

# G4S plc

Preliminary Results  
10 March 2009

Securing Your World



# Nick Buckles

Chief Executive Officer

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# Agenda

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<b>Results Highlights</b>	<b>Nick Buckles</b>
<b>Financial Summary</b>	<b>Trevor Dighton</b>
<b>Business Review</b>	<b>Nick Buckles</b>
<b>Q&amp;A</b>	

# Results Highlights

\* At constant exchange rates

- Continued strong organic turnover growth of 9.5%
- Group turnover\* up 22% to £5,942.9 million
- PBITA\* up 23% to £416.4 million
- Margin\* maintained at 7.0%
- Cash flow generation up 28% to £353 million, 86% of PBITA
- Adjusted earnings per share increased by 26% to 16.7 pence
- Total dividend up 30% to 6.43 pence per share (DKK 0.5624)
- Raised new equity of £277 million
- Invested £599 million net in capability building acquisitions
- Strategy implementation progressing well
- Strong performance achieved across all regions and service lines
- Remain confident about future developments despite challenging economic conditions

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# Financials

Trevor Dighton  
Chief Financial Officer

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# Continuing Turnover by Business Line

## 12 months ended 31 December 2008

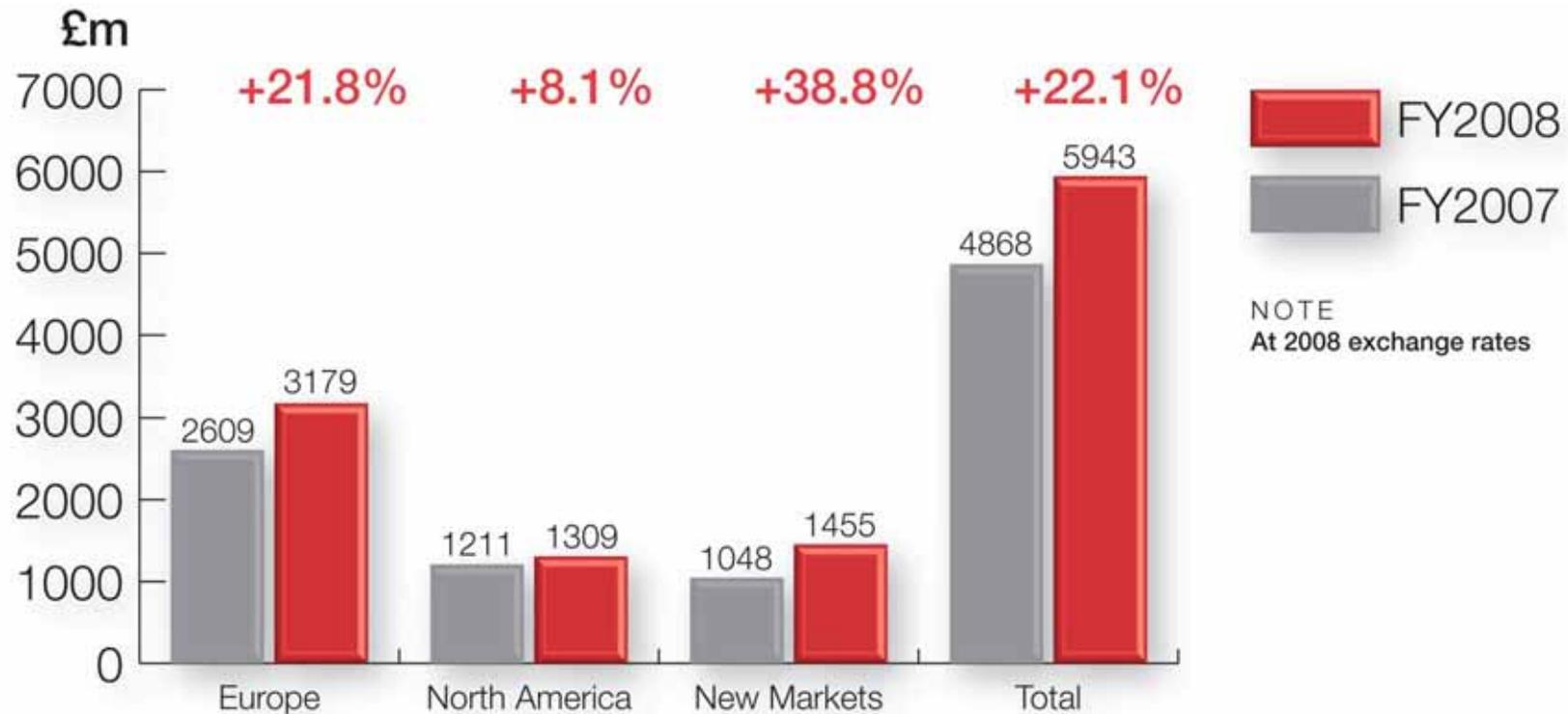


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# Continuing Turnover by Geography

## 12 months ended 31 December 2008



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# Organic Turnover Growth

12 months ended 31 December 2008

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	Europe	North America	Developed Markets	New Markets	Total
Secure Solutions	8.3%	3.6%	6.5%	16.1%	<b>8.6%</b>
Cash Solutions	12.0%	1.9%	11.0%	18.6%	<b>12.5%</b>
<b>Total</b>	<b>9.4%</b>	<b>3.5%</b>	<b>7.5%</b>	<b>16.6%</b>	<b>9.5%</b>

