

Capital Markets Update

November 2013



Securing Your World



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Capital Markets Update

November 2013



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Agenda

1. G4S Strategy & markets
2. Core service lines
3. Strategy Execution
4. Financial framework
5. Summary
6. Q&A

G4S Strategy



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G4S Strategy

G4S is the leading Global Integrated Security Company specialising in the provision of security products, services and solutions



Our strategy is market led. We satisfy our customers' needs by understanding their strategic objectives and designing and delivering innovative solutions which support these objectives

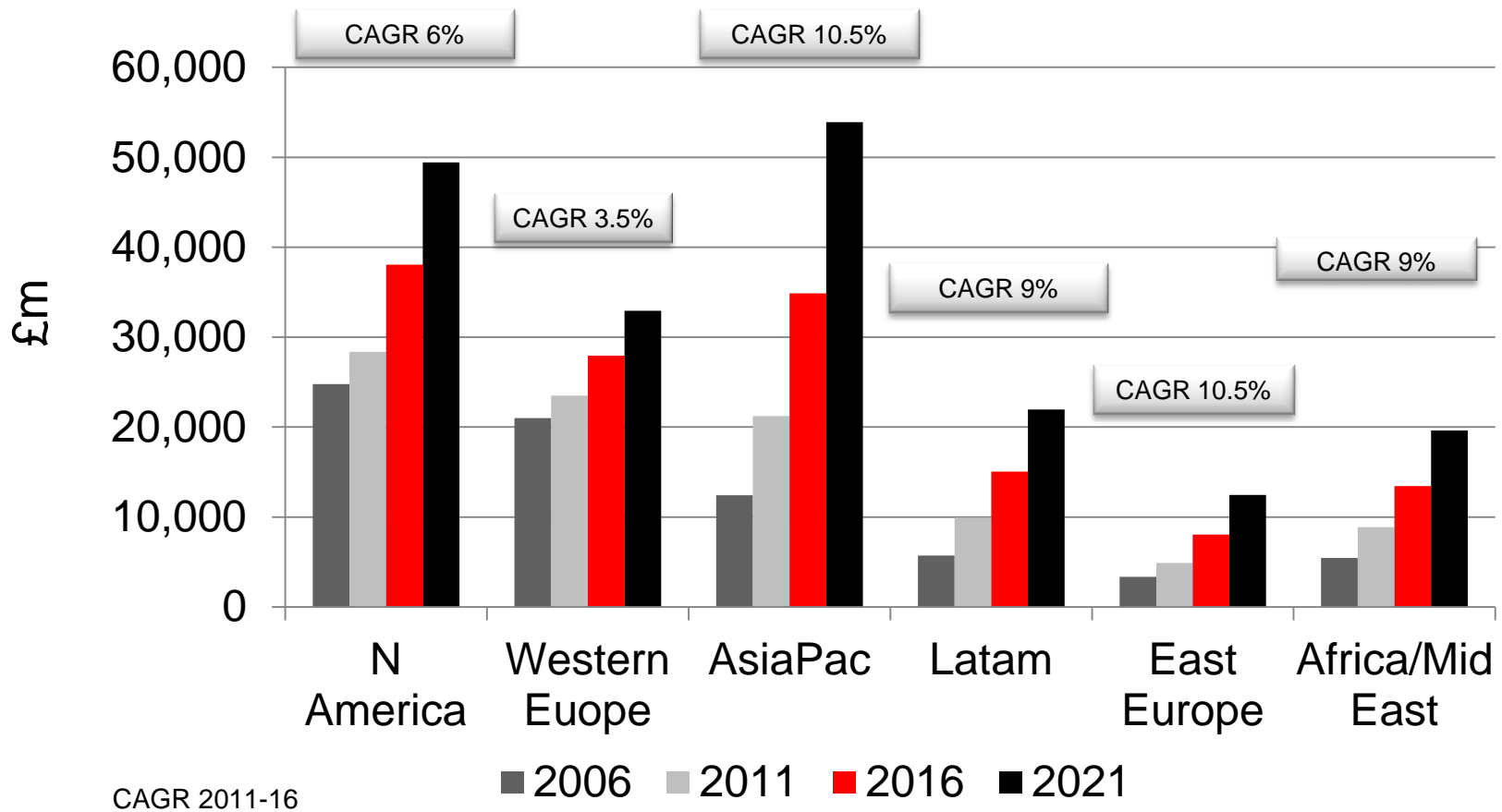


Our aim is to create sustainable shareholder value through the consistent delivery of excellence in customer service, operations and financial management

Market led strategy to deliver sustainable shareholder value

G4S Strategy

Global security market by region



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

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G4S strategy

Diverse services, diverse customer segments

Service Line	Key Services	Major Customer Segments	% Rev.
Cash Solutions	<ul style="list-style-type: none"> ▪ Outsourcing Services ▪ ATM Maintenance ▪ ATM Replenishment ▪ Cash Processing ▪ CIT 	<ul style="list-style-type: none"> ▪ Financial Institutions ▪ Retail ▪ Other 	18%
Secure Solutions	<ul style="list-style-type: none"> ▪ Risk Services ▪ Consultancy Services ▪ System Software / Integration ▪ Monitoring & Response ▪ System Install & Maintenance ▪ Manned Security ▪ Integrated Secure FM ▪ Other 	<ul style="list-style-type: none"> ▪ Major corporates & industrials ▪ Government ▪ Financial institutions ▪ Private energy & utilities ▪ Retail 	74%
Care & Justice Services	<ul style="list-style-type: none"> ▪ Prison Outsourcing ▪ Electronic Monitoring ▪ Immigration Centres ▪ Asylum Services ▪ Court Escorting ▪ Juvenile Custody ▪ Police ▪ Forensic Medical 	<ul style="list-style-type: none"> ▪ Central Government ▪ Local Government ▪ Government Agencies & Authorities ▪ Constabularies 	8%

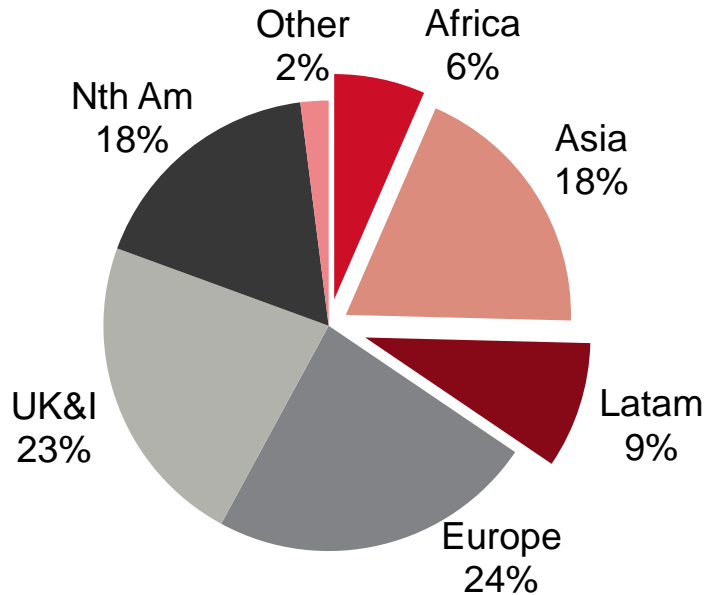
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G4S Strategy

