

G4S PLC

G4S Response to GardaWorld Announcement of 6 October 2020

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FOR IMMEDIATE RELEASE

7 October 2020

G4S response to GardaWorld Announcement of 6 October 2020

The Board of G4S plc (“G4S” or the “Company”) notes the announcement and presentation released by GardaWorld Security Corporation (“GardaWorld”) on 6 October 2020. G4S regards these documents as misleading and designed to serve the interests of GardaWorld and BC Partners (“BCP”) rather than the interests of G4S’s shareholders, customers, employees and pension fund members.

G4S is today a focused, industry leading global security company, with unmatched market coverage and a clear and compelling strategy. The strength of G4S is reflected in its current resilient trading performance, robust financial position and strong prospects.

The GardaWorld offer of 190 pence per share significantly undervalues G4S and its prospects. GardaWorld’s focus on legacy issues, which are now substantially resolved, and its misleading statements are designed to provide support for its opportunistic and clearly inadequate offer.

GardaWorld’s record is one of a loss-making company which has reported net losses attributable to shareholders of C\$940 million in the past three years and it lacks the geographic coverage to be a truly global company. GardaWorld clearly needs a transformative acquisition in order to realise its aspiration to be a global company and this is simply not reflected in its offer of 190 pence per share.

When assessing the value of G4S, what matters is the strength of the Company’s current position, performance and its future prospects.

G4S is today a focused, industry leading global security company

- G4S has been fundamentally repositioned as an industry leading global security company that is today delivering strong operating and financial performance
 - We have a clear and compelling strategy that is now delivering strong operating and financial performance, as evidenced by our trading performance for the first eight months of this year
 - With 93% of our revenues now derived from our secure solutions business, our strategy addresses the growing global security market and we do so from a position of great strength with an unmatched market footprint across 85 countries and six continents
 - We have a clear competitive advantage in the design, implementation and operation of integrated security solutions which combine our security professionals with risk consulting, technology and data analytics. That advantage is evident in the results that we are achieving in the world’s largest and most sophisticated security market, North America, where we delivered 10% organic revenue growth in 2019 and 6% in the first six months of this year
 - We own the industry leading software platform in retail cash solutions which we retained when we sold our conventional cash businesses
 - And our business is underpinned by a strong balance sheet reflecting management’s actions
- In addition to the **strong operating and financial performance** for the first eight months of 2020, we have continued to underpin our future performance with contract wins and retained business with an annual contract value totalling £1.4 billion for the first six months. Since then, we have continued to win major new contracts, including the £300 million UK government contract announced yesterday. This momentum provides further

confidence in the Company's outlook.

- The Company is now **well placed to deliver growth, profitability and substantial free cash flow** as we execute our strategy and deliver our vision of being the world's leading global, integrated security company and the trusted partner of choice in the industry

G4S Pension Schemes are well funded

- GardaWorld's statements about the G4S pension schemes are misleading
- The UK pension schemes have been well managed by its Trustees and consistently supported by G4S
- The UK pension schemes had assets of £2.4 billion, liabilities of £2.7 billion and a net deficit of £0.3 billion (at the end of 2019). The funding position of the group's pension schemes has been underpinned by responsible company contributions and a strong balance sheet reflected in G4S's investment grade credit rating
- G4S already has an agreed funding plan with the Trustees
- GardaWorld is yet to publish its funding plan for the G4S pension schemes and may need to contribute a larger amount given its much higher leverage and sub-investment grade status - that is an issue for GardaWorld, not G4S shareholders

