



2015 Preliminary Results

9 March 2016

Securing Your World



Ashley Almanza Group CEO

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Agenda

- Key Messages
- Results Highlights
- Regional Business Review
- Strategy and Plan Update
- Financial Review
- Conclusion

Key Messages

Substantial progress with G4S transformation:

- Portfolio programme: improving focus & performance
- Important legacy issues will diminish: robust controls
- Investing in continuing businesses: value & returns

Outlook:

- Operational & financial progress in 2016
- Improving performance + disposals reduce debt

Final Dividend 5.82p/sh; Full Year 9.41p/sh (+1.8%)

G4S positioned for profitable growth

Results Highlights

Growth

- Group Revenue: +4%
 - Emerging Markets +8.6%
 - UKI (3.0)%
 - Europe +2.6%
 - North America + 5.8%
- Sales and Pipeline
 - New contract sales: £2.4bn TCV, £1.3bn ACV
 - Pipeline £5.7bn ACV
 - Demand supports 4-6% growth pa

Resilient demand for G4S services

Results Highlights

Profitability and Outlook

- Growth + Productivity:
 - PBITA: £427m +5.7%
 - Earnings & EPS: +14%
- Cash flow: operating businesses £460m (-12.9%)
- Net Debt £1.78bn (2014: £1.64bn):
 - Investment, working capital, OCP, FX
- Outlook: financial progress and net debt reduction
- Final Dividend 5.82p/sh; Full Year 9.41p/sh (+1.8%)

Focus on Growth, Productivity & Cash Flow

Business Review

Africa

£m Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	391	+6.8%	40	37	+8.1%

- Growth +6.8%; PBITA +8.1%;
- Investing in:
 - Sales & BD
 - Operational capability
 - Product & service innovation
- Diversifying pipeline

Business Review

Asia Middle East

<i>£m</i> Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	1,326	+8.4%	121	108	+12.0%

- Revenue + 8.4%, PBITA +12.0%
- Productivity & favourable revenue mix
- Sales & BD investment: telecoms, leisure, aerospace, financial services, government and oil & gas
- Strengthening organisational leadership and focus:
 - Created Asia Pacific and Middle East & India Regions
 - Reflects the importance & potential of these markets

Business Review

Latin America

<i>£m</i> Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	549	10.5%	29	29	0.0%

- Revenue +10.5%, growth across markets and sectors
- Growth and productivity offset by delays in recovery of wage and cost inflation
- Investing in Sales and BD to strengthen pipeline in secure solutions and FM

Business Review

Europe

<i>£m</i> <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	1,159	+2.6%	77	82	(6.1)%

- Investing in sales leadership and sales operations
- Revenue +2.6%, GSN in Netherlands, Greece cash solutions and Belgium secure solutions
- Revenue mix and investment in Sales & BD; PBITA (6.1)%
- Sales and productivity programmes to restore and improve margins

Business Review

North America

£m <i>Underlying performance at constant exchange rates</i>	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	1,518	+5.8%	94	80	+17.5%

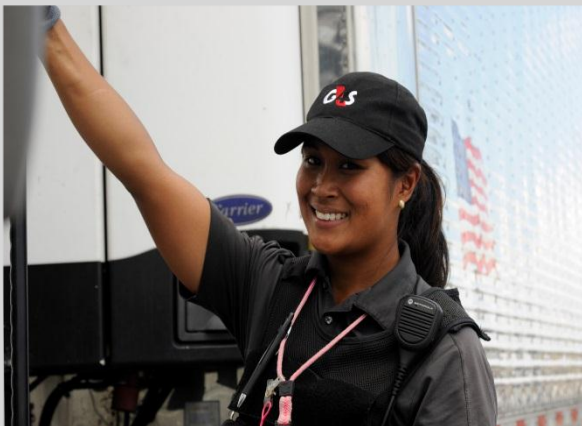
- Revenue +5.8%, across services and sectors
- ACA implemented: immaterial impact
- PBITA +17.5%
- Strong franchise, strong pipeline
- Excellent growth potential for CASH360

Business Review

UK & Ireland

£m Underlying performance at constant exchange rates	Revenue	Growth	PBITA		
	2015	2015	2015	2014	% chge
	1,490	(3.0%)	116	128	(9.4)%

- Revenue -3%, loss of EM and cash solutions contract in 2014
- PBITA -9.4% : revenue mix and Sales & BD costs
- Living wage: 1-2% impact in 2016
- UK Secure Solutions Pilot: Core systems
- Managing legacy contracts

