

G4S Investor Presentation | December 2016

Securing Your World



Agenda



- 1. Group Overview**
2. G4S Strategy
3. Financial Overview
4. Q&A
- 5. Appendix**

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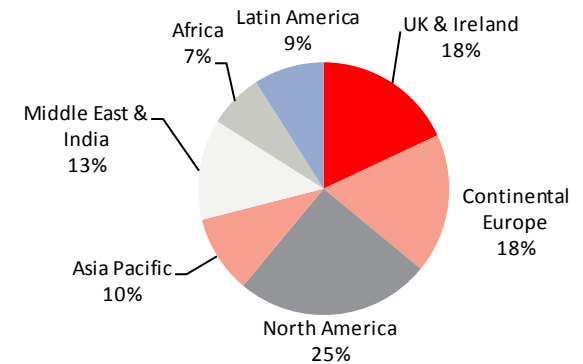
G4S Overview

- G4S is the world's leading secure solutions group
- G4S was formed from the merger of Group 4 and Securicor in 2004
- Active in c.100 countries with over 600,000 employees
- FTSE 250 (c.110), with a secondary listing in Copenhagen and market cap of £3.59bn*
- 2015 revenues of £6.1bn and PBITA of c.£400m**
- S&P rating of 'BBB-', with negative outlook and a commitment to maintaining a solid investment grade rating

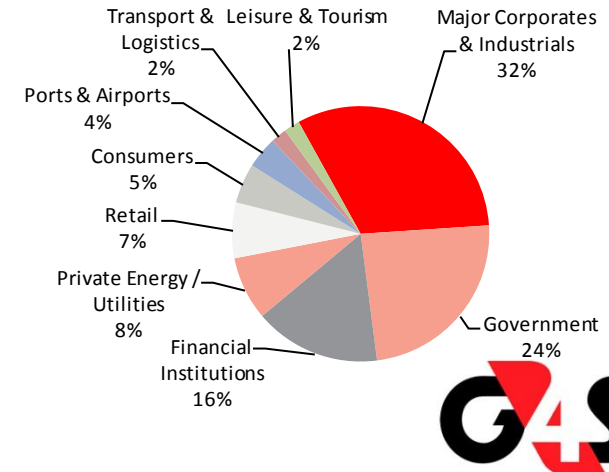
* As of 11 October 2016. Source: Bloomberg

** As of 30 June 2016

Geographical Sales H1 2016



Customer Segment Sales 2015



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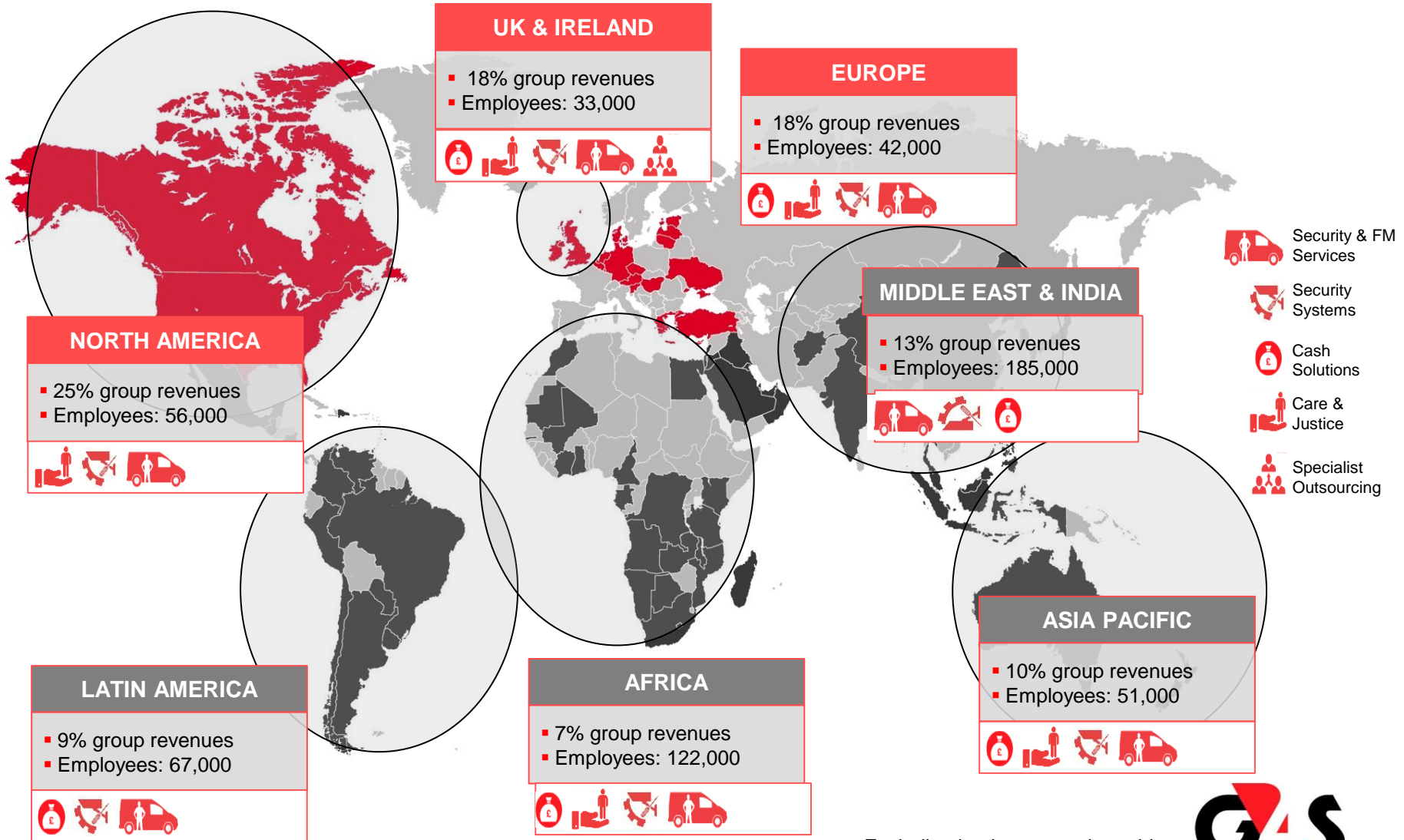
Diverse Business Segments |