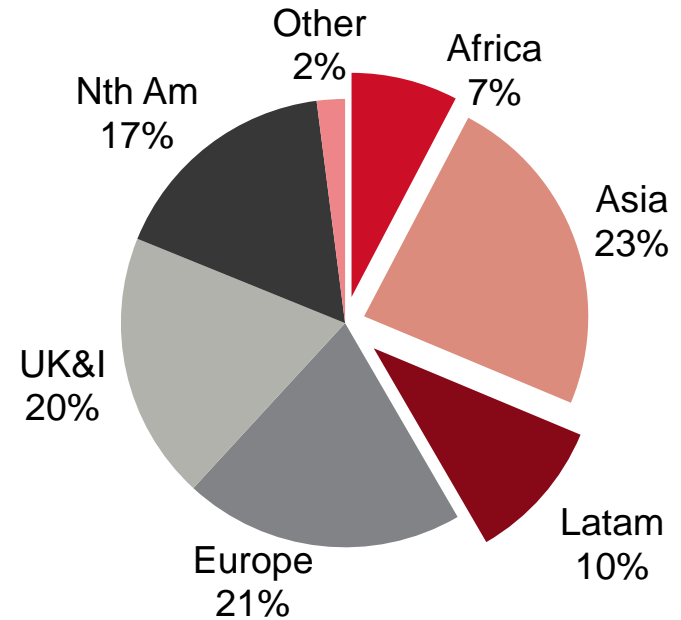
Our market positions

Revenue 2013



Developed Markets: 67%
Emerging Markets: 33%

Revenue 2016



Developed Markets : 60%
Emerging Markets: 40%

Organic growth 5-8% p.a.

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Source: Company data
Note: Other included in DM



G4S Strategy

What is changing?

1 Board & Management

2 Strategy

- Focus: geographic, service and market segment
- Organic investment
- Technology and Innovation

3 Execution of Strategy

- Investment in customer service and organic growth
- People and Values
- Performance management
- Service excellence
- Disciplined financial management

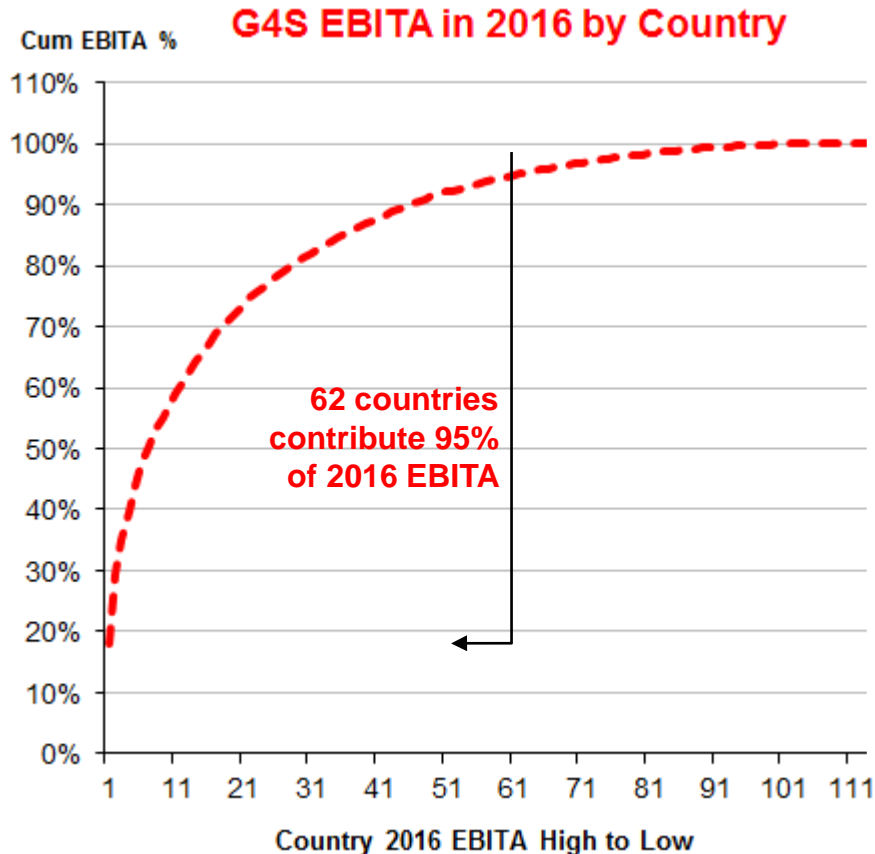
Sustainable, profitable growth

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G4S Strategy

Strategic focus



Review criteria applied to all businesses:

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

Active portfolio management

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Strategic Focus

No. of businesses	2013 Rev (£m)	2013 EBITA (£m)	2013 Margin %
35	425.6	13.3	3.1%

Grow, restructure or recycle capital

G4S Strategy

Organic investment

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

G4S Strategy

Technology & innovation

Key Findings

- Innovation, expertise & proven IP in places
- Capability is fragmented and concentrated in a small number of standalone businesses
- We lack a global Technology strategy and business plan

Initial Actions

- Build group wide Technology strategy & plan
- Build Technology capability in all regions
- Incentivise commercialisation beyond local borders
- Next phase to be defined

Global commercialisation of Technology

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Cash solutions



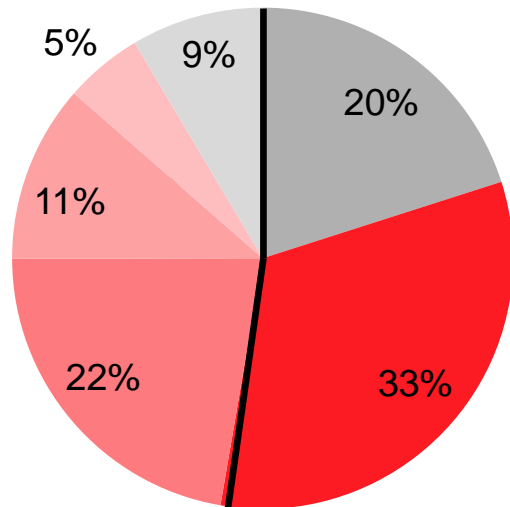
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Cash solutions

Growing market

**Geographical Split
(% Revenue)**



- North America
- Western Europe
- APAC
- Central & South America
- Eastern Europe
- Africa/ME

Source: Freedonia 2011 / 2013

Market Structure

- Most markets have 2 or 3 major suppliers & multiple buyers

G4S Market position

- We are no.1 or 2 in 61 out of 66 of our businesses
- c.£1.2bn revenue
- Integrated with Secure Solutions

Competitive Landscape

- 3 major competitors

Barriers to Entry

- Often regulated by central banks
- Complex infrastructure
- Significant systems & technical expertise required

Typical Profitability (PBITA)