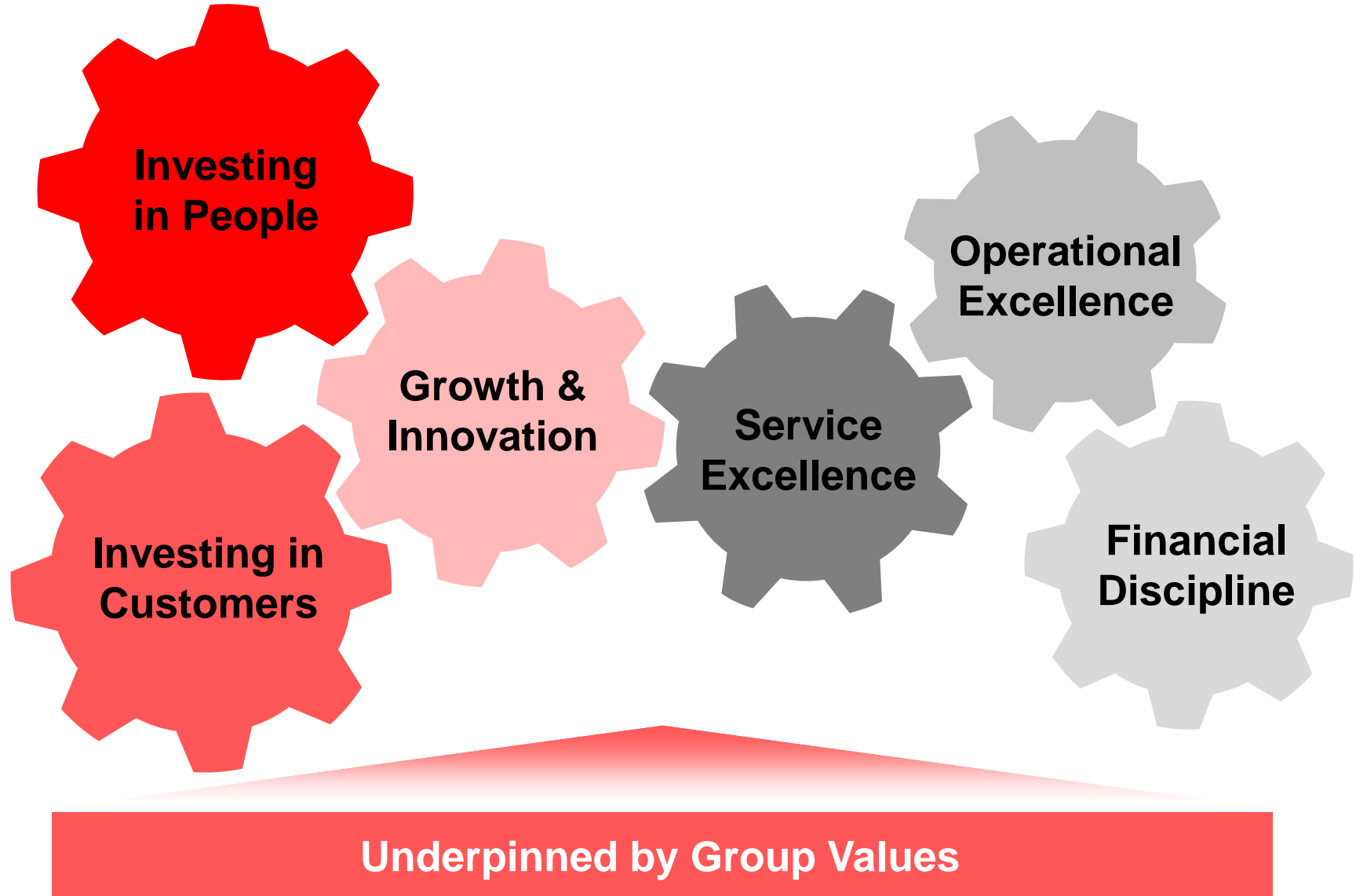


Strategy & Plan Update

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G4S Strategy

Strategic Priorities

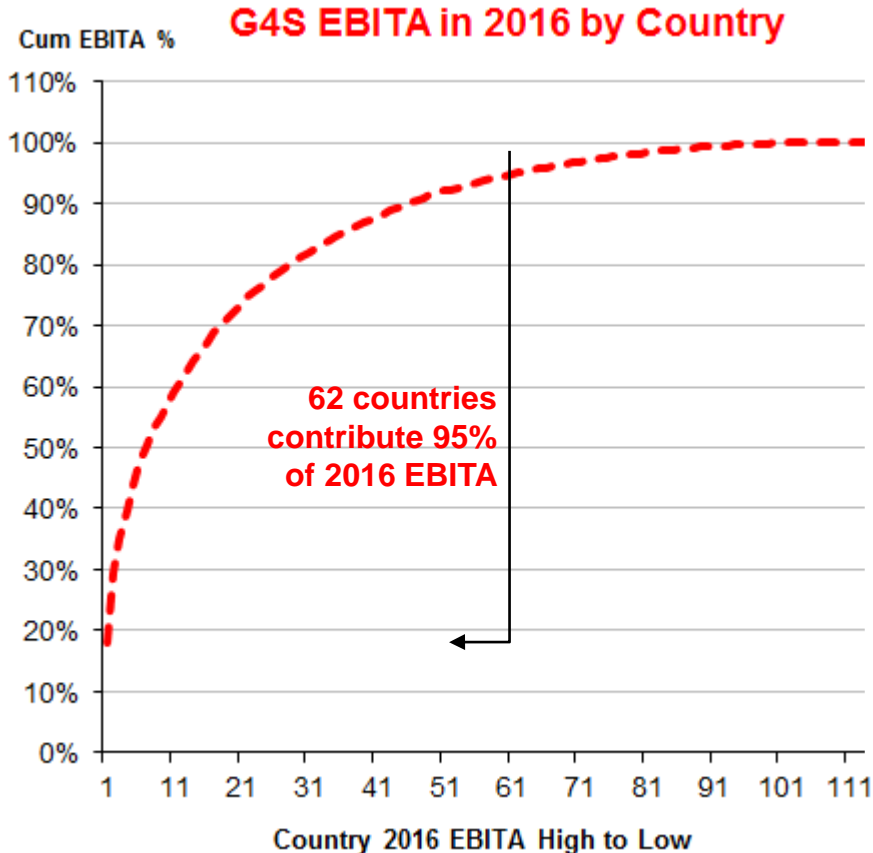


Financial Discipline

- Portfolio management
- Risk Management:
 - Legacy contracts
 - Major contract controls
- Capital allocation
- Working capital
- Gearing

G4S Strategy

Portfolio management: 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

G4S November 2013

Active portfolio management = focus and performance

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G4S Strategy

Portfolio Management Update

	Disposal complete	Disposal, closure in progress	Total
Number of businesses	23	38	61
Revenue (£m)	873	325	1,198
PBITA (£m)	14	(44)	(30)