Diversification by Service Line

	Business Segment	Service Line	Major Customer Segments	% Revenues in FY 2015
Secure Solutions (75% of PBITA)	Security & FM Services	<ul style="list-style-type: none"> Manned & Mobile Security Secure FM Services Monitoring & Response Armored Security Risk & Security Consultancy 	<ul style="list-style-type: none"> Major corporates & industrials Government Financial institutions Energy & utilities Retail & Distribution Airports and Ports Natural resources 	58%
	Security Systems & Tech	<ul style="list-style-type: none"> Security Systems Install & Maintenance Security Systems Software / Integration Fire & Alarm Services 	<ul style="list-style-type: none"> Major corporates & industrials Government Financial institutions Private energy & utilities Retail 	8%
	Care & Justice Services	<ul style="list-style-type: none"> Custody & rehabilitation Prisoner escorting Immigration Services Electronic Monitoring 	<ul style="list-style-type: none"> Central Government Local Government Government Agencies & Authorities Police authorities 	9%
	Specialist Outsourcing Services	<ul style="list-style-type: none"> Police services Employment Support Services Secure health services 	<ul style="list-style-type: none"> Central and local government Private energy & utilities 	11%
Cash Solutions (25% of PBITA)	Cash Solutions & Secure logistics	<ul style="list-style-type: none"> Cash management outsourcing Cash consulting ATM management Retail Cash Management Int. Secure Logistics 	<ul style="list-style-type: none"> Financial Institutions Retail Mining Leisure Other 	14%

Diverse Geographical Reach |

Global Market Coverage



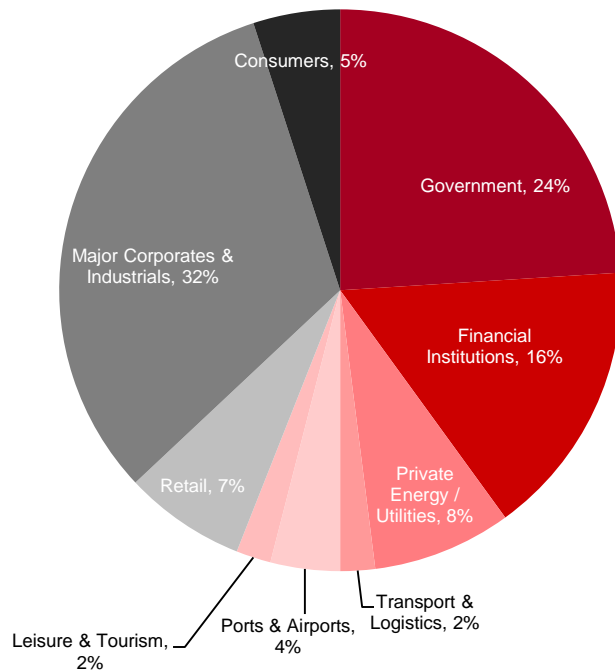
Excluding businesses to be sold



Diverse End Markets |

High-Quality and Balanced Customer Base

Revenue by Customer Type (FY 2015)

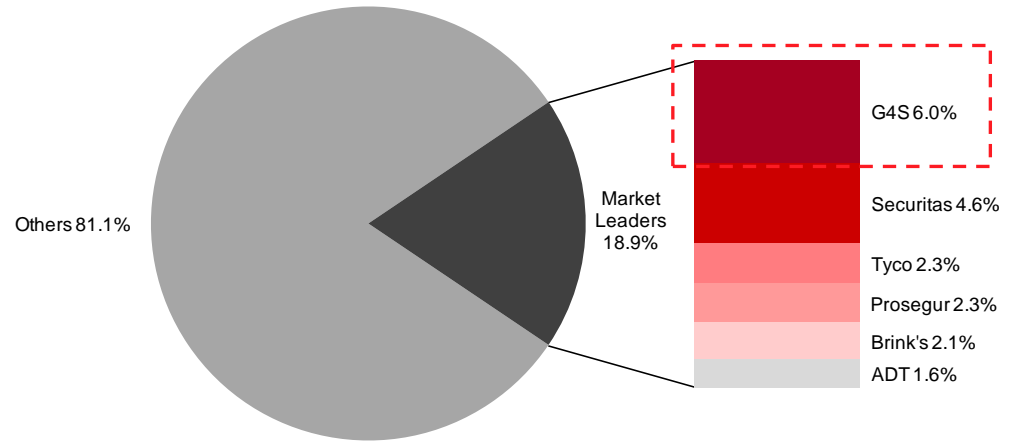


- G4S has a number of long-term complex, high-value contracts with multinationals, governments and other strategic customers
- Diverse customer base with no single customer accounting for more than 1.9% of underlying revenues
- Top 10 customers account for just 12.3% of underlying revenues

Leading Market Share

World Security Service Market by Share (2013)¹

- Operations in 85 countries across six continents with 566,000 dedicated employees
- Able to leverage learning and experience across markets for the benefit of customers and businesses
- Advantages of scale accentuated by strong G4S brand with over 100 years of heritage
- Industry-leading market share of 6.0% in 2013 with #1 positions in both Secure Solutions and Cash Solutions across a range of countries it operates in



¹Source: Freedonia World Security report November 2014



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G4S Strategy | Priorities & Investment Areas

- **Recruit, develop and deploy the best people:**
- **Long-term customer relationships:**
 - Use sector expertise to build strong relationships
 - Contract retention rates of c.90% speak to service excellence
- **Growth and innovation:**
 - Investment in sales and business development
 - Investment in service innovation
- **Operational Excellence:**
 - Invest in restructuring, IT, operations and procurement to drive efficiencies
- **Financial Discipline:**
 - Stringent contract and investment criteria
 - Focus on cash flow generation and leverage reduction to at least 2.5x

1. Continuing businesses

- Investing in and growing continuing businesses, taking advantage of favourable structural trends
- Strict financial and operational discipline to increase efficiencies

2. Portfolio management

- Exiting and disposing of businesses not meeting G4S' new, stringent review criteria to improve strategic, financial and operational focus
- 25 businesses divested to date and 38 more identified for closure or sale since start of program

3. Legacy contract management

- Exiting inherently unprofitable contracts entered into mainly between 2007-2012
- Materially strengthening approval controls to prevent recurrence

Continuing Businesses |

Six months ended 30 June 2016*

	Continuing businesses	% change	Onerous contracts	Portfolio businesses	Restructuring	Acquisition related amortisation and other	Statutory	% change
Revenue	3,086	+5.1%	114	332			3,532	+1.9%
PBITA	199	+8.2%	-	4			203	+6.8%
Earnings	102	+13.3%	1	(3)	(2)	(29)	69	+25.5%
OCF	293	+51.8%	4	9	(9)	(24)	273	+70.6%