# Continuing PBITA by Business Line

12 months ended 31 December 2008

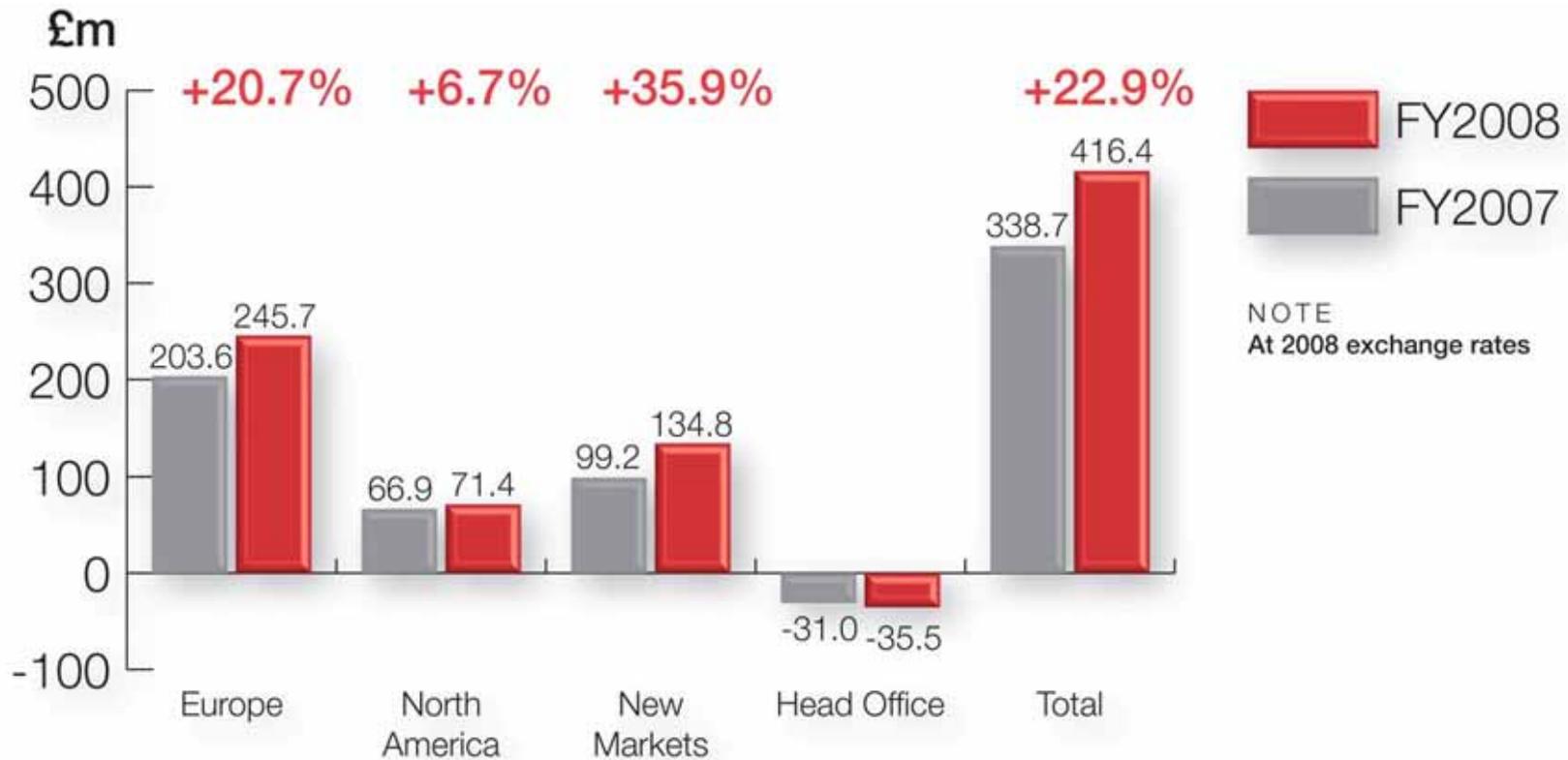


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# Continuing PBITA by Geography

## 12 months ended 31 December 2008



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# Continuing PBITA Margin by Business Line

