



# **INVESTOR PRESENTATION**

DECEMBER 2017

Securing Your World



# AGENDA

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01 G4S Overview

02 9M 17 Update

03 Looking Ahead

04 Q&A

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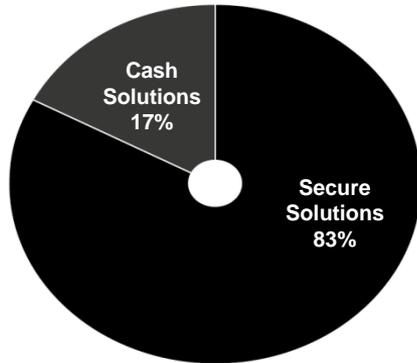


# G4S TRANSFORMATION

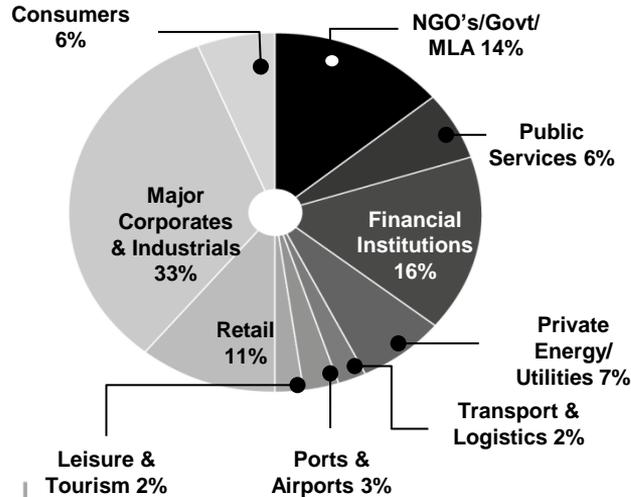
## G4S TODAY

- Leading global security company: Secure and Cash Solutions
- Advantages of global scale and global brand with market service and customer diversification
- Operate in 95 countries in Emerging Markets and Developed Markets with c.575,000 employees
- Strongly growing revenues from technology, systems and integrated solutions

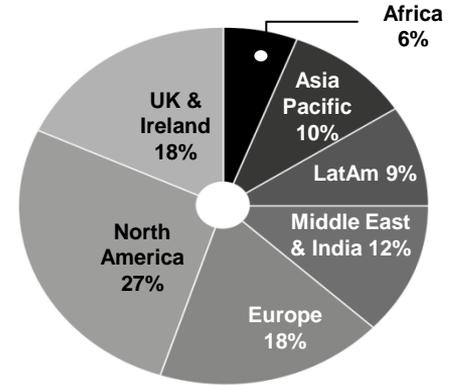
Business Segment Revenue 2016



Customer Segment Revenue 2016



Markets Revenue 2016

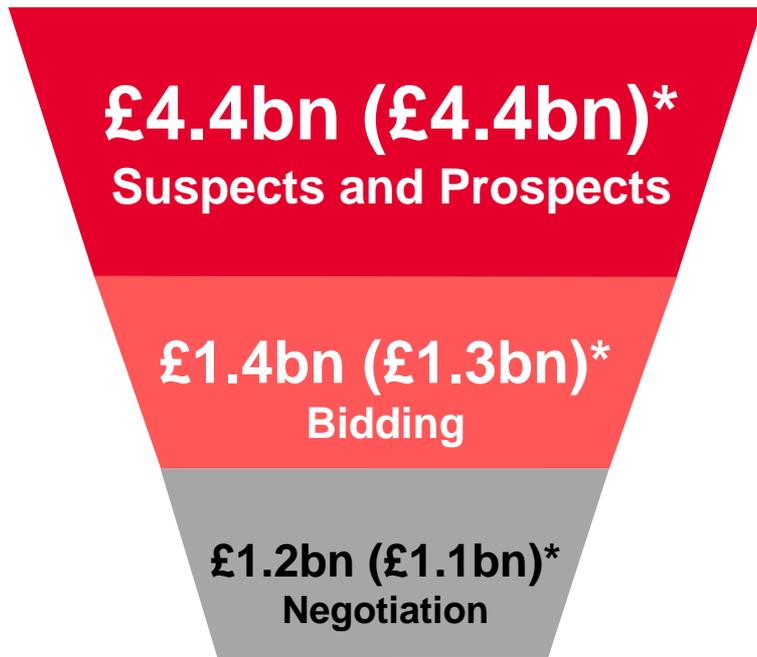


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# GROWTH OUTLOOK

## SALES PIPELINE



\*As at 30 June 2017 (1 January 2017)