Total proceeds (£m)	281	-	281

- Further four businesses: Children's Services UK, Utility Services UK, G4S Israel, Youth Services USA: c.£400m Revenue

Further £250-£350m proceeds in next 12-24 months

People, Organisation & Values

- GEC and Global leadership team
 - 130 of 220: internal & external
- 7 regions under new leadership
- Leadership training programs
- Re-launch values and Speak Out
- Health and Safety training

Recruit and develop best people in the industry

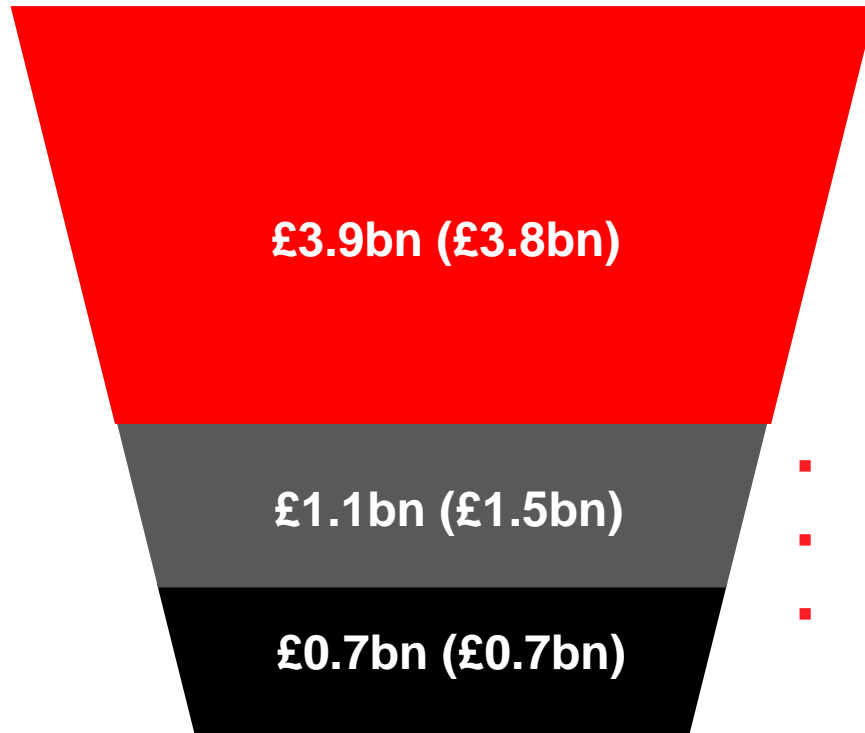
Growth, Innovation & Service

Substantial investment in:

- Sales leadership
- Sales and Service Training
- Customer relationship & account management
- Global account: sales and delivery
- Pipeline and Sales management / SFDC
- Service and Product innovation

