



Excellent progress through a focus on key growth markets

Preliminary results presentation
for the year ended 31 March 2014

19 May 2014

Ruby McGregor-Smith CBE

Chief Executive

Headline performance

Revenue £2,142.6m

+8.2% (5.2% organic)

(2013: £1,980.6m)

Operating profit

+6.0%

£127.5m (2013: £120.3m)

Operating profit margin

6.0%

(2013: 6.1%)

Basic earnings per share

+5.2%

24.3p (2013: 23.1p)

Net debt

£186.6m

1.6x EBITDA

(2013: £192.2m or 1.9x EBITDA)

Cash conversion

107.3% (102.4% headline)

(2013 : 127.8% reported)

Dividend per share

+6.8%

11.0p (2013: 10.3p)

2015 budgeted revenue secured

84%

(Prior year: 85%)

Order book

£8.7bn

(2013: £9.2bn)

Sales pipeline

£8.2bn

(2013: £8.7bn)

Highlights



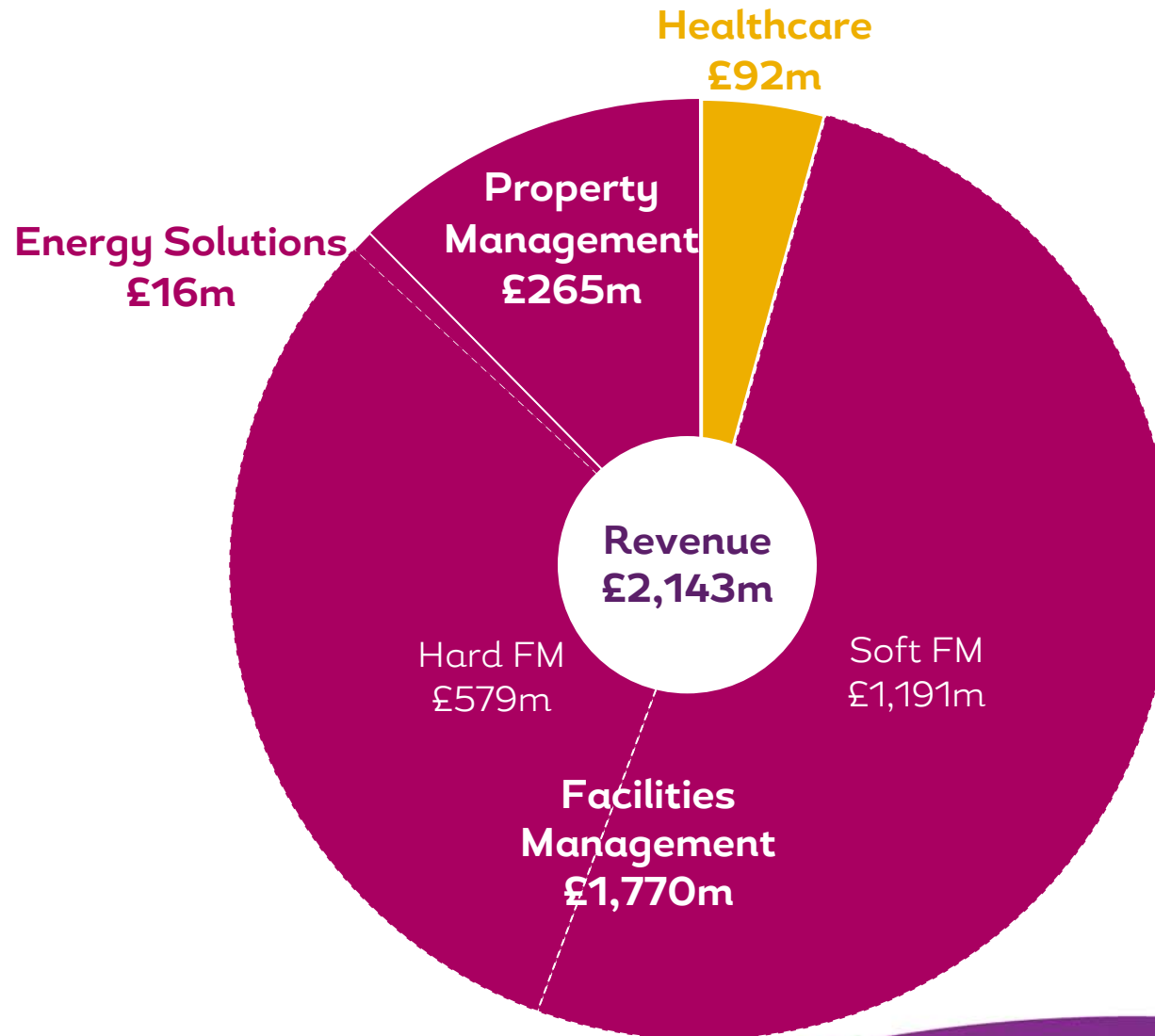
- Excellent progress through a focus on key growth markets
 - Delivered 5.2% organic growth
 - Margins of 6.0%; major overhead investments made to support long-term growth
- Sector-leading facilities management proposition driving strong organic growth
 - Continued strong organic growth in FM of 7.2%
 - Award of significant new contracts with the Home Office and Bank of Ireland and retained key relationships including with Network Rail and Capita
- Entry into the healthcare market progressing well
 - Acquisition of Complete Group brings complex care capabilities
- Significant order book and sales pipeline
- Restructured the defined benefits pension scheme
 - One-off, exceptional net credit under IAS 19 (revised) of £10.2m
- Profits underpinned by consistent, excellent cash generation
- Strong financial position and well-positioned to deliver growth and maintain strong margins

Re-positioning and de-risking the business

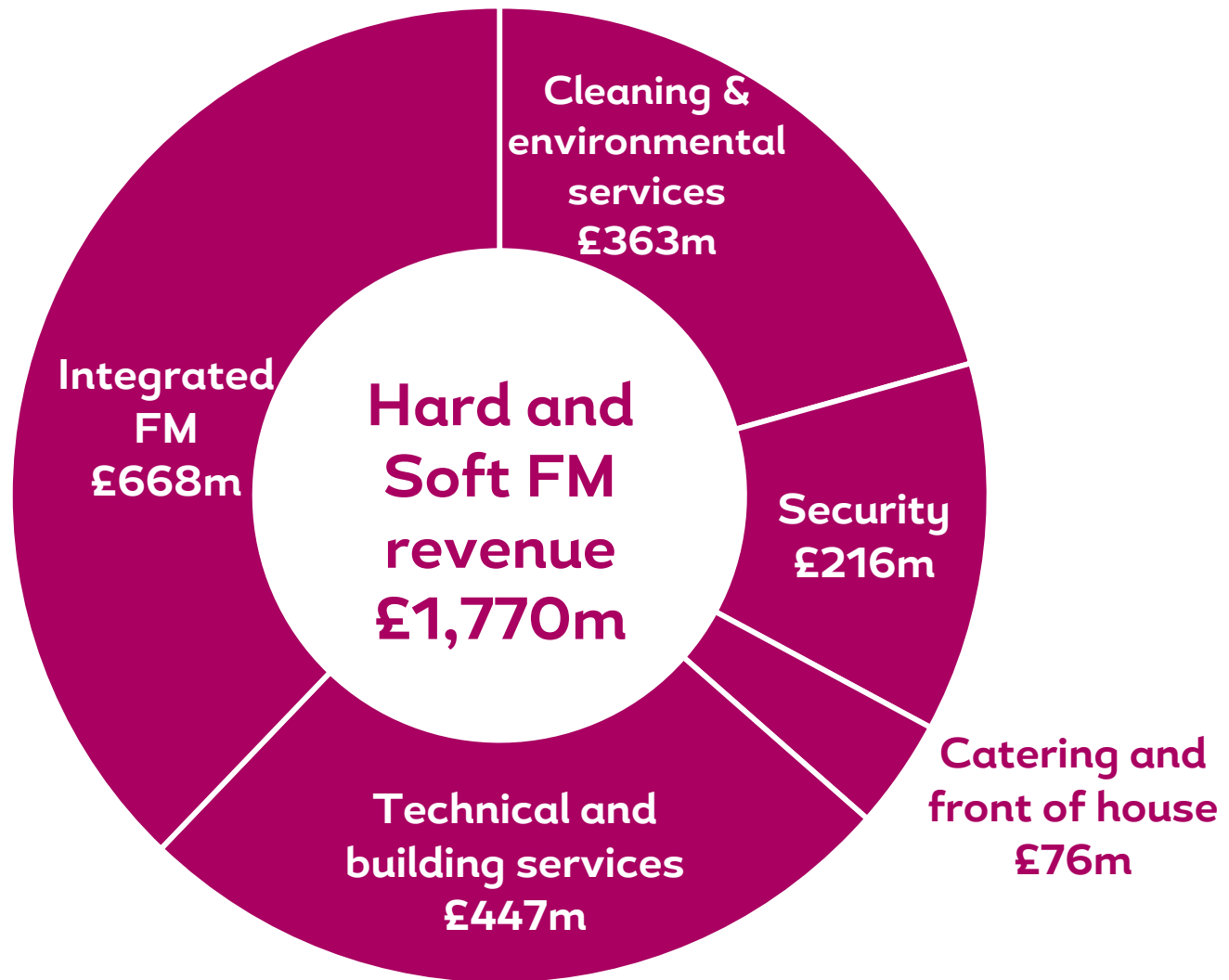


- Reducing our exposure to construction-facing markets – significantly de-risks the business and enables a focus on higher margin, growth markets
- Close to completing the exit from our mechanical and electrical engineering construction business
 - Trading losses of £13.6m incurred
- Also moving out of the design and build element of our former Asset Management business
 - Existing commitments remain on a small number of legacy projects with design and build risk
 - Exceptional charges of £25.4m
- Going forward we have a stronger platform for long-term growth

