

Trading and Strategy update

November 2014



Securing Your World



Ashley Almanza

Group CEO



Securing Your World



Legal Disclaimer

Certain statements in this document are forward-looking statements. These forward-looking statements speak only as at the date of this document. These statements concern, or may affect, future matters and include matters that are not facts. Such statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause actual results and outcomes to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. The information and opinions expressed in this document are subject to change without notice and neither the Company nor any other person assumes any responsibility or obligation to update publicly or review any of the forward-looking statements contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Agenda

- Trading update and Outlook
- Strategy update
 - G4S markets and services
 - Execution
- Financial framework
- Summary
- Q&A

Trading update

Highlights 9 months to 30 September

- 4.2% organic revenue growth
 - +11% in emerging markets
 - +6% in North America
 - -1% UK & Europe
- PBITA growth for 9 months in line with H1
- Operating cash flow & portfolio management
- Sales pipeline, strong conversion and replenishment: £5.1bn ACV
- Contract retention: +90%

Solid progress, more to do

Trading update

Outlook

- Group well positioned: diverse markets and customers
- Scale and diversity provide resilience and growth opportunity
- Strong array of revenue, cost and cash improvement plans
- Plans delivering PBITA progress in 1H and 9 months
- Provides momentum into 2015

Executing against clear and focused strategy

G4S Strategy

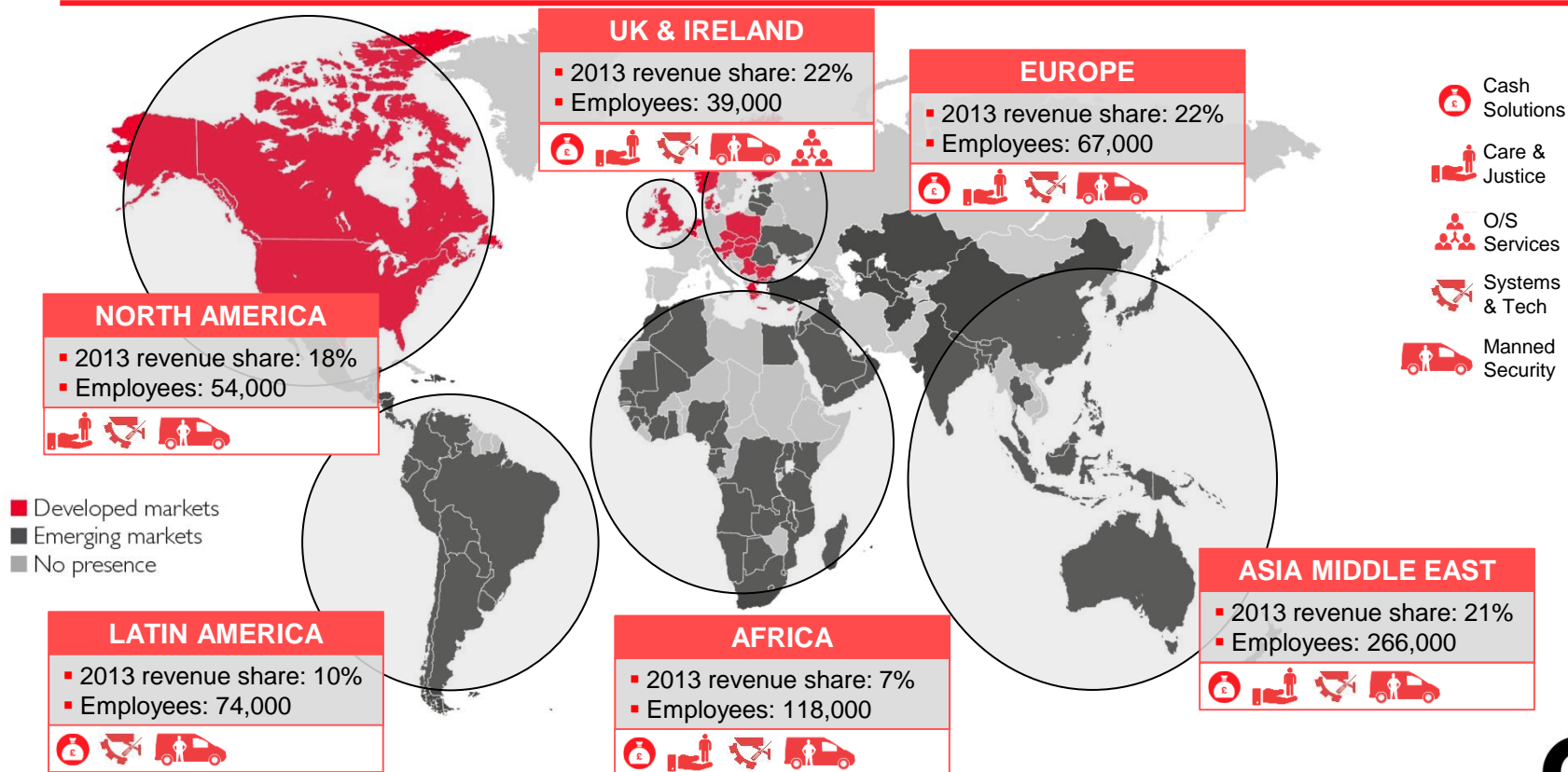
G4S Markets & Services

Securing Your World



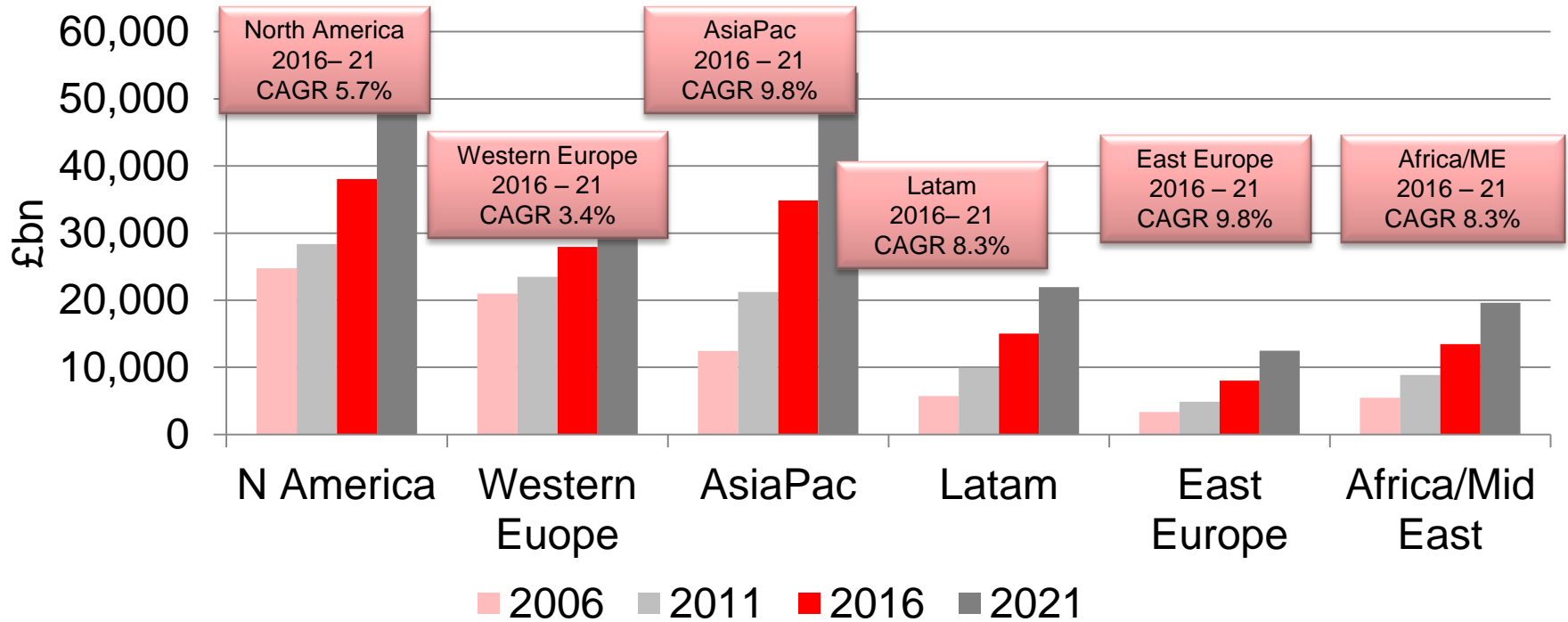
G4S Markets & Services

G4S Global Market Coverage



G4S Markets & Services

Security Market Growth* – £190bn by 2021



Source: Freedonia 2013

* Market does not include FM, Immigration, EM, Other O/Sourcing

Securing Your World



G4S Markets & Services

Diverse Services and Customer Segments

Service Line	Key Services	Major Customer Segments	% Rev in 2013
Secure Solutions	<ul style="list-style-type: none"> ▪ Risk Services ▪ Consultancy Services ▪ Monitoring & Response ▪ Manned Security ▪ Integrated Secure FM 	<ul style="list-style-type: none"> ▪ Major corporates & industrials ▪ Government ▪ Financial institutions ▪ Energy & utilities ▪ Retail & Distribution ▪ Airports and Ports ▪ Natural resources 	61%
