

6 JUNE 2013

AGM SCRIPT - ASHLEY ALMANZA

SLIDE 1- HEADER

GOOD AFTERNOON LADIES AND GENTLEMEN. I WOULD LIKE TO ADD MY WELCOME TO THAT OF THE CHAIRMAN'S.

WE'LL NOW TAKE A FEW MINUTES TO REVIEW THE GROUP'S STRATEGIC POSITION, OUR TRADING PERFORMANCE AND OUR KEY BUSINESS OBJECTIVES.

SLIDE 2 - STRATEGIC POSITION

WE'LL BEGIN WITH THE GROUP'S STRATEGIC POSITION.

G4S IS A WORLD LEADER IN THE PROVISION OF SECURITY AND OUTSOURCING SERVICES WITH OVER 620,000 EMPLOYEES, WORKING IN 125 COUNTRIES, GIVING US THE MOST EXTENSIVE GEOGRAPHIC FOOTPRINT OF ANY COMPANY IN OUR SECTOR.

WE HAVE A VERY HEALTHY SPREAD OF CUSTOMERS ACROSS A BROAD RANGE OF GEOGRAPHIES AND SECTORS, WHICH MEANS THAT OUR BUSINESS IS NOT OVER-RELIANT ON ONE MARKET OR ONE TYPE OF INDUSTRY. AND THIS DIVERSIFICATION HELPS TO PROVIDE RESILIENCE FOR OUR BUSINESS AS ECONOMIES AND INDUSTRIES FACE DIFFERENT CHALLENGES OVER TIME.

OUR DIVERSITY OF SERVICES, CUSTOMERS AND GEOGRAPHIES ALSO PROVIDES US WITH ACCESS TO A WIDE SET OF COMMERCIAL OPPORTUNITIES AND THIS

HAS HELPED US TO GROW THE BUSINESS IN RECENT YEARS IN SPITE OF VOLATILE ECONOMIC CONDITIONS AROUND THE WORLD.

WHAT IS MORE, WE HAVE EXCELLENT MARKET POSITIONS – WITH A NUMBER ONE OR NUMBER TWO MARKET SHARE IN MANY OF OUR KEY MARKETS.

ALL OF THIS MEANS THAT WE ARE VERY WELL POSITIONED TO TAKE ADVANTAGE OF LONG-TERM STRUCTURAL GROWTH OPPORTUNITIES IN BOTH DEVELOPED AND DEVELOPING ECONOMIES.

SLIDE 3 – DIVERSIFIED MARKETS

THIS SLIDE SHOWS OUR UNIQUE GEOGRAPHIC FOOTPRINT.

AS YOU CAN SEE, WHILE THE UNITED KINGDOM, EUROPE AND THE UNITED STATES REMAIN IMPORTANT, DEVELOPING MARKETS NOW FORM A VERY SUBSTANTIAL PART OF OUR BUSINESS. IN 2012, DEVELOPING MARKETS ACCOUNTED FOR FULLY ONE THIRD OF OUR GROUP REVENUES AND THE PROPORTION COMING FROM THESE HIGHER GROWTH, HIGHER MARGIN MARKETS IS EXPECTED TO GROW FOR THE FORSEEABLE FUTURE.

SLIDE 4 – GROWTH AND RETURNS

THIS GROWTH POTENTIAL IS BEING REALISED TODAY AND SHAREHOLDERS ARE ALREADY SEEING TANGIBLE REWARDS.

AS WE CAN SEE ON THIS SLIDE, G4S HAS A LONG TRACK RECORD OF DELIVERING REVENUE GROWTH.

IN 2012 UNDERLYING TURNOVER GREW BY APPROXIMATELY 8% TO £7.3 BILLION POUNDS. IN DEVELOPING MARKETS, UNDERLYING ORGANIC REVENUE GROWTH WAS EVEN HIGHER AT 10%.

TO ENSURE THAT THE COMPANY'S PROGRESS AND ITS PROSPECTS ARE REFLECTED IN SHAREHOLDER RETURNS THE BOARD HAS RECOMMENDED THAT THE FULL YEAR DIVIDEND BE INCREASED BY 5% TO 8.96 PENCE PER SHARE.

SLIDE 5 – RESULTS - Q1 2013 AND OUTLOOK

TURNING NOW TO OUR TRADING PERFORMANCE AND THE OUTLOOK FOR 2013: WE RELEASED OUR FIRST QUARTER TRADING UPDATE A FEW WEEKS AGO. REVENUES WERE UP BY 7.5% IN THE FIRST QUARTER WITH ORGANIC GROWTH OF 6% OVERALL AND A VERY HEALTHY 12% ORGANIC GROWTH IN OUR DEVELOPING MARKETS.

MARGINS HOWEVER WERE DOWN BY 0.6%. THIS WAS DUE LARGELY TO A 6 MILLION POUND WRITE-OFF OF RECEIVABLES IN AFRICA, PRICING PRESSURE IN OUR CASH BUSINESSES IN THE UK AND IRELAND AND THE LOSS OF REVENUES ASSOCIATED WITH UNEXPECTED PRISON CLOSURES IN THE NETHERLANDS.

THE ADVERSE TRADING CONDITIONS IN THE UK, IRELAND AND EUROPE WERE ONLY EVIDENT IN THE FINAL MONTH OF THE FIRST QUARTER AND WE EXPECT TO SEE THE FULL EFFECT OF THESE CONDITIONS IN THE SECOND QUARTER.

