

Stock Exchange Announcement

Interim Management Statement

On track to meet 2013 expectations with strong first half organic revenue growth and investment in future market development

15 May 2013

Ahead of its Annual General Meeting today, Serco Group plc (Serco), the international service company, is issuing the following Interim Management Statement covering performance from 1 January 2013 to date.

The Group is on track to meet previously stated expectations for the 2013 financial year as set out in the outlook and guidance section below.

Christopher Hyman, Chief Executive of Serco Group plc, said: "We have begun 2013 with many important new contracts underway and have achieved a good operational performance across our activities around the world. Our global BPO business and AMEAA division are delivering further excellent organic revenue growth. We are developing new opportunities in the Americas division, though challenging conditions remain in the US federal contracting market. Meanwhile in the UK, markets continue to show more encouraging signs. We are therefore confident of Serco's portfolio achieving another year of good progress."

Contract awards and operational update

Serco's order book was £19.1bn at 31 December 2012 and our pipeline of identified opportunities around the world had a total estimated value of £31bn. Since the beginning of the financial year, our contract awards total an estimated £0.9bn. Winning or expanding smaller contracts also plays an important role in our growth and a selection of these is included in today's Contract News Update on www.serco.com. Notable contract developments so far in the year are highlighted below.

In UK & Europe frontline services, good progress has been made in the major new contracts still in their initial year of Serco operation. We also secured an 18-month extension to our Docklands Light Railway contract, and are pleased to be working with the Department for Transport to agree a future award to continue operating Northern Rail through to February 2016. Other awards in the period include a new contract for parking services for the West London Alliance.

In the Americas division, conditions in the US federal contracting market remain challenging due to the implementation of sequestration and the ongoing government budget and funding issues. However, we have continued to be awarded task orders and contracts, including the rebid of driver examination services in Ontario. Business development activity to further diversify the Americas portfolio is progressing well, particularly in the areas of health and transportation.

In the AMEAA region, Serco has secured its first direct contract to provide training services in the Middle East defence market and we have also extended our support of the Australian Defence Force in the region. New health support services have been awarded in the Middle East and extended in Hong Kong, and our pre-operational activity continues to build at the Fiona Stanley Hospital in Australia. Strong revenue growth

in the period was also driven by further increases in the number of people in our care for the Australian Department of Immigration and Citizenship.

Global Services, Serco's BPO business, is making good progress in the delivery of major new operations including those for AEGON UK, Shop Direct Group and the shared service support to NHS organisations through the Anglia Support Partnership. New contract awards in the period include BPO services for a further leading UK high street retailer and the provision of shared services to over 50 government departments within the United Arab Emirates. Extensions have also been awarded to UK Central Government contracts such as our complex case management services for the Child Maintenance Group at the Department for Work and Pensions.

Serco has made two small infill acquisitions in the Kingdom of Saudi Arabia in the period, building on the Group's strength and capabilities in the Middle East. The first brings integrated facilities management capabilities in the healthcare market and the second adds IT and BPO services in the region. While remaining primarily focused on organic growth, Serco will continue to look at potential acquisitions that bring new skills, capabilities or market access. Our proactive portfolio management also involves an ongoing assessment of our existing operations for strategic fit, together with expected future levels of performance and returns.

Financial position

Serco has continued to achieve both greater diversification and a lengthened maturity profile of its borrowing facilities. New US private placements totalling \$240m, which will be repaid between 2020 and 2024, have recently been completed. No other material events, transactions or impacts on the Group's strong financial position have taken place since the 31 December 2012 balance sheet date.

Outlook and guidance

The outlook and our detailed financial assumptions for 2013 remain unchanged from those set out within the results announced on 5 March 2013. For the full year, we expect a modest improvement in the 3.3% rate of organic revenue growth that was achieved in 2012, and the Adjusted operating margin to be broadly maintained around the 6.4% level reported in 2012.

The first half of 2013 is expected to deliver strong organic revenue growth driven by last year's record level of contract awards, many of which only started part way through last year. Supporting the strong pipeline and market opportunities in the Global Services division, there is also a greater level of investment in contract bidding and new market development activity occurring in the first half. Including the effect of this, the Adjusted operating margin for the Group as a whole is anticipated to be broadly flat on the comparable period.

We remain confident in the ongoing resilience, overall outlook and future growth prospects for the Group.

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.

Around the world, 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 and nuclear, transport, welfare to work and the commercial sectors.

More information can be found at www.serco.com