## 12 months ended 31 December 2008

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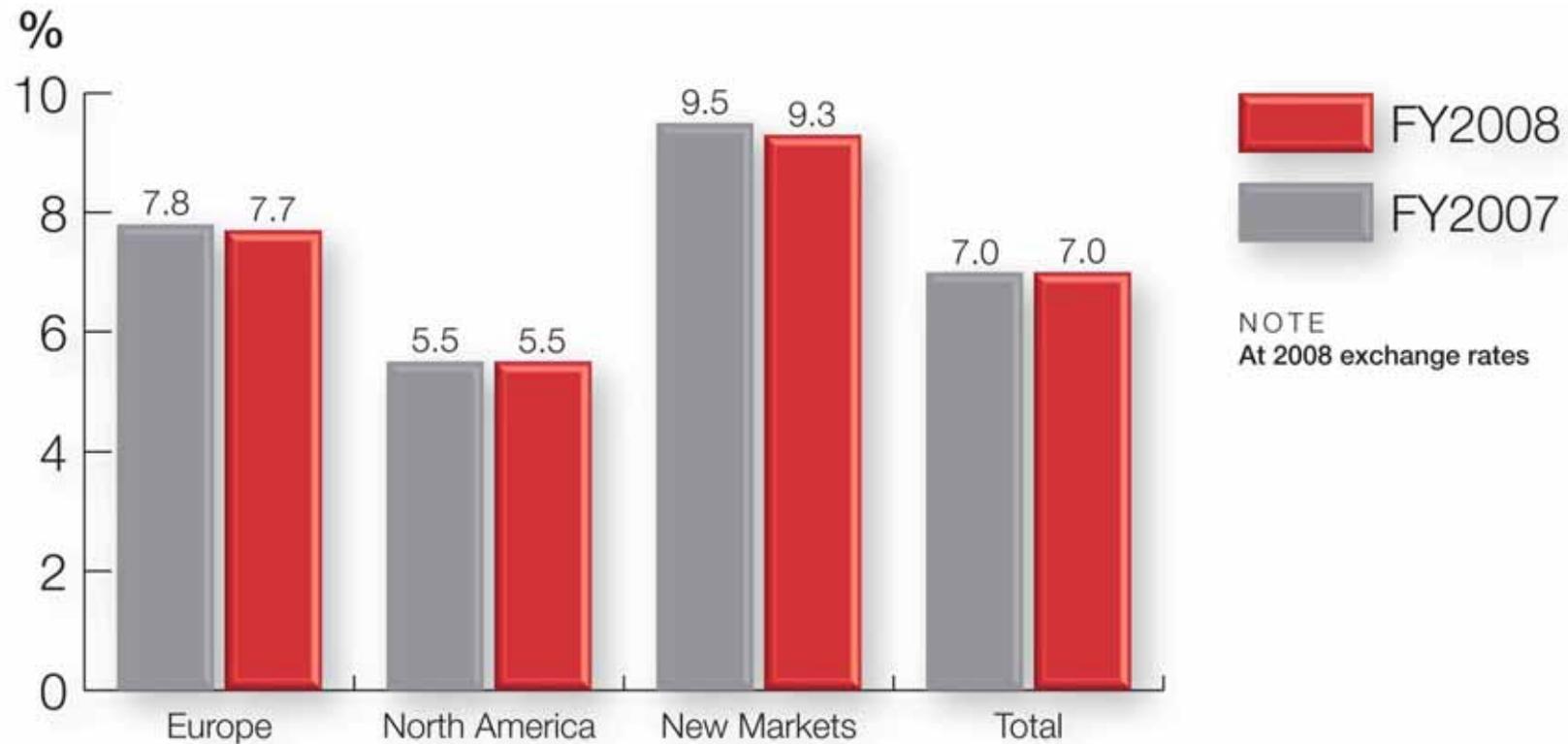
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# Continuing PBITA Margin by Geography

## 12 months ended 31 December 2008

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# Profit and Loss Account

12 months ended 31 December 2008

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£m	2008	2007
PBITA	416.4	311.4
Interest (before pensions)	(88.1)	(58.7)
PBT (before amortisation and pensions interest)	328.3	252.7
Amortisation	(67.8)	(41.6)
Pensions interest	3.7	5.0
PBT	264.2	216.1
Tax	(70.2)	(56.0)
Discontinued operations	(29.1)	0.5
PAT	164.9	160.6