Growth

Pipeline



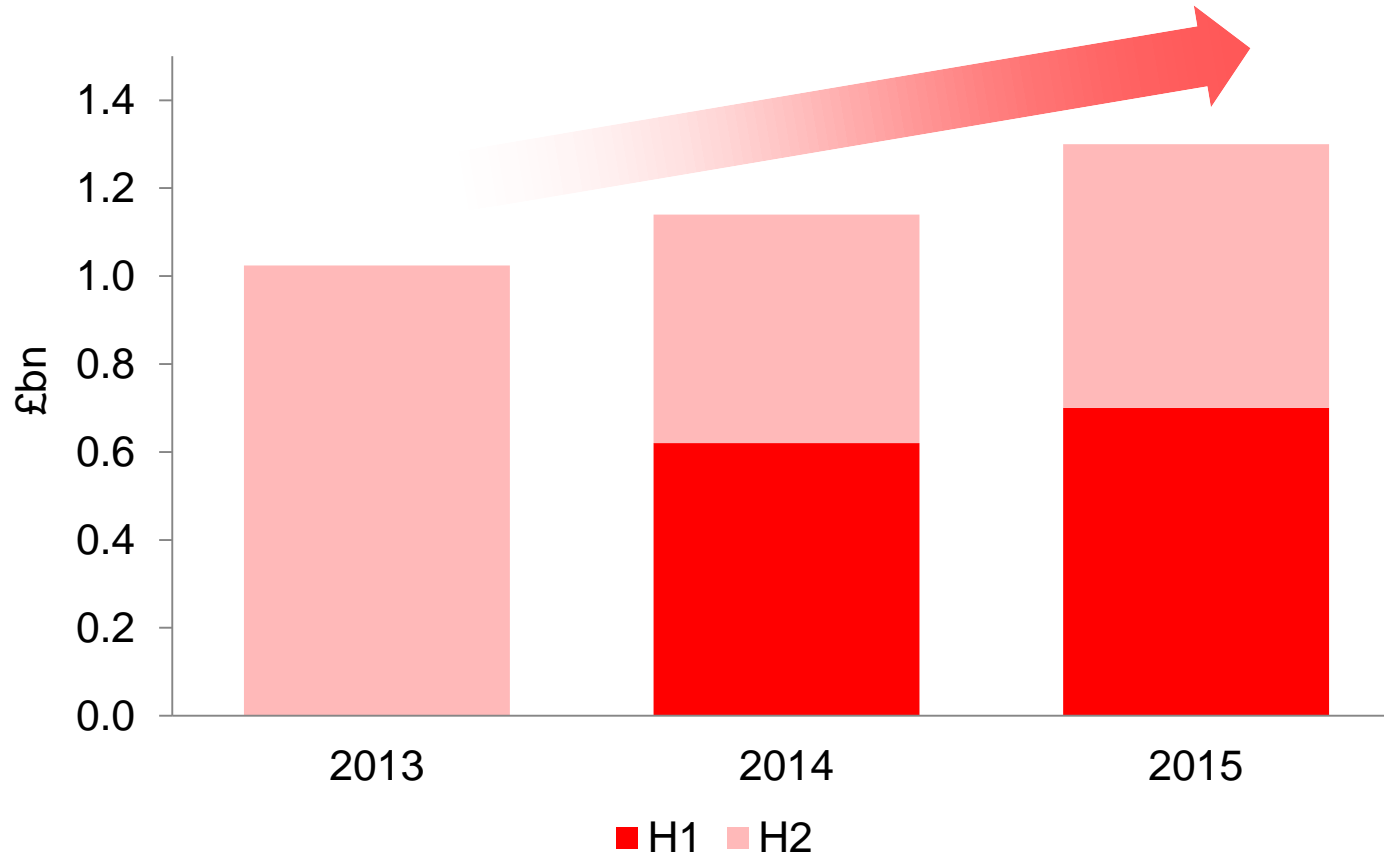
- Leads and Prospects (unrisked)
- Bidding
- Negotiation

- Investment in Sales and BD
- 2015 new contracts £1.3bn ACV, £2.4bn TCV
- £5.7bn ACV

Note: As at 1 January 2016 (30 June 2015)

Growth

Increasing Win Rate: Get & Grow



Note: 2013 no data for H1 vs. H2.

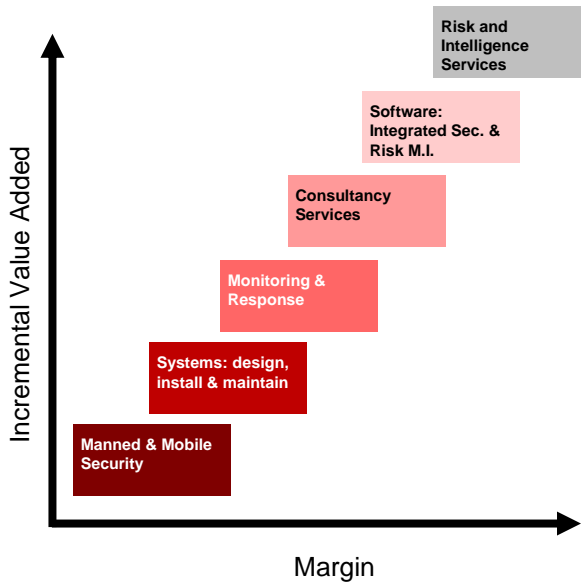
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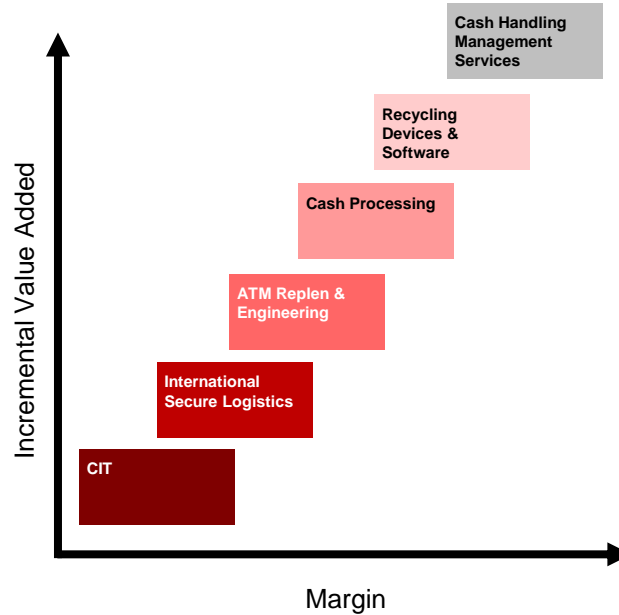
G4S Strategy

