

G4S plc

Preliminary Results

15 March 2011

Securing Your World



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Nick Buckles

Chief Executive Officer

Securing Your World



Agenda

Results Highlights	Nick Buckles
Financial Summary	Trevor Dighton
Business Review	Nick Buckles
Q&A	

Results Highlights

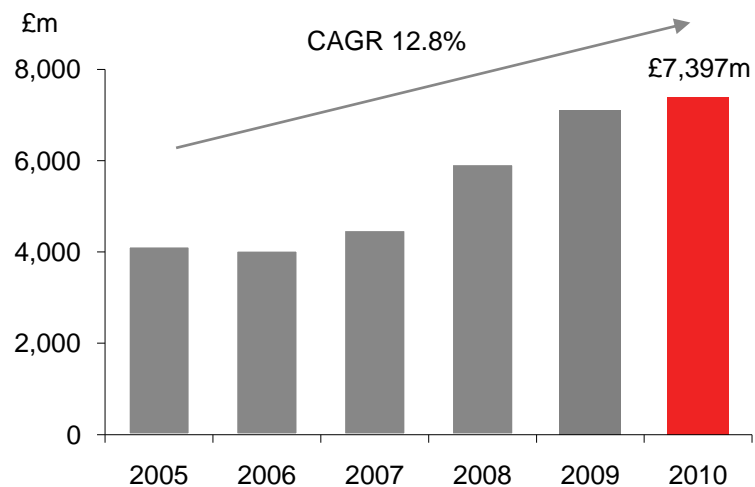
- **Robust organic turnover growth of 2.1%**
- **Group turnover* up 4.1% to £7,397 million**
- **Continued strong performance in new markets**
- **PBITA* up 4.2% to £527 million**
- **Margin* maintained at 7.1%**
- **Operating cash flow generation 85% of PBITA**
- **Adjusted EPS increased by 7% to 21.6 pence**
- **Total dividend up 10% to 7.90 pence per share**
- **Brazil market entry**