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# Taxation

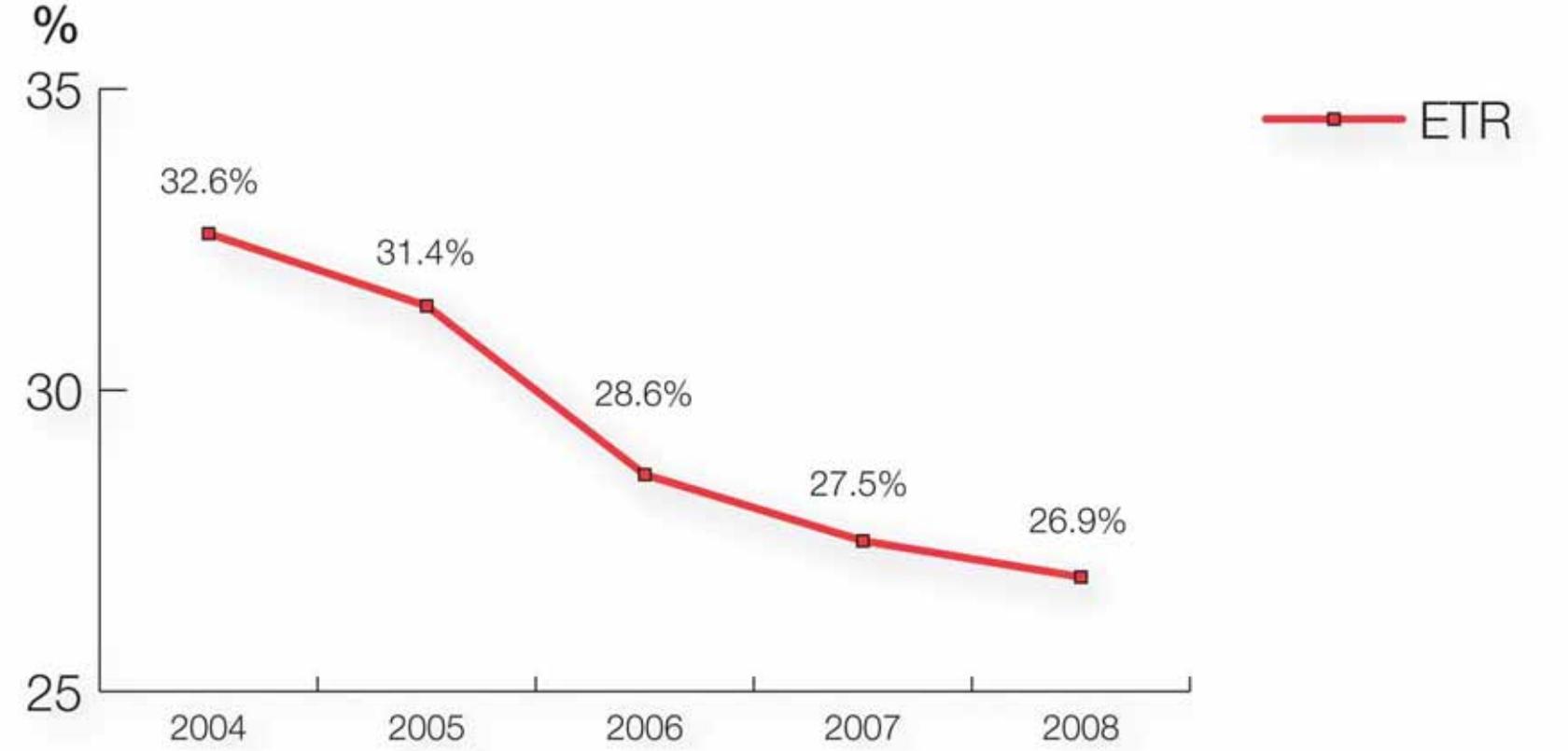
12 months ended 31 December 2008

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£m	Pre amortisation and pensions interest	Amortisation and pensions interest	Total
Profit / (loss) before tax	328.3	(64.1)	264.2
Tax (charge) / credit	(88.3)	18.1	(70.2)
Tax rate	26.9%		

# Effective Tax Rate

2004 to 2008



# Earnings per Share

12 months ended 31 December 2008

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£m	2008	2007 at constant FX	2007 at actual FX
PBITA from continuing operations	416.4	338.7	311.4
Interest (before pensions)	(88.1)	(63.7)	(58.7)
	328.3	275.0	252.7
Tax	(88.3)	(75.6)	(69.5)
Adjusted PAT	240.0	199.4	183.2
Minorities	(13.7)	(13.4)	(13.4)
Adjusted profit attributable to shareholders	226.3	186.0	169.8
Average number of shares (m)	1,358	1,275	1,275
Adjusted EPS (p)	16.7p	14.6p	13.3p

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# Balance Sheet

## 31 December 2008

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£m	2008	2007
Goodwill and other intangibles	2,499	1,586
Tangible fixed assets	529	404
Other non-current assets	218	164
Current assets (excl cash)	1,504	1,064
Current liabilities (excl debt)	(1,377)	(1,030)
Non-current liabilities (excl debt)	(554)	(263)
Net debt	(1,348)	(805)
Net assets	1,471	1,120

# Operating Cash Flow

12 months ended 31 December 2008

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£m	2008	2007
Group PBITA	413.0	308.4
Depreciation	116.1	99.6
Profit on disposal of fixed assets	2.1	(14.4)
Working capital movement	(16.7)	(8.2)
Cash generated from operations	516.0	385.4
Capital expenditure	(161.3)	(109.0)
Operating cash flow	353.2	276.4
Operating cash flow as % of PBITA	86%	90%

## Reconciliation of cash generated by operations 12 months ended 31 December 2008

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£m	2008	2007
Operating cash flow (G4S definition)	353.2	276.4
Add back capital expenditure	161.3	109.0
Cash outflow on discontinued operations	(27.2)	(1.8)
Additional pension contributions	(32.3)	(26.1)
Tax paid	(82.0)	(66.2)
Cash from operating activities (statutory definition)	(373.0)	(291.3)

# Cash Flow

12 months ended 31 December 2008

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£m	2008	2007
Cash from operating activities (statutory)	373.0	291.3
Interest	(80.0)	(55.0)
Net capital expenditure	(161.3)	(109.0)
Group dividend	(75.0)	(59.3)
Acquisitions and disposals	(598.6)	(155.0)
Share issues	276.8	0.9
Cash flow on FX Hedges	(65.9)	(4.3)
Other	(25.6)	(29.5)
Movement in net debt	(356.6)	(119.9)
Exchange movement	(186.2)	(12.2)
Opening net debt	(804.9)	(672.8)
Closing net debt	(1,347.7)	(804.9)

# Acquisitions and disposals

## 12 months ended 31 December 2008

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£m	2008
GSL	176.1
ArmorGroup	48.5
RONCO	31.7
MJM	12.8
Rock Steady	16.6
Progard	13.9
Other deals	58.6
Minority buy-outs	61.2
	419.4
Acquired cash	(19.7)
Acquired debt	230.0
Disposals	(31.1)
<b>Total</b>	<b>598.6</b>

# Dividend

12 months ended 31 December 2008

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- Final dividend of 3.68p per share
- Total dividend for 2008 of 6.43p
- 30% increase on 2007
- Dividend cover on adjusted EPS of 2.5 times
- Dividend policy is to broadly increase dividends in line with normalised earnings