- New sales contracts: £0.7bn ACV
- £7.0bn ACV Pipeline
- Diversified by:
  - Service
  - Market
  - Customer Segment
- Supports 4-6% revenue growth
- Quality: improving qualification

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# RESULTS HIGHLIGHTS

9M 2017 | CONTINUING BUSINESSES

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- Revenue: +4.4%; +6.1% ex Middle East & India
- Revenue FY 17 Expect c3-4% due to v. strong Q4 16 growth
- Revenue med. term 4-6% organic growth; technology mix
- Profit FY Good growth
- Cost/productivity Target of between £90m to £100m by 2020
- Net Debt/EBITDA: Expect to be at or below 2.5x by year end

STRONGER FOUNDATIONS: INCREASING CONFIDENCE

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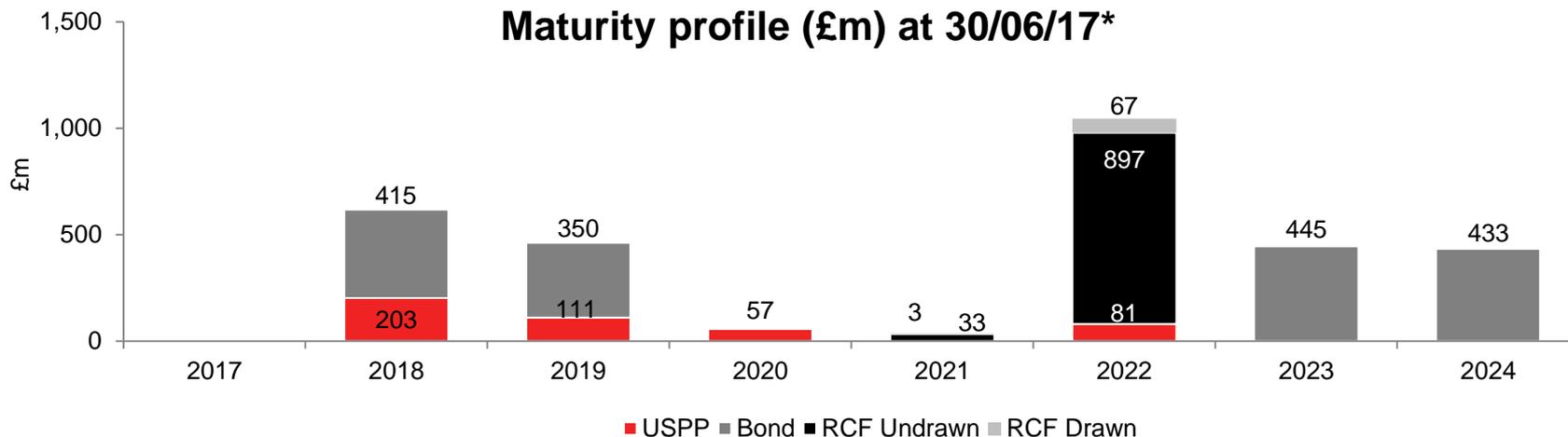
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# FINANCIAL FRAMEWORK

## SOUNDLY FINANCED

- Very strong liquidity, unutilised committed bank facilities of £930m and cash of £549m
- New seven year Euro 500m Public Bond issued in June 2017
- Group plan supports Net Debt / EBITDA of 2.5x or lower by the end of 2017



(\*exchange rates @ 30/6/17 or hedged rates where applicable)

# LOOKING AHEAD

TRANSFORMATION | THE NEXT STAGE: 2018 - 2020

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- Revenue growth (average) 4 - 6% pa
- Revenue mix
  - Technology enabled security solutions ▲
  - Technology enabled cash solutions ▲
  - Integrated solutions ▲
- Productivity (2020) £90m - £100m p.a.
- Earnings and OCF ▲ ▲
- Net debt/EBITDA </= 2.5x



