

23:15 10 Apr 2019

G4S soars as Canadian group says considering launching possible offer for the security services outsourcing firm

G4S PLC (LON:GFS) shares soared higher on Wednesday after Canadian group Garda World Security Corporation confirmed it is considering launching a bid for the UK and Ireland's largest security services outsourcing company.

In a brief statement, privately-owned Garda World noted recent market speculation in relation to G4S and confirmed that it is in "the preliminary stages of considering an approach to the board of G4S regarding a possible cash offer for the Company, or a part thereof."

READ: Analysts think G4S's cash handling arm can fetch £1.6bn when it is spun off later this year

In a report today, the Evening Standard newspaper had noted City trader's gossip suggesting Garda World might be casting its eye over the FTSE 250-listed company, which was valued at £2.86bn based on last night's closing price.

Helal Miah, investment research analyst at The Share Centre commented: "The offer by the Canadian group is thought [to] value G4S at, or above, £3bn, roughly half of what the company was worth in 2017 and should offer good synergy benefits."

He added: "G4S over the years has had a very rocky ride and in the news for the wrong reasons including the failure to provide security during the 2012 Olympics and many other scandals involving its prisons and immigrations services.

"Given G4S's management record over many years, it would be welcome to see another management team run the business for the good of investors, government departments issuing contracts and maybe cheered by individuals whose welfare falls under the care of this company."

In afternoon trading, shares in G4S were 16.9% higher to 215.80p, having hit a peak of 241.80p soon after the Garda World statement.

At the beginning of March, G4S had revealed it was looking to spin off its cash handling business later this year after receiving "unsolicited expressions of interest" from potential bidders.

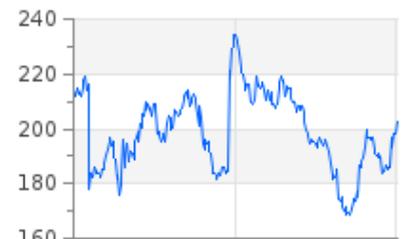
The group said it was "evaluating a wide range of separation options" for the division - which transports and stores money on behalf of its customers - and said it was taking steps to "commence the process of separation in the second half" of 2019.

G4S which also has the contract to provide security at Area 51 in Nevada, made the announcement alongside its full-year results which saw 2018 revenue fall by 4% to £7.51bn, while earnings plunged 65% to £82mln.

Price: 202.5

Market Cap: £3.14 billion

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: GFS

Listing: LSE

52 week	High	Low
	241.8	165.75

Sector: Business & education services

Website: www.g4s.com

Company Synopsis:

G4S plc, formerly Group 4 Securicor plc, is engaged in the provision of security services (including manned security services, justice services and security systems) and the management and transportation of cash and valuables.

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-- Adds analyst comment, updates share price --

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