- Developed markets 10%+ (ex. UK&I)
- Emerging markets 12%+

2011 – 16 CAGR: 5.4 %

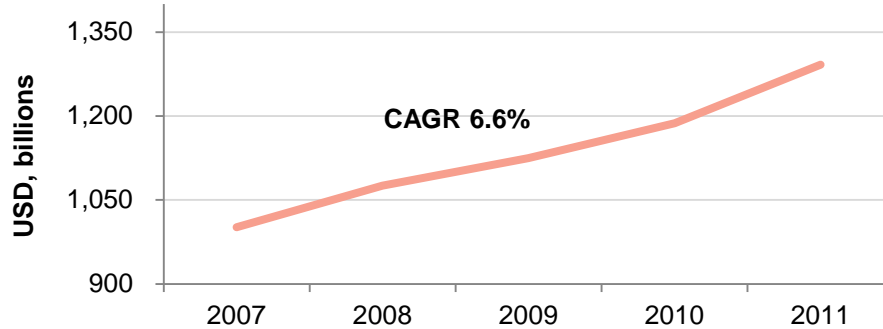
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Cash solutions

Value of cash in circulation

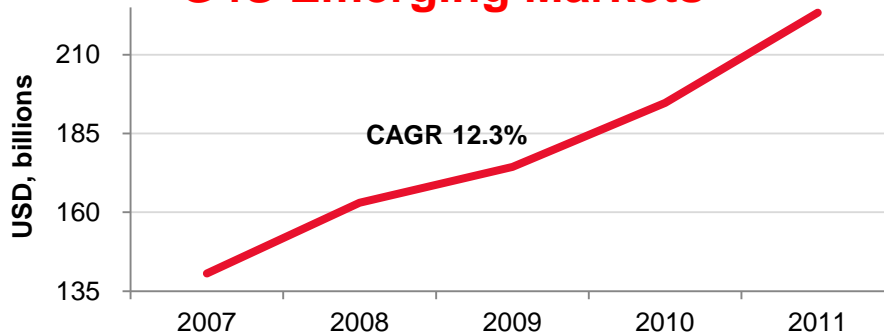
G4S Developed Markets



Developed countries include:

- Belgium
- Hungary
- Netherlands
- United Kingdom
- United States

G4S Emerging Markets



Emerging countries include:

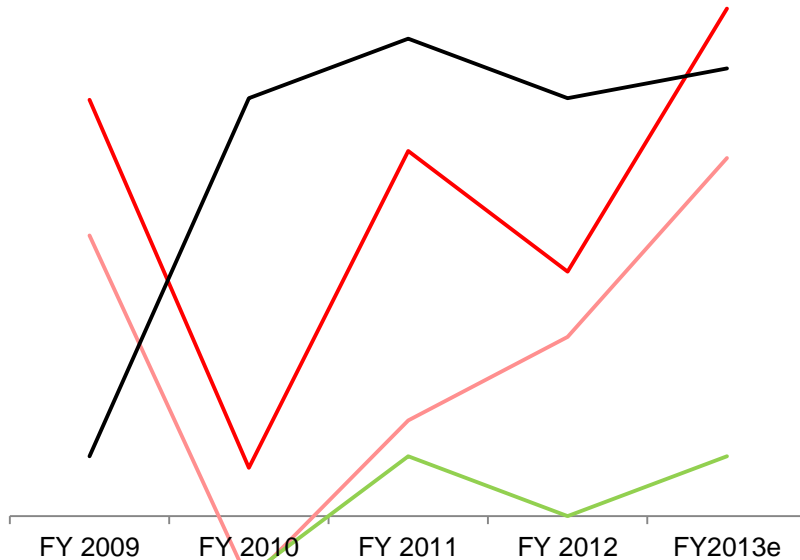
- Botswana
- Romania
- Indonesia
- Philippines
- Kenya
- Saudi Arabia
- Kuwait
- Turkey
- Malaysia
- U.A.E.
- Morocco
- Zambia

