders of G4S plc. *Underlying earnings is a KPI.*

- **Earnings per share ("EPS")**

  Profit attributable to equity shareholders of G4S plc, per share, from continuing operations. *Underlying EPS is a KPI*.

- **Net debt to Adjusted EBITDA**

  The ratio of total net debt, including net debt reported within net assets of disposal groups held for sale, to adjusted earnings attributable to equity shareholders before interest, tax, depreciation and amortisation ("Adjusted EBITDA"). This ratio is a factor in the board's assessment of the financial strength of the Group, and forms the basis of a key measure of compliance with covenants in respect of the Group's borrowing facilities.

- **Free cash flow**

  Movement in net debt before foreign exchange movements excluding the impact of acquisitions and disposals of subsidiaries/businesses and dividends paid to equity holders of the parent. *Free cash flow is a KPI*.

Certain of these financial performance indicators in respect of underlying results also form the basis of a significant element of performance measurement used in the determination of performance-related remuneration and incentives, as described on page 53 of the Group's 2019 Integrated Report and Accounts.

Alternative Performance Measures

A. Reconciliation of operating profit to movements in net debt & free cash flow

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 Restated[1] £m	Year ended 31 December 2019 £m
Operating profit	**271**	167	145
Adjustments for non-cash and other items (see note 18)	**(27)**	122	373
Net working capital movement (see note 18)	**106**	(97)	(14)
Net cash flow from operating activities before tax (see note 18)	**350**	192	504
Adjustments for:			
Restructuring and separation spend	**24**	18	47
California class action settlement	**-**	-	87
Cash flow from continuing operations	**374**	210	638
Analysed between:			
Underlying operating cash flow	**364**	164	633
Disposed businesses	**14**	47	-
Onerous contracts	**(4)**	(1)	5
Investment in the business			
Purchase of fixed assets, net of disposals	**(40)**	(64)	(110)
New leases	**(36)**	(30)	(78)
Restructuring and separation spend	**(24)**	(18)	(47)
Disposal/closure of subsidiaries/businesses (see note 8)	**522**	15	12
Acquisition of subsidiaries	**(2)**	(4)	(4)
Net (cash)/debt in disposed businesses	**(87)**	4	3
Net investment in the business	**333**	(97)	(224)
Net cash flow after investing in the business	**707**	113	414
Other uses of funds			
Net interest paid	**(60)**	(81)	(122)
Tax paid	**(30)**	(47)	(90)
Dividends paid	**(5)**	(106)	(172)
Purchase of own shares	**(3)**	(8)	(11)
Transactions with non-controlling interests	**(2)**	(4)	(14)
California class action settlement	**-**	-	(87)
Other	**4**	2	4
Net other uses of funds	**(96)**	(244)	(492)
Net decrease/(increase) in net debt before foreign exchange movements	**611**	(131)	(78)
Net debt at the beginning of the period	**(2,092)**	(2,024)	(2,024)
Effect of foreign exchange rate movements	**(79)**	1	10
Net debt at the end of the period	**(1,560)**	(2,154)	(2,092)
Free cash flow			
Net decrease/(increase) in net debt before foreign exchange movements	**611**	(131)	(78)
Disposal/closure of subsidiaries/businesses (see note 8)	**(522)**	(15)	(12)
Net cash/(debt) in disposed businesses	**87**	(4)	(3)
Acquisition of subsidiaries	**2**	4	4
Dividends paid to equity holders of the parent	**-**	95	150
Free cash flow for the period	**178**	(51)	61

[1] Operating cash flow for June 2019 has been adjusted to reflect an IFRS 16 adjustment identified when finalising the 2019 Integrated Report and Accounts. Additionally, proceeds from discontinued operations of £8m as at 30 June 2019 have been represented within disposal/closure of subsidiaries/businesses rather than cash flow from operating activities, see note 1.