G4S Service Lines – Investing in Innovation

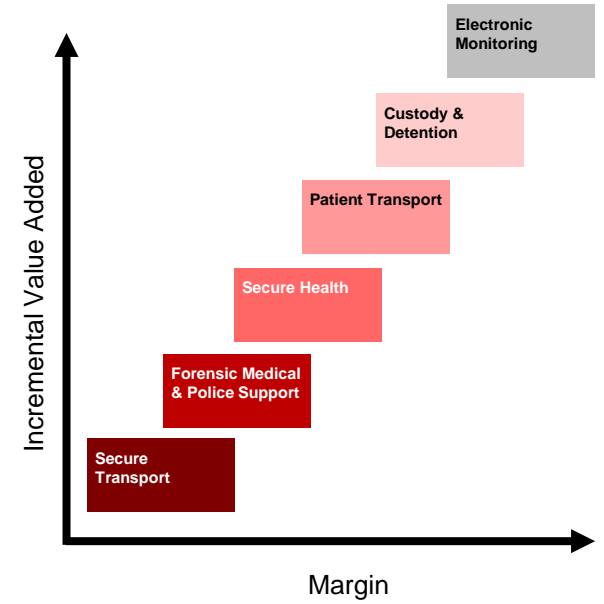
Secure Solutions



Cash Solutions



Care & Justice



- Diversified service lines provide both resilience & growth options
- Services scalable across unrivalled market footprint
- Cross selling in and across markets offers enormous potential

Case Study: Cash Solutions

US CASH360

- Partnership with Global Bank
 - Jointly marketed
- Major retailer:
 - Large Box:
 - Installed in 350 stores
 - Confirmed orders for 800
 - Small Box:
 - Installed in 550 stores
 - Confirmed orders for 560 stores
 - Potential for further 2,750 stores
- Order book growing: c.\$42m ACV / c.\$210m TCV

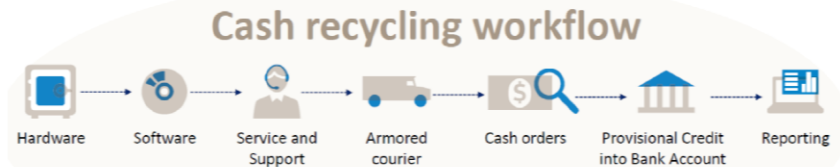
Smart Safe workflow



An **end-to-end vault solution** also enables you to receive provisional credit for cash deposited into a bill-validating safe. Based on capability, a bank will establish connectivity with the service provider and generally **provide provisional credit** on safe deposits.



Cash recycling workflow (example)



Operational Excellence

Substantial investment in :

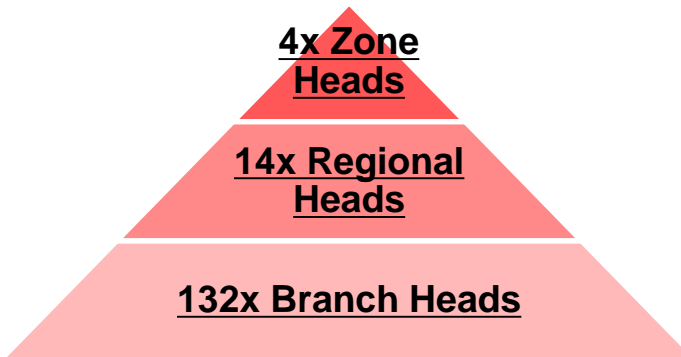
- Restructuring programs
- Procurement
- Telematics and Route Planning
- IT Systems: lean process design => UK Secure Solutions pilot
- Realising benefits
 - UK & Ireland
 - India