Strong growth of cash in circulation

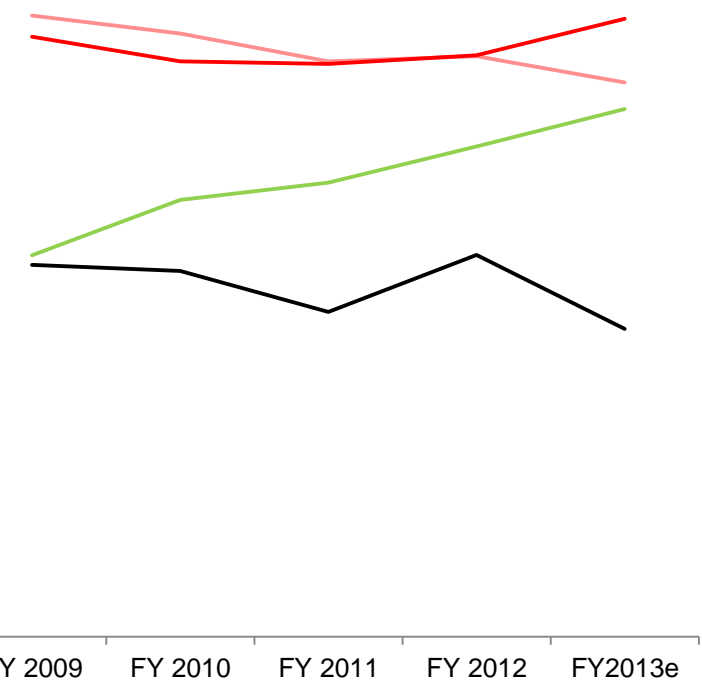
G4S Cash solutions

Competitive performance

Organic Growth



PBITA %



Source: Company reports & results, Broker research

— G4S Cash — G4S excl. UK — Comp. A — Comp. B

Strong cash business, UK&I restructuring underway

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G4S Cash solutions

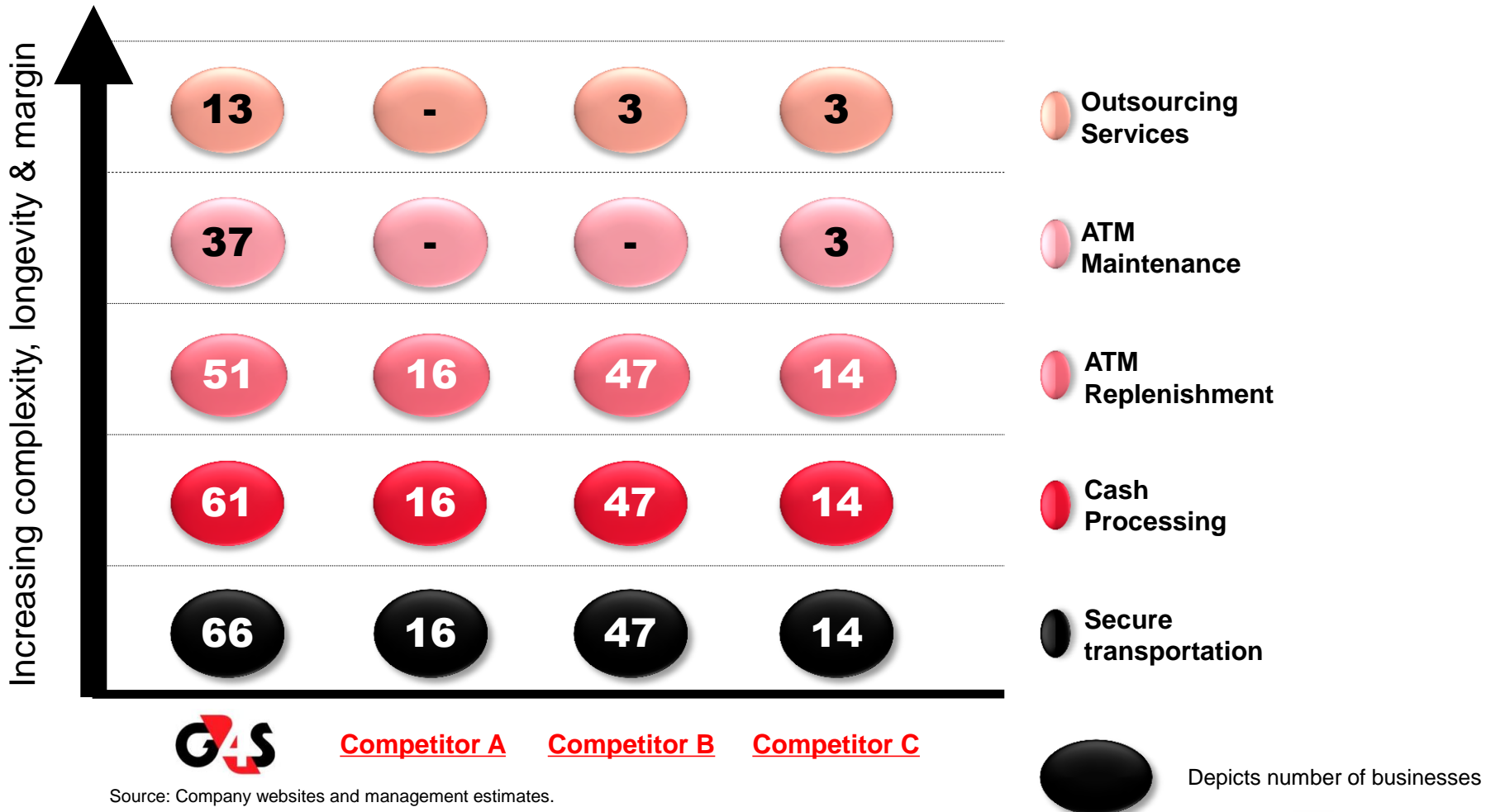
Restructuring of UK&I Cash Solutions

- Ireland
 - 7% wage reduction agreed
 - Price increases agreed with major customers
 - Reduced branch network by 20%
- UK
 - 2013 – fleet & headcount reduction
 - 2014 – reduce branch network by c.20%
 - Route Planning / Optimisation
 - Net price increase
- Creating sustainable business

Establishing competitive cost base

G4S Cash solutions

Unique breadth and reach



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G4S Cash solutions

CASH360™: Innovation & Technology

- Installed base of c.4,200 CASH360™ devices after 3 years
- Client base of c.1,000, spread across a variety of sectors:
 - Automotive
 - Finance and Legal
 - Consumer, Wholesale and Retail
 - Leisure and Tourism
 - Transport and Logistics
- Strong growth in South Africa, Netherlands and Belgium in 2013
- Now launched and being deployed in the US market

Proven Technology with significant potential

G4S Cash solutions

US Consumer and Retail Trends

Customer objectives

- Efficiency
- Reducing overhead cost
- Use of cash technology
- Focus on sales; building Brand; customer satisfaction
- Less time in back office



G4S value add services

- Reducing cash transportation cost
- Greater visibility of cash through the cash cycle
- Faster funds for value
- Reduce cash on hand
- Automate cash office, reduce handling and cost



Meeting customers' commercial objectives

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G4S Cash solutions

Summary

- 1 Growing value of cash in circulation
- 2 Number 1 or 2 in 61 of 66 of our markets
- 3 Integrated with Secure Solutions in many markets
- 4 Competitive margins and growth rates
- 5 A leading provider of value added services
- 6 Developing customer focused technology solutions
- 7 Long term partnerships with blue chip, global customers

A unique integrated business with excellent prospects

G4S Secure Solutions



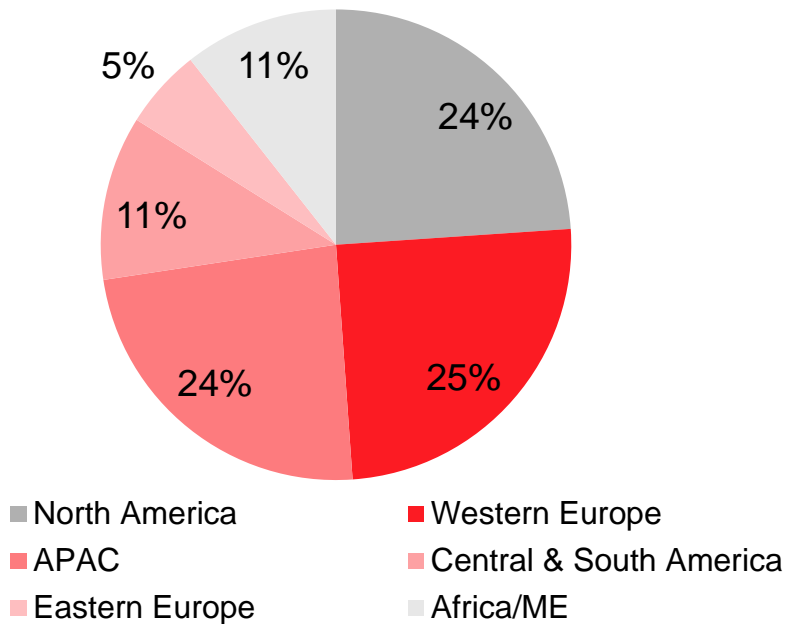
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Secure solutions

Market

**Geographical Split
(% Revenue)**



Source: Freedonia 2011 / 2013

Market Structure	<ul style="list-style-type: none"> Fragmented supply Segmented demand: basic, intermediate and sophisticated solutions
Market Position	<ul style="list-style-type: none"> Few global players Top 3 in over 80 countries
Competitive Landscape	<ul style="list-style-type: none"> Large players have integration capability
Barriers to Entry	<ul style="list-style-type: none"> Scale & coverage (global customers) Brand Systems & technology Cost leadership & financial strength
Typical Profitability (PBITA)	<ul style="list-style-type: none"> 5 – 12% Emerging Markets 2 – 7% Developed Markets