* at constant exchange rates

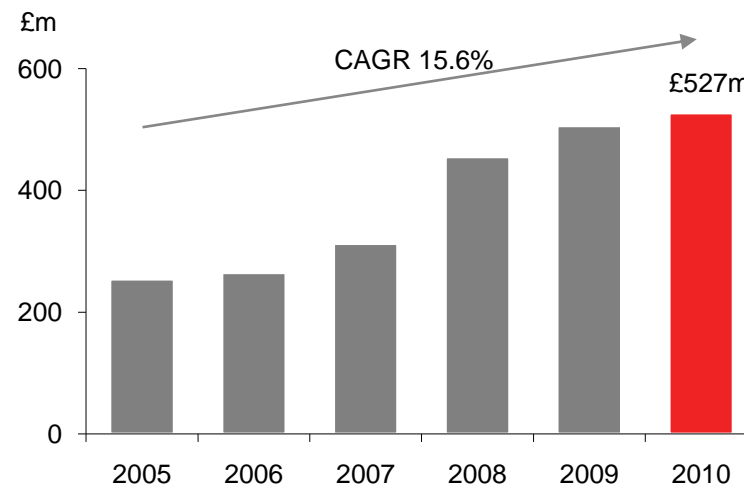
Long Term Growth

Consistent growth on all key metrics

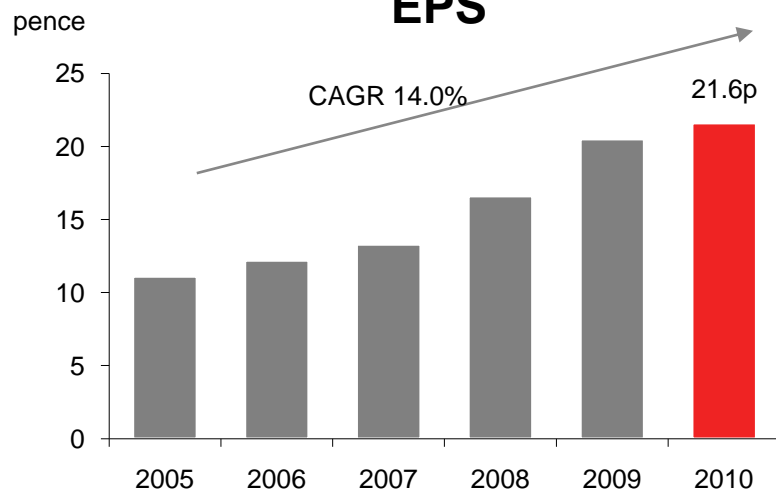
Turnover



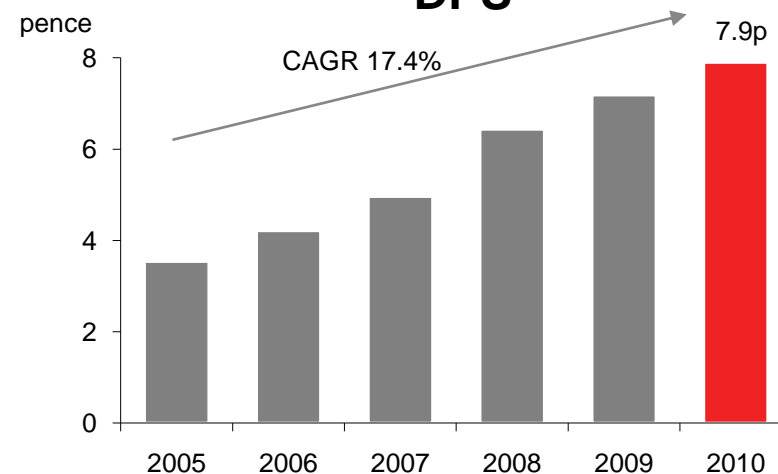
PBITA



EPS



DPS

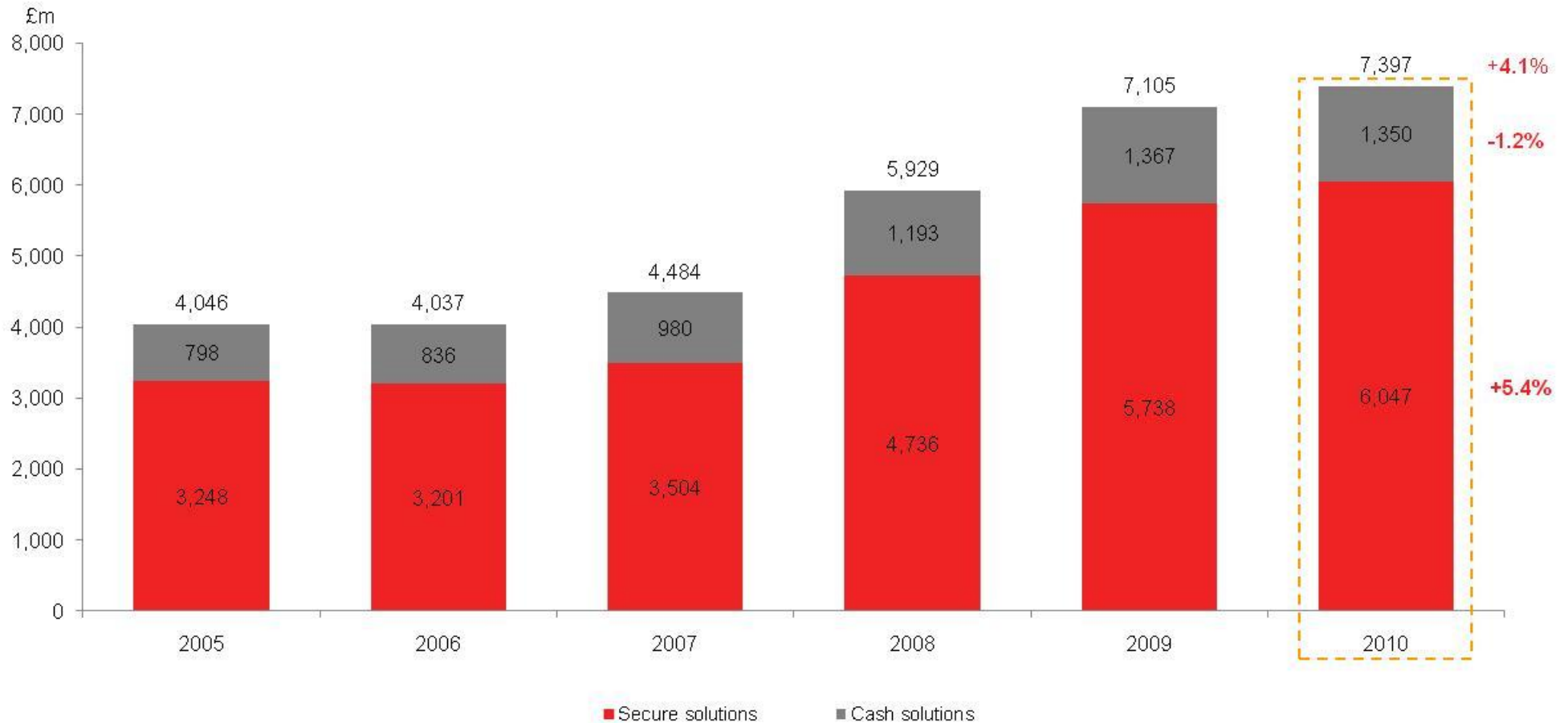


Financials

Trevor Dighton

Chief Financial Officer

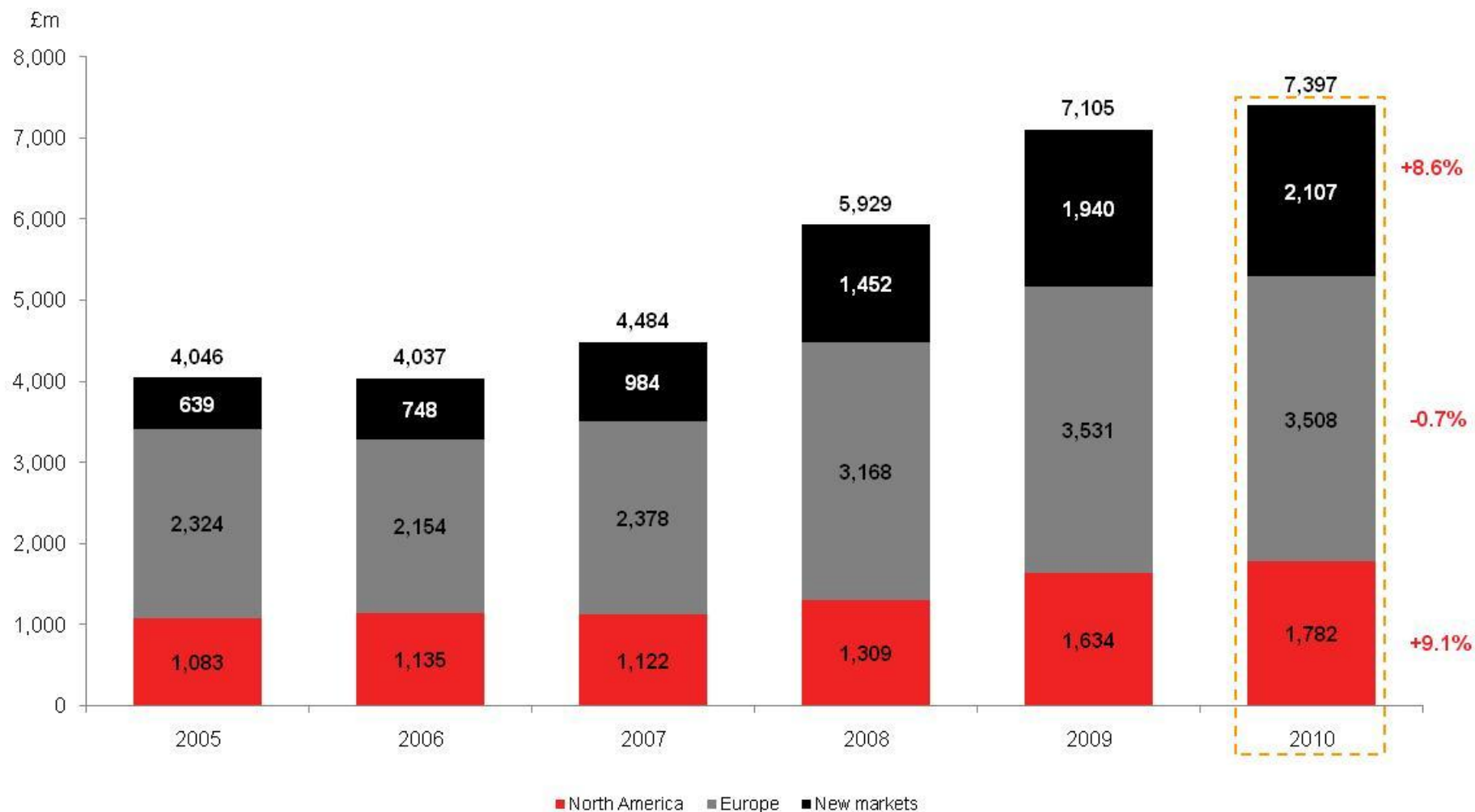
Continuing Turnover by Business Line



2009 and 2010 at 2010 exchange rates. 2006-2008 as reported.

Continuing Turnover by Geography

Strong growth across most geographies, particularly in New Markets



2009 and 2010 at 2010 exchange rates. 2006-2008 as reported.