Cash Solutions & Secure logistics	<ul style="list-style-type: none"> ▪ Outsourcing Services ▪ ATM Maintenance ▪ ATM Replenishment ▪ Cash Processing ▪ CIT ▪ Int'l high value logistics 	<ul style="list-style-type: none"> ▪ Financial Institutions ▪ Retail ▪ Mining ▪ Other 	16%
Security Systems & Tech	<ul style="list-style-type: none"> ▪ System Install & Maintenance ▪ System Software / Integration 	<ul style="list-style-type: none"> ▪ Major corporates & industrials ▪ Government ▪ Financial institutions ▪ Private energy & utilities ▪ Retail 	9%
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 ▪ Police authorities 	9%
Outsourcing & Other	<ul style="list-style-type: none"> ▪ Employment Support Services ▪ Utilities ▪ Police Support Services 	<ul style="list-style-type: none"> ▪ Central and local government ▪ Private energy & utilities ▪ Police authorities 	5%

G4S Strategy

Strategy and Execution

Securing Your World



G4S Strategy

Delivering Sustainable, Profitable Growth

Market Led

Customer
Focused

Sustainable

Markets, Customers & Services

People &
Values

Investment in
organic growth,
customer
service &
operational
excellence

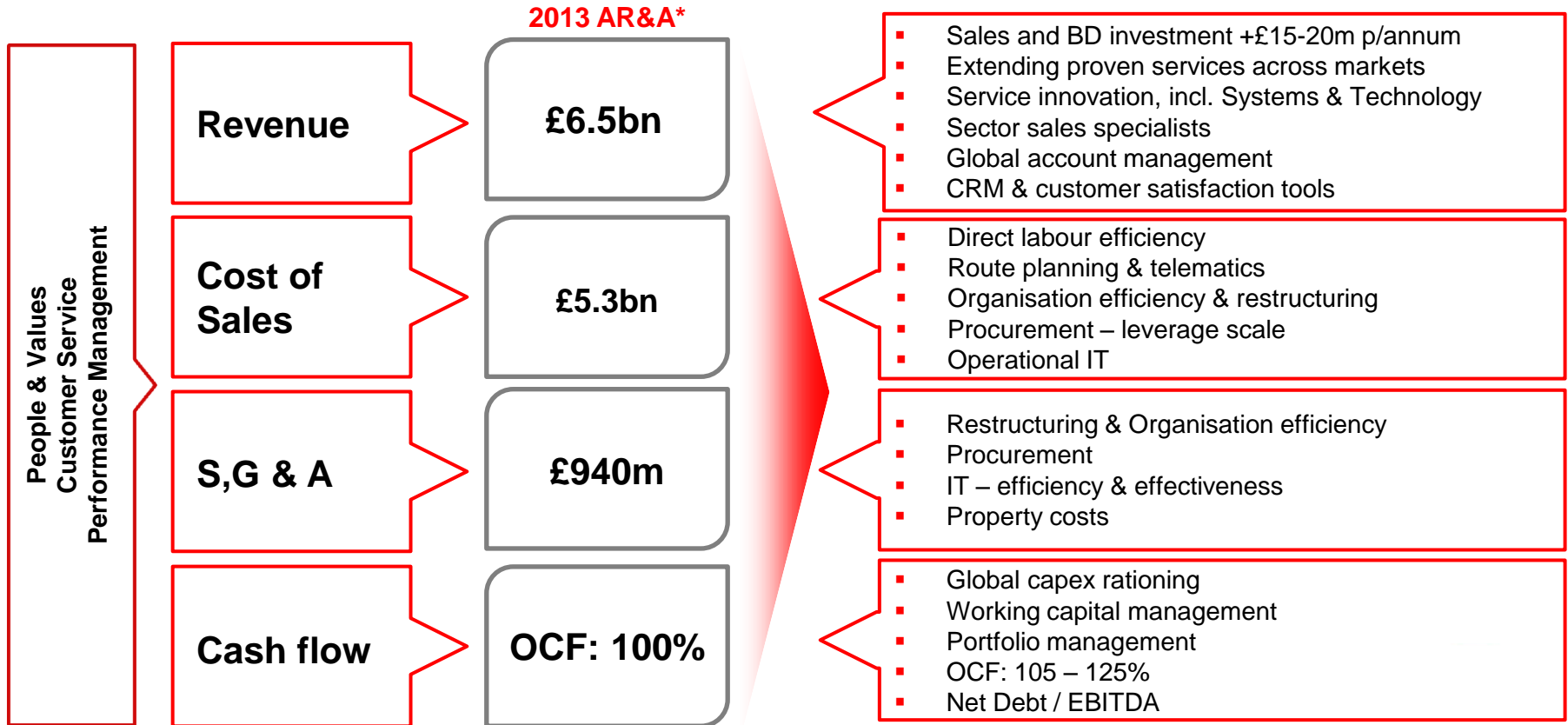
Leveraging
our
capabilities,
technology
and best
practice
worldwide