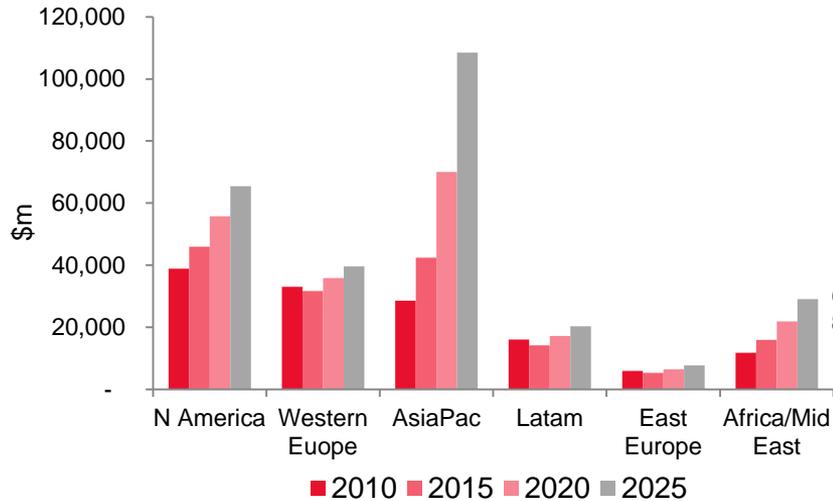
# SECURE SOLUTIONS

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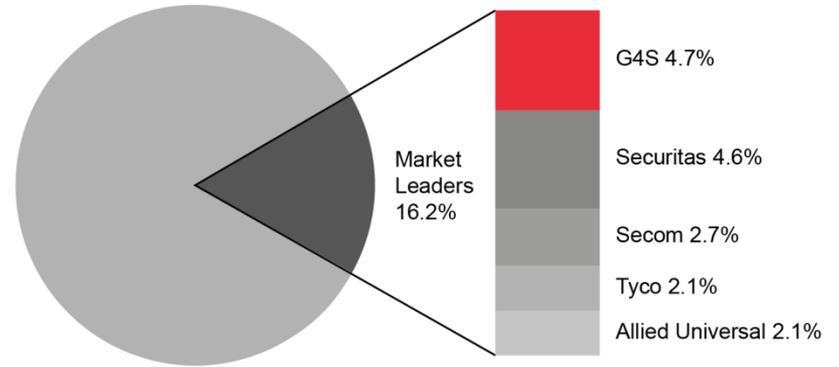


# STRUCTURAL GROWTH MARKET

A MARKET LEADER



Global Security Services Market Share 2015 (\$180.2bn)



Freedonia Security Industry: January 2017

**GROWTH OUTLOOK: 5 – 6% CAGR 2015-25; \$200BN BY 2020**

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# CUSTOMER PRIORITIES

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Asset Protection, Theft & Investigations



Workplace Violence



Terrorism



Business Continuity



Budget & Funding



Training & Retention



Technology management



Secure Executive & Employee Travel



Global Security Ops management



Cyber security

Source: Security 500, G4S, Freedomia

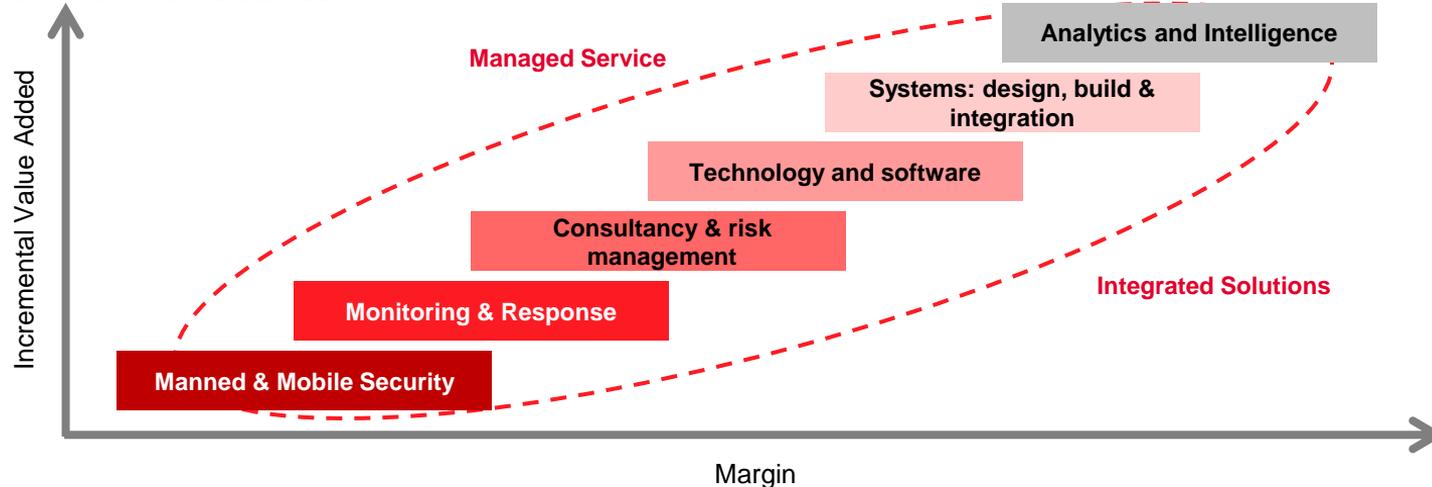
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# CONTINUING BUSINESSES