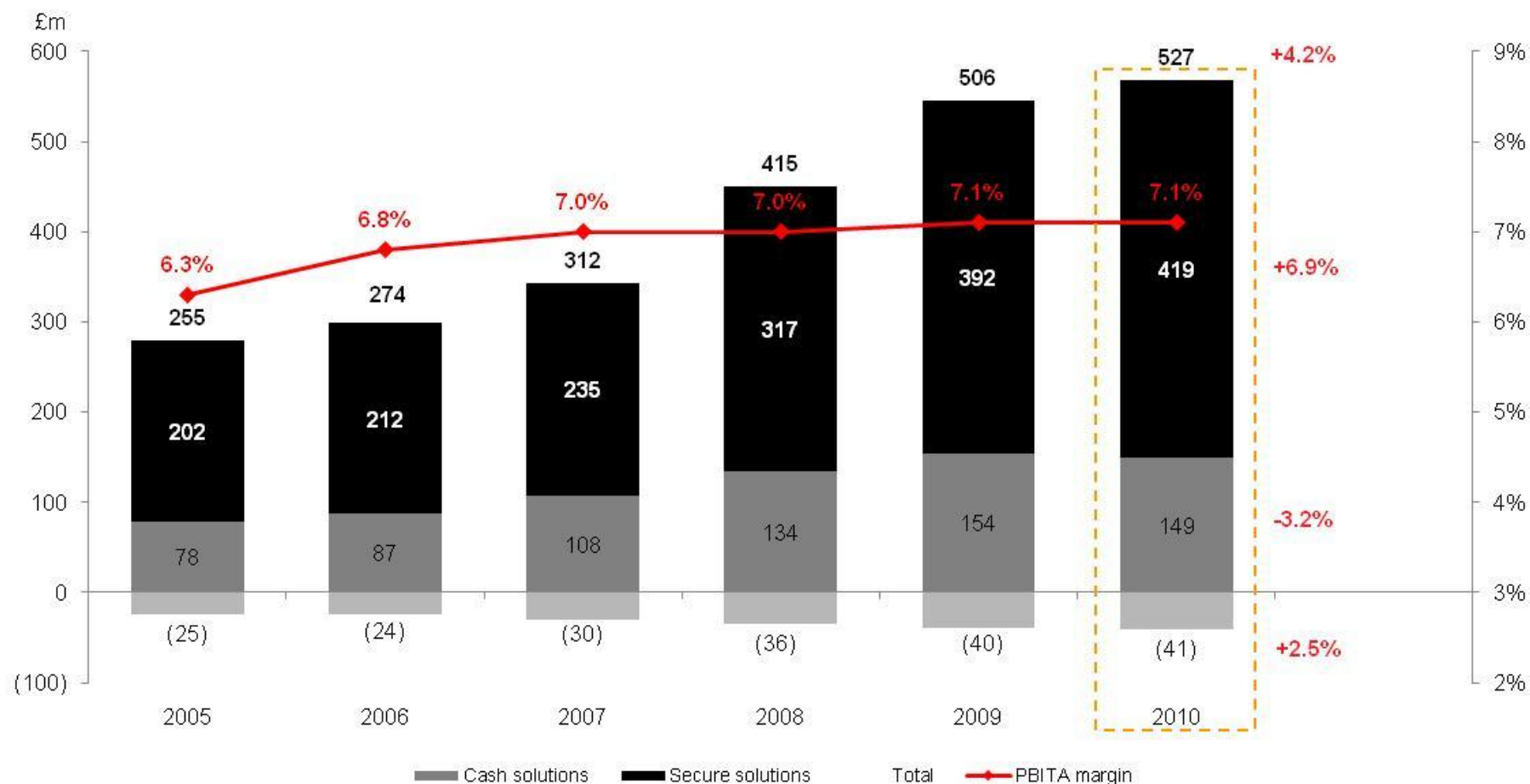
Organic Turnover Growth

12 months ended 31 December 2010

	Europe	North America	Developed Markets	New Markets	Total
Secure Solutions	0.6%	2.2%	1.2%	7.1%	2.8%
Cash Solutions	-2.8%	-3.6%	-2.9%	4.4%	-1.1%
Total	-0.3%	1.8%	0.4%	6.6%	2.1%

Continuing PBITA by Business Line

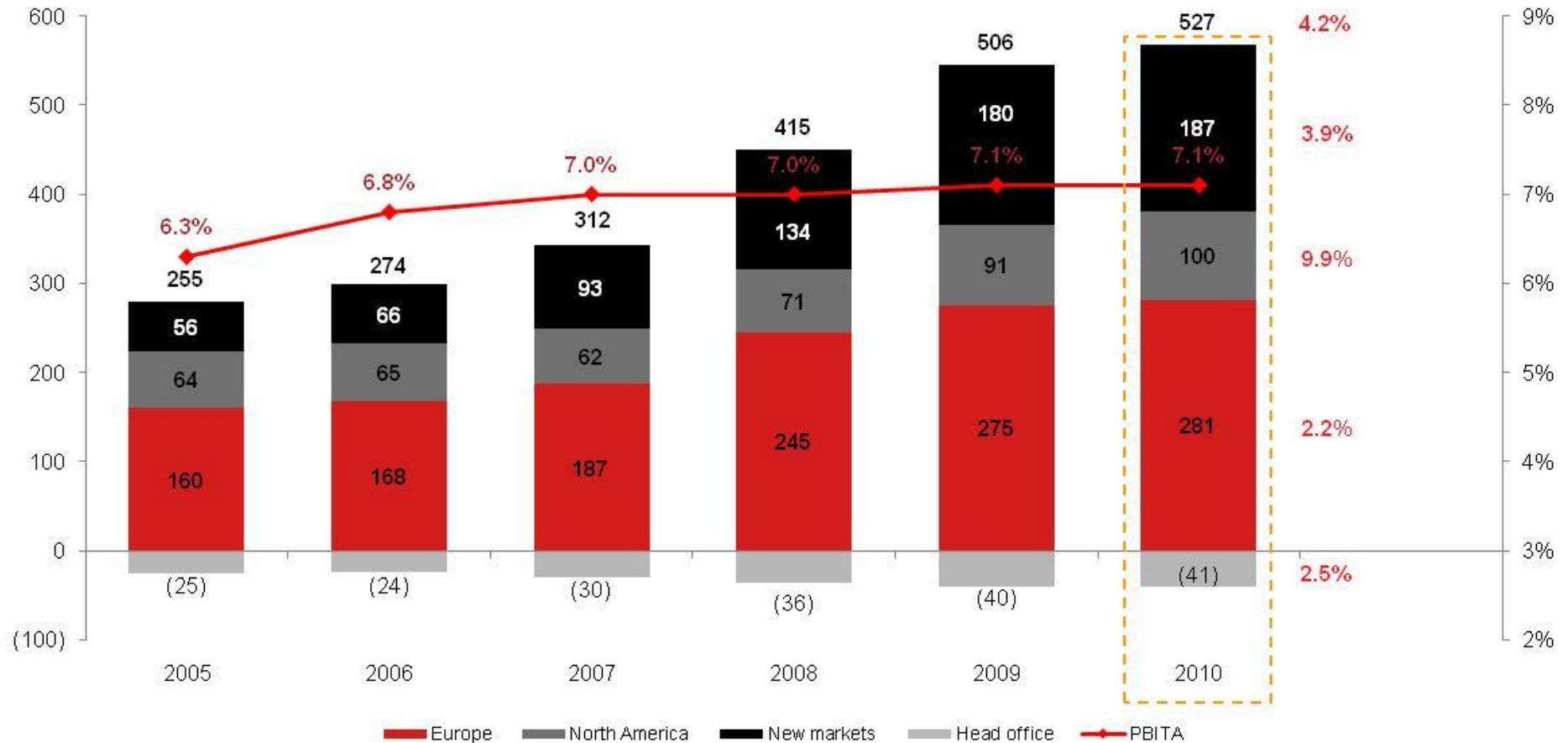
Strong profit performance across business lines