The shape of our business



FM revenue breakdown

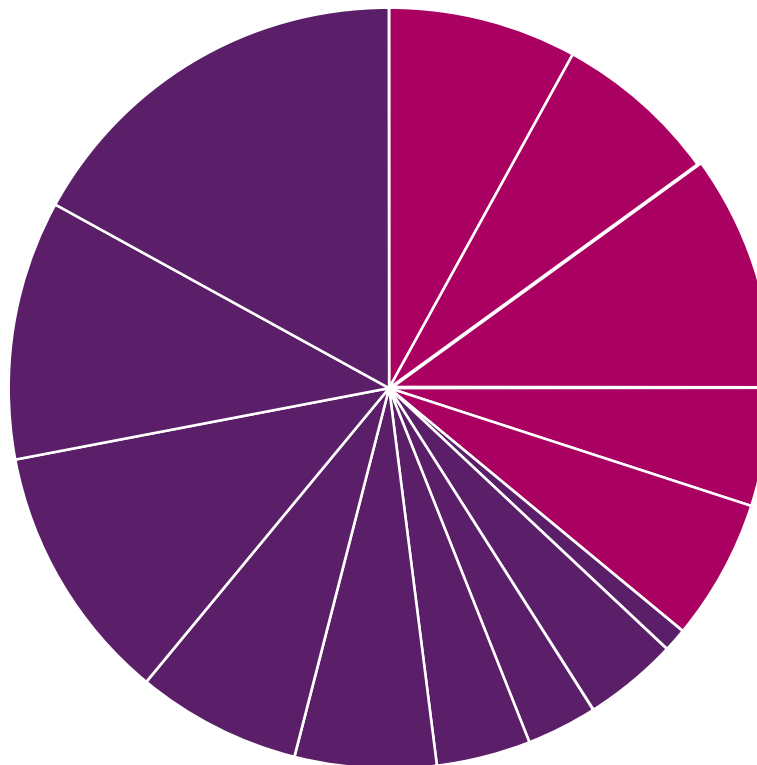


Revenue by sector

2014 Revenue by market sector

Private sector 64%

Finance and professional services	17%
Retail	11%
Manufacturing	11%
Transport and logistics	7%
Technology and communications	6%
Leisure	4%
Utilities	3%
Property management	4%
Construction	1%



Public sector 36%

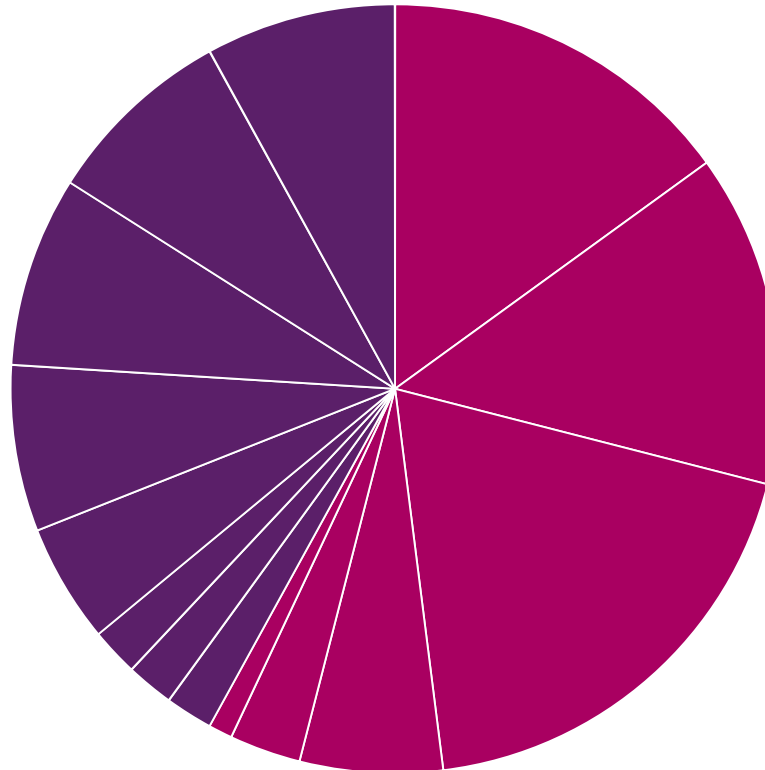
8%	Central and other government
7%	Local government
10%	Social housing
5%	Health
6%	Education

Buoyant sales pipeline: £8.2bn



Private sector 43%

Finance and professional services	8%
Retail	8%
Transport and logistics	8%
Property management	7%
Manufacturing	5%
Construction	2%
Leisure	2%
Utilities	2%
Technology and communications	1%



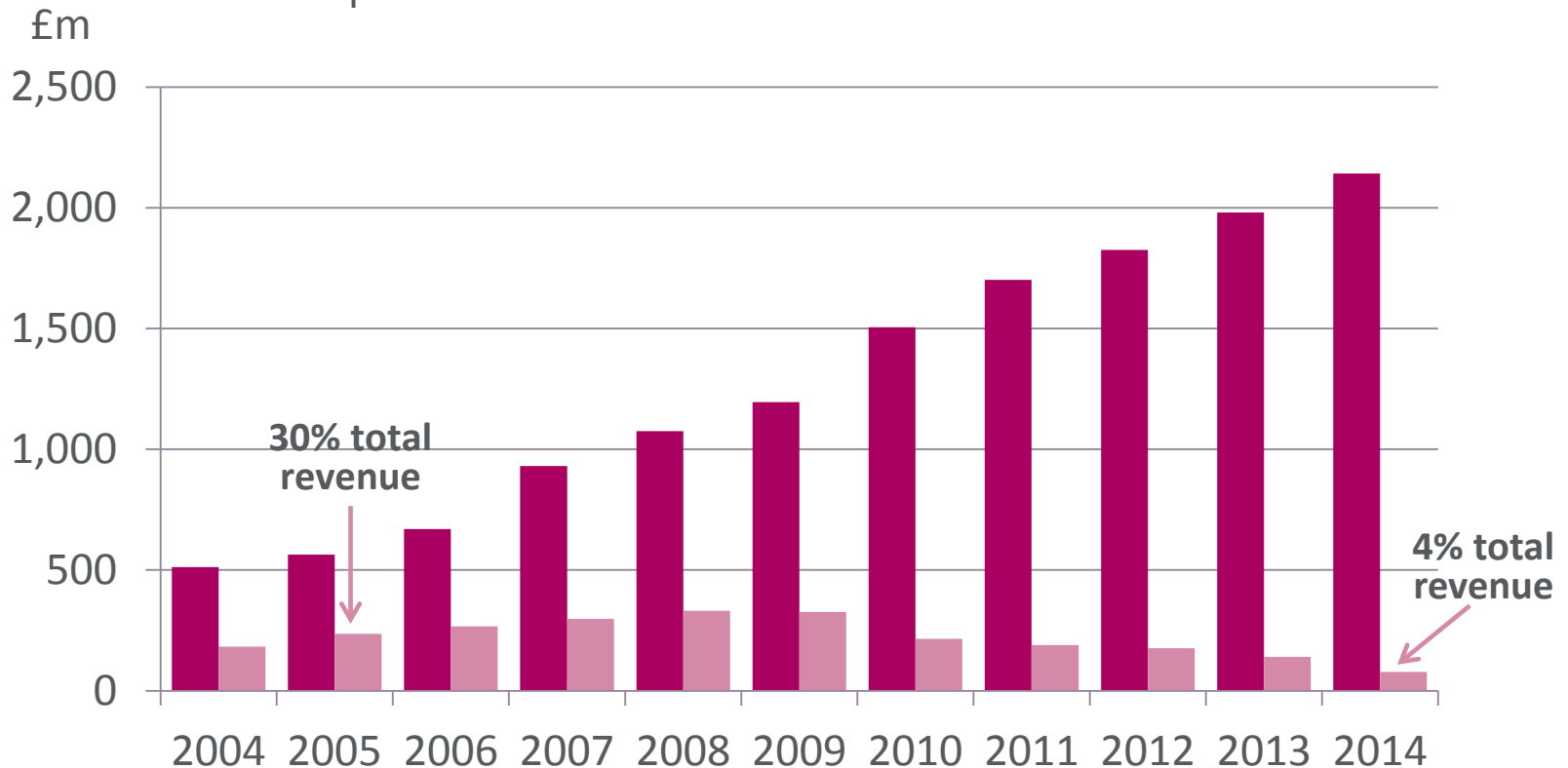
Public sector 57%

15%	Central and other government
14%	Local government
19%	Social housing
6%	Health
3%	Education

Our business mix has changed



	10 year CAGR	5 year CAGR
Mitie Group revenue excluding engineering	15.4%	12.4%
Engineering construction revenue	(8.1%)	(24.8%)
Mitie Group total revenue	12.4%	7.9%