## ADDING VALUE

### Secure Solutions



- Cross selling and up-selling within and across markets
- Services scalable across global market footprint
- Continued investment in people, technology, software & systems

# G4S SECURE SOLUTIONS

## INTEGRATED SOLUTIONS

### ASSESS

SECURITY &  
RISK CONSULTING

### DESIGN

SOLUTIONS  
DESIGNS

### BUILD & INTEGRATE



INTEGRATED  
SOLUTION

### MANAGE

DATA & INTEL  
ANALYTICS



SECURITY  
SPECIALISTS



Global  
Security  
Operations  
Centre  
(GSOC)



Key:



Fire &  
burglar  
alarms



Monitoring  
& response



Incident  
& crisis  
management



Video,  
CCTV &  
Software



Manned security



Patrol &  
response



Cost  
effective



Access  
control /  
Software



Visitor mgmt  
software



UAV &  
Robotics

CUSTOMER FOCUSED SOLUTIONS

# G4S INTEGRATED SOLUTION

## MANHATTAN DEVELOPMENT, USA

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- The largest multi-use redevelopment programme in the USA
- Detailed risk and threat assessment
- Integrated solution – G4S provides unified security including: access control, systems integration, monitoring (fire, video, intrusion), Risk360, SecureTrax, design and management of the security and operating centre and manned security officers



# G4S INTEGRATED SOLUTION

THAMES TIDEWAY, UK

- Integrated security solution
- £4.2bn infrastructure project
- G4S provides: mobile CCTV, dedicated security control room, biometrics, Risk 360, high-definition CCTV cameras with video analytics and thermal cameras
- 10 year contract



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# G4S SECURE SOLUTIONS

## GLOBAL RESOURCE AND CAPABILITY

### Global Services:



Analytics



System Design,  
Build & Integration



Technology &  
Software



Consultancy &  
Risk Management



Monitoring & Response



Manned & Mobile

### Key:



G4S countries  
of operation



Security Operation Centres



## GLOBAL MARKET POSITIONS

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**CASH SOLUTIONS**

**G4S** Deposita

**WARNING**

THE CASH IN THIS CANISTER  
HAS BEEN MACHINE  
COUNTED AND VERIFIED

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# G4S CASH SOLUTIONS

## GLOBAL CASH MARKET TRENDS

| <b>ATM Cash Withdrawal Growth</b> | <b>CAGR % 2016 – 21</b> |
|-----------------------------------|-------------------------|
| <b>Emerging Markets</b>           | >6%                     |
| <b>Developed Markets</b>          | 0 – 1%                  |

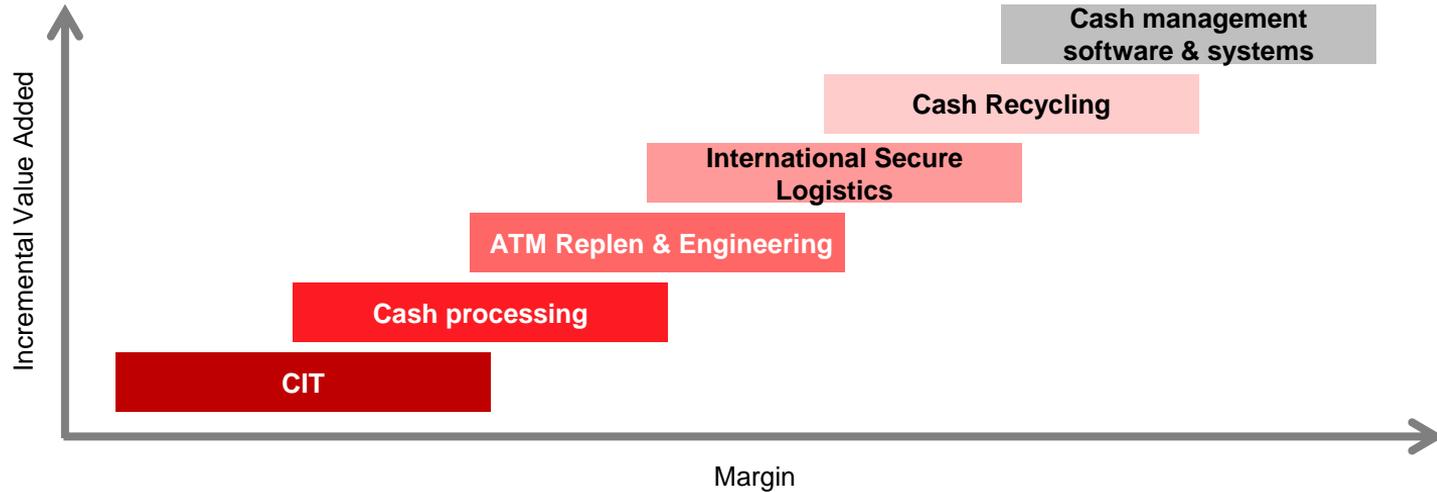
Source: RBR

### G4S Strategy:

- Reduce cost of cash management; increase ease of use
- Aggregation, utilisation, innovation