Total market: £71bn; 2011 – 16 CAGR: 7.5%

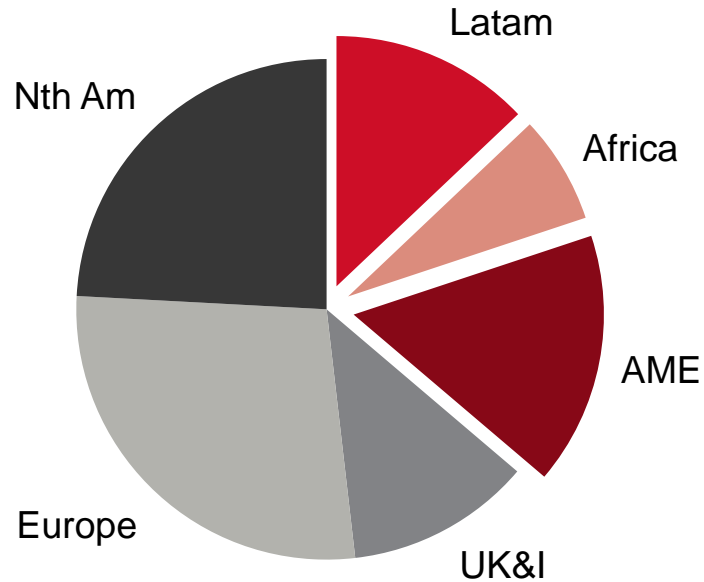
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G4S Secure solutions

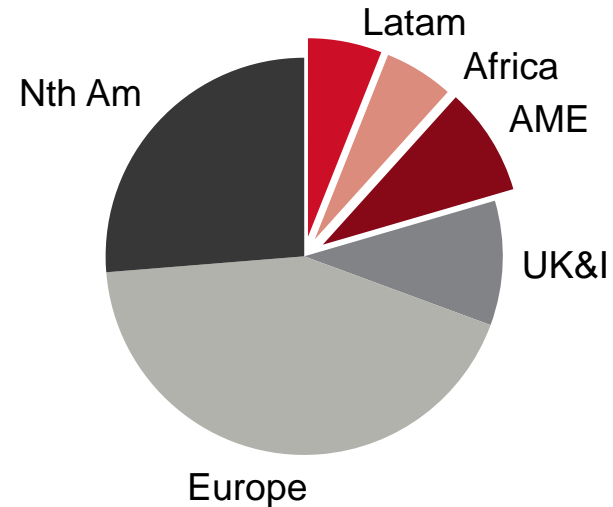
Our Markets

Manned Security
Revenue: c.£3.8bn



Developed Markets: 64%
Emerging Markets: 36%

Systems
Revenue: c.£800m



Developed Markets: 80%
Emerging Markets: 20%

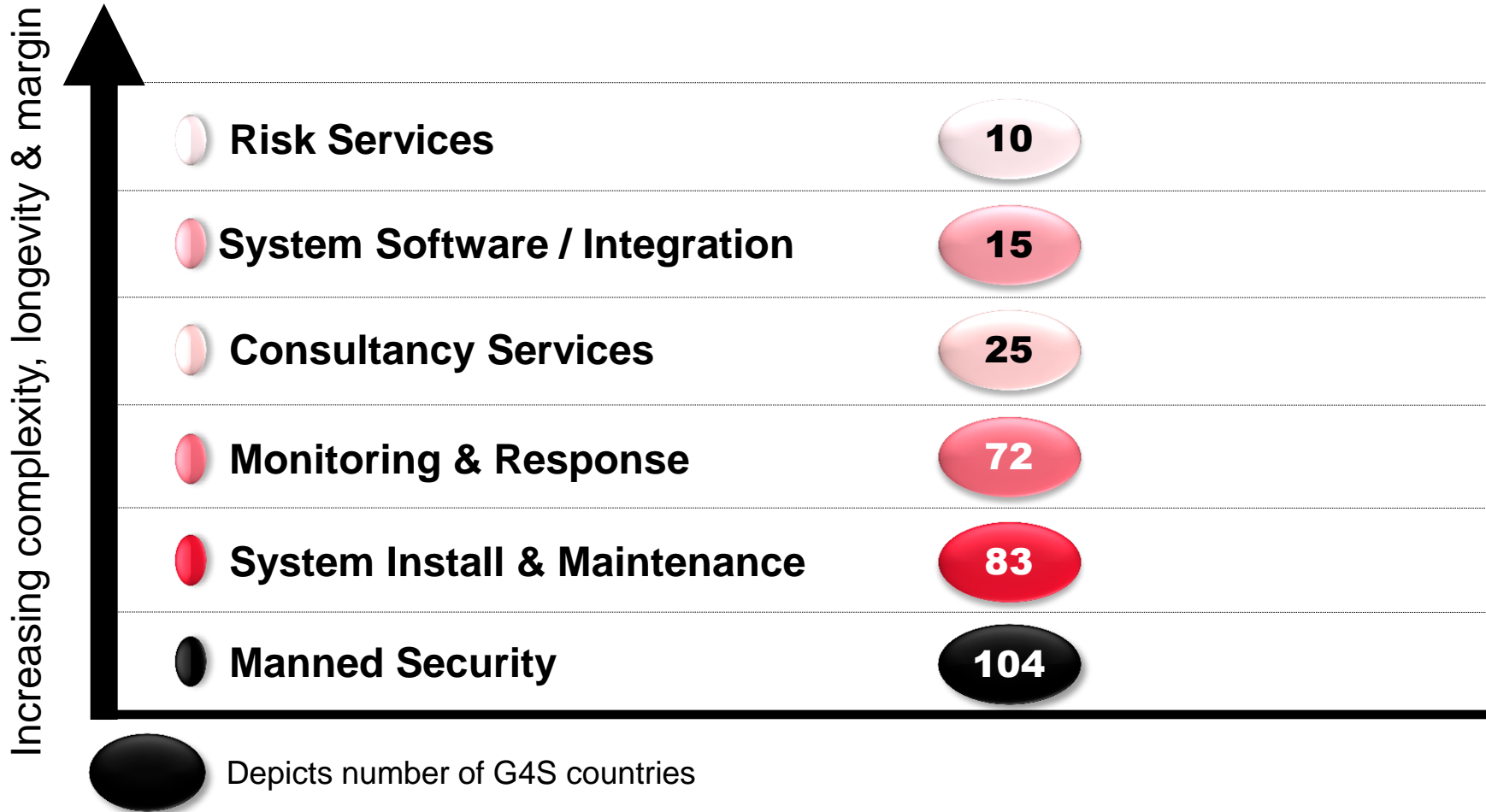
Significant further potential

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G4S Secure solutions

Positioned for future development



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Secure solutions

Summary

- 1 Large, growing market especially in Emerging Markets
- 2 Combining manned security and technology
- 3 Integrated with Cash Solutions in Emerging Markets
- 4 Using scale and restructuring to embed cost leadership
- 5 Using innovation to address market segmentation
- 6 G4S coverage and capability a differentiator for multinationals in Emerging Markets

Creating differentiation with cost, technology and expertise

Care & Justice Services



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Care & Justice Services

Market

- Highly specialised multi billion GBP market
- Estimate high single digit growth globally
- Geographically concentrated today
 - UK, USA, Australia & New Zealand
- Emerging market countries considering outsourcing
 - e.g. Uruguay

Market Structure

- Consolidated market supply
- Demand: Central Govt, Local Govt, Govt Agencies

Market Positions

- Market leader in UK
- Number 2 in Australia

Competitive Landscape

- Key competitors include Serco, Sodexo, Capita, Geo

Barriers to Entry

- Highly specialised service

Typical Profitability (PBITA)