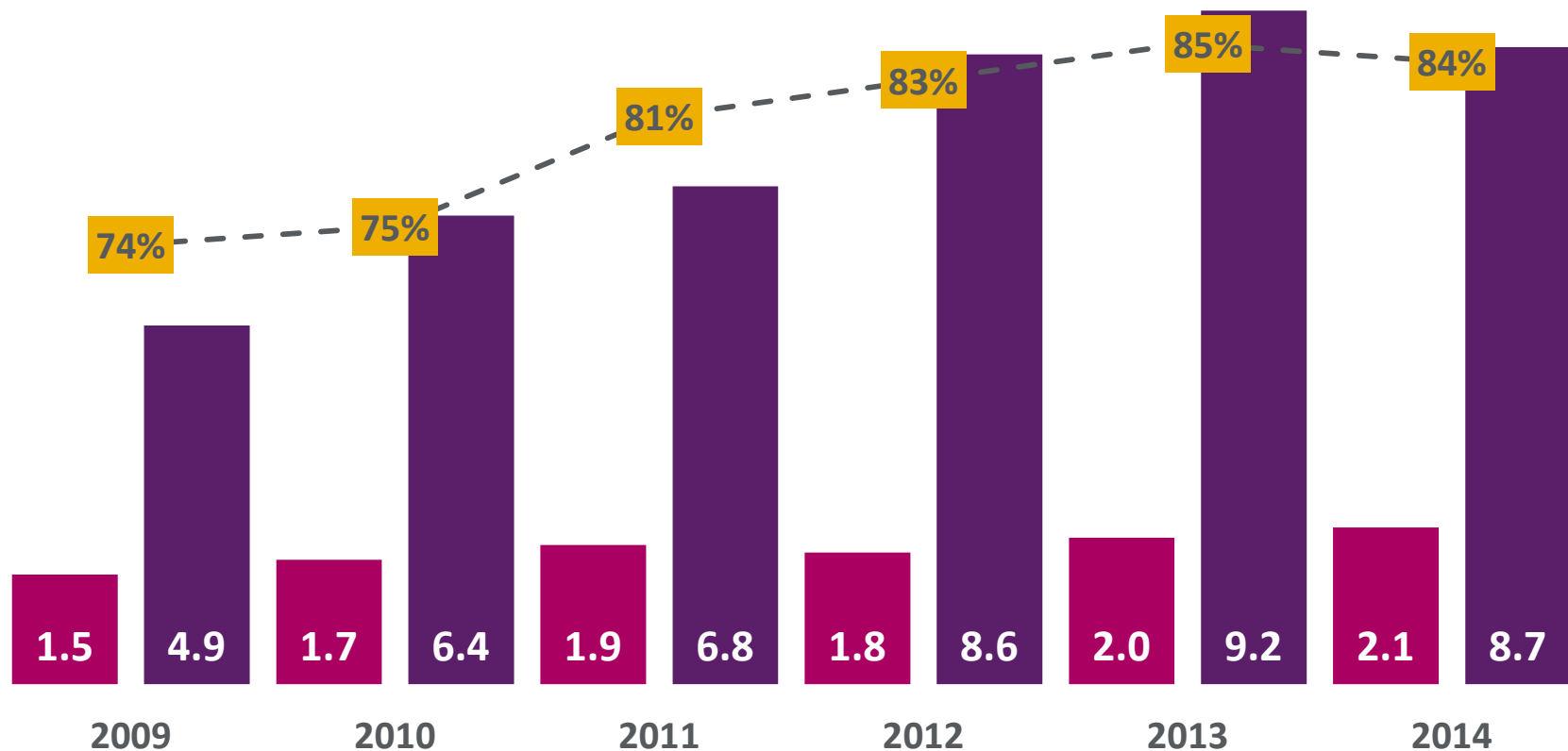


A focus on higher margin growth markets



Business area	Strategy	Long-term organic growth potential	Acquisition potential
Facilities Management	<ul style="list-style-type: none"> • Remain the UK market leader in integrated FM and continue growing with existing clients • Further grow our specialist single-service businesses and remain a top four provider in each of these markets 	5 to 10%	No acquisitions of scale required – niche/bolt-on capability only
Property Management	<ul style="list-style-type: none"> • Focused on long-term contracts with housing associations and local authorities 	1 to 10%	No acquisitions
Energy Solutions	<ul style="list-style-type: none"> • Utiyx focused on higher-margin energy consulting – differentiates us in FM market • No further investment in infrastructure projects – consult only 	5 to 10%	Potential for small, niche acquisitions
Healthcare	<ul style="list-style-type: none"> • Grow MiHomecare into the UK's market leading home care business • Shape the social care market by delivering transformational healthcare partnerships • Expand into more complex care 	>10%	No acquisitions of scale required – niche/bolt-on capability only

Excellent revenue visibility



■ Headline revenue £bn ■ Aggregate order book £bn -◆- Secured revenue (at start of FY) %

Revenue excludes engineering construction business from 2012

Consistently strong organic growth in FM

- 7.2% organic revenue growth, driven largely by the integrated FM portfolio
- 92% contract retention rate of our top 50 strategic accounts, which make up >40% of group revenue
- Private sector continuing to generate the majority of our growth
 - Private (75%)/public (25%) of total FM revenue
- In the public sector we remain focused on opportunities in justice, health and local authorities
 - Justice: significant progress made during the year and remain confident in the long term prospects

Leading market position

- Current UK FM market share of c4% - significant potential to grow
- Differentiators
 - Extensive self-delivery capability
 - People and entrepreneurial culture
 - Integrated FM capability; excellent client references
 - Data management
 - Niche energy consulting
- #1 integrated FM provider with strong market positions in each of our key single services
 - Technical and building services (engineering maintenance) – #1
 - Cleaning – #2
 - Security – #3
- Good positions in smaller but fast-growing single services
 - Catering – #6
 - Pest control – #3
 - Landscaping – #5

High quality client portfolio



2010

2011

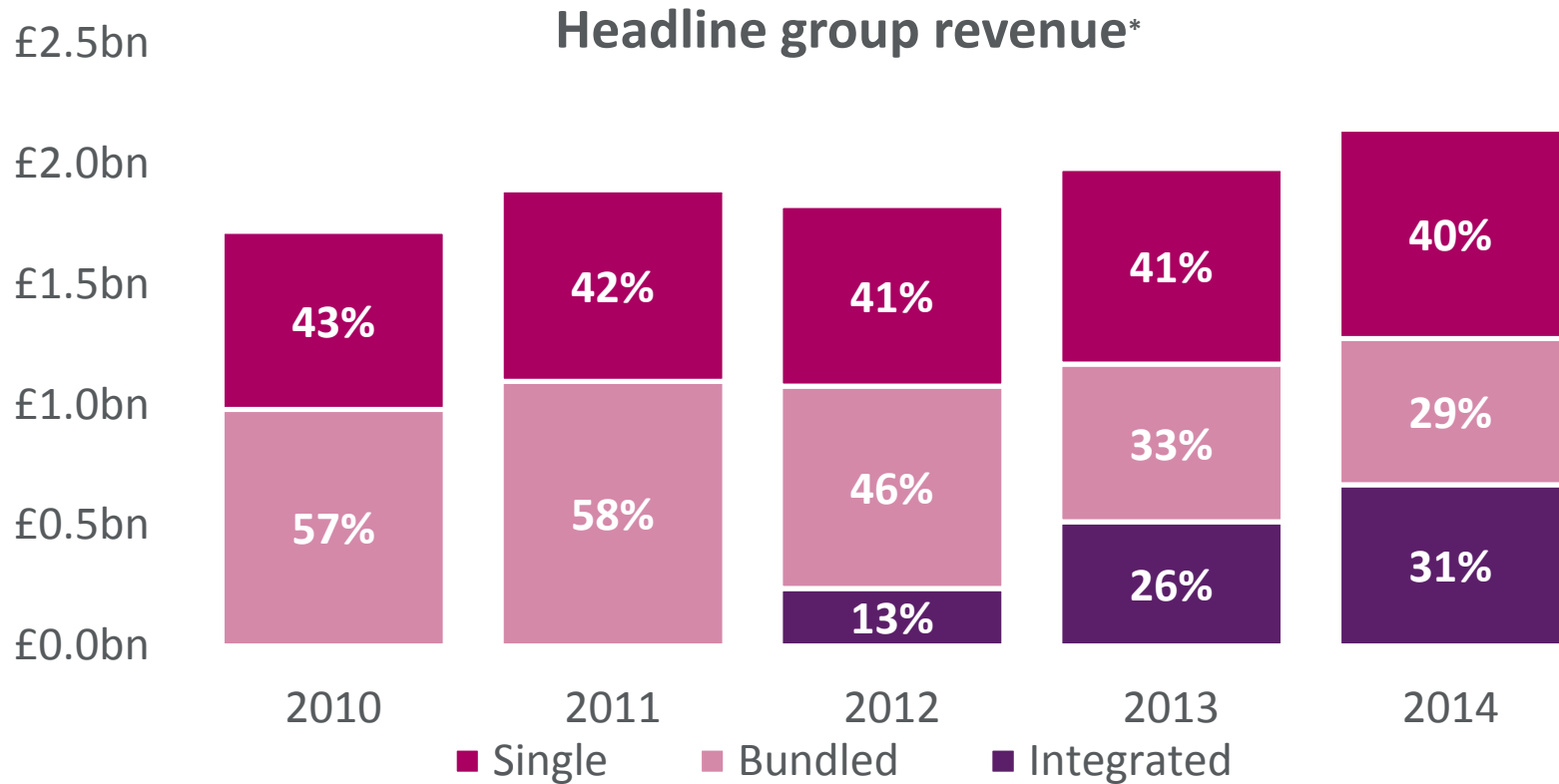
2012

2013

2014



Integrated FM drives growth



- Significant revenue still derived from single service contracts – opportunity to benefit further

*Revenue excludes engineering construction business from 2012

Steady flow of contract awards across the private sector

- Successfully re-secured several key integrated FM contracts
 - Network Rail – £75m+ over five years
 - Capita – £110m over five years
- Awarded a number of significant new contracts across a range of sectors
 - Bank of Ireland – five year, bundled services contract
 - Insurance company – integrated FM contract valued at £55m over five years
 - Mitchells & Butlers – waste and cleaning contract valued at £38m over three years
 - Four Seasons Healthcare – hard FM contract valued at £33m over three years
 - Heathrow Terminals 3, 4, 5 and the Heathrow Express – hard FM contract valued at £15m over three years

Public sector remains attractive long-term growth market

- Focused on Justice, Local Authorities and Health
- Key successes during the year include:
 - The Home Office – new contract to manage and maintain two immigration centres, valued at £180m over eight years (potential three-year extension)
 - Epsom and St Helier Hospital – new contract providing domestic portering and catering, valued at £35m over five years
- Continue to see a range of long term opportunities
 - Highly selective bidding process
 - Prisons FM bid submitted in April, decision expected in the second half of the calendar year
 - 116 prisons across four regions, delivering FM over five years

Investing for capability

- Acquired UK CRBs on 14 August 2013
 - One of the largest providers of online criminal records checking service in the UK – conducts over 50,000 checks per annum
 - Provides a scalable platform to compete in the growing screening and vetting market

Significant potential to drive further organic growth

- Prime focus is on core FM business
- Opportunities to generate strong growth from existing client base
- Further develop market leading capabilities, focus on:
 - Outstanding customer service
 - Sector specialisms and cross-selling capabilities to drive bundled/integrated FM
 - Innovation and advisory
 - Sales process
 - Key account management
 - Operational efficiencies as we grow
- Some investment in specialist sectors/skills required
- Potential for small bolt on acquisitions to add niche capability
- International - part of key client strategy
- Focused strategy will support strong organic growth over the next five years

Utilyx consulting capability an important niche

- Focused on consulting contracts with a large independent client base as well as supporting our larger FM clients with their energy strategies
 - Energy spend an increasing share of our clients' overall property spend, particularly in relation to FM
- Provides high margin, strategic energy consulting capability
 - Purchase one-third of industrial and commercial energy spend in the UK on behalf of clients
 - £2.3bn energy spend under management