Alternative Performance Measures

B. Reconciliation of changes in cash, cash equivalents and bank overdrafts to movement in net debt

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 Restated[1] £m	Year ended 31 December 2019 £m
Net increase/(decrease) in cash, cash equivalents and bank overdrafts (page 24)	**587**	(68)	(101)
Adjustments for items included in cash flow excluded from net debt:			
Cash, cash equivalents and bank overdrafts in disposed entities	**148**	1	1
Sale of investments	**(21)**	10	6
Net movement in borrowings	**(41)**	(134)	(66)
Repayment of lease obligations	**61**	86	157
Items included in net debt but excluded from cash flow:			
Net (cash)/debt in disposed/acquired entities	**(87)**	4	3
New leases	**(36)**	(30)	(78)
Net decrease/(increase) in net debt before foreign exchange movements	**611**	(131)	(78)
Effect of foreign exchange rate movements	**(79)**	1	10
Net decrease/(increase) in net debt after foreign exchange movements	**532**	(130)	(68)

[1] The reconciliation of changes in cash, cash equivalents and bank overdrafts to movement in net debt as at 30 June 2019 has been restated to reflect the finalisation of the IFRS 16 adjustments made during the completion of the 2019 Integrated Report and Accounts, see note 1.

C. Group net debt to Adjusted EBITDA ratio

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m	**Rolling 12 months to 30 June 2020 £m**	Rolling 12 months to 30 June 2019[1] £m
Adjusted PBITA (page 20)	**199**	234	501	**466**	495
Add back:					
Depreciation	**87**	102	204	**189**	224
Amortisation of non-acquisition-related intangible assets	**11**	11	22	**22**	21
Adjusted EBITDA	**297**	347	727	**677**	740
Exclude EBITDA relating to businesses sold or closed in the period	**(18)**	(48)	(102)	**(72)**	4
Adjusted EBITDA excluding businesses sold or closed in the period	**279**	299	625	**605**	744
Net debt per note 17				**1,560**	2,154
Net debt to Adjusted EBITDA ratio				**2.58x**	2.90x

[1] Rolling 12 month figures for 30 June 2019 have not been restated for the Brink's disposal.

Alternative Performance Measures

D. Reconciliation of quarterly year-on-year underlying organic revenue growth[1] and regional year-on-year organic revenue growth[1]

Underlying results	2020 Organic Revenue Growth Q1	Q2	H1
Secure Solutions	2.9%	(3.2%)	(0.2%)
Cash Solutions (total)	(2.3%)	(30.0%)	(16.5%)
Cash Solutions (ex RTS)[2]	(4.3%)	(39.3%)	(22.4%)
Total Group	**2.5%**	**(5.3%)**	**(1.5%)**

Underlying results	2019 Organic Revenue Growth Q1	Q2	H1	Q3	Q4	FY
Secure Solutions	4.7%	4.5%	4.6%	4.6%	4.5%	4.5%
Cash Solutions (total)	4.4%	0.3%	2.3%	2.3%	3.1%	3.0%
Cash Solutions (ex RTS)[2]	(7.2%)	(13.5%)	(10.4%)	(10.5%)	(7.1%)	(6.9%)
Total Group	**4.7%**	**4.1%**	**4.4%**	**4.4%**	**4.4%**	**4.4%**

[1] Organic revenue growth has been calculated by adjusting underlying constant currency revenue growth to remove the effect of acquisitions in the current and prior periods. In computing organic revenue growth, 2020 revenue to June has been adjusted by £1m to reflect the acquisition of a Canadian security systems company during the period. Revenue in 2019 has not been adjusted.

[2] RTS relates to Retail Technology Solutions businesses in North America and Canada along with the Group's Cash Solutions business in South Africa.

Underlying results	2020 Regional Organic Revenue Growth Q1	April	May	June	Q2	H1
Africa	**(0.1%)**	(4.6%)	(1.0%)	(1.1%)	**(2.3%)**	**(1.5%)**
Americas	**6.9%**	5.4%	2.0%	4.2%	**3.9%**	**5.4%**
Asia	**4.2%**	1.4%	(3.4%)	(2.3%)	**(1.5%)**	**1.4%**
Europe & Middle East	**(1.4%)**	(12.8%)	(13.6%)	(8.3%)	**(11.6%)**	**(6.5%)**
Secure Solutions	**2.9%**	(3.0%)	(5.1%)	(1.6%)	**(3.2%)**	**(0.2%)**
Cash Solutions	**(2.3%)**	(35.5%)	(33.5%)	(20.0%)	**(30.0%)**	**(16.5%)**
Total Group	**2.5%**	(5.8%)	(7.5%)	(2.9%)	**(5.3%)**	**(1.5%)**

