

G4S is the world's leading global, integrated security company specialising in the provision of security and related services to its customers across six continents.

Our mission is to create sustainable value for our customers and shareholders by being the supply partner of choice in all of our markets.

Our strategy addresses a positive, long term demand outlook for our core services and seeks to deliver sustainable, profitable growth.

Our strategic plan focuses on growth, productivity, active portfolio management and disciplined financial and risk management.

Our success is underpinned by our customers, our people and our values.

Financial highlights

Underlying revenue¹

£6.8bn

(2013: £6.5bn²)

Underlying PBITA¹

£424m

(2013: £393m²)

Underlying EPS¹

13.6p

(2013: 12.9p)

Total revenue³

£6.8bn

(2013: £6.6bn)

Total PBITA³

£329m

(2013: £23m)

Total EPS³

9.8p

(2013: (24.7p))

Total cash generated by continuing operations

£553m

(2013: £496m)

Dividend per share

9.24p

(2013: 8.96p)

1. To clearly present underlying performance, specific items have been excluded and disclosed separately – see page 90. For basis of preparation and an analysis of specific items see page 91.

2. 2013 underlying results are shown at constant exchange rates and have been re-stated for the adoption of IFRS 10 and IFRS 11 and re-presented for businesses subsequently classified as discontinued or identified as part of the portfolio management programme – see page 90 for details.

3. Including specific items. See page 91 for details.

Strategic priorities at a glance



See page 14



1. Transform our culture through our people and values



See page 24



3. Make our organisation more productive



See page 30



5. Embed disciplined financial and risk management



See page 20



2. Invest in organic growth, customer service and operational excellence



See page 28



4. Actively manage our portfolio and performance



Visit: www.g4s.com for more information

Strategic report

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Our services

G4S works to safeguard the welfare and prosperity of millions of people worldwide – helping to create safer and better environments in which people live and work. The breadth of our services and geographic coverage provides both resilience and growth opportunities.



Secure solutions

 **84%**
group revenue

Security and facilities management (FM) services

Market and strategy

G4S is a global provider of security and FM services with a top-three market position in the majority of the 91 manned security markets in which we operate. Security and facilities management services accounted for 59% of group revenues in 2014.

As one of the few global security companies, our main international competitors in developed markets tend to be regional and international companies operating in a single market segment such as manned security, security systems or facilities management. There are also many local security companies operating in developed and emerging markets.

We aim to differentiate our business to customers through our expertise, excellent service delivery, integrated security solutions and geographic coverage.

The secure solutions business covers a wide range of services, including:

Risk services and consultancy	Risk management and consultancy services including risk analysis, personal protection, compliance and investigations, training, mine detection and clearance services
Monitoring and response	Key holding, mobile security, patrol and response services, and alarm receiving and monitoring facilities
Secure facilities services	Integrated facilities services for entire sites or estates for commercial customers and governments
Manned security services	Trained and vetted security officers

Revenue

£4,004m

(2013: £3,898m)

Security systems and technology

Market and strategy

Security systems and technology represented around 8% of group revenue in 2014.

The global security systems market is a large growing market (source: Freedonia, November 2014) but regional market dynamics vary widely in terms of competition, products sold and customer segments. Our technology strategy therefore has to adapt to meet each region's unique requirements.

We aim to drive outsourcing and enhance the value of traditional security services through greater use of technology (see p23).

Security systems and technology includes:

Security installation and maintenance	Access control, CCTV, intruder alarms, fire detection and video analytics to identify and notify operators of issues
System software/integration	Security and building systems technology integration

Revenue

£566m

(2013: £550m)



Care and justice services

Market and strategy

Care and justice services represented around 9% of group revenue in 2014. The market structure is typically consolidated on the supply side with a small number of providers. Larger companies are usually better equipped to deliver such highly specialised services.