Reject the Offer and Take Absolutely no Action

- The GardaWorld proposal of 190p per share was received on 1 September 2020
- As announced on 14 September 2020, after careful consideration the proposal was unanimously rejected by the Board given it significantly undervalues the Company and its prospects and is not in the interests of shareholders and other stakeholders
- The **only material new point since then**, has been the announcement of G4S' **resilient performance in the first eight months of 2020**, providing confidence in our strategy and execution
- GardaWorld's offer announced on 30 September remains unchanged at 190p per share
- The **Board, once again, unanimously rejected this offer** as it **continues to significantly undervalue the Company** when assessed across a number of measures including historic performance, trading & transaction multiples and on fundamental and intrinsic value
- As referenced in our announcement on 30 September 2020, there are a **number of important considerations** used to reach the Board's conclusion
 - **The timing of the offer**, during the pandemic, is highly opportunistic - **G4S regards the reference by GardaWorld to COVID-19 as a net positive for the security industry as insensitive and inappropriate**
 - The Company is at a **critical inflexion point** in the execution of its strategy
 - **Successful sale of majority of conventional Cash Solutions** businesses has strengthened G4S's strategic, commercial and operational focus while providing additional balance sheet strength
 - Exited mature, sub-scale, lower margin and capital intensive businesses
 - Resolved a significant number of longstanding and material legacy liabilities and onerous contracts
 - Re-deploying investment and focusing on growing its security and technology businesses in addition to extracting significant cost savings
 - G4S has a **clear set of strategic priorities that it outlined in March 2020**:
 - Growth – continue to drive organic growth and accelerate growth in risk consulting and technology solutions
 - Profitability – focus on higher value solutions to drive positive margin mix alongside further efficiencies
 - Deliver strong free cash flow

When assessing the value of G4S, what matters is the strength of the Company's current position, performance and its future prospects. The Board remains of the view that the GardaWorld offer of 190 pence per share

significantly undervalues G4S and its prospects.

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Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for,

any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 26.1 Disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.G4S.com, by no later than 12 noon (London time) on the business day following this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

APPENDIX I SOURCES OF INFORMATION AND BASES OF CALCULATION

- i. The reference to GardaWorld's record being one of a loss-making company is sourced from GardaWorld's "*Management's Discussion and Analysis*" for the year ended 31 January 2020, in which it is stated that GardaWorld's net loss for the fiscal year ended 31 January 2020 amounted to C\$425.7 million
- ii. The reference to GardaWorld's net losses attributable to shareholders of C\$940 million in the past three years is sourced from Garda World's "*Management's Discussion and Analysis*" for the year ended 31 January 2020, and based on the following:
 - 2018 net loss attributable to shareholders of C\$178.7 million
 - 2019 net loss attributable to shareholders of C\$336.7 million
 - 2020 net loss attributable to shareholders of C\$425.7 million
- iii. The reference to 93% of G4S' revenues being derived from its secure solutions business is sourced from page 2 of G4S' results announcement for the six months to 30 June 2020
- iv. The reference to G4S operating across 85 countries and six continents is sourced from page 46 of G4S' results announcement for the six months to 30 June 2020
- v. The reference to delivery of 10% organic revenue growth in the North America security market in 2019 is sourced from page 74 of the G4S 2019 Integrated Report and Accounts
- vi. The reference to 6% organic revenue growth in the North America security market in the first six months of 2020 is sourced from page 6 of G4S' results announcement for the six months to 30 June 2020
- vii. The reference to contracts wins and retained business with an annual contract value totalling £1.4 billion for the first six months of 2020 is sourced from page 2 of G4S' results announcement for the six months to 30 June 2020
- viii. The reference to the £300 million UK government contract won by G4S is sourced from G4S' regulatory announcement published on 6 October 2020
- ix. The reference to UK pension schemes assets of £2.4 billion, liabilities of £2.7 billion and a net deficit of £0.3 billion (at the end of 2019) are all sourced from page 61 of the G4S 2019 Integrated Report and Accounts
- x. GardaWorld's reference to Covid-19 as a net positive for the security industry is sourced from GardaWorld's regulatory announcement published on 6 October 2020
- xi. The reference to GardaWorld's much higher leverage is based on:
 - GardaWorld's pro-forma leverage ratio of 5.5x as at 31 January 2020, sourced from GardaWorld's "*Management's Discussion and Analysis*" for the year ended 31 January 2020
 - Pro-forma leverage defined as net debt divided by net income, plus: provision for income taxes, finance costs, unrealised loss (gain) on derivative instruments, unrealised exchange loss (gain) on translation of long-term debt, fair value of contingent consideration, run rate adjustment for business acquisitions and specific items

- G4S' leverage of 2.58x as at 30 June 2020, sourced from page 2 of G4S' results announcement for the six months to 30 June 2020

xii. Reference to GardaWorld's sub-investment grade status is based on:

- Fitch's current long-term issuer default rating of 'B+', affirmed on 21 April 2020
- Moody's current long-term rating of 'B3', affirmed on 24 September 2020
- S&P's current issuer credit rating of 'B', affirmed on 26 June 2020