# G4S CASH SOLUTIONS

## ADDING VALUE



- Scale & Capability: Cost leadership, Technology & Innovation, Outsourcing
- Reduced cost of handling, increase ease of use

# GROWTH OUTLOOK

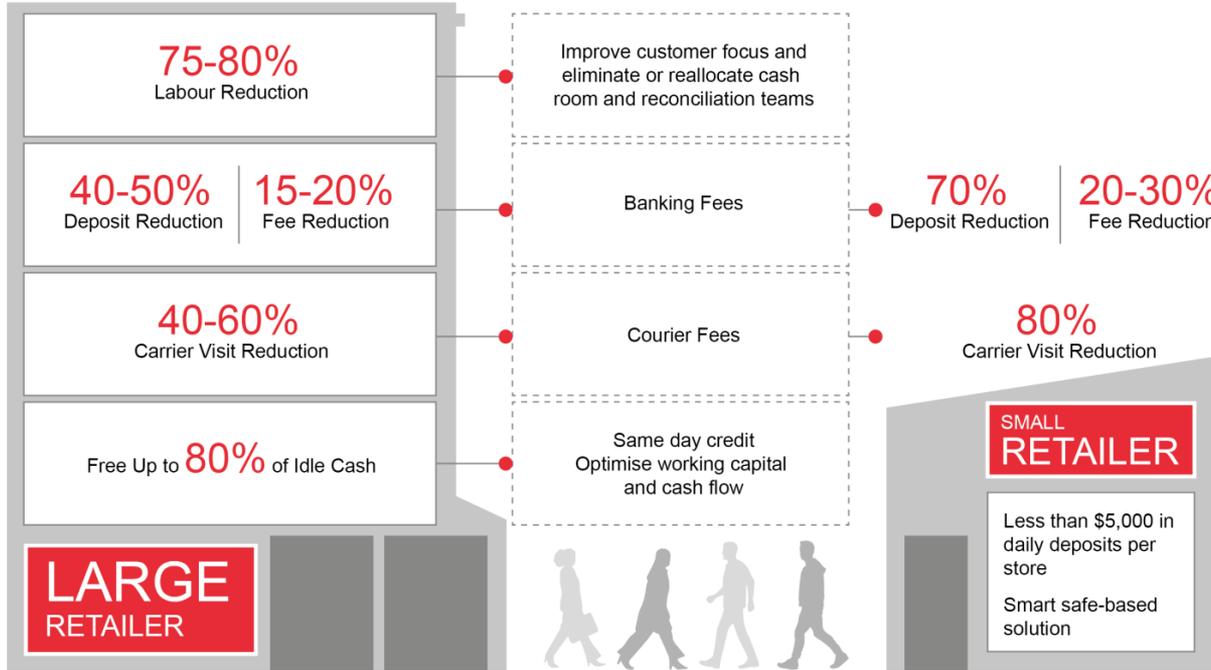
## G4S CASH SOLUTIONS: SPECIFIC DEMAND SOURCES

|                         | <b>Growth Drivers</b>   | <b>G4S</b>   |
|-------------------------|---|--|
| Retail                  | <ul style="list-style-type: none"><li>▪ Retailers can reduce cost of cash handling</li></ul>  | <ul style="list-style-type: none"><li>▪ Retail Cash Solutions</li><li>▪ CASH360</li><li>▪ Deposita</li></ul>     |
| Bank Branch Automation  | <ul style="list-style-type: none"><li>▪ Automate processes inside bank branches</li><li>▪ Reduce cost and improve customer experience</li></ul> | <ul style="list-style-type: none"><li>▪ Deposita</li><li>▪ CASH360</li></ul>                                     |
| Bank Branch Outsourcing | <ul style="list-style-type: none"><li>▪ Reduce cost of branch network</li><li>▪ Maintain customer access and service</li></ul>                  | <ul style="list-style-type: none"><li>▪ Kiosks</li><li>▪ Mobile branches</li><li>▪ Multi-bank branches</li></ul> |
| Network Consolidation   | <ul style="list-style-type: none"><li>▪ Network efficiency</li><li>▪ Lower cost of cash handling</li></ul>                                      | <ul style="list-style-type: none"><li>▪ G4S cash processing networks</li></ul>                                   |