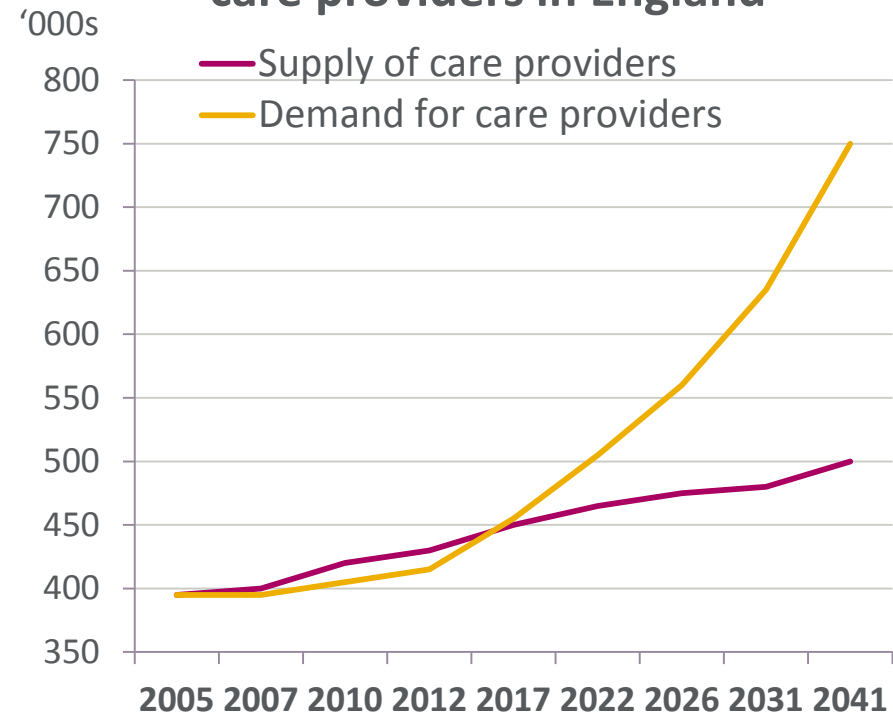
Organic growth improvement in Property Management

- Organic growth of 9.1%
 - Positive impact from Hammersmith and Fulham – mobilised our £200m contract to deliver painting, repairs and maintenance over ten years
- Now operates solely in the domestic housing market delivering a wide range of property related services
 - Service >200,000 homes across the UK
- Increasing trend towards longer-term, larger bundled contracts across larger social housing portfolios
 - Royal Borough of Kingston – awarded a new social housing contract valued at £15m over two years
 - Orbit Heart of England – secured a contract deliver capital improvement works valued at £20m over eight years

Long-term dynamics will drive growth in healthcare market

- Market resembles the early days of FM outsourcing – significant growth opportunities
 - Very fragmented, complex administration, multiple layers
 - Opportunity for consolidation and technology
 - Develop telehealth and telecare into our service delivery
 - Integration of health and social care
 - Ability to build on existing client relationships with Local Authorities and NHS
- Total UK social care market £17bn
 - Local authorities under budgetary pressure; need to consolidate their supplier-base

Projected supply and demand of care providers in England



Source: PSSRU Discussion Paper

MiHomecare positioned for growth



- Successful integration of Enara and re-brand to MiHomecare
 - Margins robust
 - Selective bidding
 - Long-term growth positive
- Encouraging progress with the award of several significant contracts during the year:
 - East Sussex County Council - £20m over five years
 - Nottinghamshire County Council - £2.5m over three years
 - Leicestershire - £2.5m over five years
- Acquired Complete Group for £9m consideration in January 2014
 - Provides high acuity care at home to around 150 individuals with on-going complex clinical healthcare needs
 - Employs around 650 personal care assistants (including registered nurses)
 - Complements our existing domiciliary care operations in England and Wales

Suzanne Baxter

Group Finance Director

Headline performance

Revenue £2,142.6m

+8.2% (5.2% organic)

(2013: £1,980.6m)

Operating profit

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(2013: 6.1%)

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(2013 : 127.8% reported)

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11.0p (2013: 10.3p)

2015 budgeted revenue secured

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(Prior year: 85%)

Order book

£8.7bn

(2013: £9.2bn)

Sales pipeline

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(2013: £8.7bn)

Statutory income statement



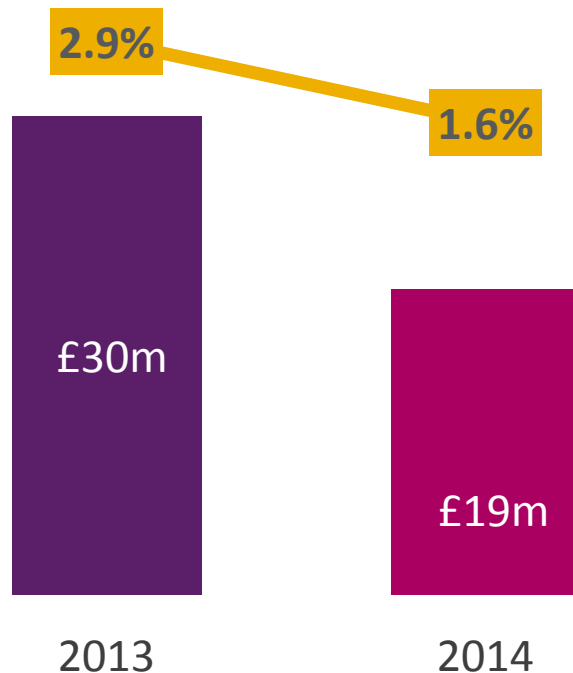
£m	2014 FY	2013 FY	Growth
Statutory revenue	2,221.1	2,120.5	4.7%
Headline operating profit	127.5	120.3	6.0%
Other items	(44.9)	(52.3)	(14.1%)
Statutory operating profit	82.6	68.0	21.5%
Net interest	(14.2)	(11.7)	21.4%
Profit before tax	68.4	56.3	21.5%
Reported basic EPS	13.4pps	11.8pps	13.6%

Other items



£m	2014 FY	2013 FY
Revenue of businesses being exited	78.5	139.9
Other items		
Trading losses of businesses being exited	13.6	3.1
Business closure costs	-	22.1
Complex contracts in Energy Solutions	25.4	-
Restructuring costs	-	10.2
Integration costs	4.4	3.7
Acquisition costs	0.7	3.2
Amortisation of acquisition related intangibles	11.0	10.0
Restructure of defined benefit pension scheme (net of costs)	(10.2)	-
Total other Items	44.9	52.3

Defined benefit pensions



■ Pension deficit £m — % Market Capitalisation

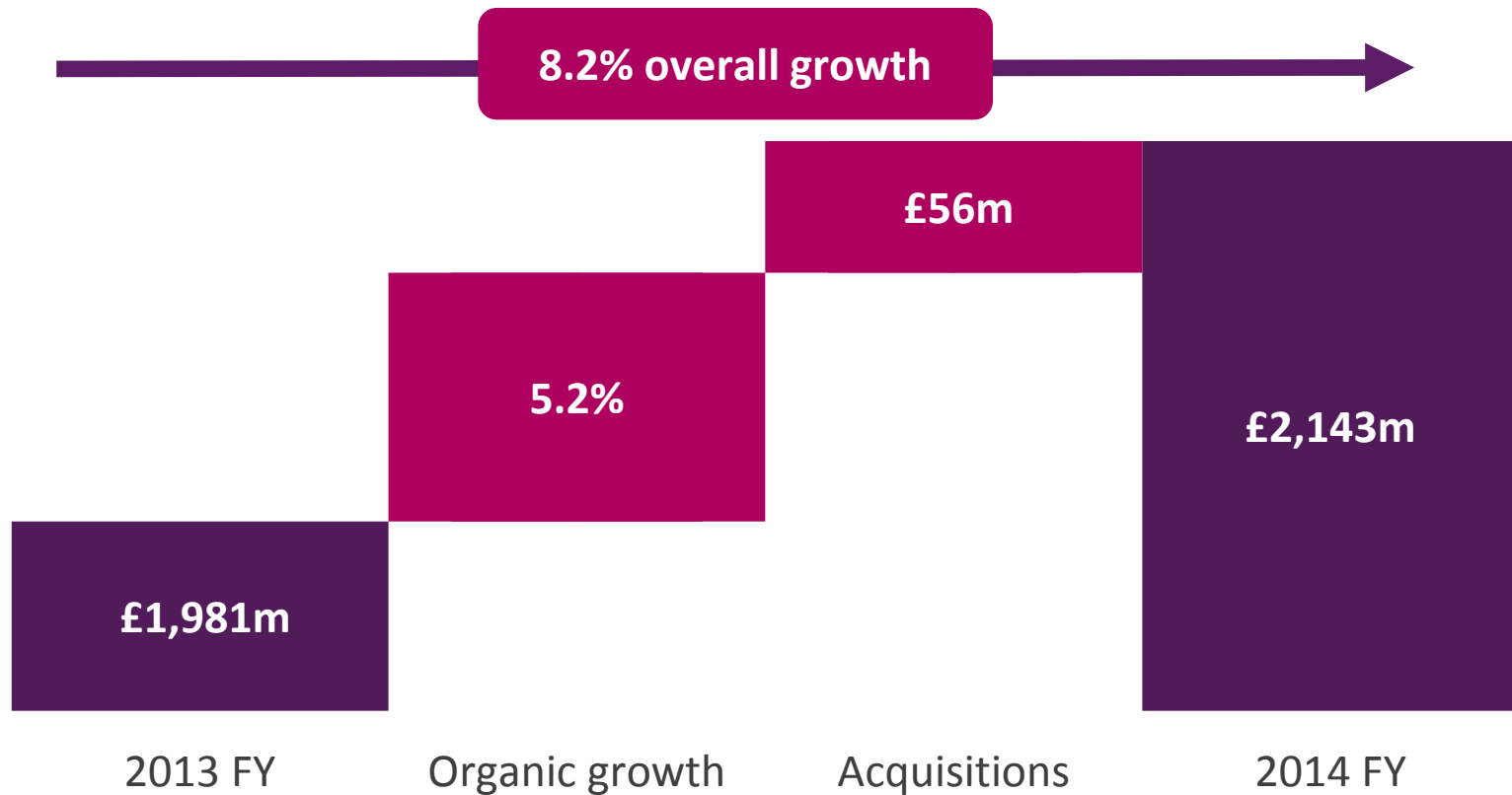
- Principal exposure is to Mitie Group defined benefit pension scheme – deficit £17.0m (2013: £29.7m)
- Reduction in scheme liabilities through the capping of benefits following consultation with members
- Future increases in pensionable pay are now subject to a maximum annual cap equivalent to CPI
- Future pension contributions de-risked due to liability restructuring
- Triennial actuarial valuation to be undertaken as at 31 March 2014