# Pensions

12 months ended 31 December 2008

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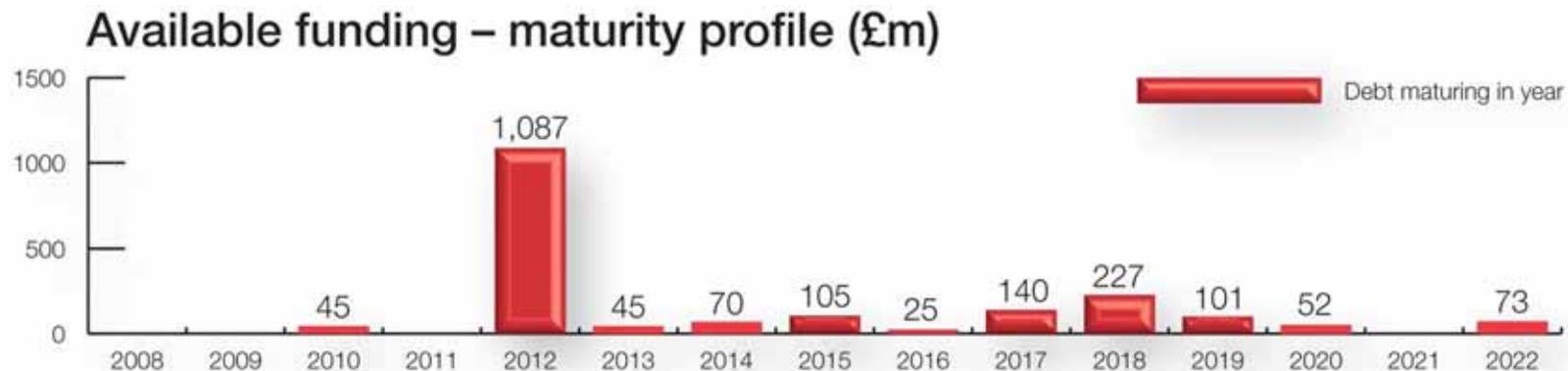
- Financial and actuarial assumptions updated as at December 2008
- Calculations subject to short-term volatility
- Discount rate of 6.3% used for the UK (2007: 5.8%)
- Liabilities therefore reduced
- Decrease in asset values of £247m
- Deficit increased to £288m from £138m at December 2007
- Additional cash contributions of £26m paid (no P&L implication)
- Hold 70% of assets in equities and believe in long-term equity out-performance over bonds

# Financing

## At 31 December 2008

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- **£1087m multi-currency revolving credit facility at 0.225% over LIBOR maturing 2012**
- **USPP \$550m at 5.77% to 6.06% maturing 2014 to 2022**
- **USPP \$650m at 6.09% to 7.56% maturing 2013 to 2020**
- **Year end headroom of £350 million**



NOTE  
Use 31 Dec 2008 USD:GBP rate of 1.43

## Net debt to EBITDA with annualised acquisitions and at average exchange rates

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£m	31 Dec 2008	Using ave 08 FX rates	
ST & LT Borrowing	2,156		
Fair value of interest rate and currency swaps	(153)		
Cash	(562)		
Trading investments	(93)		
<b>Net debt</b>	<b>1,348</b>		
FX movements on net debt		(151)	
<b>Net debt adjusted for FX movements</b>			<b>1,197</b>
EBITDA as reported	530		
Annualise acquisitions			27
<b>EBITDA adjusted for annualised acquisitions</b>			<b>557</b>
<b>Net debt / EBITDA</b>	<b>2.5x</b>		<b>2.1x</b>

# Nick Buckles

Chief Executive Officer

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# Secure Solutions

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£m	Turnover		PBITA*		Margins	
	2008	2007	2008	2007	2008	2007
At 2008 exchange rates						
Europe	2,319.5	1,849.6	151.7	120.2	6.5%	6.5%
North America	1,222.3	1,125.1	70.6	66.3	5.8%	5.9%
New Markets	1,200.1	842.1	96.2	68.0	8.0%	8.1%
Exchange differences		(313.0)		(19.7)		
At actual exchange rates	4,741.9	3,503.8	318.5	234.8	6.7%	6.7%

\* Includes share of associates

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## Europe

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£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2008	2007	2008	2007	2008	2007	
UK & Ireland*	929.9	598.2	76.8	48.7	8.3%	8.1%	7.6%
Continental Europe*	1,389.6	1,251.4	74.9	71.5	5.4%	5.7%	8.6%
Total Europe*	2,319.5	1,849.6	151.7	120.2	6.5%	6.5%	8.3%

### UK & Ireland

- Strong growth across all business lines contributing to organic growth of 7.6% compared to 6.0% in 2007
- Events, defence training and secure facilities management recorded strong growth and good margins
- Overall margin improvement from change in business mix
- Care and justice services scale and capability transformed by GSL acquisition

# Secure Solutions

## Europe

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Continental Europe*	1,389.6	1,251.4	74.9	71.5	5.4%	5.7%	8.6%
Total Europe*	2,319.5	1,849.6	151.7	120.2	6.5%	6.5%	8.3%

### Continental Europe

- Strong organic growth in **Luxembourg, Romania, Greece, Finland** and **Austria**
- New aviation contracts (**Norway** and **Netherlands**) affected by lower passenger numbers
- Security systems installation growth lower in some markets
- **Sweden** recovery continues
- Growth slowed in the **Baltics** but margins maintained

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# Secure Solutions

## North America

£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2008	2007	2008	2007	2008	2007	2008
North America*	1,222.3	1,125.1	70.6	66.3	5.8%	5.9%	3.6%

### United States

- Strong performance overall
- Commercial sector grew 5% excluding nuclear and improved margins
- Government sector grew 11%; margins negatively impacted by contract renewals and start ups as expected
- Excellent customer retention and new contract wins

### Canada

- Improving performance and exiting low margin businesses

# Secure Solutions

## New Markets

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£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2008	2007	2008	2007	2008	2007	2008
Asia*	412.0	285.8	32.6	24.1	7.9%	8.4%	15.6%
Middle East*	315.6	191.2	26.4	15.3	8.4%	8.0%	21.6%
Africa*	248.6	191.8	22.4	17.0	9.0%	8.9%	10.8%
Latin America & Carribean*	223.9	173.3	14.8	11.6	6.6%	6.7%	16.5%
Total New Markets*	1,200.1	842.1	96.2	68.0	8.0%	8.1%	16.1%

### Asia

- Organic growth of 15.6% and margins slightly lower due to lower margin GSL contracts in **Australia**
- Over 20% organic growth in **India** and **Thailand**
- **India** won breakthrough contracts in aviation and healthcare sectors