- First generational PPP contracts +15%
- Second generation high single / low double digit

Highly specialised services

Care & Justice Services

Established capability and service offering

Secure Transportation

- Prisoner Escorting
- Transportation of asylum seekers



Immigration & Border Control

- Immigration Centres
- Border Control



Custody & Rehabilitation

- Adult Custody
- Youth & Children's Services
- Prison Officers
- Secure FM



Technology & Equipment

- Electronic Monitoring
- EM Equipment



Police Support Services

- Custody Suites
- Investigation Support
- Back Office
- Middle Office
- Prisoner Transport
- Forensic Medical



G4S: Highly developed capability

Care & Justice Services

Leveraging our capability

- Highly specialised, growing global market
- G4S has established capability and experience
- Currently concentrated in UK, Australia, North America and South Africa
- Emerging Market opportunities at an early stage
- UK: rebuilding reputation under new leadership
- Strengthening risk management and controls

Consolidate and grow

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Strategy execution

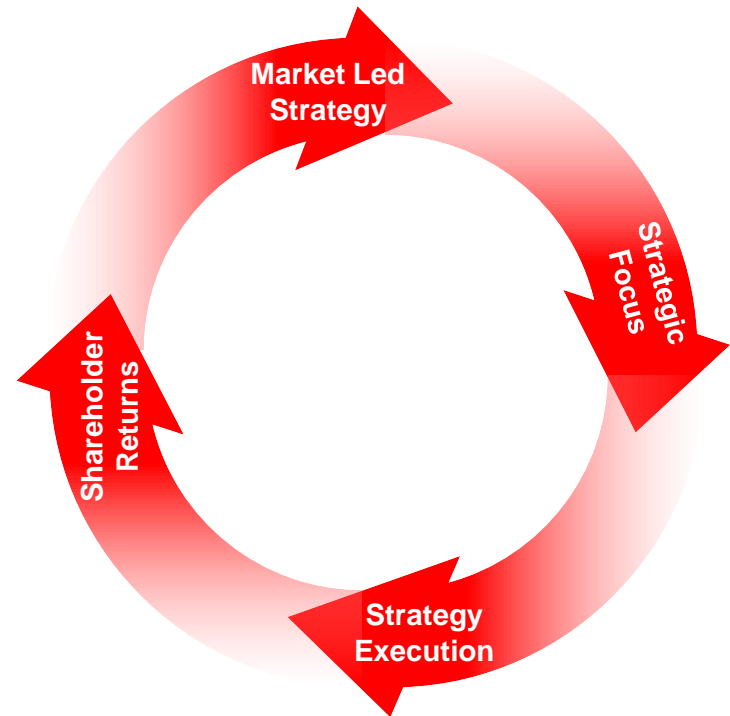


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Successful strategy execution

- People and values
- Performance management
- Investment in customer service and organic growth
- Service excellence
- Disciplined financial management



Building sustainable, profitable growth

Strategy execution

People & values

1 Board & Management

- 6 new board members (since June 2012)
- 5 changes to the Group Executive Committee
- President Latam
- Head of Group Risk

2 Reinforcing corporate values

3 Resource & capability

- Establishing systematic processes to ensure the right people are focused on the right opportunities

Strengthening capability & capacity

Strategy execution

Group values

Customer Focus

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

Expertise

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

Best People

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

Teamwork & Collaboration

We collaborate for the benefit of our customers and G4S

Integrity

We can always be trusted to do the right thing

Performance

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

Strategy execution

Performance management

- Monthly Reviews by Region, Business Unit, Branch
- Group Executive Committee Quarterly Performance Reviews
 - Focus on earnings quality and sustainable cash flow
 - Internal and external benchmarking
 - Health & Safety
- Performance & reward
 - Business plan leads to budget
 - Performance contract 1 January 2014

Rigorous performance management framework

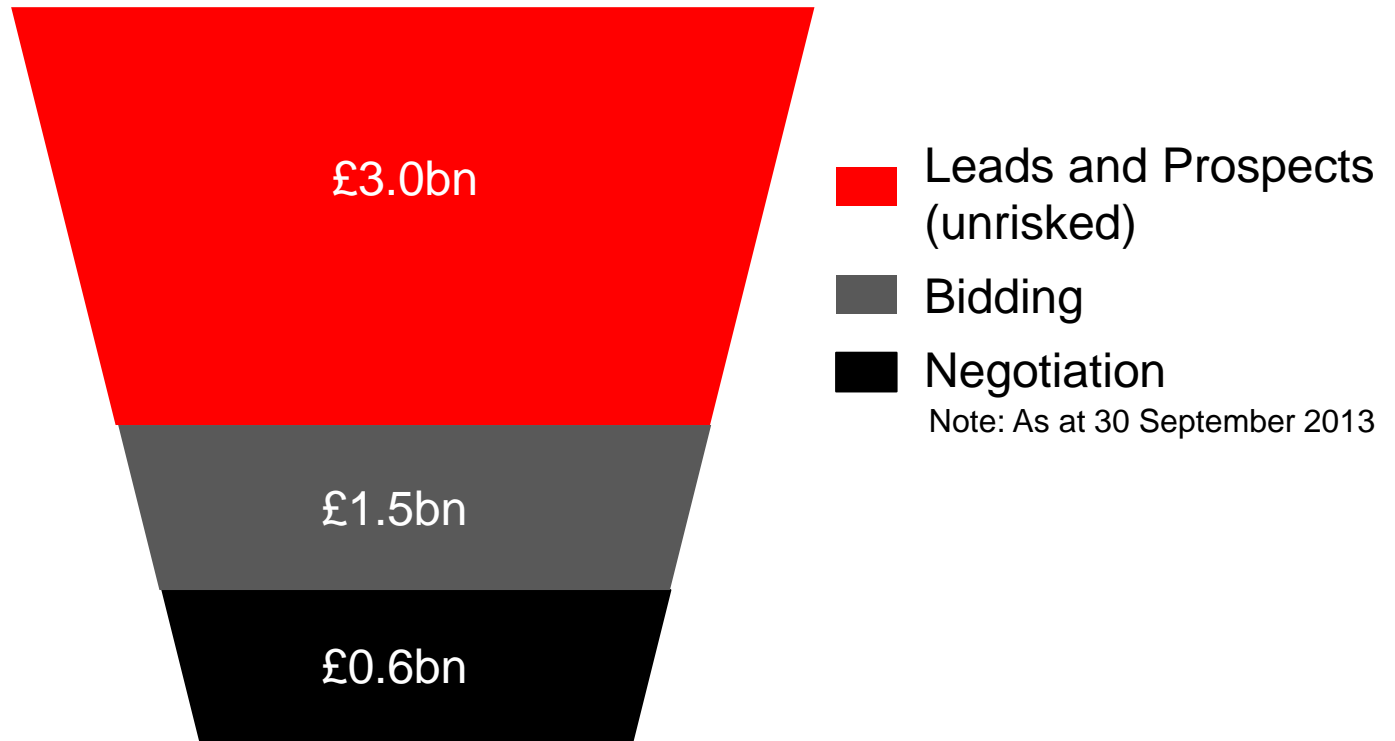
Strategy execution

Resource & capability

- Bottom up business review
- Structured assessment of resource and capability in business critical positions
- Mapping capability and capacity onto the market opportunity and business plan requirement
- Sales, Business Development, Operations, Finance, HR and General Management
- We have clear strength in many markets
- Under invested in business critical positions in significant number of core markets