*Constant currency

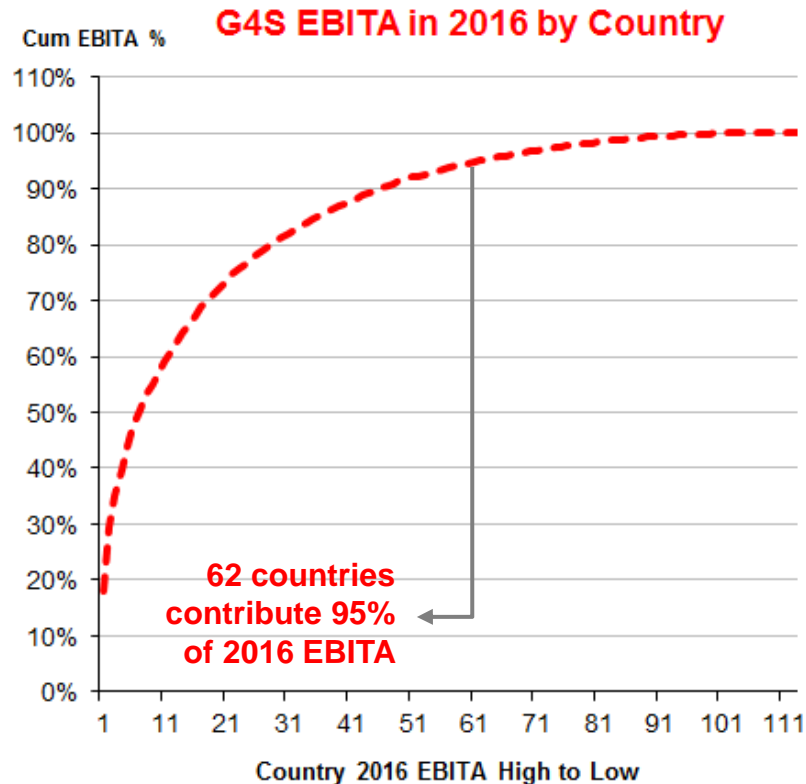
Investing in Continuing Businesses

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G4S Transformation |

Stringent Review Criteria for All Businesses



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 Transformation |

Significant Progress Made With More to Come

	Disposal complete	Disposal, closure in progress	Total
Number of businesses	25	38	63
Annual Revenue (£m)	900	610	1,510
Annual PBITA (£m)	14	(6)	8
Total proceeds (£m)	288	-	288

- Structured processes, active buyer interest
- Proceeds: £250m to £350m in 2016/17

Strategic, Commercial & Operational Focus

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Disciplined Financial Management

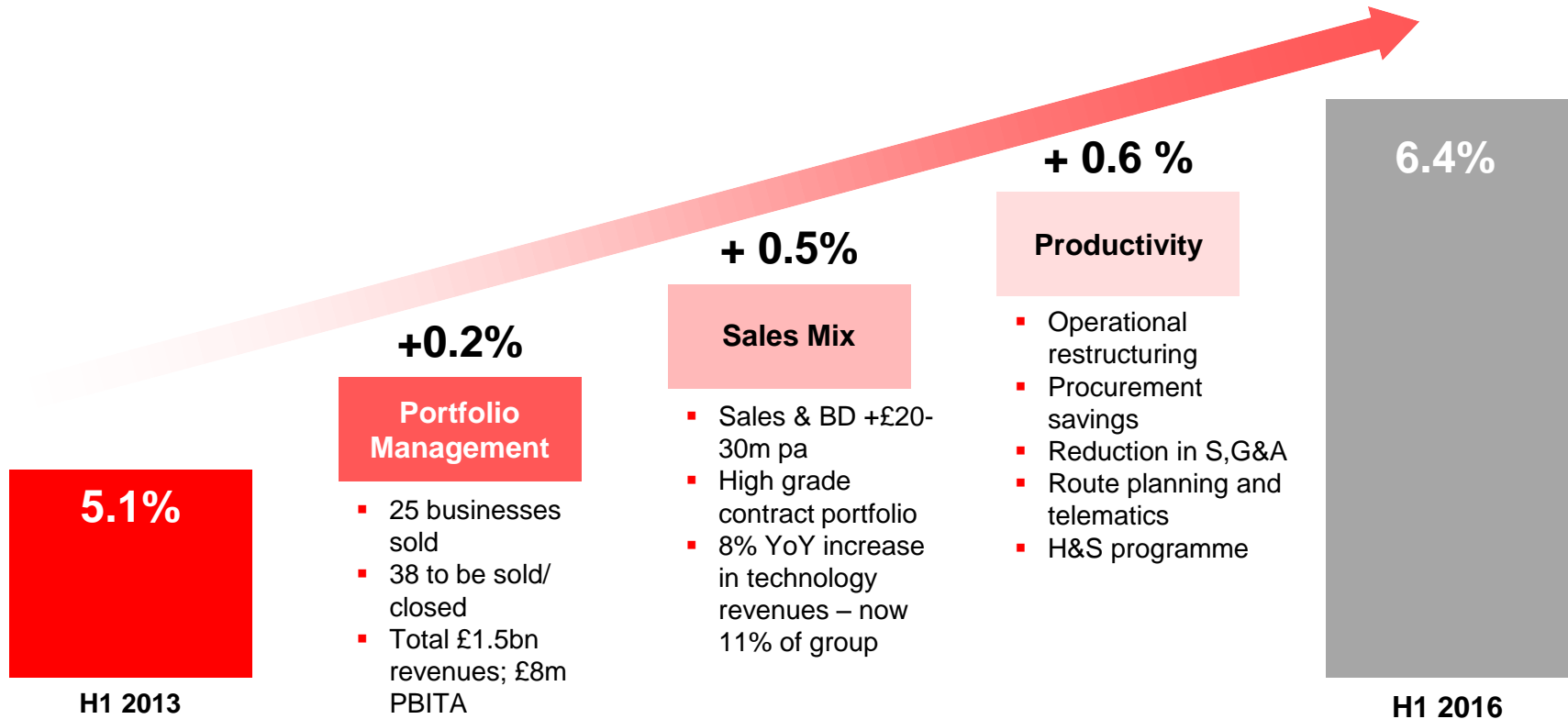
Objective from November 2013	H1 2016	2015	2014	2013
Quarterly Review of Contracts	218	214	202	168
<ul style="list-style-type: none"> ▪ Number reviewed ▪ Annualised revenue 	£2,597m	£2,363m	£2,234m	£2,025m
Single pool of capital – capex > 10% post tax IRR	£50m	£104m	£138m	£178m