Alternative Performance Measures

E. Reconciliation of statutory results by segment to underlying results by segment

	Statutory results total operations	Onerous contracts	Disposed businesses	Underlying results at actual rates	Exchange differences	Underlying results at constant rates
Revenue by reportable segment (£m)						
Six months ended 30 June 2020						
Africa	197	-	-	197	-	197
Americas	1,357	-	(2)	1,355	-	1,355
Asia	449	-	(6)	443	-	443
Europe & Middle East	1,165	(12)	(17)	1,136	-	1,136
Cash Solutions	357	-	(135)	222	-	222
Total Group revenue	**3,525**	**(12)**	**(160)**	**3,353**	**-**	**3,353**
Six months ended 30 June 2019						
Africa	211	-	-	211	(11)	200
Americas	1,309	-	(6)	1,303	(18)	1,285
Asia	453	-	(11)	442	(5)	437
Europe & Middle East	1,299	(60)	(26)	1,213	2	1,215
Cash Solutions	535	-	(262)	273	(7)	266
Total Group revenue	**3,807**	**(60)**	**(305)**	**3,442**	**(39)**	**3,403**
Year ended 31 December 2019						
Africa	425	-	-	425	(24)	401
Americas	2,703	-	(9)	2,694	(47)	2,647
Asia	940	-	(24)	916	(21)	895
Europe & Middle East	2,590	(86)	(51)	2,453	(7)	2,446
Cash Solutions	1,100	-	(541)	559	(16)	543
Total Group revenue	**7,758**	**(86)**	**(625)**	**7,047**	**(115)**	**6,932**
Adjusted PBITA by reportable segment (£m)						
Six months ended 30 June 2020						
Africa	15	-	-	15	-	15
Americas	82	-	-	82	-	82
Asia	36	-	-	36	-	36
Europe & Middle East	70	-	(1)	69	-	69
Cash Solutions	27	-	(11)	16	-	16
Adjusted PBITA before corporate costs	**230**	**-**	**(12)**	**218**	**-**	**218**
Corporate costs	(31)	-	-	(31)	-	(31)
Total Group Adjusted PBITA	**199**	**-**	**(12)**	**187**	**-**	**187**
Six months ended 30 June 2019						
Africa	17	-	-	17	(2)	15
Americas	61	-	-	61	1	62
Asia	31	-	-	31	(1)	30
Europe & Middle East	92	-	(2)	90	2	92
Cash Solutions	60	-	(36)	24	-	24
Adjusted PBITA before corporate costs	**261**	**-**	**(38)**	**223**	**-**	**223**
Corporate costs	(27)	-	-	(27)	-	(27)
Total Group Adjusted PBITA	**234**	**-**	**(38)**	**196**	**-**	**196**
Year ended 31 December 2019						
Africa	30	-	-	30	(2)	28
Americas	136	-	-	136	1	137
Asia	70	-	(1)	69	(2)	67
Europe & Middle East	179	-	(4)	175	-	175
Cash Solutions	134	-	(77)	57	(1)	56
Adjusted PBITA before corporate costs	**549**	**-**	**(82)**	**467**	**(4)**	**463**
Corporate costs	(48)	-	-	(48)	-	(48)
Total Group Adjusted PBITA	**501**	**-**	**(82)**	**419**	**(4)**	**415**