Case study: Secure Solutions

India Restructuring

Pre-Restructuring

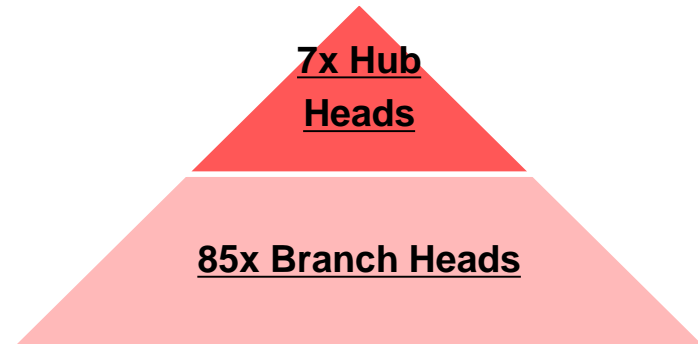
- Multiple management layers:



- Limited P&L accountability
- Manual scheduling
- Numerous processes & governance controls

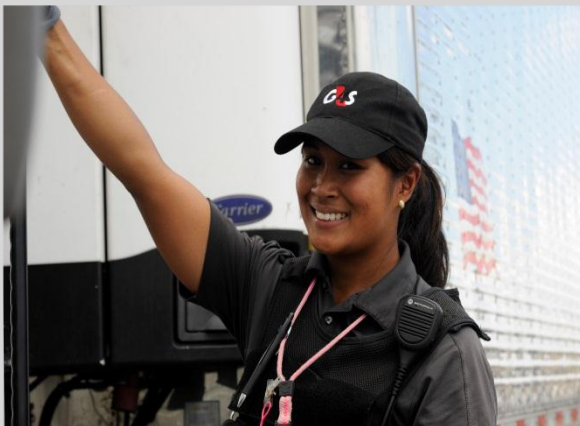
Post-Restructuring

- Simplified management structure:



- Branch managers own P&Ls
- System based scheduling
- Standardised processes & governance
- Upgrade talent & invest in sales

High performing business; 130,000 FTE's



Himanshu Raja Chief Financial Officer

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FY 2015 Results

Underlying Financial Performance

	Year ended 31 December		Change
	2015	2014*	YoY%
Revenue	£6,433m	£6,187m	4.0%
PBITA	£427m	£404m	5.7%
PBITA margin	6.6%	6.5%	+10 bps
Interest	£(100)m	£(119)m	-16.0%
Tax	£(78)m	£(68)m	14.7%
NCIs	£(22)m	£(18)m	22.2%
Earnings	£227m	£199m	14.1%
EPS	14.7p	12.9p	14.1%
Cash from operating businesses	£460m	£528m	-12.9%
OCF conversion	108%	131%	

* Presented at constant rates and prior year restated for errors in Denmark, Africa and North America



FY 2015

Total Results

	Year ended 31 December			
	Revenue	PBITA	Earnings	Cash flow
	£m	£m	£m	£m
Statutory results	6,863	391	8	449
Portfolio businesses identified for sale/ closure	(430)	35	40	11
Restructuring costs	-	-	44	-
Specific items	-	-	-	-
- Onerous Contracts			65	
- Re-measurement of assets and liabilities			17	
- Pensions curtailment and settlements			(12)	
Profit on disposal of subsidiaries	-	-	(12)	-
Goodwill amortisation and impairment	-	-	106	-
Tax effect of specific items, restructuring and amortisation			(27)	
Interest and tax from joint ventures	-	1	-	-
Non-controlling interest's share of specific items	-	-	(4)	-
Loss from discontinued operations	-	-	2	-
Underlying results	6,433	427	227	460

Disciplined Financial Management

Onerous contract provisions (OCPs)

	£m
At 1 January 2015 - restated	47
Additional provisions in the year	65
Utilisation of provision	(28)
Unused amounts reversed	(1)
At 30 December 2015	83

- Provision of £65 million in 2015 includes:
 - Compass £20 million, carry forward £31m to 1 September 2017; contingent liability £57 million if contract extended to 2019
 - PFI contract signed in 2005 – 22 years left to run
- Total OCPs at 31 December 2015 £83 million
- Cash cost of £20-30 million per annum over 24 months, diminishing over time
- Active management

Disciplined Financial Management

Objective from Nov 2013	2015	2014	2013
Quarterly Review of Contracts – number reviewed – annualised revenue	214 £2,363m	202 £2,234m	168 £2,025m
Contract 360 Deep Dives	9	14	nil
Single pool of capital – capex > 10% post tax IRR	£104m	£138m	£178m

- Contract risk management
- Strengthened finance and risk management capability
- Cashflow management
- Single pool of capital
- Restructuring investments

Operational Efficiency

Restructuring

Progress since November 2013:

- UK & Ireland Cash Solutions – Headcount reduction 1,500; c.20% fewer branches
- Europe – Headcount reduction of over 2,200; Consolidated regional HO in Amsterdam
 - Consolidated management and streamlining of back office in Netherlands and Belgium
- De-layered in AME region and in the corporate centre
- Begun to address organisational efficiency in Latin America