- Contract risk management: established processes
- Strengthened finance and risk management capability
- Single pool of capital: focussed investment discipline
- Restructuring investments paying back within 3 years
- IT transformation
 - Infrastructure, productivity suite, lean process applications
 - Progressive / modular approach
- Shared service centres
- Cost leadership: restructuring, procurement & cost management

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G4S Transformation | PBITA Margin

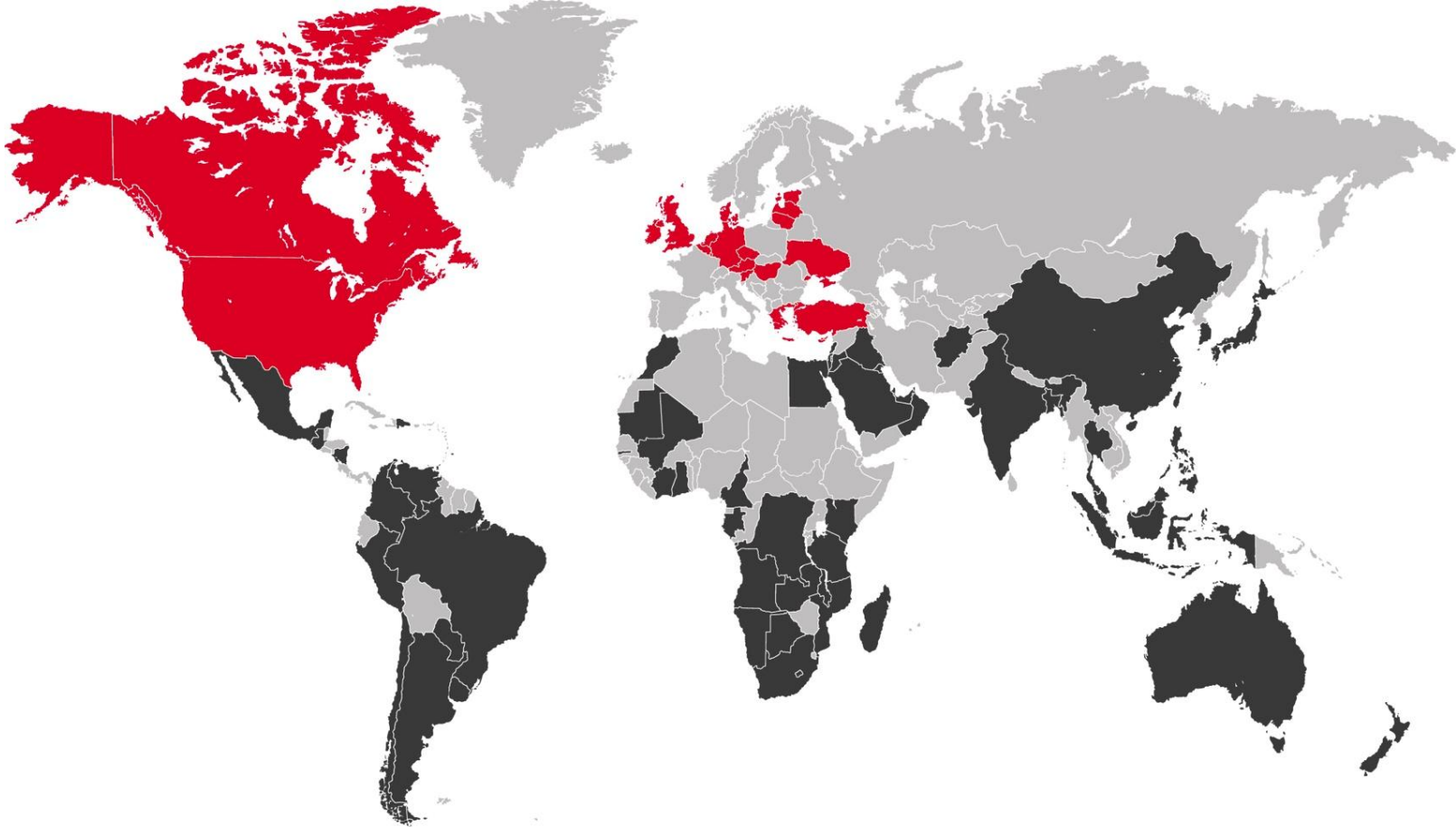


Tangible results – more to do

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Continuing Businesses



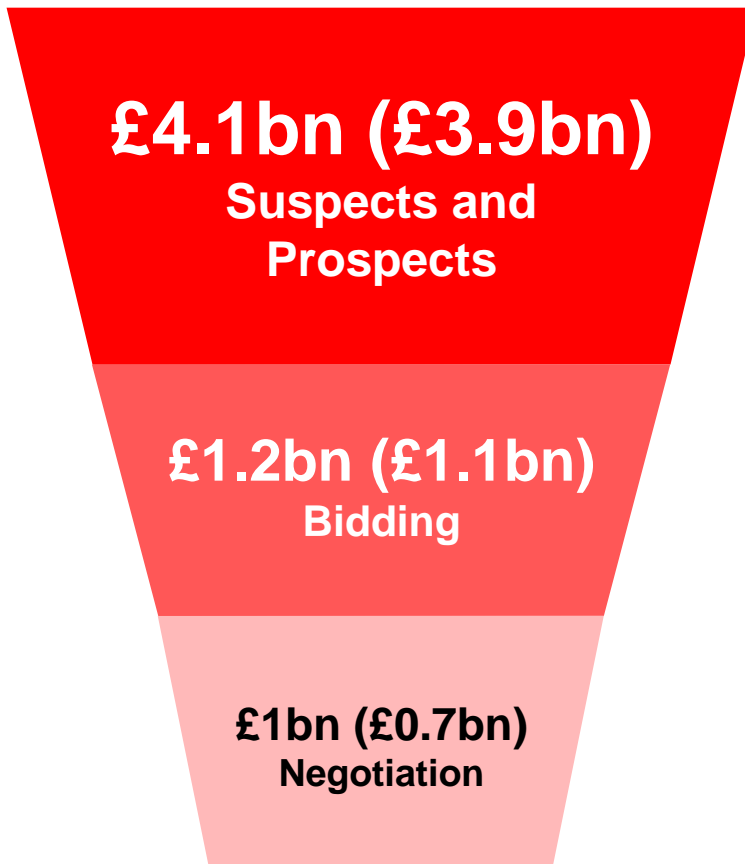
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Continuing Businesses | Strategic priorities

- **Growth – investment in:**
 - Sales & Business Development
 - Sales Operations
 - CRM
 - Innovation
 - Service Excellence
- **Operational Excellence – investment in:**
 - Restructuring
 - Procurement
 - Lean processes
 - IT / Ops
- **People & Organisation**
- **Financial Discipline: contracts, capex, cash flow, ND / EBITDA**