# GROWTH OUTLOOK

## G4S CASH360 / RETAIL CASH SOLUTIONS

### Benefits to retail and banking customers

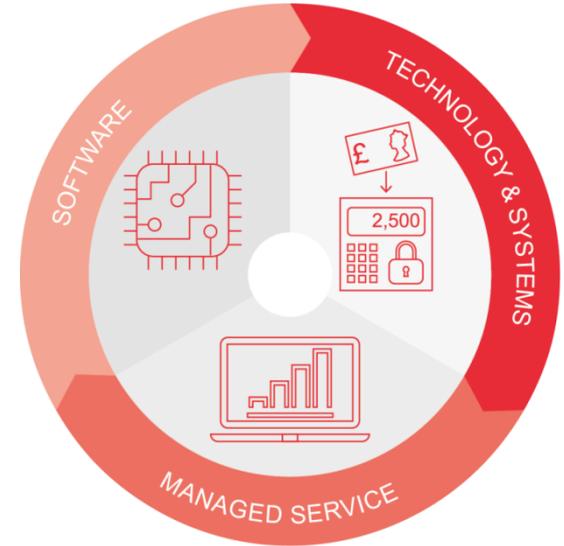


- Rapidly growing customer base
- Extending our market coverage
- Developing our products / solutions
- 2Q17: Large, 5 year contract, c.640 stores
- 6,500 CASH360 recyclers; 12,000 smart safes deployed
- Excellent pipeline

# GROWTH OUTLOOK

## DEPOSITA: BANK BRANCH AUTOMATION

- Automated bulk teller solution
- Reduces cost and improves customer service
- G4S provides integrated solution:
  - Hardware
  - Proprietary cash management software
  - Real-time banking integration
  - Same day value / credit
  - Service and support
- Launched 2017, now in 160 branches of major bank



# G4S CASH SOLUTIONS

STRONG MARKET POSITIONS GLOBALLY

## Global Services:



Cash Management  
Software & Systems



ATM



Int. Secure Logistics



Cash Processing



Cash Recycling

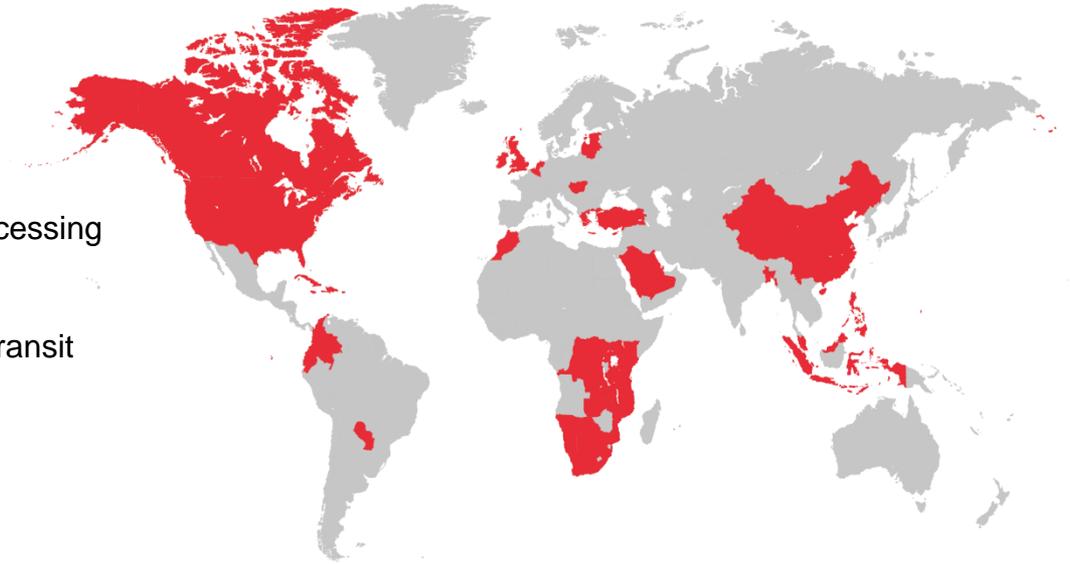


Cash in Transit

### Key:



G4S countries of operation



#1/#2 MARKET POSITION IN 41/43 COUNTRIES

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# PRODUCTIVITY

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# PRODUCTIVITY

## G4S PROGRAMMES

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- Organisational efficiency: operations and support functions
  - Benchmarking: 130 business units, 90 countries
- One G4S: standardised operating and functional processes
- IT enabled automation and shared service centres
- Procurement, property and financing
- Proportion to be reinvested