Strong headline results

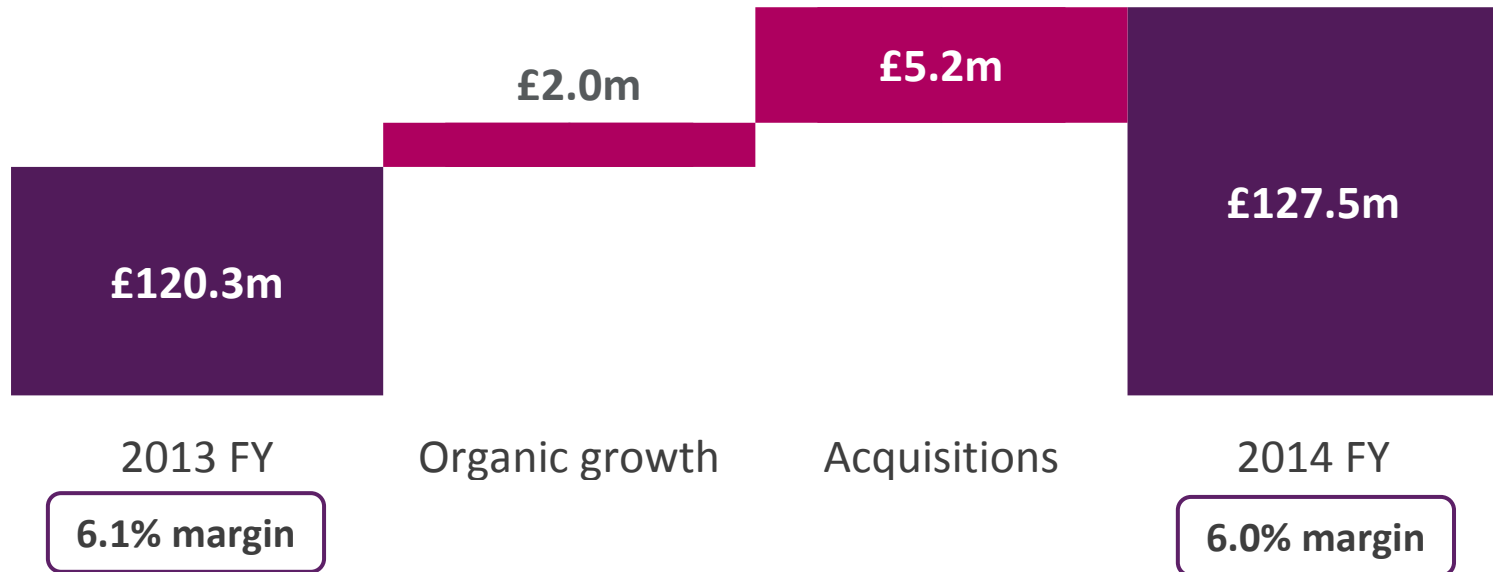


£m	2014 FY	2013 FY	Growth
Headline revenue	2,142.6	1,980.6	8.2%
Headline operating profit	127.5	120.3	6.0%
Headline margin	6.0%	6.1%	(0.1ppt)
Headline PBT	113.3	108.6	4.3%
Headline basic EPS	24.3pps	23.1pps	5.2%
Dividend per share	11.0pps	10.3pps	6.8%

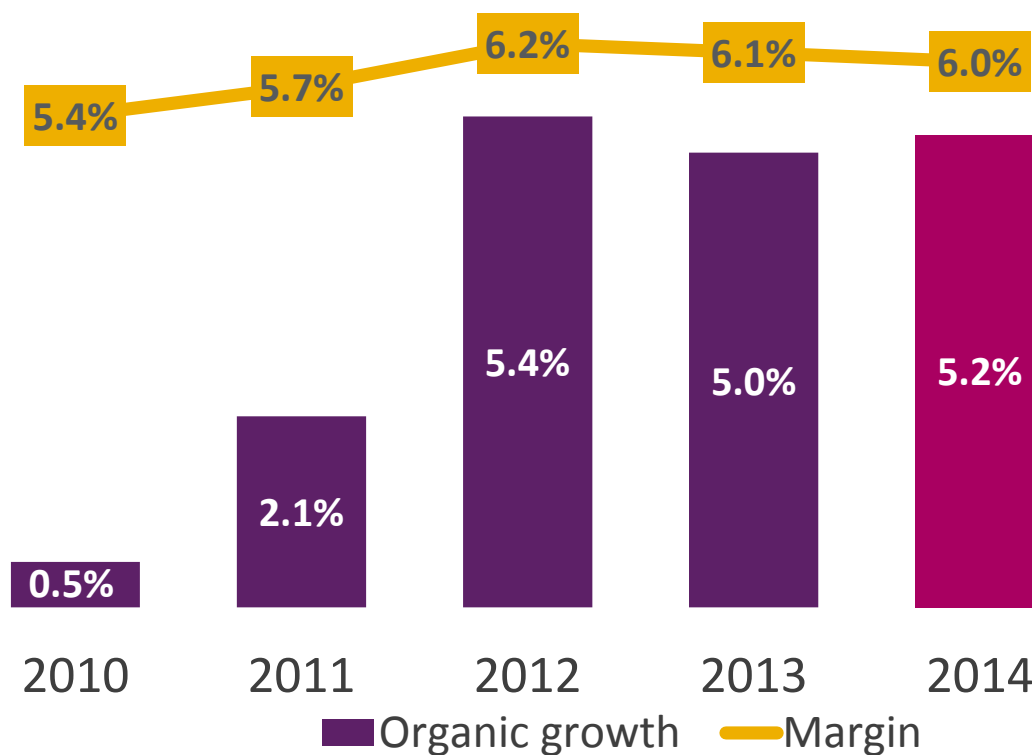
Headline revenue bridge



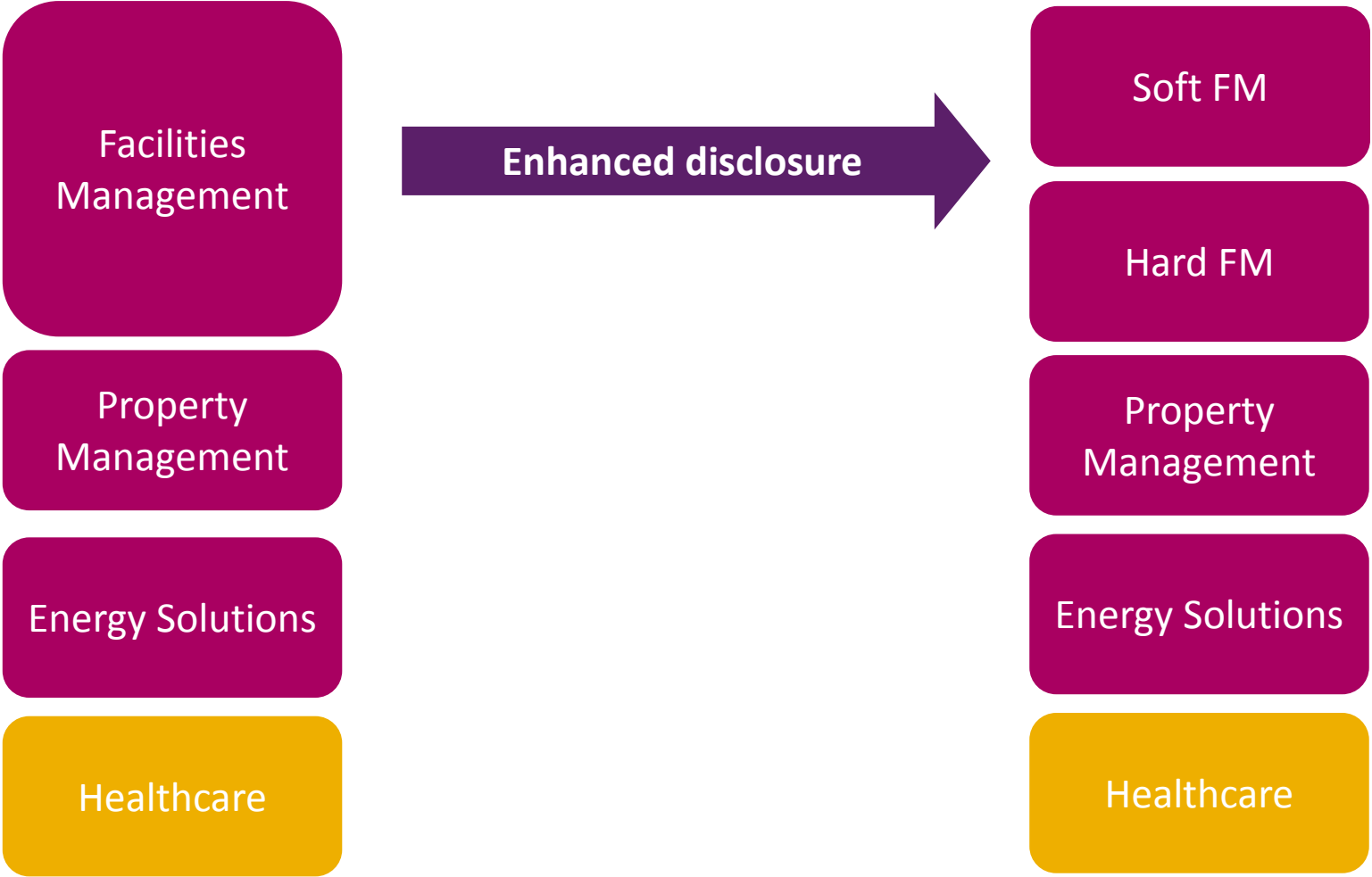
Headline operating profit growth of 6.0%