Continuing Businesses | Growth: Pipeline



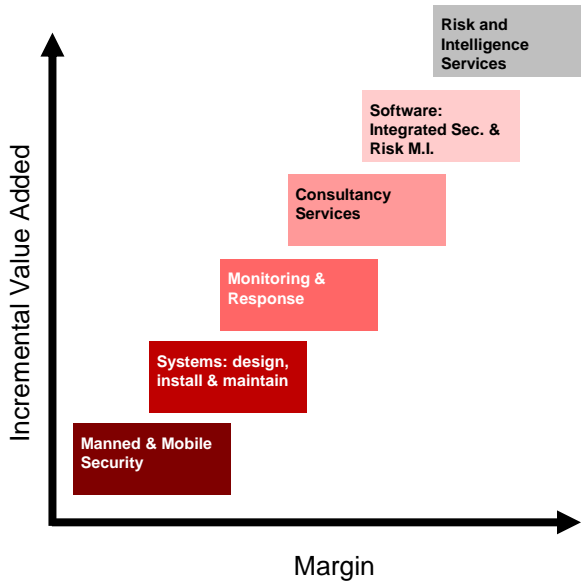
Note: As at 29 July 2016 (1 January 2016)

- Investment in Sales and BD
- 9M 2016 new contracts
£1 bn ACV, £2 bn TCV
- Strong pipeline diversified by:
 - Service
 - Market
 - Customer Segment
- Increasing win rate (get and grow)

