



Key Strategic Milestone

The sale of the majority of the Group's conventional cash businesses represents a major milestone in the successful execution of the Group's corporate strategy.

– **John Connolly**, Chairman

People

As the impact of Covid-19 has spread across the globe, a key priority for us has been to ensure the health and safety of the Group's 558,000 employees, a large number of whom are delivering essential services and supporting critical operations and infrastructure for our customers and communities every day. I wish to thank the employees of G4S for their engagement and dedication in continuing to deliver such key services and supporting our customers in these exceptional circumstances. I am also very proud of the way everyone at G4S is responding. More information on how G4S is addressing challenges posed by Covid-19 can be found on pages 7 and 81.

Cash Separation – Strategic Milestone

This has been a significant year in G4S's history and a very busy one for the board.

In August 2019, the board completed its separation review and approved the separation of Cash Solutions from the Group in order to create two strong, focused businesses, each with the clear potential to capitalise on market-leading positions and to unlock substantial value for customers, shareholders and employees.

Whilst preparing for the demerger of Cash Solutions we also received expressions of interest from third parties to acquire parts or all of the Cash Solutions business. The company conducted a rigorous review to evaluate disposal options and the board was able to conclude that a sale of the majority of the Group's conventional cash businesses was superior to the demerger option. On 26 February 2020 we executed an agreement with The Brink's Company to give effect to this decision.

The sale represents a major milestone in the successful execution of the Group's corporate strategy, enabling G4S to focus on the growth of its core integrated security solutions business and to develop further its industry-leading payment and cash technology business.

When considering the offer, the board assessed carefully the broader implications of the transaction and its impact on the Group's key stakeholders. The board was confident that the transaction, in enabling the Group to focus on value creation through growing the core integrated security solutions businesses and the retail technology business, represented a positive outcome for G4S' shareholders, customers and employees as well as UK Pension Scheme members.

The proceeds from the sale of these conventional cash businesses will help us reduce financial leverage, and provide the Group with the flexibility to continue to invest.

2019 performance and dividend

In 2019 the Group posted an increase in underlying revenues of 4.7%.

Underlying Adjusted PBITA for the Group was in line with 2018 at £501m, and overall the Group delivered underlying earnings 0.8% higher than the previous year. A £291m charge for goodwill impairment as well as restructuring and cash separation costs of £57m resulted in a statutory loss of £91m (2018: profit of £81m). In August 2019, the board declared an interim dividend of 3.59p (DKK 0.2905) per share which was paid on 11 October 2019.

As announced on 23 March 2020, notwithstanding the Group's strong liquidity and robust business continuity plans, the board considers that the uncertainty relating to Covid-19 and its impact on economic activity in our key markets has increased substantially since the date of the Group's preliminary full year results announcement. In these circumstances, the board has concluded that it is prudent and therefore in the best interest of the company that G4S does not pay a 2019 final dividend. Accordingly, the board is not proposing to recommend the payment of a final dividend in respect of the full year 2019 at the forthcoming annual general meeting. Once the adverse impact of Covid-19 has abated, it is the board's intention to restore the dividend, taking into account the board's objective of attaining dividend cover of 2.0x and thereafter pursuing a progressive dividend policy.

Remuneration

As we move into the next phase of our strategy, we have ensured that our long-term performance measures continue to remain appropriate and aligned with our growth strategy. Environmental social and corporate governance (ESG) objectives that will contribute to the delivery of long-term sustainable value for all our stakeholders were introduced in the annual incentive scheme. The Remuneration Committee engaged extensively with our shareholders and other key stakeholders to review and update the Remuneration Policy, which will be subject to shareholder approval at the company's 2020 annual general meeting.

In light of the global crisis caused by the Covid-19 pandemic, executive directors and senior management have suspended their pay increases and participation in the 2020 annual bonus plan until the impact of the pandemic abates. More information can be found in the remuneration report on pages 128 to 148.

Directors

The board's composition and diversity are reviewed regularly and we continue to strengthen and increase the diversity of skills, knowledge and experience on the board. Succession planning remains a key area of focus for the board, as we move into the next phase of our strategy. In 2019, we welcomed a new independent non-executive director, Clare Chapman who took on the role of chair of the Remuneration Committee. The Nomination Committee led the appointment process. Following Paul Spence retiring from the board on 31 March 2020, we initiated a recruitment process and more information about the committee's work in this respect can be found on page 107.

With a significant part of the conventional cash transaction completed to date, we look forward to focusing on the next phase of our strategy. We will continue to monitor the development of Covid-19 closely and remain committed to the health and safety of our employees.

John Connolly
Chairman

29 April 2020

Directors' duties and Section 172 statement

The directors of G4S plc have a duty to promote the success of the company for the benefit of its members as a whole. Board processes are designed to support the directors in discharging their duty, particularly in relation to the board's decision-making process. Further information on how directors consider matters set out in section 172 of the Companies Act 2006 ('CA 2006') and related statement can be found on pages 96 and 97.

A more focused business

In February 2020 the board approved the agreement to sell the majority of the Group's conventional cash businesses for an enterprise value of £727m. The board concluded that the sale was superior to the demerger option as it provides the Group with the financial flexibility to invest in our core integrated security solutions businesses.

 FOR MORE INFORMATION
SEE PAGES 16 AND 96