



John Connolly
Chairman

Building on strong foundations

“As I reported last year, G4S has embarked on a group-wide transformation with a strengthened management team and a clear strategic plan. In 2014 that plan was put into action and the board has been pleased with the clear progress made in all areas of the business, including financial performance. This provides strong foundations for further progress in 2015 and beyond.”

Dividend per share

9.24p

(2013: 8.96p)

A year of progress

During the second half of 2013 the new management team developed a strategic plan which envisaged a group-wide transformation programme and extensive proposals to implement new processes and disciplines, emphasising our key values of customer service and integrity.

The board approved the new strategic plan in 2013 and in 2014 the board devoted considerable time to assessing the implementation and effectiveness of that plan.

I am delighted to report that, over the course of 2014, the group has moved forward across a broad front as management has made excellent progress executing the group's strategic plan with great skill and energy. The board has been particularly pleased with the progress made in strengthening the global leadership team, reinforcing the group's values, investing in organic growth, customer service and operational efficiency. Management also successfully supplemented the group's portfolio management programme and strengthened risk management.

In March the company reached a settlement with the UK Government in relation to historical billing issues and management developed and began implementing a fundamental programme of corporate renewal. This focused on strengthening the culture and control processes in our UK Government business.

As noted above, the group's transformation programme extends well beyond our UK Government business and is being implemented on a group-wide basis. The board has been pleased with the progress made to date and will continue to monitor management's implementation of the programme during 2015.

The Board

In 2015, we will be making a number of changes to the membership of the board. Mark Seligman has now served on the board for nine years and, in line with UK corporate governance guidelines, will retire from the board after the 2015 AGM. Mark has made a significant contribution to the board during a period of great change and I am very grateful for all that he has done.

In preparation for his retirement from the board, Mark handed over the chairmanship of the Audit Committee to Tim Weller, a serving CFO with considerable financial and business skills and experience.

Mark remained on the Audit Committee until the end of 2014 to ensure a smooth handover and to assist with the tender process for the role of the company's external auditor. That process resulted in a clear recommendation from the Audit Committee, fully endorsed by the board, that shareholders approve the appointment of PwC as the company's external auditor for 2015.

Grahame Gibson will stand down from the board at the conclusion of the 2015 AGM and retire from the group in October 2015. Grahame is the longest serving member of our board, having been appointed in 2005, and he has been a senior executive of the G4S group and its predecessors since 1983. I would like to record the board's gratitude to Grahame for the enormous contribution he has made to the group. The board extends its best wishes to Grahame and his family in his retirement.

The Nomination Committee has commenced a process to recruit a new non-executive director and I expect that process to be completed during the first half of 2015. With the new non-executive director in place, I believe we will have a board which retains a good knowledge of the group and its businesses whilst also having the broad spectrum of skills, experience and background appropriate for this company and the strategy it is pursuing. It also has a suitably diverse composition in terms of nationality and gender, which is important in any business, but particularly so in one which is as large and geographically and culturally diverse as G4S. In 2015 the board will continue with a programme of regular engagements with management teams from across the group, which enables the non-executive directors to broaden and deepen their knowledge of the group and its strategy, management and operations.

Financial performance

The progress made in 2014 was reflected in the group's financial performance.

Organic growth was 3.9% overall and 9% in emerging markets. That growth, combined with the success of restructuring and efficiency programmes, saw underlying profit increase by 8%, underlying earnings increase by 12% and cash generated by operating businesses increase from £420 million to £526 million.

The board has confidence in the group's performance and prospects and the directors propose an increase of 5% in the final dividend which is payable on 12 June 2015.

With an interim dividend of 3.42p (DKK 0.3198) per share paid on 17 October 2014 and a final dividend of 5.82p (DKK 0.6041) per share, the total dividend for the year will amount to 9.24p per share (2013: 8.96p per share).

The progress which has been made in 2014 was the result of a great deal of hard work by the group's management and 623,000 employees, many of whom work in challenging circumstances. They provide vital services for the group's customers around the world and I would like to express my appreciation for their continuing dedication.

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Revenue by region (%)