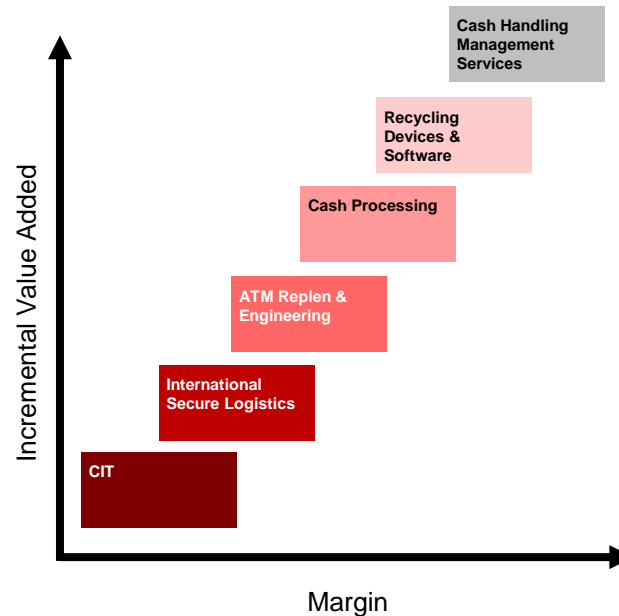
Continuing Businesses |

Growth: Investment in innovation

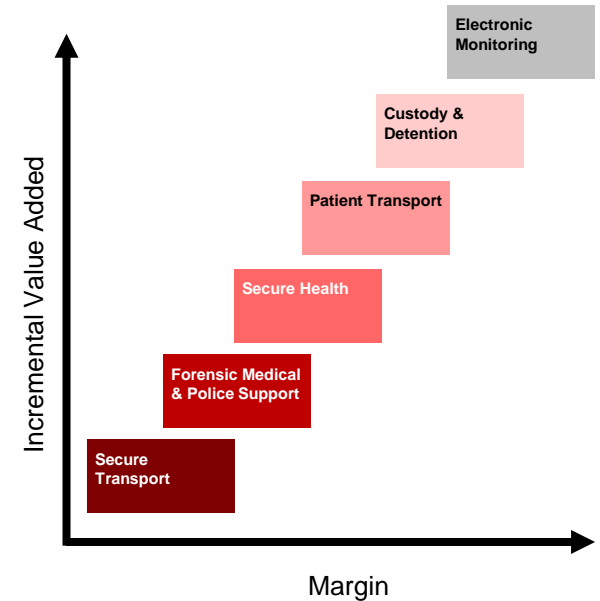
Secure Solutions



Cash Solutions



Care & Justice

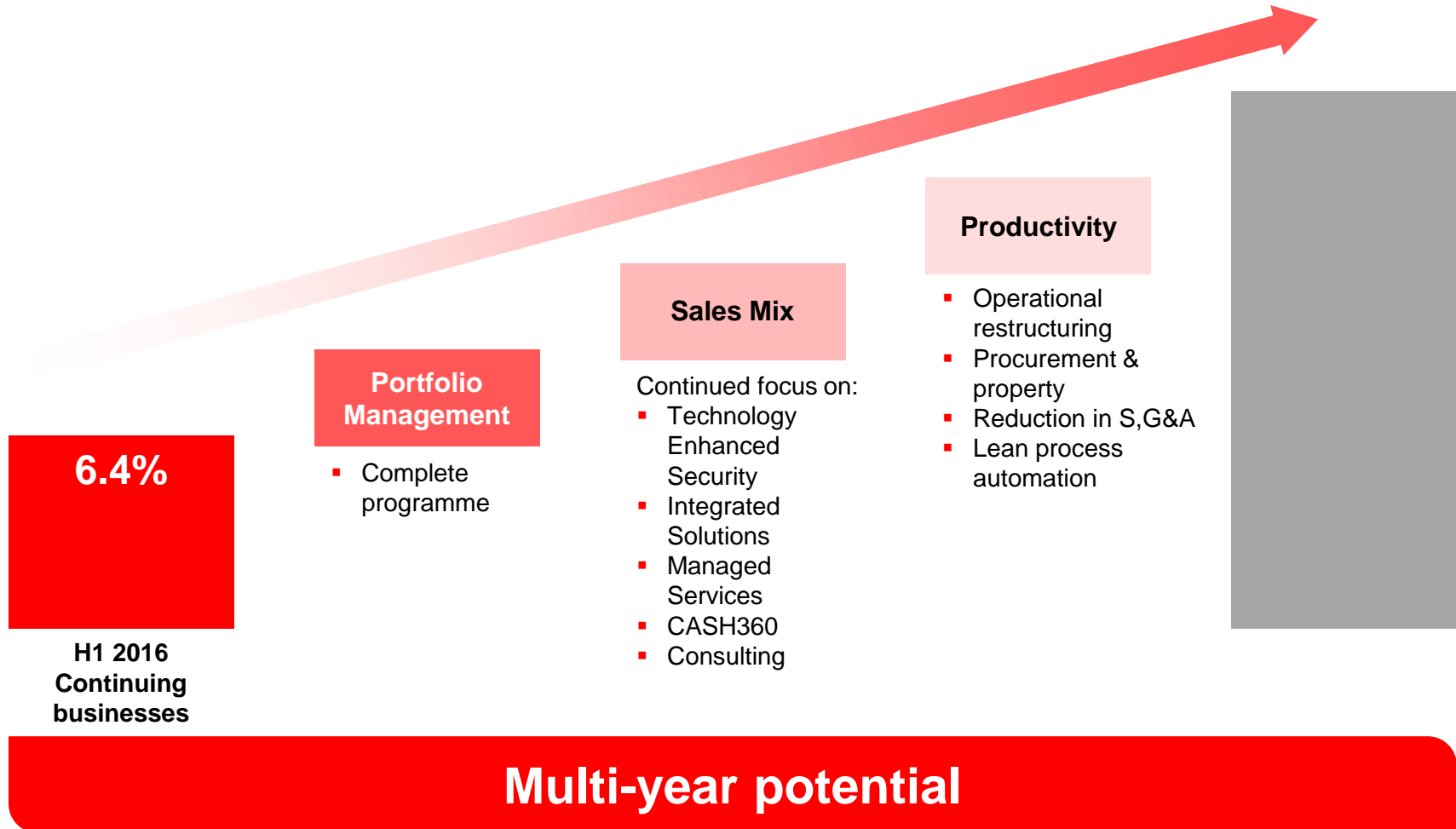


- Diversified service lines provide both resilience & growth options
- Services scalable across unrivalled market footprint
- Cross selling and up-selling offers enormous potential

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Continuing Business | PBITA Margin



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Nine Month 2016 Results

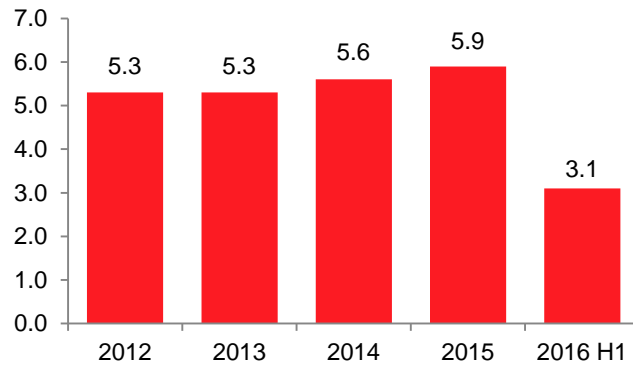
- Sustained good performance from H1
- Growth + Productivity => enhanced profitability
 - Revenue growth + 5.7%
 - Earnings: Double digit growth
- Operating Cash Flow > 60% increase
- Forward impact of FX: 80% revenues non UK

Focus on Growth, Productivity & Cash Flow

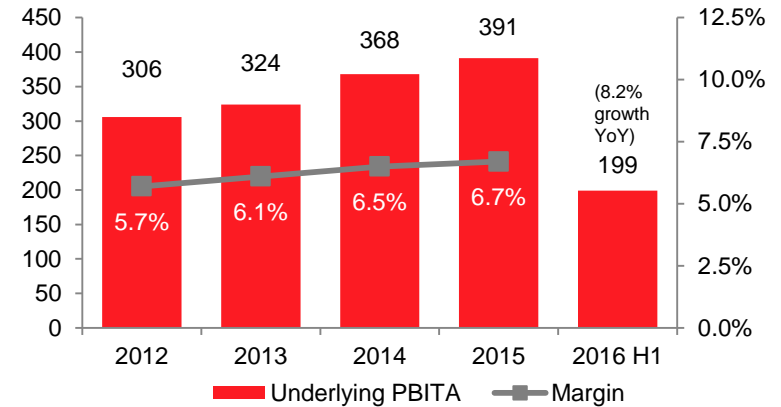
Summary Financials |

Growing and Efficient Continuing Businesses

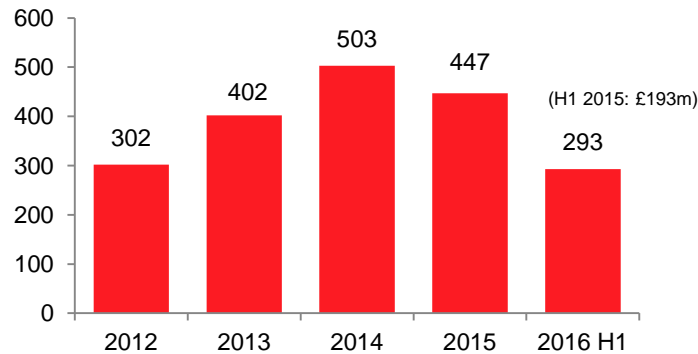
Continuing Revenue (£bn)



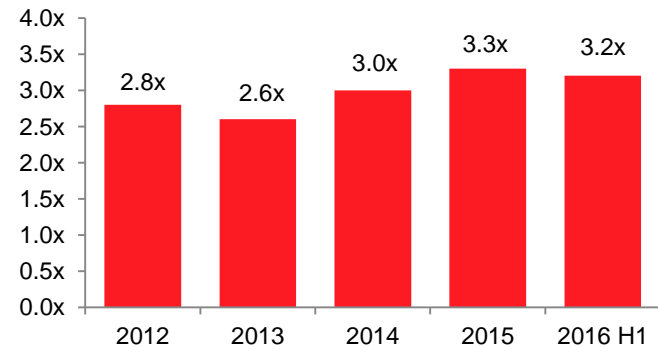
Continuing PBITA and Margin (£m)



Continuing Operating Cash Flow (£m)