While the care and justice services market is concentrated primarily in the UK, USA, Australia and New Zealand, we see a number of countries exploring the possibility of outsourcing these services to the private sector in the future

Care and justice services offers highly specialised services to central and local governments and government agencies and authorities:

Juvenile and adult custody and rehabilitation	Management of all aspects of a facility and those held within the facility – similar centres are also used for the detention of asylum applicants
Prisoner escorting	Transportation of prisoners and asylum applicants between courts, police stations and custody and asylum centres
Asylum services	Management of housing provision and other services for asylum applicants
Electronic monitoring	Electronic tagging and monitoring of offenders at home or in the community

Revenue

£605m

(2013: £586m)

Specialist outsourced services

Market and strategy

Based mainly in the UK, G4S offers a range of outsourcing services, which together accounted for around 8% of group revenues in 2014.

We aim to offer innovative and cost-effective solutions to customers.

Police services	Support for frontline policing including the provision of custody suite services and forensic medical services, and back-office support functions for police forces
Welfare-to-work programme	Assisting long-term unemployed people into work
Utility services	Data and meter services, and contact centre management for private energy and utility companies

Revenue

£504m

(2013: £399m)



Cash solutions

 16%
group revenue

Cash solutions & secure logistics

Market and strategy

The cash solutions business accounted for around 16% of group revenue in 2014. We are the market leader or number two in 54 of our 62 cash solutions markets. The main providers of similar services are a small number of international competitors in mainly developed markets. Our cash solutions business is integrated into our wider organisation and processes through shared customers, management structures and systems in many countries. The market is highly regulated, often by central banks, and the business requires complex infrastructure and significant expertise.

We aim to:

- play a key role in the management of the cash cycle on behalf of central banks, commercial banks and retailers, allowing them to focus on their core business
- use our developed market cash cycle expertise and track record to encourage central bank and financial institution outsourcing in emerging markets
- continue the expansion of innovative technology such as CASH360™ for retail customers (see page 26).

Revenue

£1,071m

(2013: £1,063m)

The cash solutions business covers a wide range of services including:

Cash management outsourcing	Managing cash on behalf of financial institutions, including cash transportation, high-security cash centres, counting and reconciling cash, fitness sorting of notes for use in automated teller machines (ATMs), counterfeit detection and removal, distribution of cash to bank branches, ATMs and retail customers
Cash consulting	Provision of consultancy services to central banks and commercial banks on overall cash management strategy, bank note production and security and all aspects of cash cycle efficiency
ATM management	Managing ATMs on behalf of banks, retailers and independent ATM providers – including cash forecasting, cash transportation and reconciliation services, first-line maintenance and ATM engineering services
Retail cash management	Provision of systems and hardware which provide an automated cash office for retail sites to improve security and faster banking of cash, electronic audit trails of takings and a real-time view of retail cash balances
International transportation	Bespoke international transportation and insurance of currency and other valuables
Cash transportation	Secure transportation of cash using specialist vehicles, screened and trained personnel and purpose-built technology to transport, protect, count and reconcile cash to customer records

Delivering customer focused solutions

Our business model is market led; everything begins with the customer. We seek to understand our customers' strategic and commercial objectives so that we can design and deliver security solutions which support them.

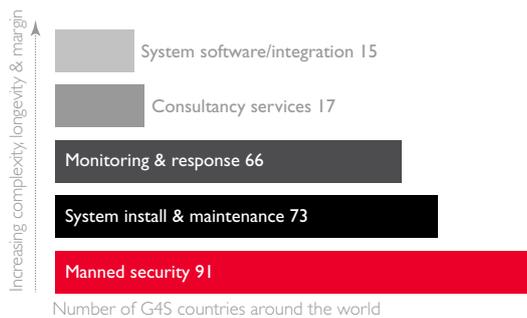
Customer relationships and contacts

G4S has a very diverse contract portfolio. The duration of contracts varies from annual sporting events to 25-year contracts. In cash solutions, most contracts are annual, with those contracts requiring

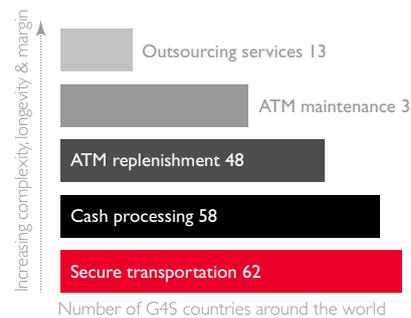
a higher capital intensity being usually five years in duration or longer. In practice many annual contracts lead to long-term relationships.