Portfolio and
performance
management

Disciplined
financial
management

G4S Strategy

Execution: Multiple Sources of Value



* 2013 numbers at 30 June 2014 FX

Strategic Priorities

People, Values & Performance Management

Cultural Transformation
People: capability building
Values
Performance Management



Management Action
<ul style="list-style-type: none">▪ Senior appointments 87 of top 220▪ External 49, Internal 38▪ Leadership programs re-launched
<ul style="list-style-type: none">▪ Refreshed & re-launched▪ Health and Safety▪ Communication and Training
<ul style="list-style-type: none">▪ Performance contracts▪ Monthly trading reviews▪ Incentives aligned with values and performance

Strategic Priorities

Organisational Efficiency

- De-layering
 - Shorter lines of communication
 - Reduce costs
 - Focus on Market and Customers
- Globalising functional organisations
 - Consistency
 - Efficiency and effectiveness
- Shared Service Centres

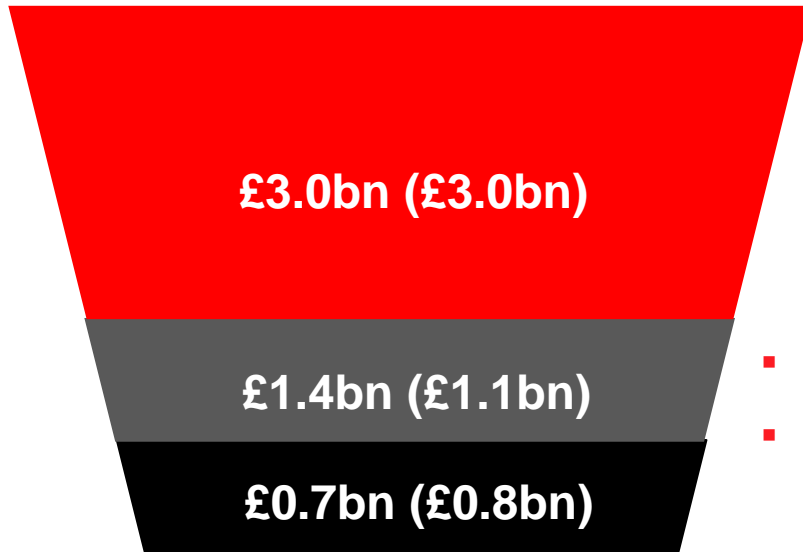
Strategic Priorities

Investment in Organic Growth & Customer Service

- Investment in Sales and Business Development:
 - +£17m annualised
 - Over 300 hires past 15 months
 - New sales leaders: UK&I, Europe, LatAm, Africa & Group
 - Adding to sector & Technology specialists in both EM & DM
- Strengthened sales operations
- Implementing standard customer satisfaction tool
- Investing in CRM and global account management
- Extending proven services into Africa, ME, Asia
- Service innovation in existing markets

