

## Close period update

30 June 2017

Serco Group plc

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Serco Group plc ('Serco', or 'the Group'), the international service company, will be in a close period between 1 July 2017 and publication of the results for the first half of the financial year on Thursday 3 August 2017. Serco will be holding meetings with analysts today, during which no additional material information will be disclosed.

For the first half, we expect to report revenue of approximately £1.5bn and Underlying Trading Profit of around £35m. Order intake to date has been very strong at around £2.4bn, which includes our recently-signed contract worth £1.5bn to operate Grafton prison. With £1.6bn booked in the second half of 2016, which included £450m for Barts NHS Trust, order intake for the 12 months to 30 June 2017 will be around £4bn. This would be the largest 12-month order intake for Serco since 2012, and represents a book-to-bill ratio of approximately 130%.

In terms of comparative performance against the first half of 2016, reported revenue will, as expected, be broadly flat, with an organic decline of approximately 8% being offset by a currency translation benefit. As we said when we reported our results for the first half of 2016, Underlying Trading Profit of £51m in the first half of last year benefited from a number of non-recurring trading items, and the first half profit of 2017 will be not dissimilar to the £31m reported in the second half of 2016.

Our 2017 full year guidance for Revenue of approximately £3.1bn and Underlying Trading Profit of between £65m and £70m is unchanged, although the movement in currency since our last statement in February may, if sustained, have a small negative effect. We do however reiterate that the potential outcomes for the year remain wider than the stated profit range, both to the upside and the downside, due to the sensitivity of our profits to even small percentage changes in either revenues or costs, as well as movements in currency.

Our previous estimate of closing net debt of between £150m and £200m at the end of 2017 is similarly unchanged, and is equivalent to leverage for covenant purposes of between 1.2 and 1.7x EBITDA. Net debt at the half year is expected to be towards the lower end of the range.

Commenting on today's update, Rupert Soames, Serco Group Chief Executive, said: "The business has performed well in the first half, which keeps us on track for the full year. The most striking element is the order intake, which for two successive periods has been very strong, totalling some £4bn in the last twelve months. However, over the last six months the environment in several of our markets has become markedly more unpredictable, so we remain sensibly cautious.

"Our views are unchanged for 2017. We are working hard to deliver our planned 'Transformation' phase, and although much still remains to be done to execute the long-term turnaround of Serco, we continue to track to plan and make good progress."

**Ends**

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### **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](http://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.

## Currency rates

	Average rates					Spot rates		Closing rates		
	FY17e	HY17	FY16	HY16	FY15	27 Jun 2017	21 Feb 2017	31 Dec 2016	30 Jun 2016	31 Dec 2015
£:US\$	1.27	1.26	1.37	1.44	1.53	1.28	1.25	1.23	1.35	1.47
£Aus\$	1.68	1.68	1.84	1.96	2.04	1.68	1.63	1.70	1.81	2.02
£:Eur	1.15	1.17	1.23	1.30	1.38	1.13	1.17	1.17	1.21	1.36

The estimated average rate for FY17 is based upon the average rate for the first half of the year together with the assumption that the spot rates at 27 June 2017 prevail for the balance of the year.