2009 and 2010 at 2010 exchange rates. 2006-2008 as reported.

Continuing PBITA by Geography

Strong profit growth across geographies



2009 and 2010 at 2010 exchange rates. 2006-2008 as reported.

Profit and Loss Account

12 months ended 31 December 2010

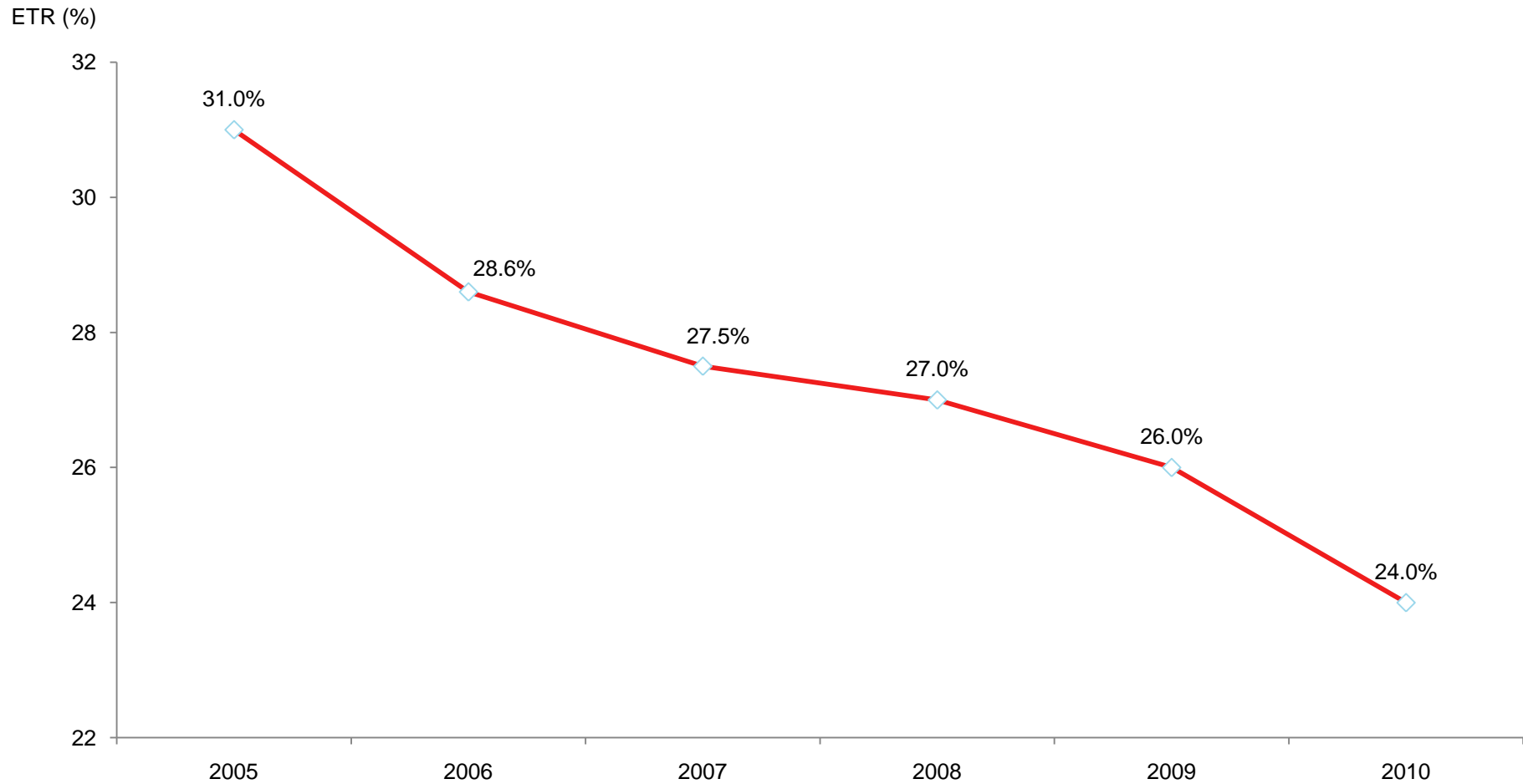
£m	<u>2010</u>	<u>2009</u>
PBITA	527	500
Interest (before pensions)	(99)	(95)
<hr/>		
PBT (before amortisation and pensions interest)	428	405
Amortisation & acquisition expenses	(92)	(83)
Pensions interest	(6)	(19)
<hr/>		
PBT	330	303
Tax	(76)	(77)
Discontinued operations	(9)	(7)
<hr/>		
PAT	245	219

£m	<u>Pre amortisation and pensions interest</u>	<u>Amortisation and pensions costs</u>	<u>Total</u>
Profit/(loss) before tax	428	(98)	330
Tax (charge)/credit	(103)	27	(76)
Tax rate	24%		

Effective Tax Rate

2005 - 2010

Continual improvement in effective tax rate



Earnings per Share

12 months ended 31 December 2010

£m	<u>2010</u>	<u>2009 at constant FX</u>	<u>2009 at actual FX</u>
PBITA from continuing operations	527	506	500
Interest (before pensions)	(99)	(95)	(95)
<hr/>			
PBTA from continuing operations	428	411	405
Tax	(103)	(107)	(105)
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Tax rate	24%	26%	26%
Adjusted PAT	325	304	300
Non-controlling interests	(22)	(17)	(17)
<hr/>			
Adjusted profit attributable to shareholders	303	287	283
<hr/>			
Average number of shares (m)	1,406	1,404	1,404
Adjusted EPS (p)	21.6p	20.4p	20.2p