Balancing organic growth and maintaining margins



Our new reporting segments from 1 April 2014



Headline revenue



£m	2014 FY	2013 FY	Growth	Organic Growth
Soft FM	1,190.8	1,122.2	6.1%	5.9%
Hard FM	579.4	526.7	10.0%	10.0%
<i>Total FM</i>	<i>1,770.2</i>	<i>1,648.9</i>	<i>7.4%</i>	<i>7.2%</i>
Property Management	264.8	242.8	9.1%	9.1%
Energy Solutions	15.9	45.9	(65.4%)	(65.4%)
Healthcare	91.7	43.0	113.3%	(5.5%)
Mitie	2,142.6	1,980.6	8.2%	5.2%

Headline operating profit



£m	2014 FY		2013 FY		Operating profit growth
	Operating Profit	Margin	Operating Profit	Margin	
Soft FM	74.8	6.3%	73.4	6.5%	1.9%
Hard FM	30.0	5.2%	29.0	5.5%	3.4%
<i>Total FM</i>	<i>104.8</i>	<i>5.9%</i>	<i>102.4</i>	<i>6.2%</i>	<i>2.3%</i>
Property Management	14.4	5.4%	13.6	5.6%	5.9%
Energy Solutions	(4.4)	(27.7%)	(1.4)	(3.1%)	214.3%
Healthcare	12.7	13.8%	5.7	13.3%	122.8%
Mitie	127.5	6.0%	120.3	6.1%	6.0%

£m	2014 FY	2013 FY	Growth
Headline revenue £m	1,190.8	1,122.2	6.1%
Organic growth			5.9%
Headline operating profit £m	74.8	73.4	1.9%
Headline margin	6.3%	6.5%	(0.2ppt)
Forward order book £bn	5.1	5.0	2.0%
% of Mitie headline revenue	55.6%	56.7%	(1.1ppt)

Hard FM



£m	2014 FY	2013 FY	Growth
Headline revenue £m	579.4	526.7	10.0%
Organic growth %			10.0%
Headline operating profit £m	30.0	29.0	3.4%
Headline margin	5.2%	5.5%	(0.3ppt)
Forward order book £bn	2.1	2.8	(25.0%)
% of Mitie headline revenue	27.0%	26.6%	0.4ppt

Property Management



£m	2014 FY	2013 FY	Growth
Headline revenue £m	264.8	242.8	9.1%
Organic growth %			9.1%
Headline operating profit £m	14.4	13.6	5.9%
Headline margin	5.4%	5.6%	(0.2ppt)
Forward order book £bn	0.8	0.9	(11.1%)
% of Mitie headline revenue	12.4%	12.3%	0.1ppt

Energy Solutions



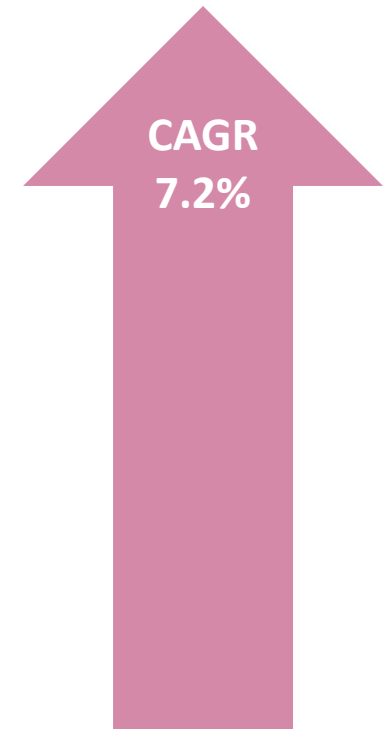
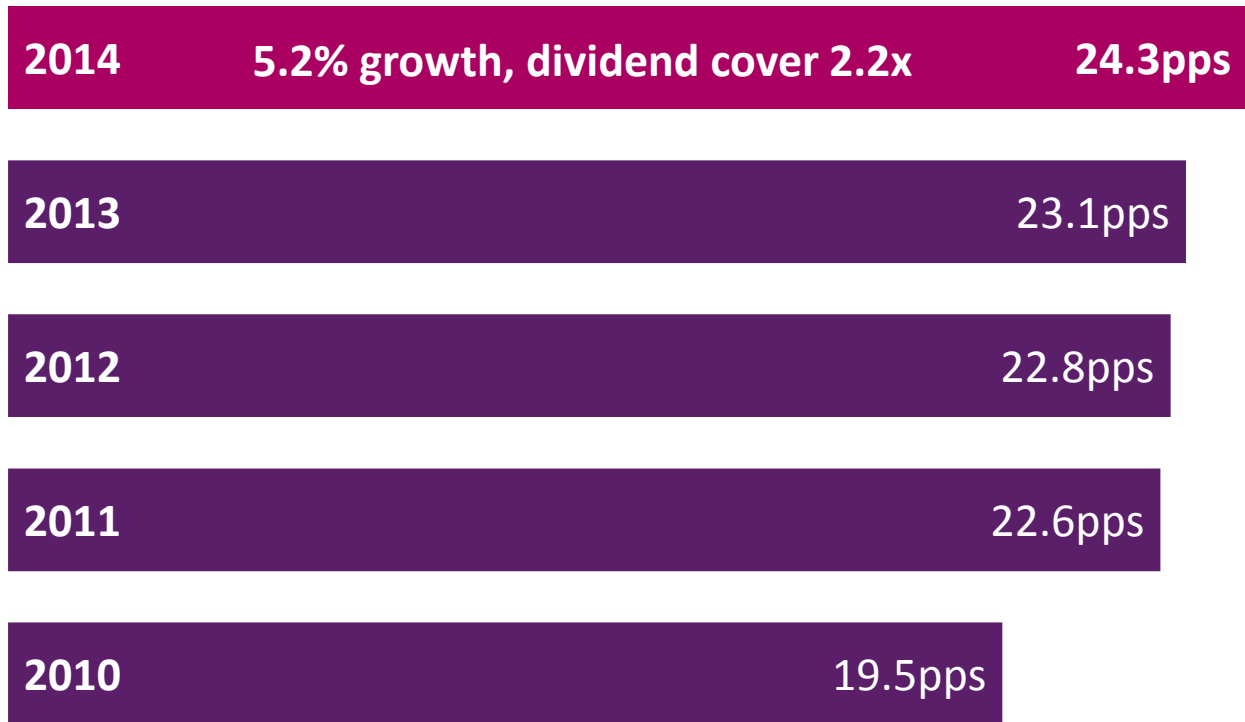
£m	2014 FY	2013 FY	Growth
Headline revenue £m	15.9	45.9	(65.4%)
Utilyx	10.2		
Asset Management	5.7		
Headline operating profit £m	(4.4)	(1.4)	214.3%
Utilyx	2.3		
Asset Management	(6.7)		
Headline margin	(27.7%)	(3.1%)	(24.6ppt)
Forward order book £bn	0.2	0.3	(33.3%)
% of Mitie headline revenue	0.7%	2.3%	(1.6ppt)

Healthcare

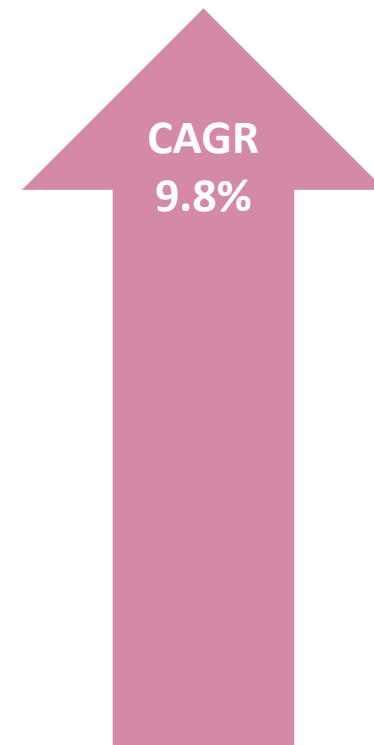
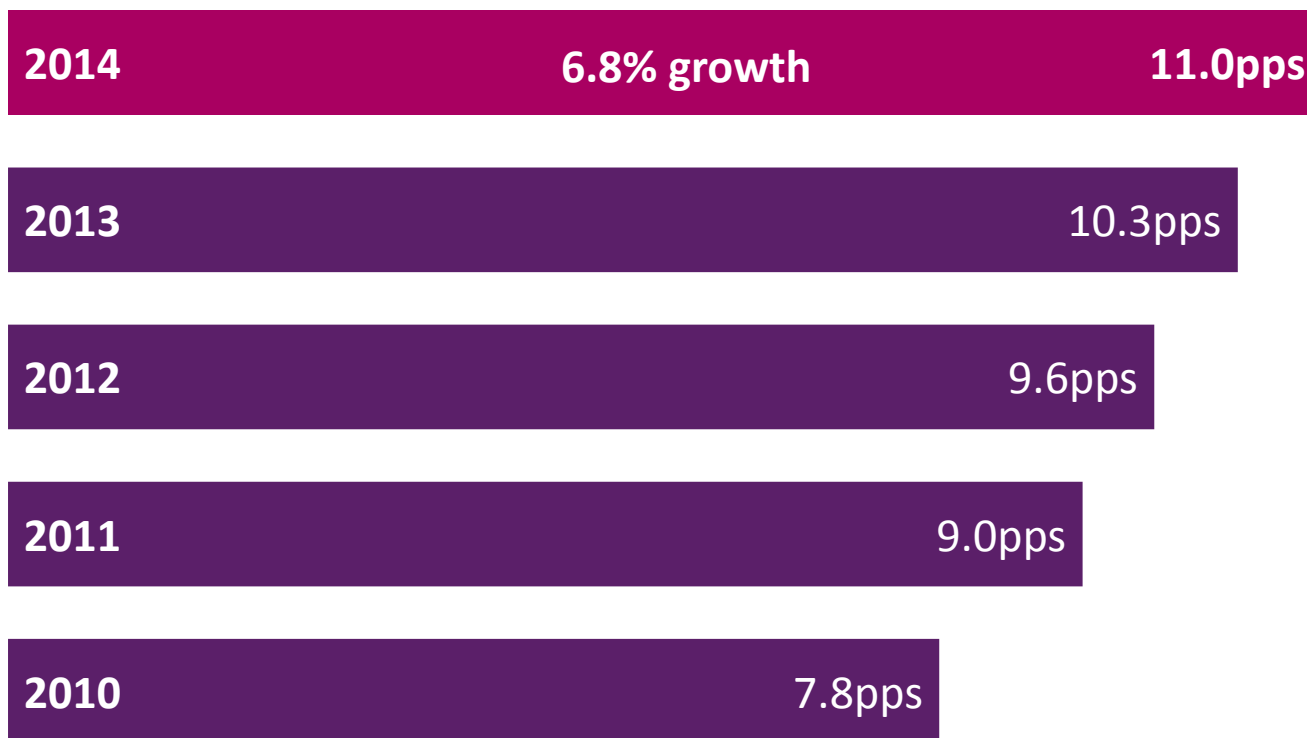