WE EXPECT MARGIN PRESSURES TO PERSIST THROUGHOUT THE YEAR, AND WE ARE PUTTING IN PLACE A NUMBER OF BUSINESS IMPROVEMENT PLANS TO STRENGTHEN MARGINS IN 2014 AND 2015.

THESE WILL INCLUDE OPERATIONAL AND OVERHEAD EFFICIENCY MEASURES AND ENHANCED CASH FLOW MANAGEMENT – ENABLING US TO SUPPORT MARGINS AND STRENGTHEN OUR CASH FLOW AT THE SAME TIME.

IN THE MEANTIME, AND AS PREVIOUSLY ANNOUNCED, WE ARE SELLING OUR CLASSIFIED GOVERNMENT BUSINESS IN THE UNITED STATES. WE HOPE TO COMPLETE A TRANSACTION THIS YEAR AND THE PROCEEDS OF THIS SALE WILL CONTRIBUTE TO THE GROUP'S CASH RESOURCES.

LET ME REASSURE YOU - THAT WHILE THE SHORT TERM OUTLOOK IS CHALLENGING, THE UNDERLYING BUSINESS AND THE MEDIUM TO LONG-TERM OUTLOOK REMAINS STRONG. AND THIS GIVES ME CONFIDENCE THAT THE COMPANY IS CAPABLE OF GROWING PROFITABLY FOR MANY YEARS TO COME.

THAT CONFIDENCE IS UNDERPINNED BY THE SKILL, ENERGY AND COMMITMENT OF OUR PEOPLE WHO PROVIDE US WITH THE CAPABILITY TO EXPLOIT THE STRUCTURAL GROWTH OPPORTUNITIES I REFERRED TO EARLIER. ACROSS OUR COMPANY OUR TEAM'S ARE FOCUSED ON A NUMBER OF KEY BUSINESS OBJECTIVES.

SLIDE 6 – KEY BUSINESS OBJECTIVES

THE FIRST OF THESE OBJECTIVES IS TO DRIVE ORGANIC GROWTH. WE DO THIS IN A NUMBER OF WAYS:

- BY SERVICING GROWING DEMAND FOR SECURITY AND OUTSOURCING IN OUR KEY MARKETS
- BY RETAINING OVER 90% OF EXISTING SALES THROUGH FIRST CLASS CUSTOMER SERVICE,
- BY ENSURING THAT WE HAVE MARKET-LEADING SALES CAPABILITY TO WIN NEW BUSINESS; AND BY SELECTIVELY ACQUIRING ATTRACTIVE BUSINESSES THAT STRENGTHEN OUR ORGANIC GROWTH POTENTIAL

OUR SECOND OBJECTIVE IS TO DELIVER MARGIN IMPROVEMENTS. WE PLAN TO DO THIS BY:

- SYSTEMATICALLY IMPROVING OPERATIONAL EFFICIENCY,
- BY ACHIEVING PROCUREMENT BENEFITS AND CONTROLLING OVERHEADS; AND
- BY STRENGTHENING FINANCIAL CONTROLS AND RISK MANAGEMENT PROCESSES ACROSS THE GROUP

OUR THIRD AREA OF FOCUS IS ORGANISATIONAL DEVELOPMENT, WHICH WE'RE ADDRESSING BY:

- ENSURING OUR BUSINESSES ARE ORGANISED IN A COST-EFFECTIVE MANNER,
- BY ENSURING THAT WE RECRUIT, RETAIN AND DEVELOP THE BEST PEOPLE AT EVERY LEVEL IN OUR COMPANY AND BY TRANSFERRING OUR MOST VALUABLE EXPERTISE ACROSS OUR MARKETS

- FINALLY WE DO THIS BY PROTECTING THE WELFARE OF OUR EMPLOYEES THROUGH A SYSTEMATIC HEALTH AND SAFETY MANAGEMENT PROCESS. OUR SAFETY PERFORMANCE HAS IMPROVED IN RECENT YEARS BUT WE ARE NEITHER COMPLACENT NOR SATISFIED WITH OUR PERFORMANCE. WE STILL HAVE FURTHER TO GO IN THIS AREA.

A VITALLY IMPORTANT BUSINESS OBJECTIVE IS TO BUILD AND PROTECT OUR REPUTATION – SOMETHING WHICH HAS BECOME INCREASINGLY IMPORTANT IN THE PAST TWO YEARS. WE'RE DOING THAT BY:

- ENSURING WE HAVE CLEAR BUSINESS STANDARDS AND BY ESTABLISHING EFFECTIVE COMPLIANCE AND RISK MANAGEMENT PROCESSES ACROSS THE GROUP
- WE'RE ALSO ENGAGING WITH KEY STAKEHOLDERS TO BUILD A POSITIVE RELATIONSHIP WITH OUR COMPANY

WE BELIEVE THAT ALL OF THESE OBJECTIVES ARE CONSISTENT WITH STRONG CASH FLOW PERFORMANCE, WHICH WILL IMPROVE OUR FINANCIAL FLEXIBILITY AND STRENGTHEN OUR BALANCE SHEET.

I'D LIKE TO CONCLUDE MY REMARKS BY THANKING OUR CUSTOMERS FOR THEIR ONGOING SUPPORT AND OUR EMPLOYEES FOR THEIR COMMITMENT AND THEIR CONTRIBUTION TO THE COMPANY'S SUCCESS.

THANK YOU LADIES AND GENTLEMEN. I'LL NOW HAND YOU BACK TO OUR CHAIRMAN.