Service excellence	We foster a high performance culture which focuses on service excellence, operational management and financial performance. High performance leads to strong customer relationships, motivated employees and achievement of strategic goals – critical elements of delivering sustainable, profitable growth.
Solutions design	By analysing customers' existing and future complex security needs and bringing together our expertise in market sectors, technology, project management and service delivery we design solutions which help our customers to manage risks, improve service, protect people and assets and achieve their own organisational objectives.
Customer understanding	Understanding customer needs is central to our success. This enables us to align our organisational objectives to those of the customer and means we can help our customers to be successful. See pages 2 to 4 for an overview of our service lines.
Market Demand	We build customer understanding through involvement in industry bodies and academic institutions, strategic work with customers, customer service assessments and feedback.
Scale and capabilities	There is positive demand for our core services around the world. See page 10 for a discussion of some of the market growth drivers.
Scale and capabilities	With 623,000 dedicated employees and operations in over 110 countries, our ability to deploy skilled staff on a global basis to support local and international customers is central to our business model. This coverage means we can share learning and experiences across our markets to the benefit of our customers and our business. We work in line with relevant international standards and strive to achieve consistent high quality employee engagement, health and safety, training and ethical business practices across our operations.

G4S Secure solutions: positioned for future development



G4S Cash solutions: unique breadth and reach

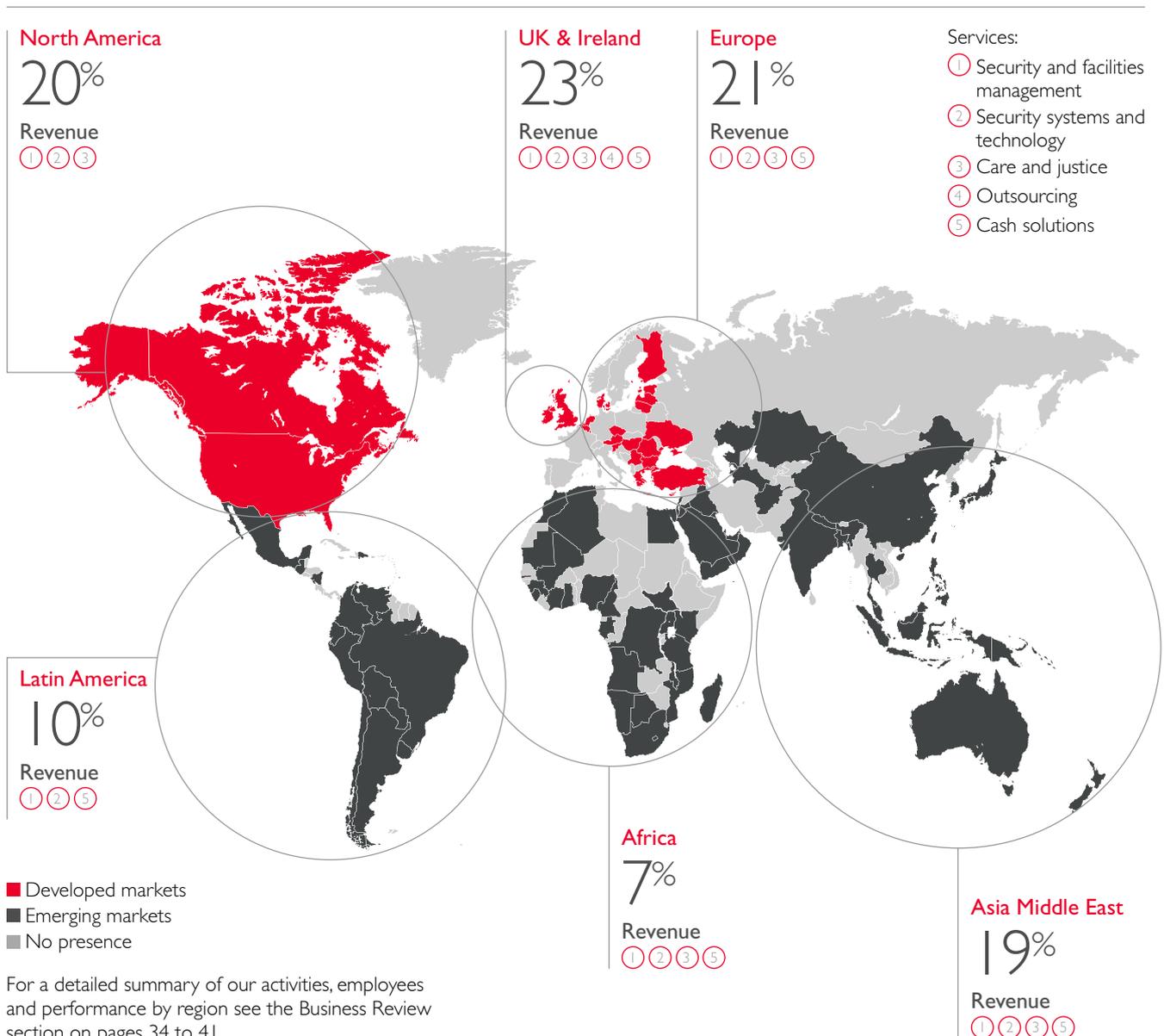
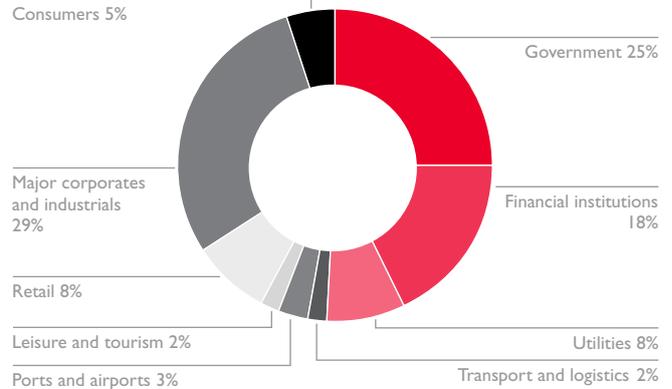


A key element of our growth and customer service strategy is to leverage the opportunity to design, sell and deliver more sophisticated, complex solutions in more countries. Such services tend to have longer contract terms and higher margins than manned security alone.

Leveraging strong market positions...

We are a global business with large, established market positions in developed markets and outstanding positions in fast-growing emerging markets. Our emerging market businesses accounted for 36% of group revenues and 40% of profits in 2014.

Revenue by customer type in 2014 (%)



For a detailed summary of our activities, employees and performance by region see the Business Review section on pages 34 to 41.