Strategic Priorities

Investment in Organic Growth



- Leads and Prospects (unrisked)
- Bidding
- Negotiation

- £5.1bn ACV
- New contracts: £877m ACV / £1.7bn TCV

Note: As at 13 Oct 2014 (1 July 2014)

Building, Converting and Replenishing Diverse Pipeline

Strategic Priorities

Telematics & Route Scheduling

- Global fleet c.34,000 vehicles: Capex & opex c.£300m p.a.
- Telematics:
 - Fuel & maintenance costs, improve safety
 - 2014: 2,000 vehicles; 2015: 10,000 vehicles
- Route scheduling:
 - Fewer vehicles and efficient crew requirement
 - Improved customer service
 - 2015: 9,000 vehicles

Strategic Priorities

Direct Labour Efficiency (DLE)

- Multi year program to:
 - Improve customer service; and
 - Minimise non-billable hours and non-billable overtime
- SEC subject matter experts applied globally
- Internal benchmarking and performance improvement plans
- Recruiting and deploying scheduling specialists
- Implementing standard time and attendance systems
- Measurement and intervention – local and regional

Multi year program: 39 countries / 376k employees

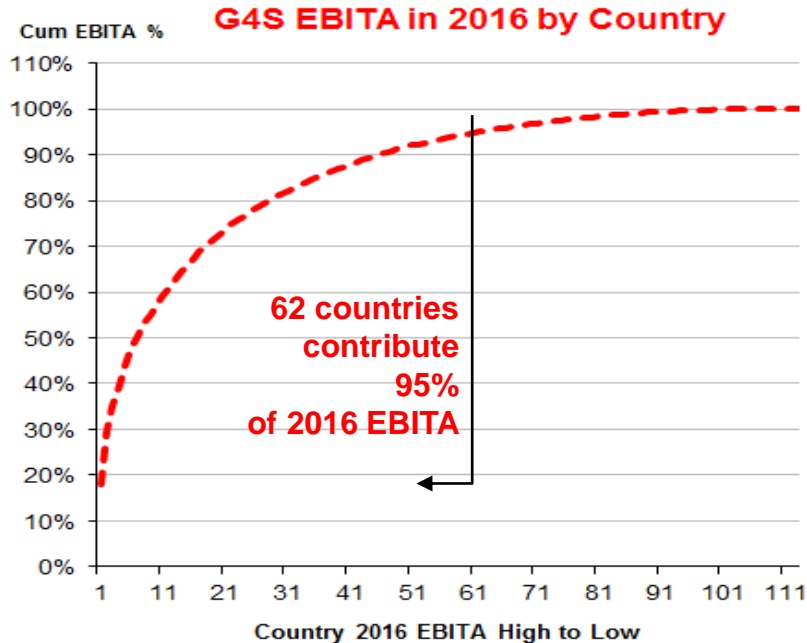
Strategic Priorities

Global Procurement Program

- New position of CPO established and appointed
- Group-wide baseline study
- Total addressable spend £1.3bn
- 70% of spend across 8 categories
- First global procurement deals by year end
- Material opportunities to reduce costs

Strategic Priorities

Strategic Focus: Portfolio Management



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

Strategic Priorities

Strategic Focus: Portfolio Management

56 Businesses reviewed:

- 7 businesses sold including US Government Solutions
- Total proceeds of c.£240m
 - Revenue c.£728m, average PBITA margin 2.8%
- 19 businesses discontinued
- 15 further businesses under review
- 15 to be retained with performance improvement

Himanshu Raja

Group CFO



Securing Your World



Financial Framework

- Contracts, risk management and delivery assurance
- Building capability
 - Risk, financial management and control
 - ABP & cost leadership
- IT transformation
- Shared service centres
- Capital discipline
- Restructuring
- Cash matters – focus on free cashflow
- Balance sheet