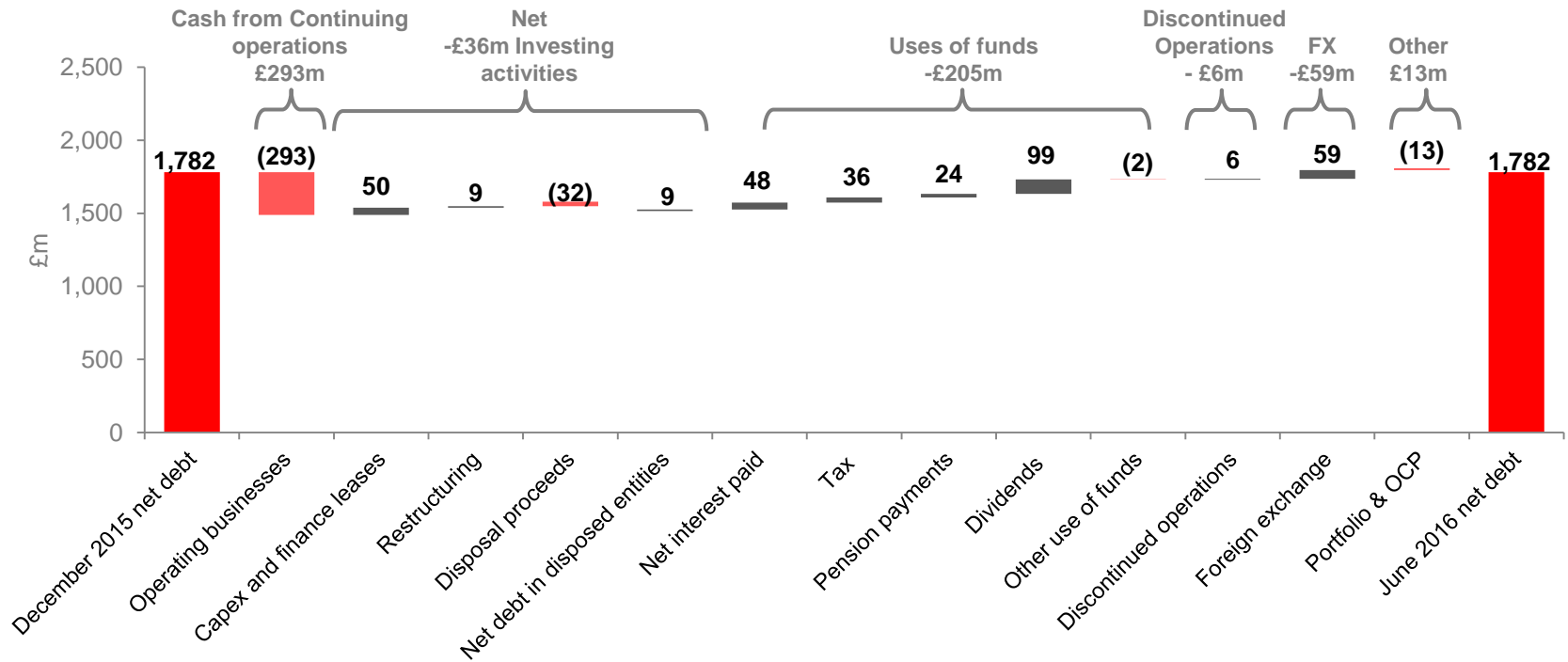


Net Debt to EBITDA



Financial Framework |

Cash flow and net debt as at H1 2016



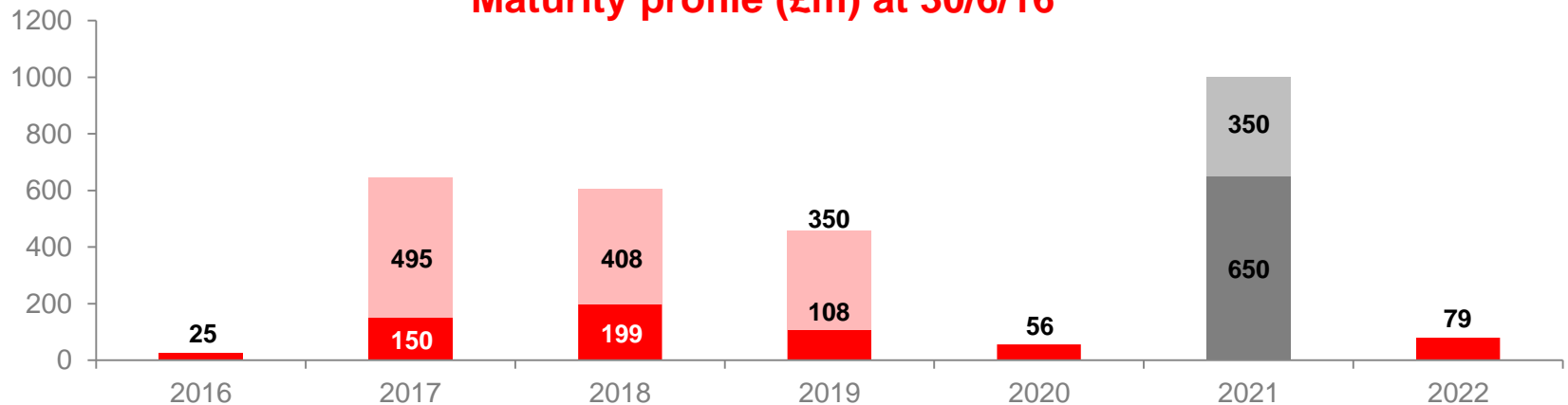
- Net cash flow of £59m covered FX translation impact of £59m
- Net Debt / EBITDA 3.2x (3.3x at December 2015)
- Triennial pension review: strong asset appreciation and deficit reduced
- FX tailwind to earnings and cashflow

Financial Framework |

Soundly financed

- **Strong liquidity**, unutilised committed facilities of c.£350m and cash c.£800m
- **New** 6 year €500m 1.5% Eurobond issued in Nov 2016, €3.5bn of investor demand
- **Flexible** access to long-term capital markets
- Revolving credit facility refinanced in Jan 2015, with **maturity extended** to 2021
- Group plan supports **Net Debt / EBITDA of 2.5x** or lower in 12-15 months
- **Committed to Investment Grade profile**

Maturity profile (£m) at 30/6/16*



USPP Bond RCF Drawn RCF Undrawn

(* exchange rates @ 30/6/16 or hedged rates where applicable)

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Financial Framework |

Progress with Net Debt / EBITDA Plan

3.2x

Growth / Productivity

- Revenue +4-6%
- Business mix
- Innovation
- Productivity

Cash flow

- Working Capital:
 - Receivables
 - Payables
 - Procurement
 - Event to billing
- Capital discipline
 - Managing Onerous Contracts
 - Restructuring
 - Capex
- Pension

Portfolio Management

- Strategic focus
- Proceeds of £250-350m in 2016/17
- £32m raised at H1 2016

2.5x

June 2016

December 2017

Multiple routes to 2.5x



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Summary Financials by Market |