Alternative Performance Measures

F. Reconciliation of underlying prior period results by segment

	Underlying as previously reported	Movements in businesses sold and completed or closed[1]	Restated underlying results at actual rates[2]	Exchange differences[3]	Underlying results at constant rates[2]
Revenue by reportable segment (£m)					
Six months ended 30 June 2019					
Africa	211	-	211	(11)	200
Americas	1,309	(6)	1,303	(18)	1,285
Asia	453	(11)	442	(5)	437
Europe & Middle East	1,239	(26)	1,213	2	1,215
Cash Solutions	535	(262)	273	(7)	266
Total Group revenue	**3,747**	**(305)**	**3,442**	**(39)**	**3,403**
Year ended 31 December 2019					
Africa	425	-	425	(24)	401
Americas	2,703	(9)	2,694	(47)	2,647
Asia	940	(24)	916	(21)	895
Europe & Middle East	2,504	(51)	2,453	(7)	2,446
Cash Solutions	1,100	(541)	559	(16)	543
Total Group revenue	**7,672**	**(625)**	**7,047**	**(115)**	**6,932**
Adjusted PBITA by reportable segment (£m)					
Six months ended 30 June 2019					
Africa	17	-	17	(2)	15
Americas	61	-	61	1	62
Asia	31	-	31	(1)	30
Europe & Middle East	92	(2)	90	2	92
Cash Solutions	60	(36)	24	-	24
Adjusted PBITA before corporate costs	**261**	**(38)**	**223**	**-**	**223**
Corporate costs	(27)	-	(27)	-	(27)
Total Group Adjusted PBITA	**234**	**(38)**	**196**	**-**	**196**
Year ended 31 December 2019					
Africa	30	-	30	(2)	28
Americas	136	-	136	1	137
Asia	70	(1)	69	(2)	67
Europe & Middle East	179	(4)	175	-	175
Cash Solutions	134	(77)	57	(1)	56
Adjusted PBITA before corporate costs	**549**	**(82)**	**467**	**(4)**	**463**
Corporate costs	(48)	-	(48)	-	(48)
Total Group Adjusted PBITA	**501**	**(82)**	**419**	**(4)**	**415**
Other financial KPIs (£m)					
Six months ended 30 June 2019					
Profit before tax	175	(34)	**141**	-	**141**
Profit after tax	129	(25)	**104**	-	**104**
Earnings	119	(22)	**97**	-	**97**
Earnings per share (p)	7.7	(1.4)	**6.3**	-	**6.3**
Operating cash flow[4]	209	(45)	**164**	-	**164**
Year ended 31 December 2019					
Profit before tax	383	(76)	**307**	(2)	**305**
Profit after tax	280	(56)	**224**	(1)	**223**
Earnings	263	(50)	**213**	(1)	**212**
Earnings per share (p)	17.0	(3.2)	**13.8**	(0.1)	**13.7**
Operating cash flow	633	(119)	**514**	-	**514**

[1] Disposed businesses include the results of all businesses that have been sold or closed by the Group between 1 January 2019 and 30 June 2020 and are excluded from underlying results to present the underlying results of the current and comparative periods on a like-for-like basis. Within these amounts £44m of revenue at June 2019, and £89m at December 2019, £7m of Adjusted PBITA at June 2019, and £16m at December 2019, and £9m of operating cash flow, and £24m at December 2019, relates to 7 conventional cash businesses sold to Brink's in February 2020, where completion is expected in the second half of 2020.

[2] Underlying results are APMs as defined and explained on page 39 and, for both 2019 and 2020, they exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items. Underlying results are reconciled to statutory results on page 4 and 44.

[3] The results of both comparative periods have been re-presented at average exchange rates for the six months ended 30 June 2020.

[4] Underlying results for operating cash flow in June 2019, at actual exchange rates and as originally presented, have been adjusted to reflect an IFRS 16 reclassification of £3m.

Supplementary information

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High resolution images and b-roll are available to download from the G4S media library, available through the results centre at www.g4s.com.

Notes to Editors:
G4S is the world's leading global, integrated security company, specialising in the provision of security services and solutions to customers. Our mission is to create material, sustainable value for our customers and shareholders by being the supply partner of choice in all our markets.

G4S is quoted on the London Stock Exchange and has a secondary stock exchange listing in Copenhagen. After taking account of the businesses sold in the period, G4S is active in around 85 countries and has around 533,000 employees. For more information on G4S, visit www.g4s.com.

Presentation of Results:

A webcast for investors and analysts is taking place today at 09.00 and can be viewed by webcast using the following link:
https://kvgo.com/IJLO/G4S_plc_Half_Year_Results_2020

Should you prefer to join by telephone, you can do so by dialling one of the following telephone numbers and entering the code: **5038810#**

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Financial Calendar:

November 2020 – Q3 2020 Trading update