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# Secure Solutions

## New Markets

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Total New Markets*	1,200.1	842.1	96.2	68.0	8.0%	8.1%	16.1%

### Middle East

- Excellent organic growth of 21.6%
- **Qatar** and **UAE** performing strongly
- New care and justice services contracts awarded in UAE
- Improved margins in Iraq and strong growth in Afghanistan

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## New Markets

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Total New Markets*	1,200.1	842.1	96.2	68.0	8.0%	8.1%	16.1%

### Africa

- 10.8% organic growth and margins improved
- Good growth in **Kenya** and **Morocco**
- New management in **South Africa** to improve growth and margins

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# Secure Solutions

## New Markets

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	2008	2007	2008	2007	2008	2007	2008
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Total New Markets*	1,200.1	842.1	96.2	68.0	8.0%	8.1%	16.1%

### Latin America & Caribbean

- Organic growth of 16.5%
- Renegotiated **Colombia** tolls contract reducing overall margins as expected
- **Argentina, Chile** and **Peru** grew strongly
- Economic downturn providing opportunity as labour market improves and smaller competitors going out of business in **Peru** and **Ecuador**

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# Cash Solutions

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£m	Turnover		PBITA*		Margins	
	2008	2007	2008	2007	2008	2007
At 2008 exchange rates						
Europe	859.1	759.9	94.0	83.4	10.9%	11.0%
North America	87.0	85.4	0.8	0.6	0.9%	0.7%
New Markets	254.9	206.3	38.6	31.2	15.1%	15.1%
Exchange differences		(71.9)		(8.2)		
At actual exchange rates	1,201.0	979.7	133.4	107.0	11.1%	10.9%

\* Includes share of associates

# Cash Solutions

## Europe

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New Markets*	254.9	206.3	38.6	31.2	15.1%	15.1%	18.6%
Total Cash Services*	1,201.0	1,051.6	133.4	115.2	11.1%	11.0%	12.5%

### UK

- Good growth and solid margins maintained despite investment in Cash 360 retail solution
- Launched number of pilot Cash 360 projects for customers
- Fifth “superbranch” cash processing centre opened in January 2009 to support future growth

# Cash Solutions

## Europe

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Total Cash Services*	1,201.0	1,051.6	133.4	115.2	11.1%	11.0%	12.5%

- Slower growth in **Netherlands**, margins remain good
- Sales in **Romania** doubled from bank outsourcing
- Good growth and margin improvements in **Hungary, Belgium** and **Sweden**
- Around 20% growth in **Greece** from ATM servicing but margins impacted by robbery

# Cash Solutions

## North America

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Total Cash Services*	1,201.0	1,051.6	133.4	115.2	11.1%	11.0%	12.5%

### Canada

- Business stabilised following deployment of new operational control system

# Cash Solutions

## New Markets

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Total Cash Services*	1,201.0	1,051.6	133.4	115.2	11.1%	11.0%	12.5%

- Excellent organic growth across New Markets at 18.6%
- Margins strong at over 15%
- **South Africa** business grew nearly 20%
- Continued strong ATM management growth in **Malaysia**
- Excellent growth in **Saudi Arabia** and **UAE**

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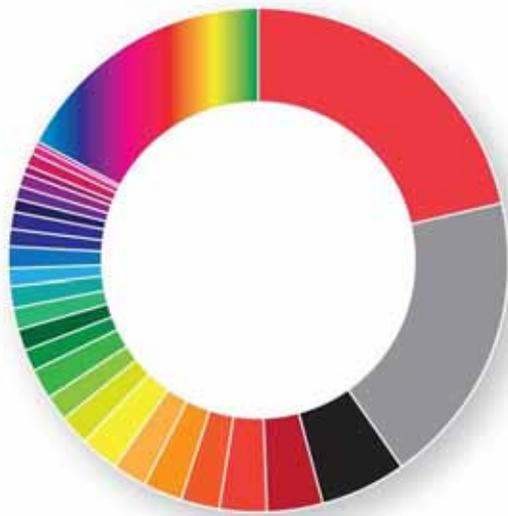
# G4S Market Overview

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# Diversified Geographic Footprint

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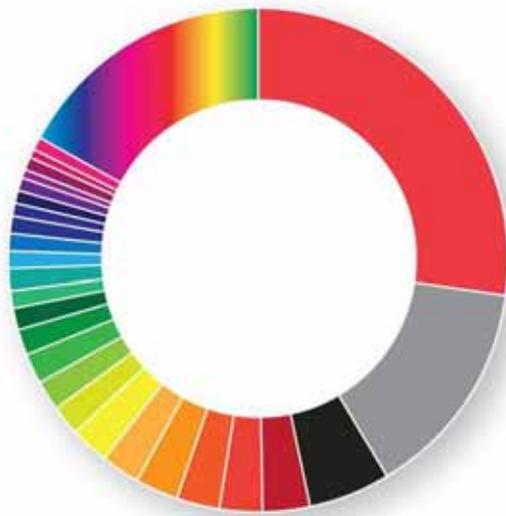


Turnover by country (%)