Balance Sheet

31 December 2010

£m	2010	2009
Goodwill and other intangibles	2,504	2,474
Tangible fixed assets	580	546
Other non-current assets	309	227
Current assets (excl cash)	1,451	1,459
Current liabilities (excl debt)	(1,315)	(1,286)
Non-current liabilities (excl debt)	(480)	(547)
Net debt	(1,426)	(1,433)
Net assets	1,623	1,440
Net debt to EBITDA	2.1x	2.3x
% Return on invested capital ^(a)	14.5%	14.4%

(a) NOPAT/adjusted invested capital

Operating Cash Flow

12 months ended 31 December 2010

G4S definition	£m	2010	2009
	Group PBITA		522
Depreciation & profit on disposal		132	136
Working capital movement		(73)	(15)
Cash generated from operations		581	620
Capital expenditure		(139)	(170)
Operating cash flow		442	450
Operating cash flow as % of PBITA		85%	90%

IFRS	£m	2010	2009
	Operating cash flow (G4S definition)		442
Add back capital expenditure		139	170
Cash outflow on discontinued operations and exceptional items		(14)	(13)
Additional pension contributions		(33)	(30)
Tax paid		(86)	(68)
Cash from operating activities (statutory definition)		448	509

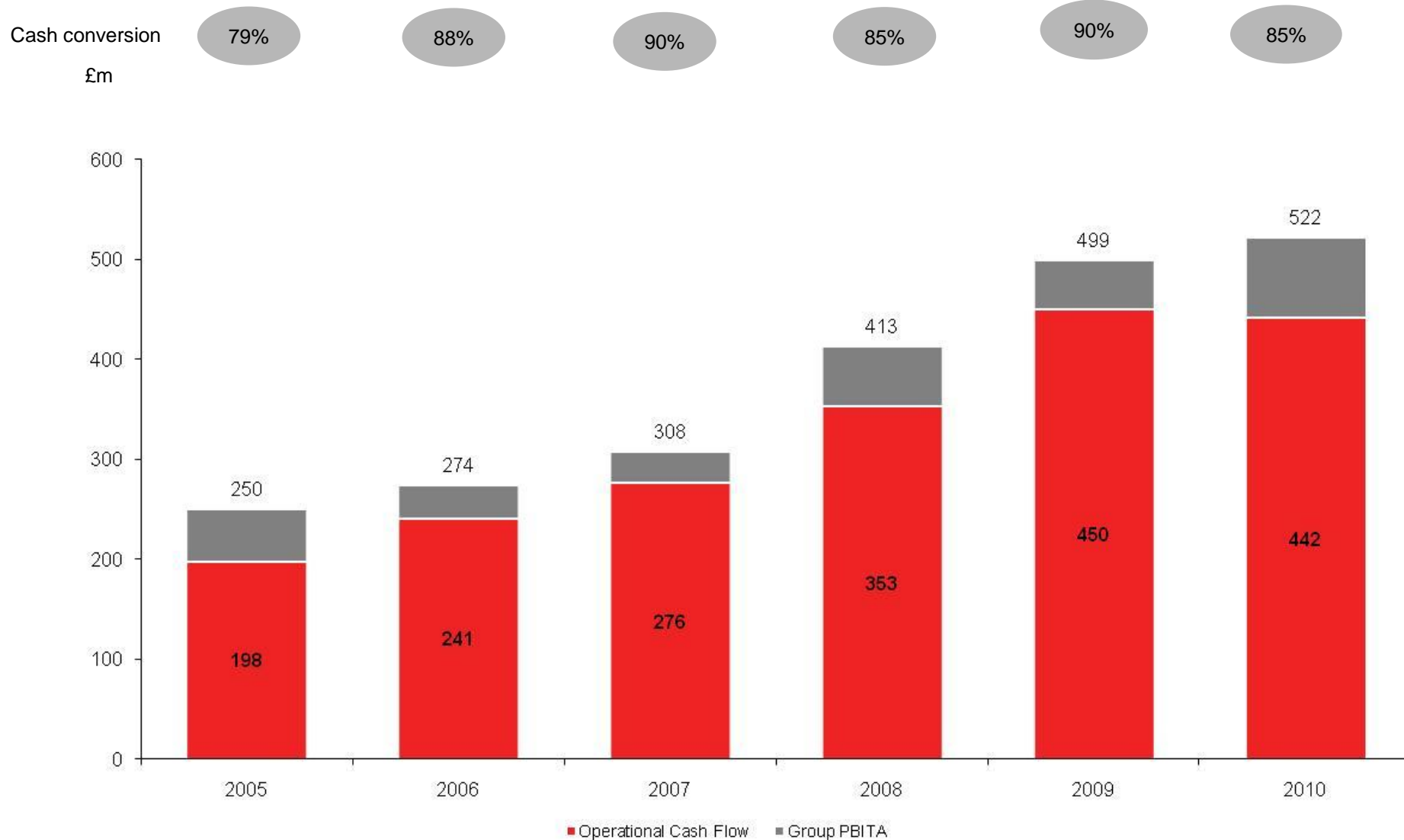
Cash Flow

12 months ended 31 December 2010

£m	2010	2009
Cash from operating activities (statutory definition)	448	509
Interest	(94)	(87)
Net capital expenditure	(139)	(170)
Group dividend	(103)	(94)
Acquisitions and disposals	(50)	(153)
Share issues	-	3
New finance leases	(9)	(20)
Other	(19)	(36)
Movement in net debt	34	(48)
Exchange movement	(27)	(37)
Opening net debt	(1,433)	(1,348)
Closing net debt	(1,426)	(1,433)