Strategy execution

Investment in customer service & organic growth



Large, growing pipeline

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Strategy execution

Review of sales and business development

Key Findings

- Salesforce.com not consistently used for active deal capture or customer account management
- Sales leadership, resource, and process is significantly under-invested in some core markets
- Sales performance framework is under-developed in key areas
- Cross border sales of Global Products Lines (e.g. Risk Services, Symmetry, G4Si) & Countries not incentivised

Actions

- Align sales incentives with pipeline management
- Strengthen Sales Leadership, Sales Teams, and Business Development
 - Sales training
 - Sales targeting
 - Commission plan design
 - Sales productivity
- Develop sales performance framework
- Revise incentive plans for Global Product Lines

Investing £15-20m in 2014

Himanshu Raja

CFO



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Financial Framework

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

Disciplined financial management

Contracts

Risk management and delivery assurance

- Board and Group sign-off for major complex contracts
- Initial review of some large existing contracts
- Risk management
 - Regional and country level
 - Financial, commercial, legal, delivery and reputational risk
 - Risk assessment before commit and in the contract life-cycle
 - “Traffic Lights”

360 degree view of contract performance

Service Excellence

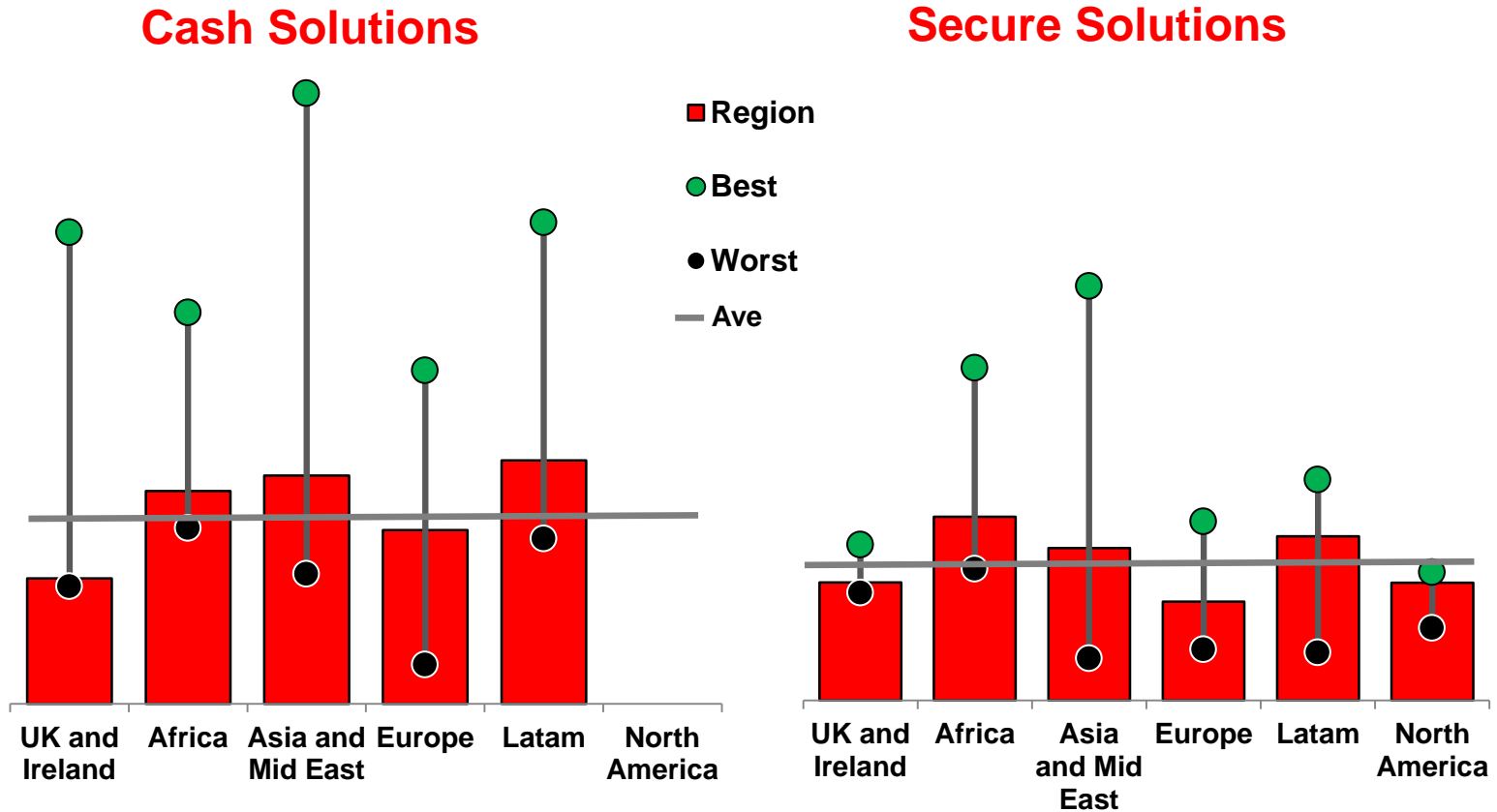
Gross margin and customer service improvement

- Service Excellence Centres
 - One for each of Cash & Secure Solutions
 - Established in 2012
 - Experts at a Group level working with the line
- Best practice
 - Tools, processes, tactical systems
- Detailed diagnostics
 - Driving best practice with detailed implementation plans