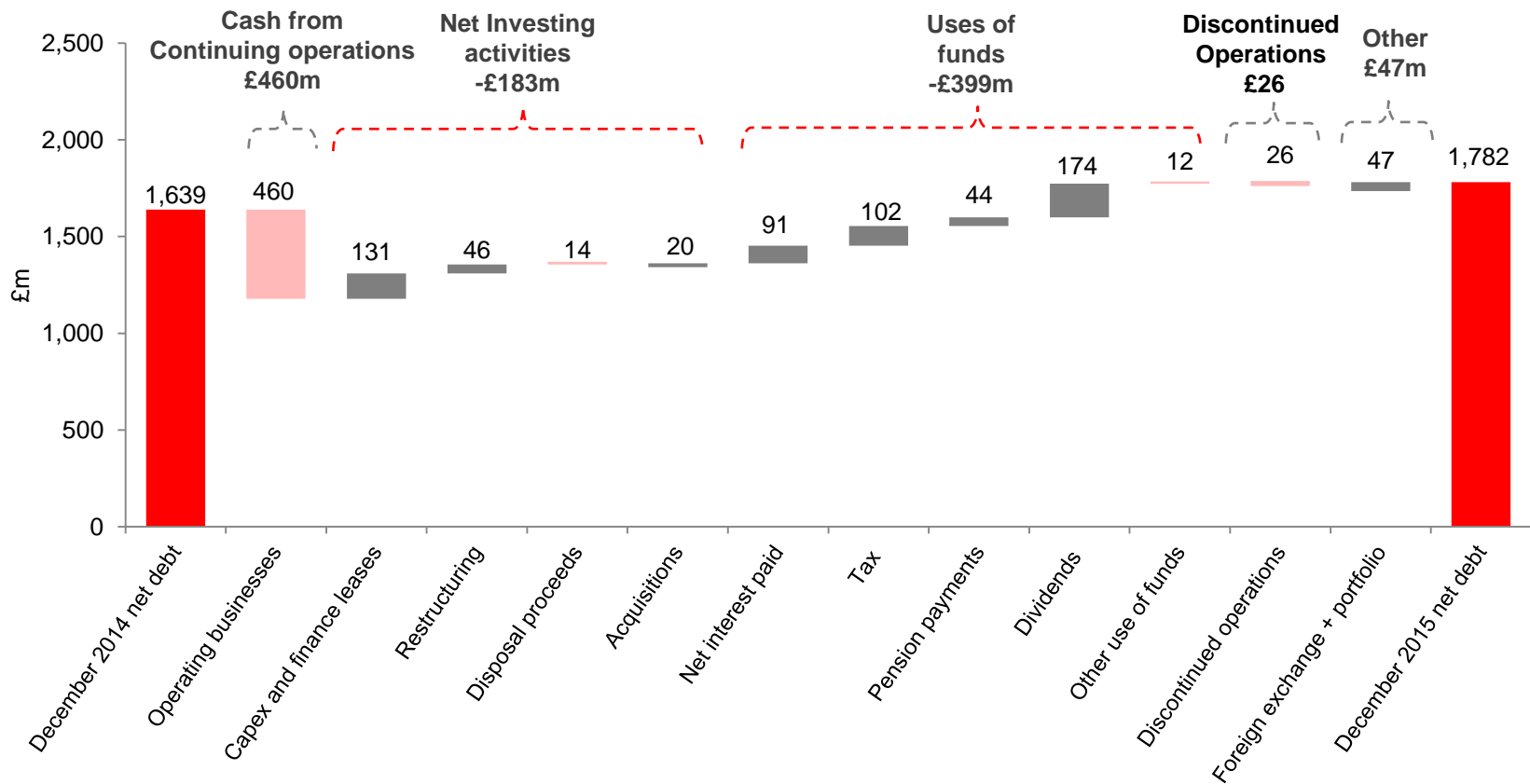
2015 programmes:

- **Latam** – first wave of restructuring and cost structure reviews across the region
- **AME** – restructuring under-performing businesses
- **Europe** – transforming Netherlands business to maximise efficiency and shared services with region
- **North America** – management delayering
- **UK & Ireland** – management delayering, transforming the Finance function with shared services, continuing the right sizing of the UK&I Cash business to align to market conditions