Cash Flow Conversion

Significant free cash flow generation and targeted cash conversion achieved



Acquisitions

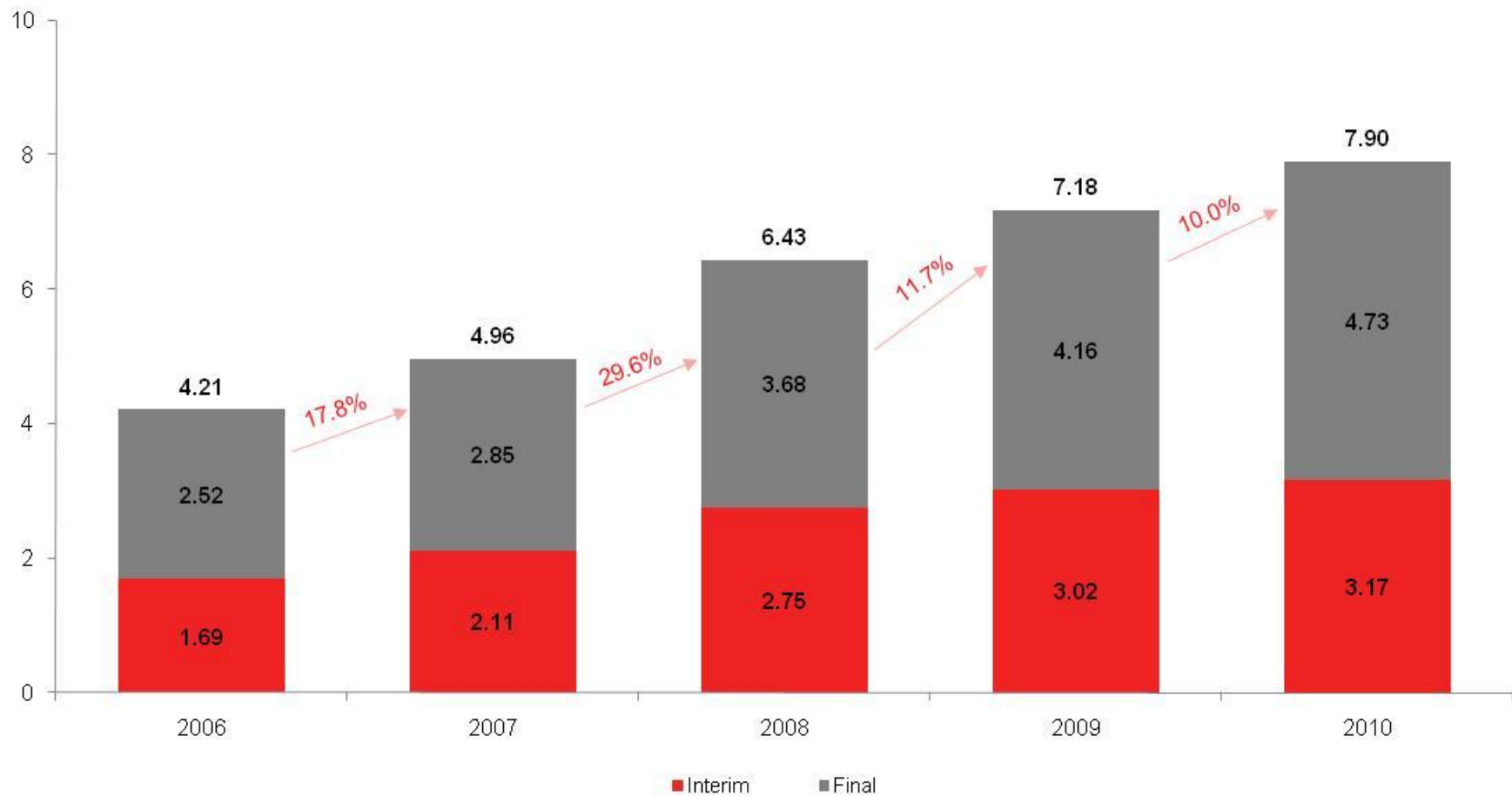
12 months ended 31 December 2010

	2010
	£m
Businesses acquired:	
Instalarme	20
Plantech	27
Skycom	4
Others	14
Total consideration relating to current year acquisitions	65
Additional consideration recognised on acquisitions in prior years	12
Total consideration recognised and paid in current year	77
Purchase of non-controlling interest (reserves)	5
Acquisition-related expenses (income statement)	4
Total investment in acquisitions in 2010	86

Dividend

Dividend growth based on strong earnings growth

- Final dividend of 4.73p per share
- Total dividend for 2010 of 7.90p
- 10% increase on 2009
- Policy remains to increase dividends broadly in line with underlying earnings growth



Pensions

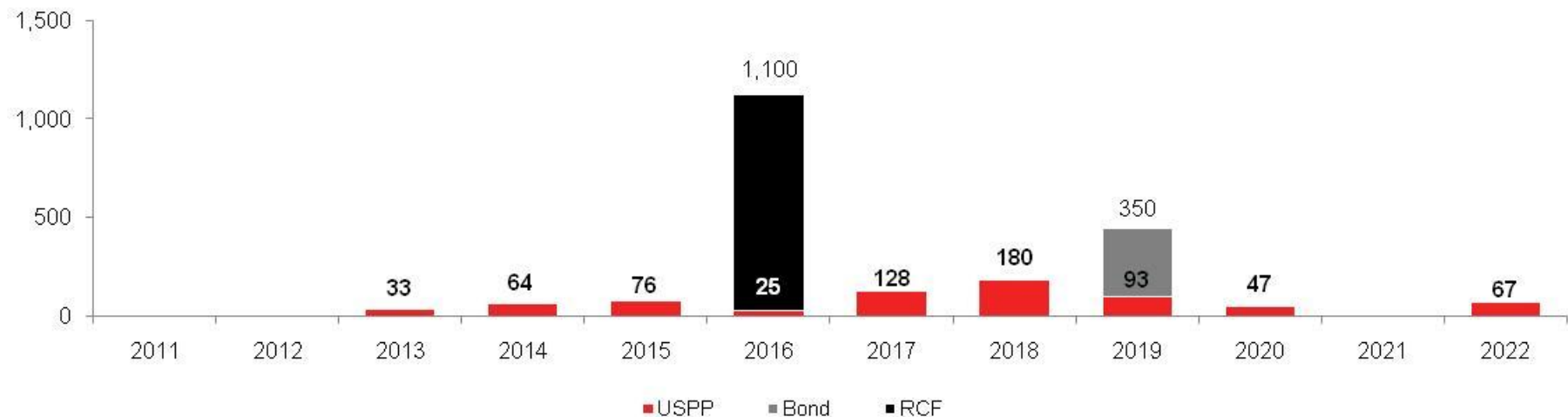
12 months ended 31 December 2010

- Financial and actuarial assumptions updated as at December
- Calculations subject to short-term volatility
- Discount rate of 5.5% used for the UK
- Government change from RPI to CPI for calculating pension increases has resulted in a reduction of liabilities by £32m
- Deficit decreased to £265m from £328m at December 2009
- Additional cash contributions of £33m paid (no P&L implication); agreed further £100m over next three years
- In consultation for cessation of future accruals in the UK

Financing

- Headroom of £552m
- Average interest rate in 2010 of 4.8%
- Net debt to EBITDA of 2.1x
- Completed refinance of multi-currency revolving credit facility at 10 March 2011

Available funding – maturity profile (£m)



Nick Buckles

Chief Executive Officer

Securing Your World



Secure Solutions

£m	Turnover		PBITA		Margins	
	2010	2009	2010	2009	2010	2009
* At 2010 exchange rates						
Europe*	2,617	2,612	180	175	6.9%	6.7%
North America*	1,676	1,524	96	86	5.7%	5.6%
New Markets*	1,754	1,602	143	131	8.2%	8.2%
Exchange differences	-	(70)	-	(4)		
At actual exchange rates	6,047	5,668	419	388	6.9%	6.8%