...to meet the growing global demand for security

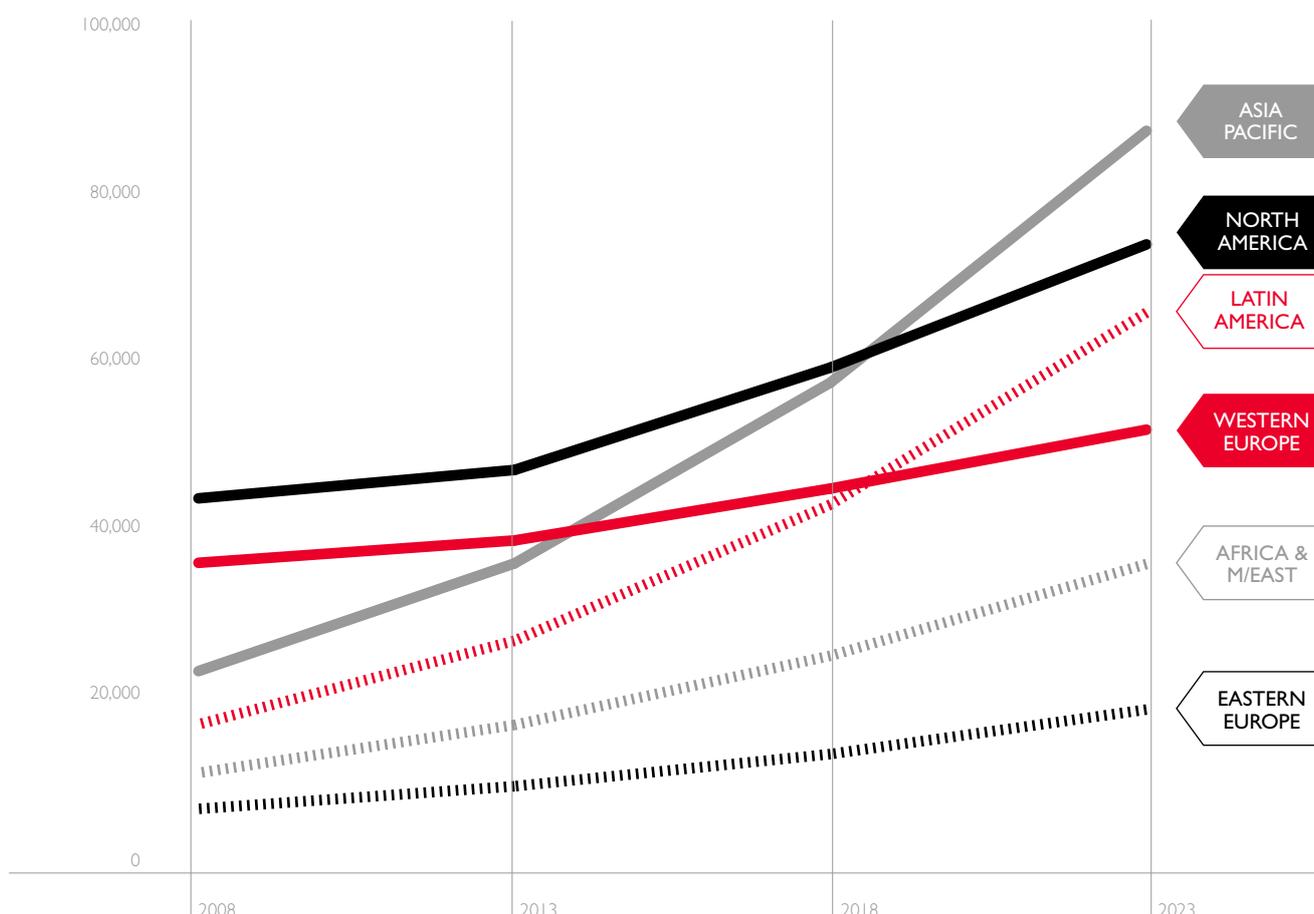
Our strategy addresses the positive long term demand for security across a wide range of commercial and government customers. We have a diverse range of services to meet our customers' requirements and have a broad geographic footprint to meet their demand for security around the world.

In its recent study into the global security industry, independent research firm Freedonia projects that the security market will grow at an average of 6.8% per annum from 2013 to 2023. See page 10 for a description of some of the drivers of growth.

6.8%

expected market growth from 2013 to 2023 per annum

Global security market by region (\$m)



Source: Freedonia World Security Services report November 2014 excluding residential security.



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.

John Connolly
Chairman

Revenue by region (%)