Disciplined financial management

Financial Framework

Contracts, Risk Management and Delivery Assurance

- Board and Group sign-off for major complex contracts
- 360 degree review of contracts:
 - Regional and country level
 - Financial, commercial, legal, delivery and reputational risk
 - Risk assessment before commit and in the contract life-cycle
 - “Traffic Lights”
- Quarterly CFO review of financial performance of major contracts
 - 202 contracts in Q1/Q2; 199 in Q3

Enhanced contract disciplines

Financial Framework

Building Capability in Risk Management and Control

- People: Risk, Audit and Finance
 - Head of Risk & Audit
 - 4 x Regional CFO appointment
 - New Group Controller
- Financial discipline
 - Rigorous close process
 - Quality of earnings
 - Enhanced control environment
- Audit
 - External Audit
 - Regional Risk and Audit Committees

Strengthened stewardship

Financial Framework

Building Capability in ABP and Cost Leadership

- Service Excellence Centres
 - Moving to hub and spoke model
- Procurement
 - New CPO
 - IT category leader in place; recruitment of other category leaders underway
- IT
 - New Group CIO & leadership team appointed
 - Global head of development in India
 - Head of infrastructure

Investment to underpin delivery

Financial Framework

IT Transformation

- Progressive change
- IT service management model
- Infrastructure
 - End user computing
 - Productivity suite
 - Telecomms
 - Data centre rationalisation
- Development
 - India hub
- Operations

Progressive, disciplined change program

Financial Framework

Shared Service Centres

- Progressive change
- UK:
 - Wave I live
 - Wave II – 2015
- US
 - Canada being consolidated into US
- ROW
 - Regional hubs
 - From co-location to platform consolidation
 - Captive vs. outsourced

Progressive, disciplined change program

Financial Framework

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

Established framework for capital discipline

Financial Framework

Restructuring

Accelerated Plan

2013:

- UK & Ireland Cash Solutions
- North West Europe Secure Solutions
- Eastern Europe
- Belgium
- Netherlands
- Finland
- Europe Region overheads
- Africa Region overheads
- US / Canada overheads
- G4S Tech
- UK HQ & Group Head Office
- India (AME)
- South Africa
- Risk Services

£76m

- All deliver post tax IRR of +10% and paybacks of 12-36 months
- Progress:
 - UK Cash Solutions
 - Headcount reduction 1,200
 - c.20% fewer branches
 - Europe
 - Headcount reduction of over 1,800
 - Consolidated regional HO in Amsterdam
 - Consolidated management in Netherlands and Belgium
 - Delayed
 - Overall c.75% complete