Secure Solutions

Europe

£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2010	2009	2010	2009	2010	2009	2010
UK & Ireland*	1,179	1,136	103	97	8.7%	8.5%	3.8%
Continental Europe *	1,438	1,476	77	78	5.4%	5.3%	-1.9%
Total Europe *	2,617	2,612	180	175	6.9%	6.7%	0.6%

UK & Ireland

- Organic growth strong at 3.8%
- Strong performance in Commercial and Care and Justice services
- Decline in growth and margins in **Ireland** but should improve in 2011
- Strong pipeline for 2011 onwards

Secure Solutions

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Total Europe *	2,617	2,612	180	175	6.9%	6.7%	0.6%

Continental Europe

- Small organic growth decline in Continental Europe but margins improved with strict cost control
- Eastern European markets remain challenging
- Signs of stability in some of the larger European markets
- Good organic growth in **Norway**
- Strong start to 2011 with new contract wins in **Belgium, Sweden, Israel** and **Cyprus**

Secure Solutions

North America

£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2010	2009	2010	2009	2010	2009	2010
North America *	1,676	1,524	96	86	5.7%	5.6%	2.2%

United States

- Good performance in commercial sector with strong pipeline in systems and secure solutions
- Federal government outsourcing growth muted in short term but local and state government budget constraints should result in increased demand for more efficient services

Canada

- Organic growth of nearly 7% due to new contract awards in the healthcare and energy sectors
- CATSA airport opportunity

Secure Solutions

New Markets

£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2010	2009	2010	2009	2010	2009	2010
Asia *	600	565	40	44	6.7%	7.8%	3.5%
Middle East *	465	429	44	39	9.5%	9.1%	8.2%
Africa *	333	313	33	29	9.9%	9.3%	5.8%
Latin America & Caribbean *	356	295	26	19	7.3%	6.4%	14.2%
Total New Markets *	1,754	1,602	143	131	8.2%	8.2%	7.1%

Asia

- Organic growth of 3.5% and margins lower due to loss of DIAC contract in **Australia**
- Double digit growth in **India** and strong performances in **Papua New Guinea, Pakistan** and the **Philippines**

Secure Solutions

New Markets

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Total New Markets *	1,754	1,602	143	131	8.2%	8.2%	7.1%

Middle East

- Excellent organic growth of 8.2%
- **Saudi Arabia, UAE and Qatar** all grew strongly
- Margins improved due to successful implementation of integrated solutions strategy and strong market positions
- US government contracts in **Iraq** and **Afghanistan** to scale down

Secure Solutions

New Markets

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Africa

- 5.8% organic growth overall and margins improved strongly to 9.9%
- Excellent performances in **Botswana, Djibouti, Morocco and Uganda**

Secure Solutions

New Markets

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Total New Markets *	1,754	1,602	143	131	8.2%	8.2%	7.1%

Latin America & Caribbean

- Organic growth of 14.2% and margins increased to 7.3%
- **Argentina, Chile, Colombia, Ecuador, Mexico and Puerto Rico** grew particularly strongly helped by new contracts
- Excellent performance from **Brazil** acquisitions

Cash Solutions

£m	Turnover		PBITA		Margins	
	2010	2009	2010	2009	2010	2009
* At 2010 exchange rates						
Europe*	891	919	101	100	11.3%	10.9%
North America*	106	110	4	5	3.8%	4.5%
New Markets*	353	338	44	49	12.5%	14.5%
Exchange differences	-	(26)	-	(2)		
At actual exchange rates	1,350	1,341	149	152	11.0%	11.3%

Cash Solutions

Europe

£m * At constant exchange rates	Turnover		PBITA		Margins		Organic Growth
	2010	2009	2010	2009	2010	2009	2010
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New Markets *	353	338	44	49	12.5%	14.5%	4.4%
Total Cash Services *	1,350	1,367	149	154	11.0%	11.3%	-1.1%

UK & Ireland

- Good cost control and operational efficiencies improved margins
- Growth lower due to lower interest rates affecting volumes and HBOS Lloyds re-structuring, partly offset by strong performance from international valuables business
- **Ireland** continued to face very challenging economic environment, won An Post contract
- Security initiatives continue to benefit bottom line
- Profit on sale of TLCS offset by major restructuring costs

Cash Solutions

Europe

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Continental Europe

- The **Baltics** and **Benelux** performed well through cost control and driving efficiencies
- Continued strong growth in **Greece** and **Belgium** from financial institution outsourcing
- Significant banking work won in **Belgium**
- Major restructuring in **Sweden** and in **Romania** following large service reduction
- Focus on cost control and efficiencies across the region

Cash Solutions

North America

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Total Cash Services *	1,350	1,367	149	154	11.0%	11.3%	-1.1%

Canada

- All major contracts renewed
- Reduction in banking contract affected organic growth
- Potential for further improvements

Cash Solutions

New Markets

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New Markets *	353	338	44	49	12.5%	14.5%	4.4%
Total Cash Services *	1,350	1,367	149	154	11.0%	11.3%	-1.1%

- Organic growth of 4.4% in New Markets, 10% excluding **South Africa**
- Margins lower at 12.5% due to short term impact of lost contracts in **South Africa**
- Excellent growth and margins achieved in **UAE, Qatar** and **Malaysia**

Strategy Overview

Securing Your World



Key Sector Update

Focus on key sectors has produced a significant catalyst effect on our annualised turnover:

Aviation: 2010 turnover : £264m +29%

Ports: 2010 turnover : £54m + 64%

Oil & Gas : 2010 turnover: £223m + 35%



Strategy Delivery

US acquisitions – building a differentiated offering

Touchcom

- Acquired in June 2008 for up to \$55m
- Security consultancy, design and systems integration

Adesta

- Acquired in December 09 for \$66m
- Leading US based systems integration and project management services provider
- Excellent fit with Touchcom – critical mass, sector expertise and new markets

NSSC

- Acquired in December 09 for \$22m
- Specialist security consulting & additional nuclear, chemical and defence technology expertise

