

Serco signs £1.5bn contract for New Grafton Correctional Centre

20 June 2017

Serco Group plc

LEI: 549300PT2CIHYN5GWJ21

Serco Group plc ('Serco' or 'the Group'), the international service company, is pleased to announce it has signed the contract and completed financial agreements to operate the New Grafton Correctional Centre (NGCC) in New South Wales, Australia. Serco previously announced on 16 March 2017 that it had been named Preferred Bidder on the project.

Serco is part of the NorthernPathways consortium which will design, build and operate NGCC in a Public Private Partnership for the NSW Government (the State). The consortium will operate the facility under a licence arrangement from the State who retain ownership of the facility and all its equipment. The prison will inject more than AUD560m into the local economy with 1,100 jobs created during construction phase and about 550 permanent jobs with Serco once operational. When completed, NGCC will be the largest correctional facility in Australia.

Serco's contract for operation is expected to commence in 2020. The estimated total contract value to Serco over a 20-year term is approximately AUD2.6bn (equivalent to approximately £1.5bn, based upon the current exchange rate of 1 GBP = 1.68 AUD).

NGCC will consist of individual facilities holding three different categories of inmates safely, securely and entirely separately. It will include a 1,000-bed male maximum security facility; a 300-bed female maximum security facility; and a 400-bed male minimum security facility. Both the centre itself, and the programmes that inmates will participate in, are designed with the goal of reducing reoffending and making communities safer.

The contract draws on Serco's experience of managing correctional facilities in the UK, New Zealand and elsewhere in Australia. It will be the first time that Serco has managed a correctional facility which includes women. NGCC has been designed to incorporate a trauma-informed approach which supports the unique concerns of females including a specialist centre of smaller-scale cottage accommodation.

Rupert Soames, Serco Group Chief Executive, said: "The contract award for NGCC clearly marks a further important expansion of our international Justice business, and by total contract value it also represents Serco's largest ever contract. Serco already operates Australia's current largest correctional facility, Acacia Prison, and at the heart of our custodial operations is the commitment to making a positive difference by safeguarding society and reducing reoffending. This contract demonstrates our strength in delivering best practice particularly in regard to rehabilitation, reintegration, education and training programmes, as well as innovation, world-class systems, recruitment and partnering."

Ends

For further information please contact Serco:

Stuart Ford, Head of Investor Relations T +44 (0) 1256 386 227

Marcus De Ville, Head of Media Relations T +44 (0) 1256 386 226

About Serco

Serco is a leading provider of public services. Our customers are governments or others operating in the public sector. We gain scale, expertise and diversification by operating internationally across five sectors and four geographies: Defence, Justice & Immigration, Transport, Health and Citizen Services, delivered in UK & Europe, North America, Asia Pacific and the Middle East.

More information can be found at www.serco.com

Forward looking statements

This announcement contains statements which are, or may be deemed to be, "forward looking statements" which are prospective in nature. All statements other than statements of historical fact are forward looking statements. Generally, words such as "expect", "anticipate", "may", "should", "will", "aspire", "aim", "plan", "target", "goal", "ambition" and similar expressions identify forward looking statements. By their nature, these forward looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Factors which may cause future outcomes to differ from those foreseen or implied in forward looking statements include, but are not limited to: general economic conditions and business conditions in Serco's markets; contracts awarded to Serco; customers' acceptance of Serco's products and services; operational problems; the actions of competitors, trading partners, creditors, rating agencies and others; the success or otherwise of partnering; changes in laws and governmental regulations; regulatory or legal actions, including the types of enforcement action pursued and the nature of remedies sought or imposed; the receipt of relevant third party and/or regulatory approvals; exchange rate fluctuations; the development and use of new technology; changes in public expectations and other changes to business conditions; wars and acts of terrorism; and cyber-attacks. Many of these factors are beyond Serco's control or influence. These forward looking statements speak only as of the date of this announcement and have not been audited or otherwise independently verified. Past performance should not be taken as an indication or guarantee of future results and no representation or warranty, express or implied, is made regarding future performance. Except as required by any applicable law or regulation, Serco expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this announcement to reflect any change in Serco's expectations or any change in events, conditions or circumstances on which any such statement is based after the date of this announcement, or to keep current any other information contained in this announcement. Accordingly, undue reliance should not be placed on the forward looking statements.