

# Stock Exchange Announcement

## Interim Management Statement

**Continued strong performance: year-to-date contract awards reach £4.5bn**

**12 November 2009**

*Serco Group plc (Serco), the international service company, today issues its Interim Management Statement covering the Group's performance since 30 June 2009.*

Serco has continued to perform strongly in the second half and remains on track to deliver on its financial guidance for 2009. We have been awarded a further £1bn of contracts so far in the second half, bringing the total for the year to date to £4.5bn, comprising signed contracts valued at £3.4bn and preferred bidder appointments valued at £1.1bn.

In the US, we have signed contracts valued in total at around US\$700m, and continue to make excellent progress with the SI integration. Wins in the US included the renewal of our contract with the US Department of Homeland Security's US Citizenship and Immigration Services to provide records processing support at its National Benefits Center, which is valued at up to US\$190m.

In new UK markets, our pathology partnership with the Guy's and St Thomas' NHS Trust, GSTS Pathology, was appointed preferred bidder for a 10 year contract, valued at around £30m to Serco, with Bedford Hospitals NHS Trust to operate its pathology services. In another new market, we signed a contract with Transport for London valued at £140m to design, build and operate the new London Cycle Hire Scheme.

In existing UK markets, we signed new contracts with the London Borough of Bexley valued at up to £160m over its full fifteen-and-a-half year term to deliver a full range of environmental services, and with Peterborough City Council valued at £44m over 11 years to transform its information, communications and technology services. We have also been appointed preferred bidder by the South East England Development Agency to provide business link services in the South East, in a

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contract valued at around £80m over three years, with the opportunity to extend for a further two years.

Smaller and medium-sized contract wins continue to play an important role in our growth. Further detail on some of the substantial number of wins in this half, including those mentioned in this statement, is published in a Contract News Update today on [www.serco.com](http://www.serco.com).

We have also successfully started a number of major new contracts in this half including, in the UK, our three contracts under the Government's Flexible New Deal initiative to help long-term unemployed people back into work; in Australia, our contract with the Australian Government Department of Immigration and Citizenship (DIAC) to transform its immigration detention centres; and in Dubai, our contract to operate the new Metro system.

Our financial position remains strong and we anticipate good free cash flow generation for the year.

In the current global economic climate, our customers continue to face significant challenges in increasing the efficiency of essential services. These are driving further potential opportunities for us in both existing and new markets. This, together with our substantial order book which gives us excellent visibility over our revenues, and our strong capabilities and operational track record, supports our expectation of achieving our financial guidance for 2009 and beyond.

Christopher Hyman, Chief Executive of Serco Group plc, said: "We have continued to make strong progress through the second half of the year. Governments and large commercial organisations around the world continue to face challenges in delivering better services and improving productivity, and with our breadth and depth of skills, we are well placed to help them meet those challenges. The success we have enjoyed so far this year is testament to that and I remain positive on our prospects for the future."

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## Ends

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### About Serco

Serco is a FTSE 100 international service company, which combines commercial know-how with a deep public service ethos.

We improve essential services by managing people, processes, technology and assets more effectively. We advise policy makers, design innovative solutions, integrate systems and - most of all - deliver to the public.

Serco supports governments, agencies and companies who seek a trusted partner with a solid track record of providing assured service excellence. Our people offer operational, management and consulting expertise in the aviation, BPO, defence, education, environmental services, facilities management, health, home affairs, information and communications technology, knowledge services, local government, science, transport, welfare to work and the commercial sectors.

More information can be found at [www.serco.com](http://www.serco.com)

### Financial Guidance

Our projections are that our revenue will increase to approximately £5bn and our Adjusted operating profit margin to approximately 6.3% by the end of 2012, excluding material acquisitions, disposals and currency effects.

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In 2009, we expect to deliver double-digit revenue growth and a 30bps increase in our Adjusted PBT margin, excluding SI International. The addition of SI International is anticipated to increase our 2009 revenue growth by approximately 10%. Including the benefit of SI International, we expect our Adjusted operating profit margin of 5.3% in 2008 to increase by approximately 40bps in 2009. This 2009 guidance excludes material currency effects.