PRODUCTIVITY: £90M – £100M P.A. BY 2020

# LOOKING AHEAD

TRANSFORMATION | THE NEXT STAGE: 2018 - 2020

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- Revenue mix
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  - Integrated solutions ▲
- Productivity (2020) £90m - £100m p.a.
- Earnings and OCF ▲ ▲
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# APPENDIX

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# RESULTS HIGHLIGHTS

HALF YEAR: 2017 | CONTINUING BUSINESSES

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- Revenue: £3.7bn, +6.2%;
- Earnings: £128m, +7.6%
- OCF: £192m, -30.7%; 2H17 weighting
- Net Debt/EBITDA: 2.7x (30 June 2016: 3.3x)
- Dividend: Interim 3.59p/sh; (2016: 3.59p/sh)
- Health & Safety: Improving culture and performance

STRONGER FOUNDATIONS: INCREASING CONFIDENCE

# HY 2017 RESULTS

## BRIDGE FROM CONTINUING BUSINESSES

| £m       | Continuing businesses | Change % HoH* | Onerous contracts | Portfolio businesses | Restructuring | Acquisition related amortisation and other | Statutory |
|----------|-----------------------|---------------|-------------------|----------------------|---------------|--|-----------|
| Revenue  | 3,715                 | +6.2          | 57                | 200                  | -             | -  | 3,972     |
| PBITA    | 235                   | +5.9          | -                 | 2                    | -             | -  | 237       |
| Earnings | 128                   | +7.6          | (4)               | (1)                  | (11)          | 38   | 150       |
| OCF      | 192                   | -30.7         | (6)               | (3)                  | (13)          | -  | 170       |

- Detailed prior half year reconciliations in release
- FY 2016 reconciliation in appendix

\*Constant currency

**GROWTH ACROSS ALL REGIONS EXCEPT MIDDLE EAST & INDIA**

# REVENUE AND PBITA GROWTH

HALF YEAR: 2017 | CONTINUING BUSINESSES

| <i>£m</i><br>Continuing businesses performance at constant<br>exchange rates | Revenue |        | PBITA   |        |
|--|---------|--------|---------|--------|
|  | 1H 2017 | % chge | 1H 2017 | % chge |
| Africa   | 228     | +6.0%  | 24      | +9.1%  |
| Asia Pacific   | 367     | +2.8%  | 30      | +15.4% |
| Latin America  | 350     | +4.5%  | 15      | +15.4% |
| Middle East & India  | 427     | -7.8%  | 34      | -24.4% |
| Europe   | 654     | +4.1%  | 48      | +26.3% |
| North America  | 1,040   | +20.6% | 57      | +18.8% |
| UK & Ireland   | 649     | +1.9%  | 53      | +3.9%  |

GLOBALLY DIVERSIFIED: GROWTH AND RESILIENCE

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# HY 2017 RESULTS

## CONTINUING BUSINESS FINANCIAL PERFORMANCE

**Revenue**

**PBITA**

*PBITA margin*

Interest

Tax

Non-controlling interests

**Earnings attributable to equity holders**

**EPS**

**Operating cash flow**

| Six months ended 30 June<br>£m |       | Change<br>% |
|--------------------------------|-------|-------------|
| 2017                           | 2016  | HoH         |
| 3,715                          | 3,497 | +6.2        |
| 235                            | 222   | +5.9        |
| 6.3%                           | 6.3%  | -           |
| (54)                           | (49)  | +10.2       |
| (43)                           | (42)  | +2.4        |
| (10)                           | (12)  | -16.7       |
| 128                            | 119   | +7.6        |
| 8.3p                           | 7.7p  | +7.8        |
| 192                            | 277   | -30.7       |

# PORTFOLIO RATIONALISATION

SUBSTANTIAL PROGRESS OVER THE LAST YEAR

Number of businesses

35

Annual Rev of disposed businesses (£bn)

1.3

Annual PBITA of disposed businesses (£m)

46

Proceeds to date (£m)

503

Net proceeds since 1/1/16 (£m)

233

- Five businesses closed in H1'17
- Six businesses sold in H1'17 – over £150m proceeds
- 15 to 20 businesses in progress