Significant opportunities for margin improvement

Service excellence

Gross Margin%



Significant opportunity for margin improvement

Margin Management

Secure Solutions SEC in action



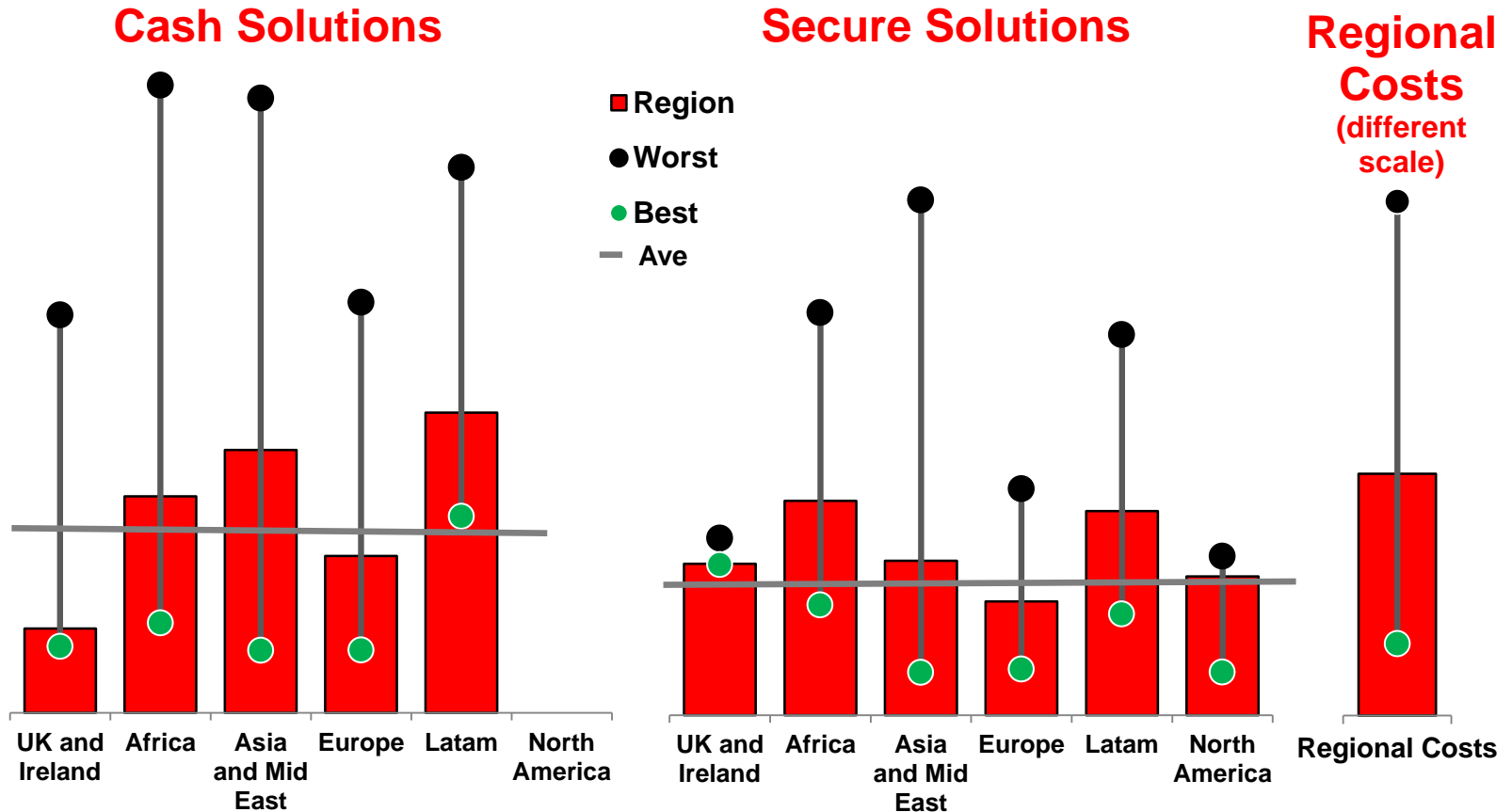
- From Loss to Profit
 - 2013 Forecast loss: £365k
 - 2014 Forecast profit: £430k
- £500k of improvement is achieved through improving direct labour efficiency
- Further potential improvement to come training, process change, systems etc
- Plan extends through 2015 through implementation of Group scheduling system, service improvement and contract management issues

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Cost Leadership

Overheads %



Cost leadership

Opportunities to reduce costs

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

Significant opportunity to reduce overhead

Cost leadership

Restructuring

	Phase 1 In Country	Phase 2 Regional	Phase 3 Regional SSC
In Execution	<ul style="list-style-type: none"> UK & Ireland Cash North West Europe Secure Solutions Central & Eastern Europe Southern Europe 	<ul style="list-style-type: none"> UK Regional Overheads 	<ul style="list-style-type: none"> UK Shared Service Centre
Under Evaluation	<ul style="list-style-type: none"> Belgium & Netherlands Luxembourg Finland 	<ul style="list-style-type: none"> Regional Overheads <ul style="list-style-type: none"> Europe Africa G4S Technology 	<ul style="list-style-type: none"> Shared Services: <ul style="list-style-type: none"> Europe Africa AME Latam

Fundamental restructuring: 12 - 36 months payback

Focus on Cash Flow

Free cash flow improvement opportunities

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

Sustainable growth in free cash flow

Capital discipline

Single capital pool, ranked by return

- All investment a minimum of 10% post tax IRR
- Revenue and restructuring investment
 - Payback of 12-36 months
- Capital expenditure
 - Single pool, ranked by return
 - In-life review of capital programmes
 - Post-investment appraisal
- Capital
 - Re-balancing to organic capital investment from acquisitions

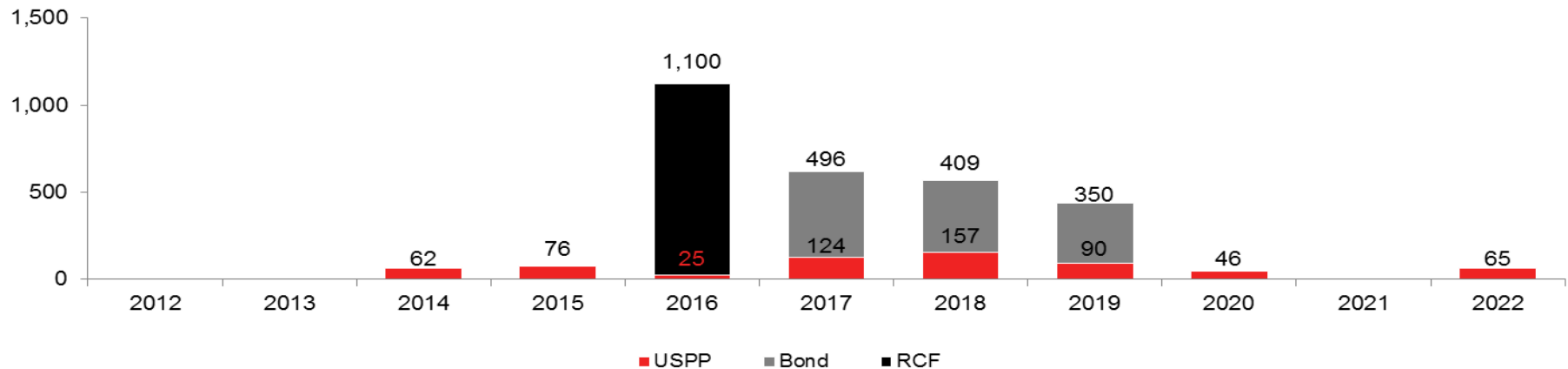
New framework for capital discipline

Balance sheet

Financing

- Net debt to EBITDA target of <2.5x
- Cash inflows of >£450m from equity placing and disposals
- Unutilised committed facilities of £960m
- Average interest rate of 4.0% on gross borrowings
- No major refinancing due until 2016

Available funding – maturity profile (£m) at 30/9/13



Summary

- Systematic application of best practice
- Focus on service excellence
 - Opportunities to improve gross margin
 - Customer experience at the same time
 - Systems investment
- Cost leadership
 - Drive operating leverage and cost reductions
- All restructuring to pay-back between 12-36 months
- Incremental £15-20m investment in sales, business development and technology in 2014
- 2015 onwards revenue investments to be progressively self-funded from overhead reductions

Disciplined financial management

Ashley Almanza

Chief Executive



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Summary

Key Messages

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

Sustainable, profitable growth

Q&A



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