NOTE  
Other includes  
80+ countries

# Diversified Geographic Footprint



**PBITA by country (%)**



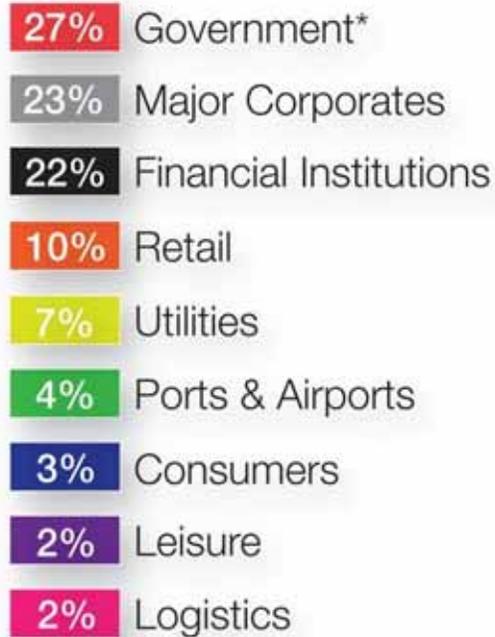
NOTE  
Other includes  
80+ countries

# Broad Customer Segmentation

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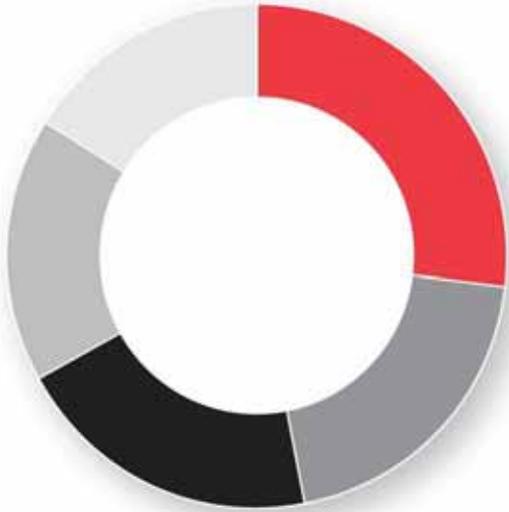
2008 Group turnover by customer sector (%)



NOTE  
\* 29% if pro-forma for  
full year of GSL/ArmorGroup

# Market Characteristics

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2008 Group turnover by segment (%)

- 27%** Government <sup>1</sup>
- 20%** Cash Solutions
- 20%** Secure Solutions – New Markets <sup>2</sup>
- 17%** Secure Solutions – UK & NA Commercial
- 16%** Secure Solutions – Continental Europe Commercial

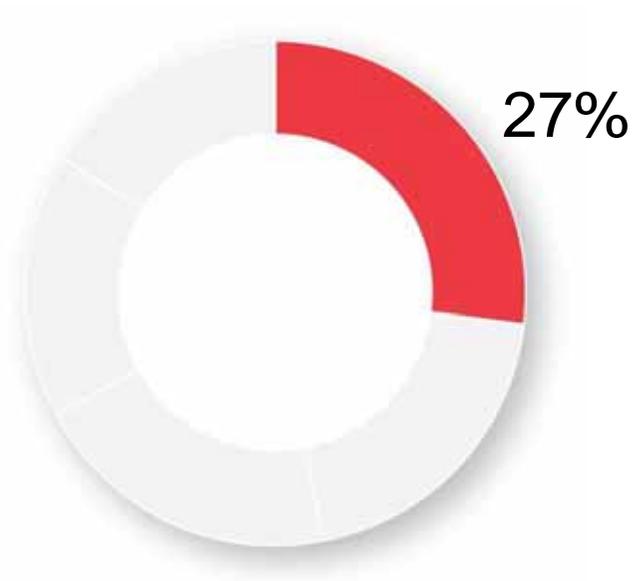
NOTE  
<sup>1</sup> 29% if pro-forma for full year of GSL/ArmorGroup  
<sup>2</sup> Includes Eastern Europe



# Market Characteristics

## Government

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### **Growth drivers:**

- Focus on security
- Propensity to outsource
- Contracts for multiple government agencies
  - Military security outsourcing
  - Care and justice outsourcing
  - Additional services/cross selling
- Market growth – double digit

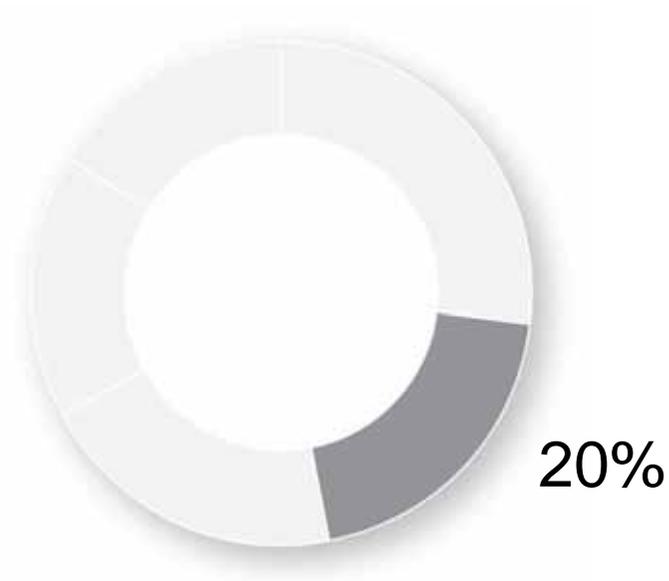
### **Defensive qualities:**

- Long term contracts
- Price and cost indexation

# Market Characteristics

## Cash Solutions

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### **Growth drivers:**

- Development of the cash cycle
- Role and strategy of Central Banks
- Increased willingness to outsource
- End to end ATM management
- Market growth – higher single digit