STRATEGIC, COMMERCIAL AND OPERATIONAL FOCUS

# WORKING CAPITAL MANAGEMENT

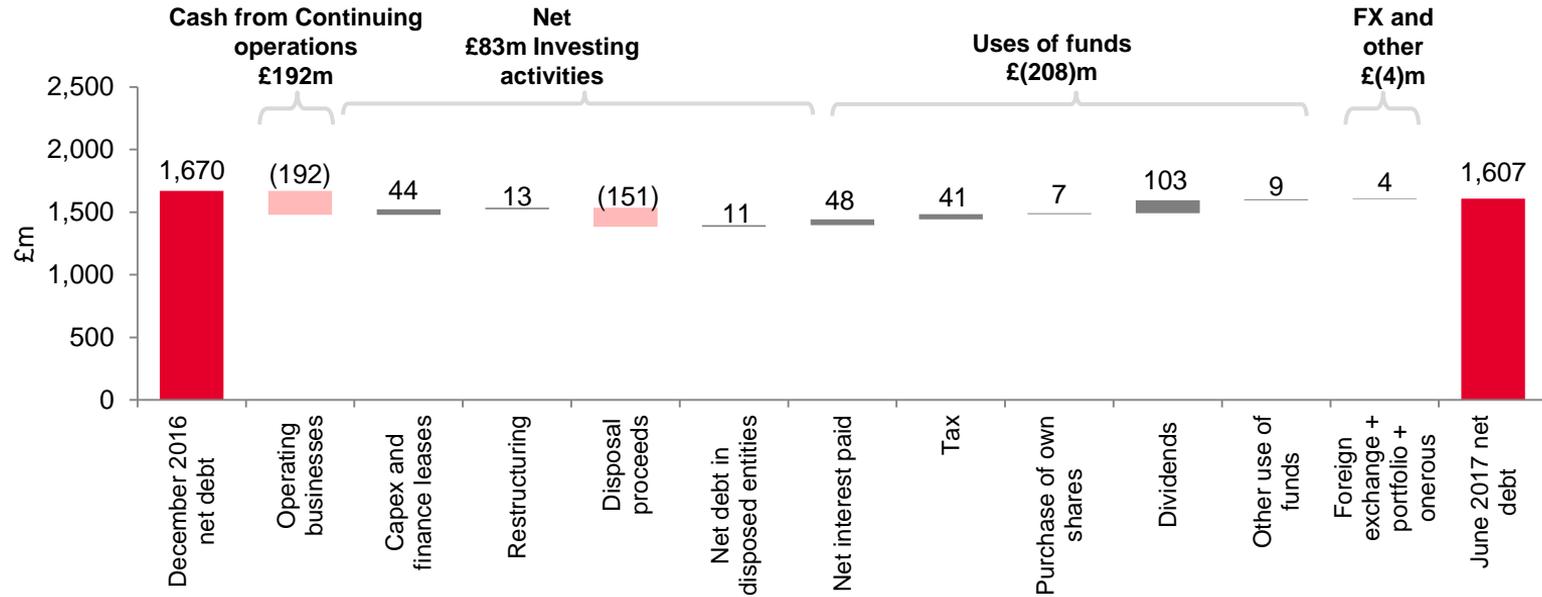
## CASH MATTERS

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- Working capital outflow of £83m (2016: £53m inflow)
  - 2016 very strong
  - 2017 reverting to typical seasonal pattern
- Inventory impact £7m inflow (2016: £2m inflow)
- Receivables impact £52m outflow (2016: £5m outflow)
  - DSO 51 (2016: 53)
  - Overdues 3.3% of annual revenues at H1 2017 v. 4.1% at H1 2015
- Payables impact £38m outflow (2016: £56m inflow)
- Cash conversion of 82% – expect FY 100% - 125%

# FINANCIAL FRAMEWORK

## CASH FLOW AND NET DEBT



- Net cash flow of £58m (2016: £59m)
- Net Debt / EBITDA 2.7x (3.3x at June 2016)

# HEALTH & SAFETY

## CULTURE & PERFORMANCE

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- Safety culture improving but some way to go:
  - Attack fatalities down 33% YoY
  - RTI fatalities down 33% YoY
  - Total fatalities down 50% YoY
- Ongoing programme:
  - Culture: leadership and accountability
  - Performance: training and systems
- Competitive advantage

OUR GOAL IS ZERO HARM

# CASE STUDY

## PHILIP MORRIS, INDONESIA

- A fast and appropriate response to any security-breach event, requiring better intelligence
- Integrated approach to these needs combines manned security, technology and software
- Delivered cost savings and provides data-driven assurance through Secure360 technology, a tablet-based software programme developed in-house providing live communication feeds to a national control room
- Provides real time intelligence and assurance and enhances response and compliance