£m	2014 FY	2013 FY	Growth
Headline revenue £m	91.7	43.0	113.3%
Organic growth %			(5.5%)
Headline operating profit £m	12.7	5.7	122.8%
Headline margin	13.8%	13.3%	0.5ppt
Forward order book £bn	0.5	0.2	150.0%
% of Mitie headline revenue	4.3%	2.2%	2.1ppt

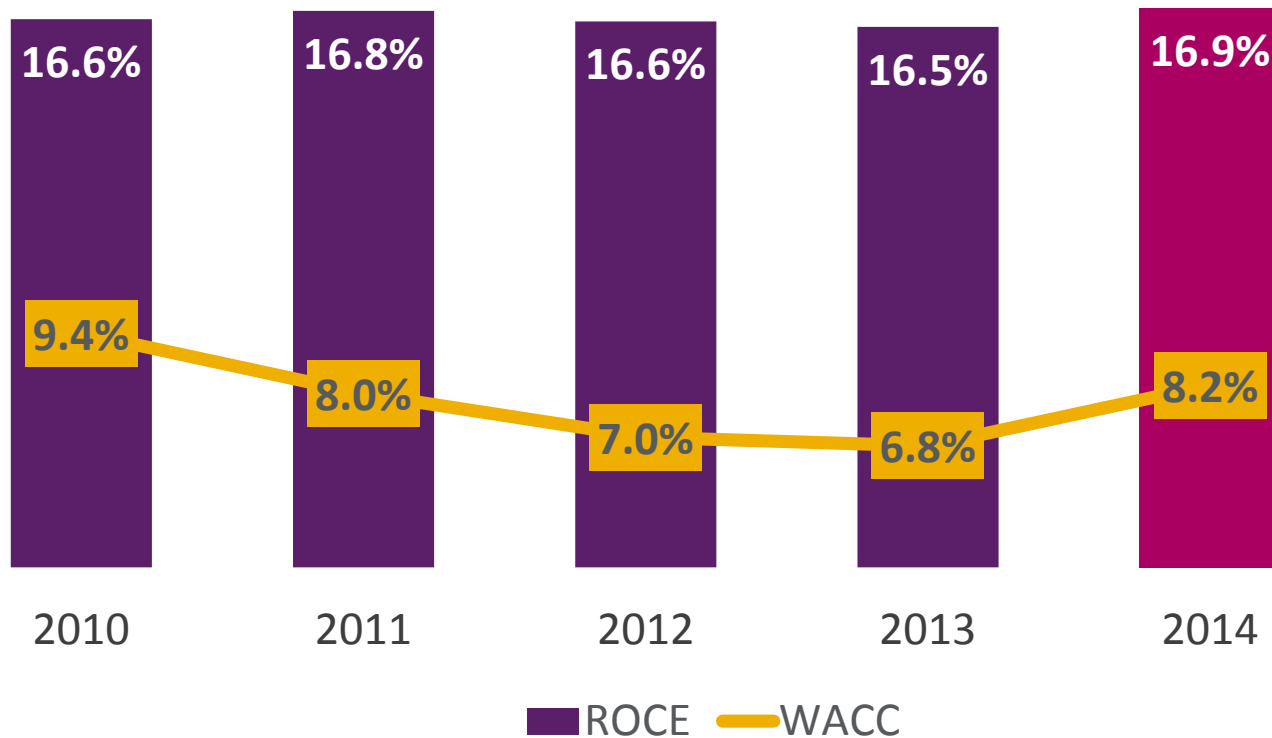
Headline EPS growth supports progressive dividend policy



Growth in dividend per share



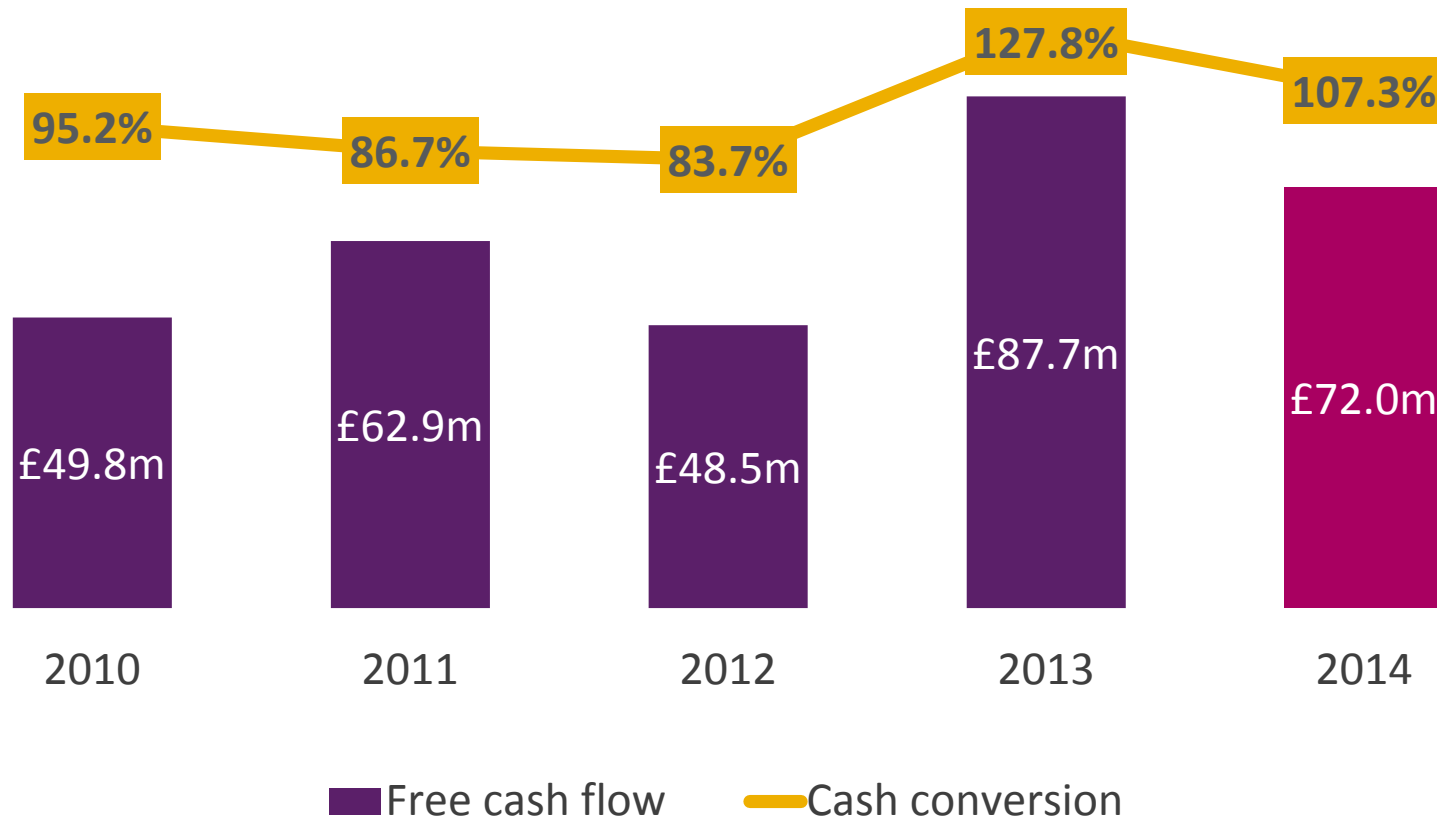
Strong returns on capital employed



ROCE = Post Tax Headline Operating Profit/(Net Assets+Net Debt-Minority Interests)