Invested £110m over 3 years: £30m pa benefits

Financial Framework

Cash flow and net debt



2015 Working Capital Analysis

Swing items

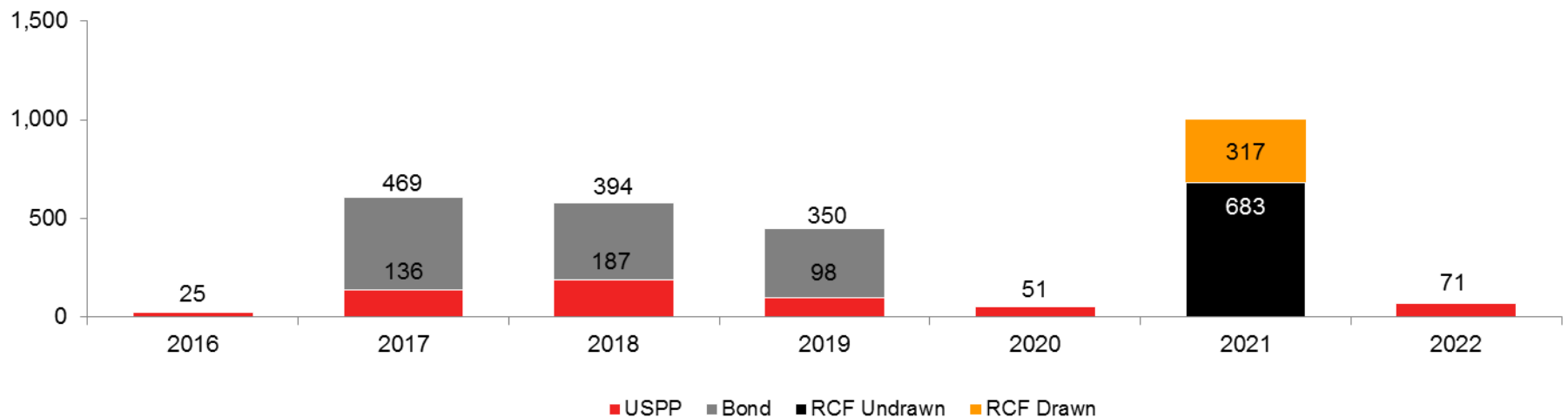
	£m
Opening net debt	1,639
Working capital – growth/ UK FSSC	69
Payments in advance and timing differences	33
FX and other	41
Closing net debt	1,782

- Increase in Q4 growth and DSO, and UK shared services caused temporary increase in working capital
- UK FSSC to benefit future working capital management
- Developing a systematic programme to look both at the order to cash cycle and the procure to pay cycle

Liquidity

- **Strong liquidity**, unutilised committed facilities of c.£700m
- Revolving credit facility refinanced in January 2015, with **maturity extended** to 2021
- **Flexible** access to long-term capital markets
- Group plan supports net debt/EBITA of 2.5x or lower in 12-24 months

Maturity profile (£m) at 31/12/15 *



(* exchange rates @ 31/12/15 or hedged rates where applicable)

Financial Framework

3 Years of Margin Progression



- FY 2013 PBITA Margin 6.3%
- FY 2014 PBITA Margin 6.5%
- FY 2015 PBITA Margin 6.6%



Ashley Almanza Group CEO

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Summary

Substantial progress with G4S transformation:

- Portfolio programme: improving focus & performance
- Important legacy issues will diminish: robust controls
- Investing in continuing businesses: value & returns

Outlook:

- Operational & financial progress in 2016
- Improving performance + disposals reduce debt

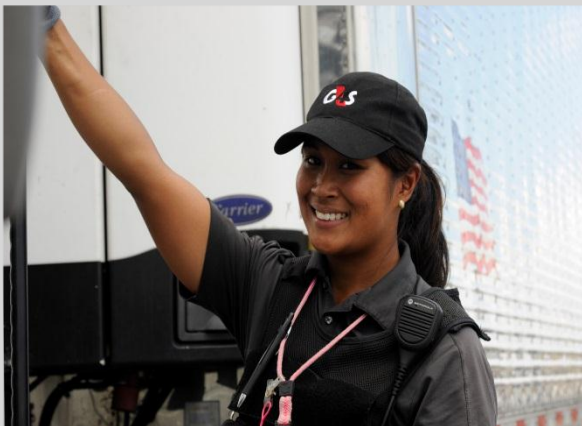
Final Dividend 5.82p/sh; Full Year 9.41p/sh (+1.8%)

G4S positioned for profitable growth



Q&A

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Appendix

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2014 Restatements

	PBITA	Earnings	Operating Cashflow	Closing Reserves
	(Charge/Credit)	(Charge/Credit)	(Charge/Credit)	(Charge/Credit)
2014 As Reported	414	169	255	970
Africa balance sheet	(16)	(17)	(1)	(26)
Denmark Leasing	9	5	11	(28)
North America M&A	-	5		6
Reclassifications	(10)			
Net	(17)	(7)	10	(48)
2014 Restated	397	162	265	922

Impact of FX on PBITA

	2014 average rates	2015 average rates	PBITA 14 @ 14FX	PBITA 14 @ 15 FX	Change (£m)	2015 closing rates
ZAR	17.8629	19.5175	12	11	(1)	22.8124
AUD	1.8308	2.041	14	12	(2)	2.021
INR	100.7606	97.969	20	21	1	97.5971
SAR	6.1909	5.7329	27	30	3	5.5299
BRL	3.8717	5.1054	10	7	(3)	5.8359
COP	3295.4883	4187.4469	9	7	(2)	4677.691
VEF	18.711	292.7646	3	0	(3)	292.7646
EUR	1.2435	1.3795	62	55	(7)	1.3559
USD	1.6506	1.5282	65	71	6	1.4734
Other			197	190	(7)	
Total			419	404	(15)	

2015 PBITA of £427m is unchanged if closing December 2015 rates are applied. If closing February 2016 rates are applied 2015 PBITA would increase to £448m, with increases mainly due to movements in the US\$ and euro since 1 January 2016.

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