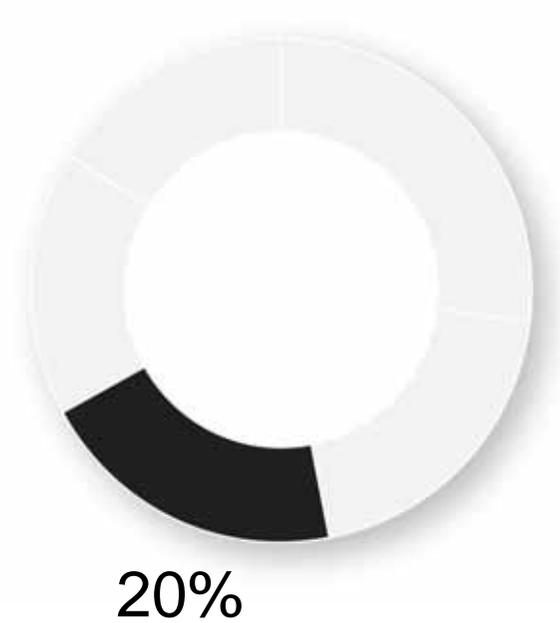
### **Defensive qualities:**

- Cash usage trends in economic downturns
- Long term contracts / relationships

# Market Characteristics

## New Markets

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### **Growth drivers:**

- Outsourcing in its infancy
- Opportunities from infrastructure growth
- Multi-national customers
- Market growth – double digit

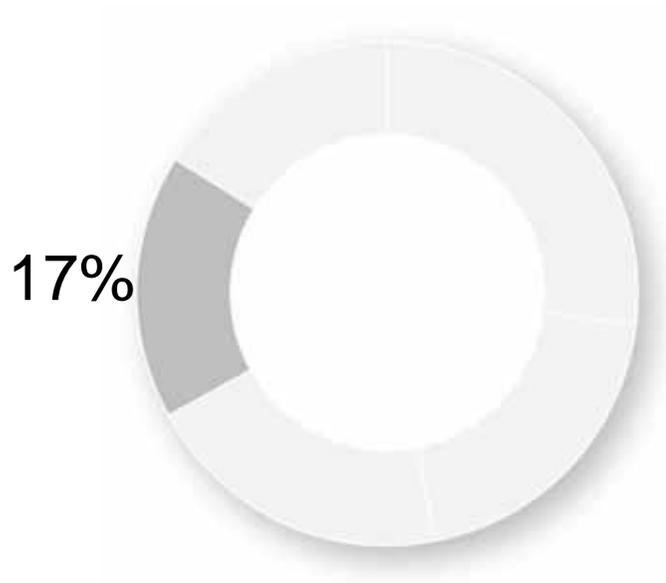
### **Defensive qualities:**

- G4S brand and reputation
- Local competition only in many markets
- Integrated model

# Market Characteristics

## UK and North America

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### **Growth drivers:**

- Nationally let contracts
- Outsourcing
- Customer retention rates around 95%
- Annual contracts – some have been retained 20 years plus
- Integrated security
- Focus on high growth segments
- Market growth – mid single digit

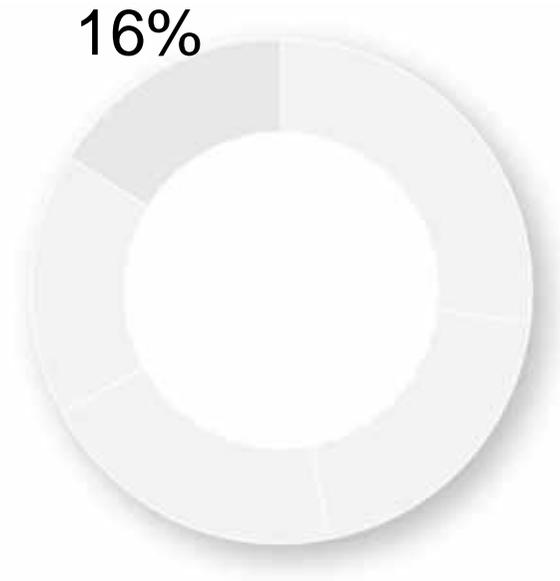
### **Defensive qualities:**

- Easing in labour market
- Low exposure to systems
- High customer retention
- Scale and integrated offering

# Market Characteristics

## Continental Europe

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### **Growth drivers:**

- Nationally let contracts
- Outsourcing
- Customer retention rates around 95%
- Annual contracts – some have been retained 20 years plus
- Integrated security
- Focus on high growth segments
- Market growth – low single digit

### **Defensive qualities:**

- Consolidated markets
- Regulation

# Market Overview

## Summary

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- G4S operates in structural growth markets
  - Geographical and sector mix
- Proportion of revenue from Government has doubled since 2004
- Two-thirds of business in markets with above average growth rates – both geographic and market segment
- 80% of business has flexible cost base
- Strong competitive position in key high growth/high margin markets



# Acquisitions

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# Acquisitions

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Invested £599 million net in 2008 in adding capability to the group and which support strategy implementation :

- Management of critical services and facilities for governments and business
- Protective security solutions for governments, multinational corporations and NGOs
- New government sectors – FCO, NHS, MOD, Education
- New geographies – Australia, South Africa, Iraq & Afghanistan
- Added scale in the UK
- New specialist capabilities – mine action, risk consulting, secure facilities management, security and IT convergence technology

# Acquisition Strategy

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- G4S remains focused on niche M&A opportunities to deliver our strategic objectives
- Meet relevant acquisition criteria
  - ROIC of 12% within 3 years for smaller deals
- Key focus areas for acquisitions
  - Risk consulting
  - Technology
  - Segment specialists
- Expect to invest between £50m- £100m in 2009

# Summary & Conclusions

# Summary & Conclusions

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- Continued good results achieved in 2008
- Unique and robust business model
- Diverse geographic exposure
- Key customer segments with structural growth characteristics
- Experienced senior management team
- Further strategy implementation in 2009
- Building expertise and expanding capability
- Expect to deliver a strong performance in 2009



# Q&A

Securing Your World