Growing and Efficient Continuing Businesses

Continuing Results at Dec 15 exchange rates

Revenue (£m)				PBITA (£m)			PBITA %	
	FY 2015	FY 2014	YonY	FY 2015	FY 2014	YonY	FY 2015	FY 2014
Africa	390	366	6.6%	40	37	8.1%	10.3%	10.1%
Asia & Middle East	1,320	1,214	8.7%	121	109	11.0%	9.2%	9.0%
Latam	549	497	10.5%	29	28	3.6%	5.3%	5.6%
Emerging markets	2,259	2,077	8.8%	190	174	9.2%	8.4%	8.4%
Europe	1,005	992	1.3%	67	71	-5.6%	6.7%	7.2%
North America	1,443	1,369	5.4%	87	74	17.6%	6.0%	5.4%
UK&I	1,147	1,198	-4.3%	97	109	-11.0%	8.5%	9.1%
Developed markets	3,595	3,559	1.0%	251	254	-1.2%	7.0%	7.1%
Total Group	5,854	5,636	3.9%	441	428	3.0%	7.5%	7.6%
Corporate office				(50)	(60)	-16.7%		
Total Group	5,854	5,636	3.9%	391	368	6.3%	6.7%	6.5%

Board and Governance |

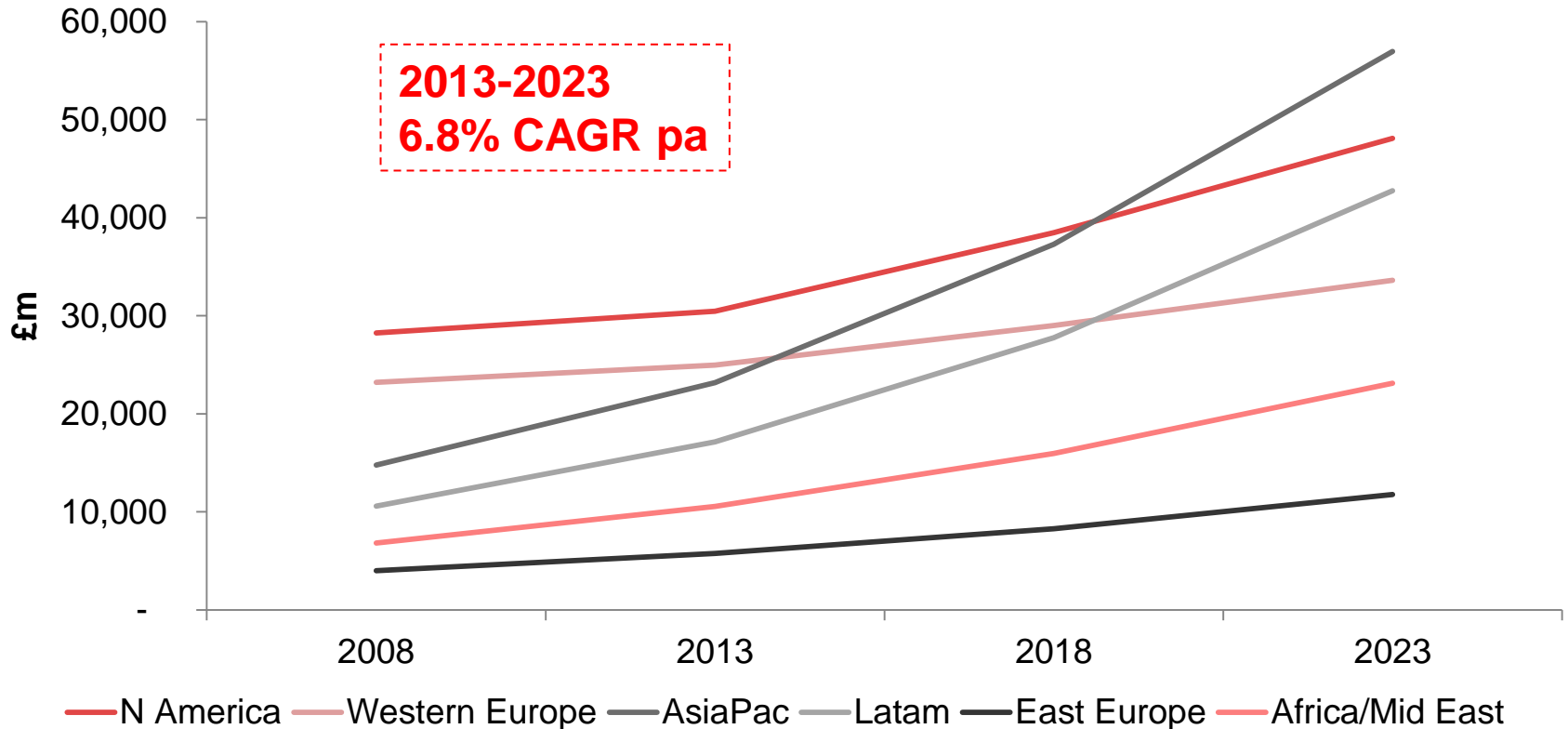
Transformed governance and risk management

- **Board changes since 2013:**
 - Chairman, Senior Independent Director, CEO, CFO, and Chair of Audit
- **Management Changes since 2013:**
 - Regional Presidents, Group HR Director, CIO, Head of Audit and Risk
 - Global leadership team 130/220
- **Independent reporting lines:**
 - Finance & legal report into Group CFO and Group Legal Counsel
- **Values, and Ethics:**
 - Group values re-launched in Q1 2016
 - Whistleblowing: New global “Speak Up” capability launched in 2015
 - Regional Risk and Audit Committees introduced attended by the external auditors
 - Regional Ethics Committees established
 - Completed corporate renewal programme with UK Government
- **Audit and risk**
 - New external auditors, PwC
 - Robust contract risk assessment processes, pre-bid, mobilisation and in-life



Strong Industry Dynamics |

Demand growing across regions



Source: Freedonia World Security report November 2014

Structural growth markets

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Secure Solutions |

Key Trends and Growth Drivers

Global

- Counter-terrorism
- Crime rates including care and justice services
- Economic growth including inflation
- Migration
- Sporting and music events
- Disaster support including pandemics
- Outsourcing and risk management
- Health and safety trends and compliance
- Cyber crime

Developed Markets

- North America – recent market consolidation
- Technology – primarily developed markets but also opportunities in Middle East

Cash Solutions | Key Trends

Emerging Markets

- Each market unique
- Cash dominant payment instrument
- High unbanked population – financial inclusion policies support cash usage
- ATM growth
- High volumes of manual cash handling in bank branches
- Cash an “anchor” service / payment option for banks and retailers
- Mobile payment mechanisms typically use cash at both ends of payment chain

Developed Markets

- Great variation in policy, practice and trends across markets
- Cash largely sourced from ATMs / remote ATMs
- Retailers and FI’s seeking efficiency and enhanced ease of use
- CIT: competition / scale matters
- FI branch costs currently account for 50-60% of retail banking costs
- Growing interest in digital payment technologies but market penetration measured & often cannibalizes other non cash instruments