Executing to plan; Strengthening competitive position

Financial Framework

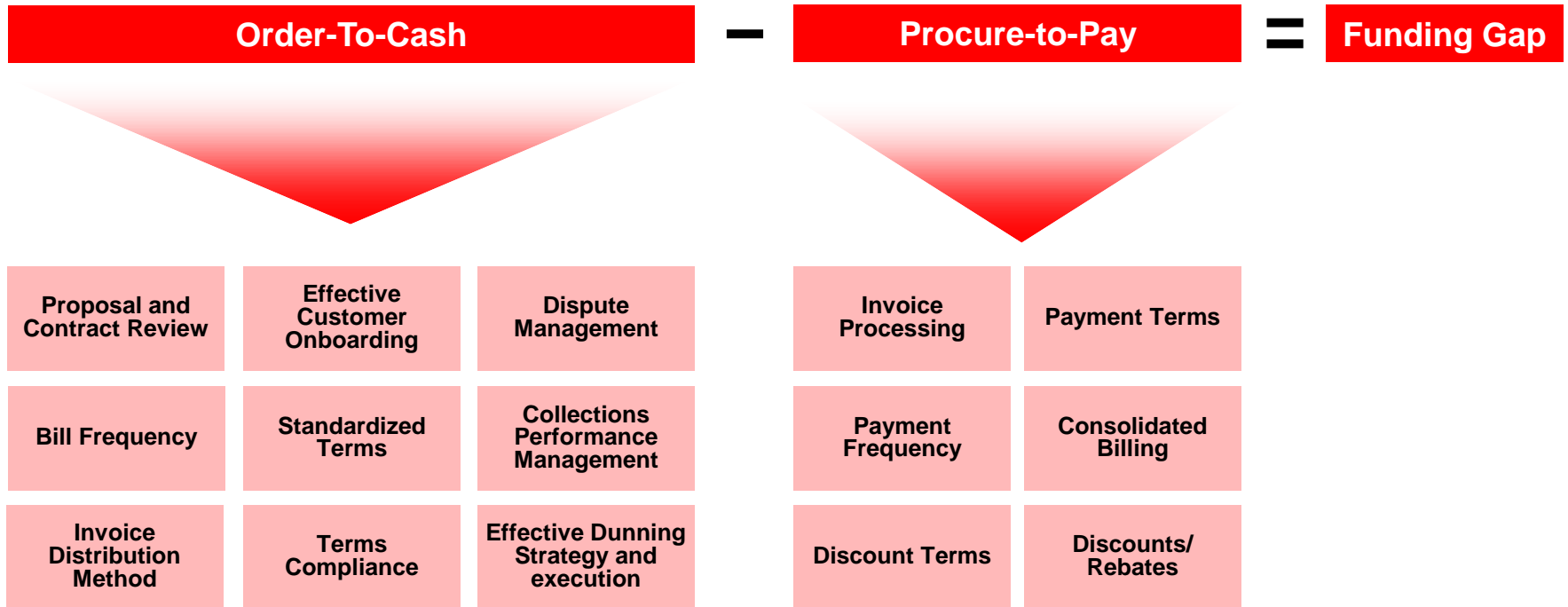
Cash Matters – Focus on Free Cash Flow

- Sustainable free cash flow a key target in 2014 onwards
- Operating cash flow after working capital
- Working capital management
 - Weekly monitoring of cash collections
 - Renewed business engagement on collections
 - Better demand and supply side commercial terms
 - Reduce the event to bill cycle

Sustainable growth in free cash flow

Financial Framework

Cash Matters: Working Capital Levers



Source: EY

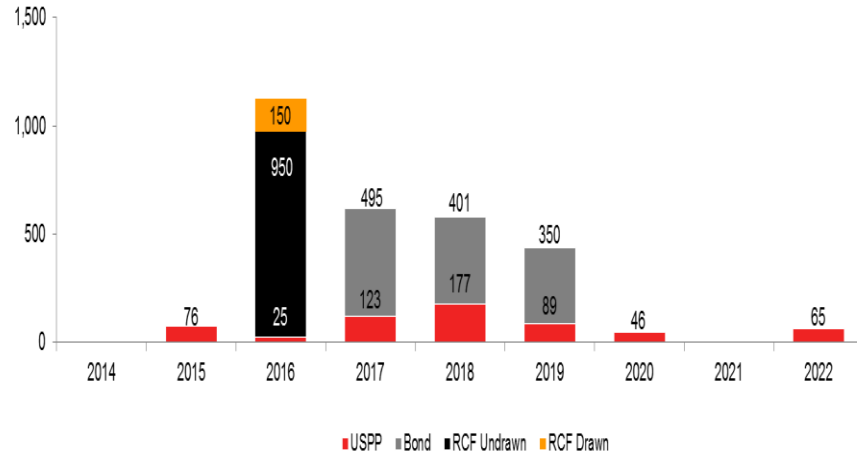
Securing Your World



Financial Framework

Disciplined Financial Management

Available funding – maturity profile (£m) at 30/09/14*



- Unutilised committed facilities of c.£950m
- Flexible access to long-term capital markets
- Committed to investment grade credit rating and long term Net Debt/EBITDA <2.5x

(*exchange rates @ 30/09/14 or hedged/drawn rates where applicable)

Soundly financed

Ashley Almanza Group CEO



Securing Your World



Summary

Strategy and outlook

- Global market positions with long-term demand growth
- Diversified markets, customers and service: resilience and opportunity
- Executing a clear and focused strategy
- People, values, customer service and performance management
- Multiple sources of value: customers, revenue, cost and cash flow
- Solid progress with our strategy and plans
- Plans delivering PBITA progress in 1H and 9 months
- Provides momentum into 2015

Q&A



Securing Your World