Strategy Delivery

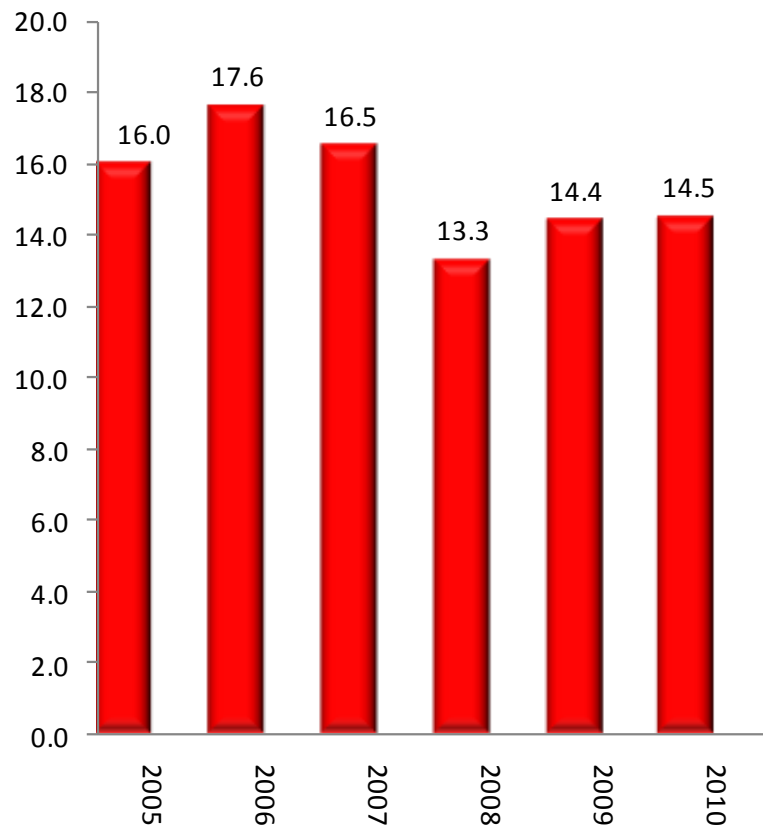
US acquisitions – building a differentiated offering cont'd

- Enable G4S to provide a differentiated integrated consulting, systems and manpower offering
- Focus in 2010 on integration of the technology businesses but strategy has resulted in additional revenues for existing customers and new contracts
- All acquisitions either achieved or beat investment targets
- Strong pipeline of opportunities
- Next step is to influence RFPs

Building Returns - ROIC

2005 - 2010

ROIC %

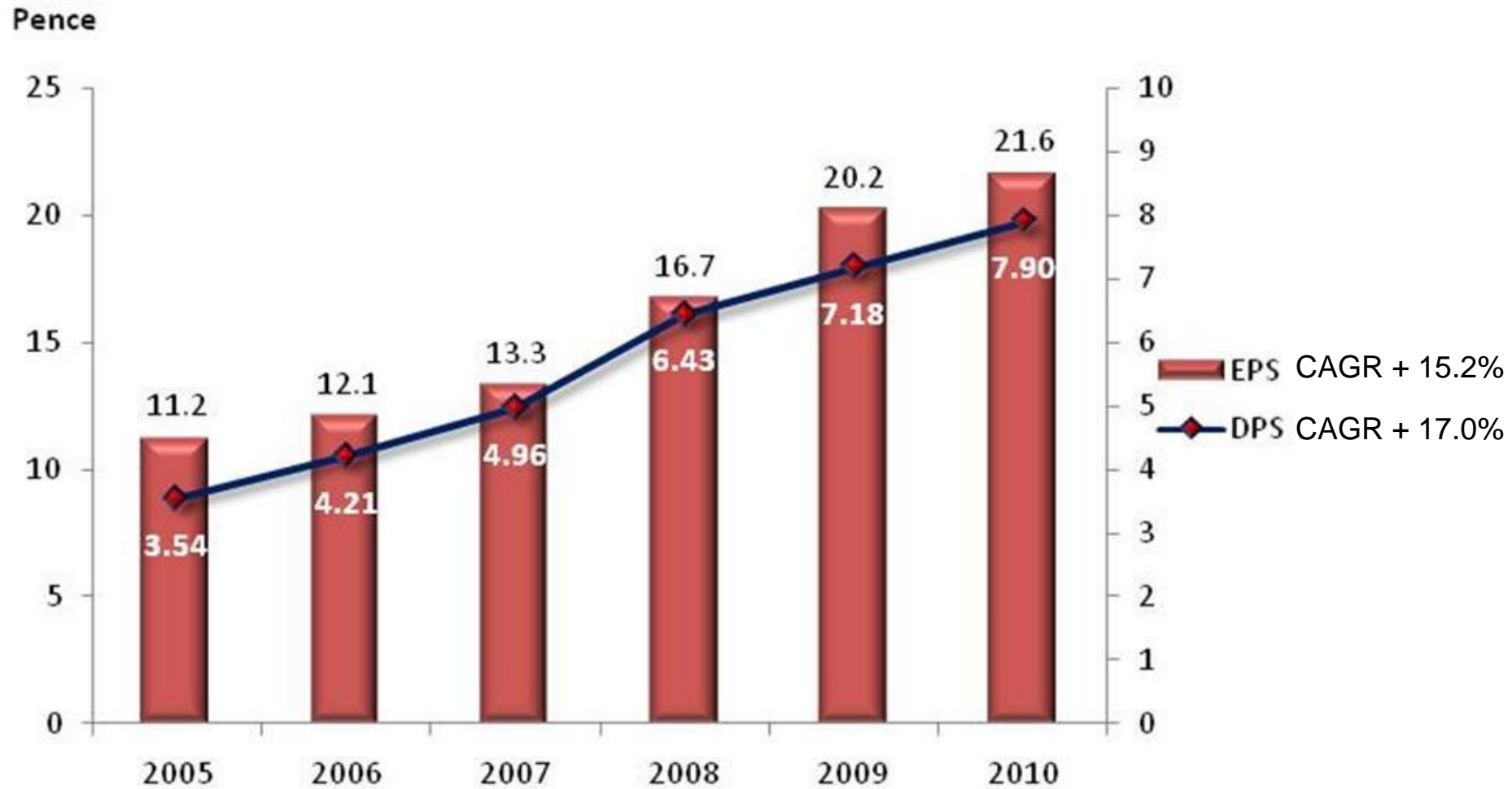


Acquisitions

- G4S remains focused on niche M&A opportunities to deliver our strategic objectives and with accelerated focus on developing markets
- Meet relevant acquisition criteria
 - ROIC of 12.5% within 3 years for smaller deals
 - ROIC of 10% within 3 years for strategic capability-building/market entry
- Expect to invest up to £200m annually
- Continue to monitor larger deals

Adjusted EPS and Dividend

2005 - 2010



Summary & Conclusions

- **Continued excellent results achieved in 2010**
- **Unique and robust business model**
- **Diverse geographic exposure and experienced management team**
- **Key customer segments with structural growth characteristics**
- **Building expertise and expanding capability, creating differentiation and renewed focus on new markets acquisitions**
- **Expect organic growth in 2011 to be at higher levels than 2010 and will maintain discipline on margins and cash generation**
- **Strategy and market positions to maintain longer term growth momentum**

Q&A