Adjusted for the proforma full year effect of acquisitions

Strong cash performance

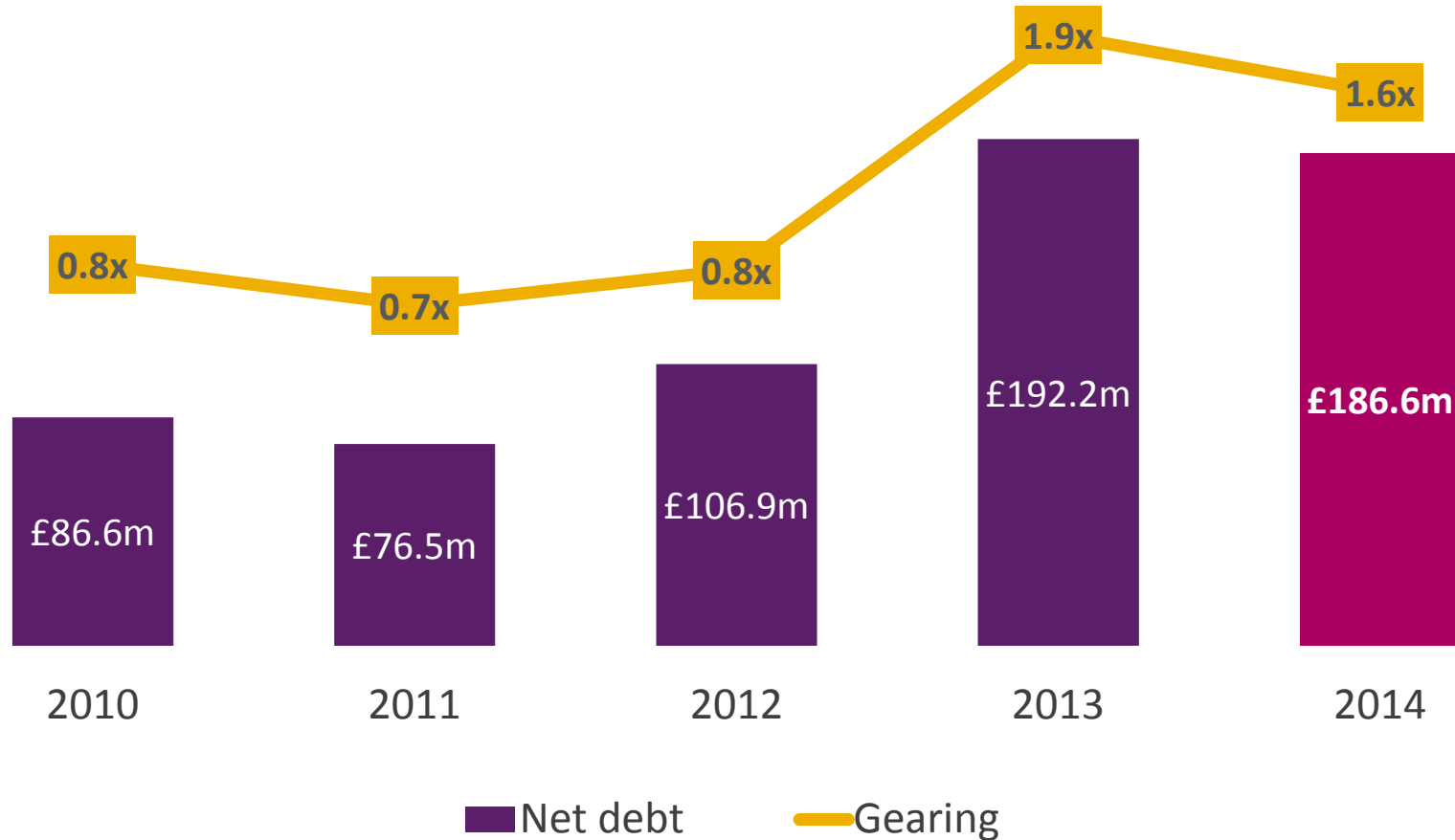


Working capital

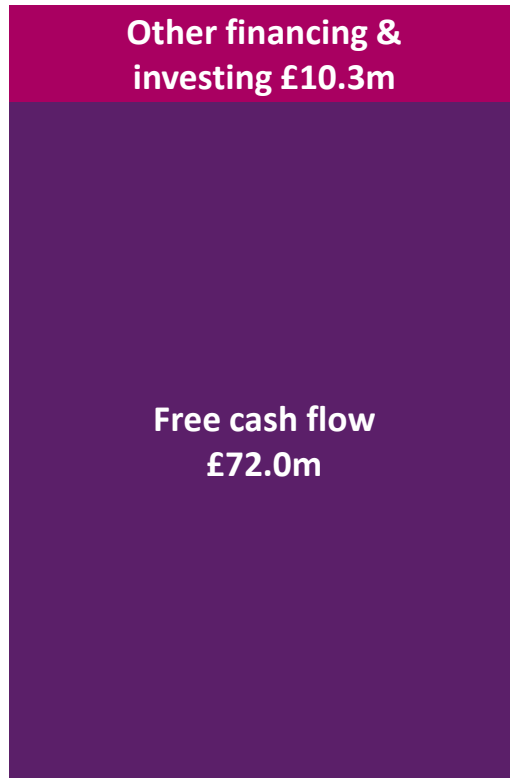


£m	2014 FY	2013 FY
Inventories	7.4	6.7
Trade and other receivables	491.6	507.4
Current assets	499.0	514.1
Trade and other payables	(525.6)	(500.7)
Provisions	(1.2)	(1.4)
Current liabilities	(526.8)	(502.1)
Working capital	(27.8)	12.0
Net inflow	13.6	24.9

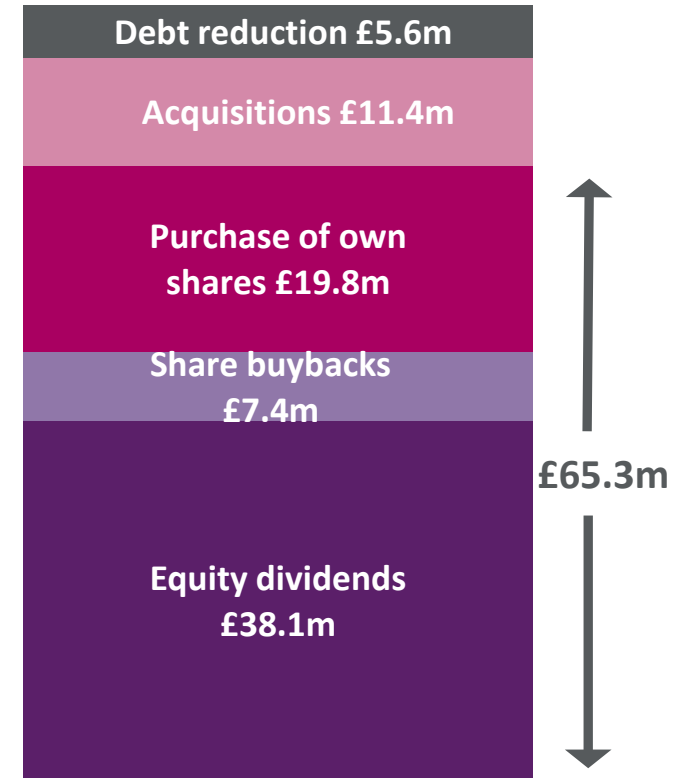
Reduced net debt and gearing



Strong free cash flow funds shareholder returns

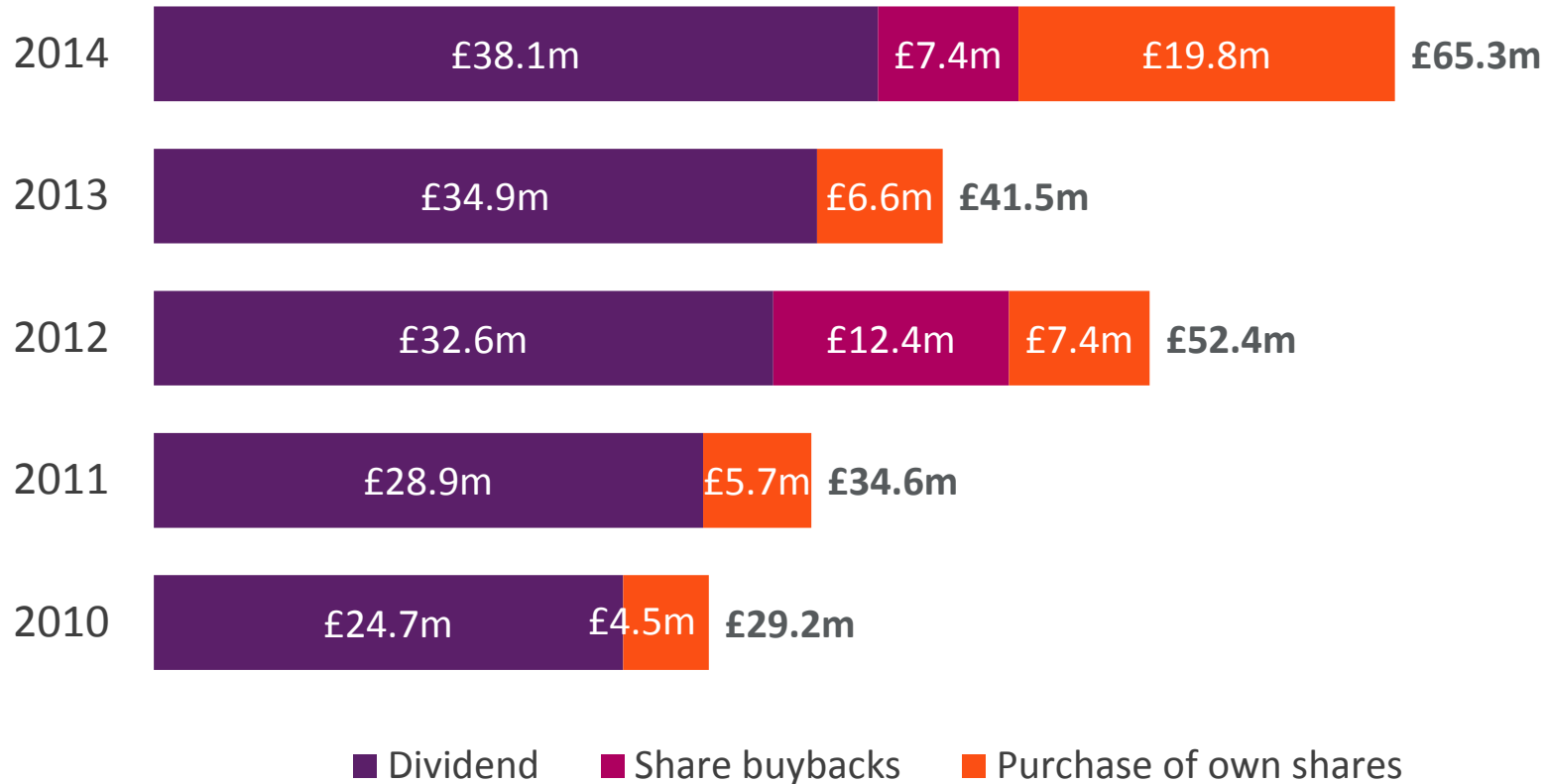


Sources of cash £m



Use of cash £m

Equity related cash flows £223m over five years



2014 summary



Organic growth	5.2%
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Headline EPS growth	5.2%
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Dividend growth	6.8%
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EBITDA cash conversion	107.3%
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Gearing	1.6x
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Five year annualised growth summary



Headline revenue growth	7.1%
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Headline EPS growth	7.2%
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Dividend growth	9.8%
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EBITDA cash conversion	100%
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ROCE	16.7%
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2015 Guidance



- Mid single digit percentage organic growth (range 3% to 8%)
- No material change to margins; medium to long term growth expected
- Cash conversion >80%
- Low capex requirements 1% – 2% of annual revenue
- Maintain low gearing (1x – 1.5x EBITDA)
- Effective tax rate 21%
- Maintain progressive dividend policy in line with headline earnings growth
- Buyback to maintain constant share numbers

Ruby McGregor-Smith CBE

Chief Executive

Highlights



- Excellent progress through a focus on key growth markets
 - Delivered 5.2% organic growth
 - Margins of 6.0%; major overhead investments made to support long-term growth
- Sector-leading facilities management proposition driving strong organic growth
 - Continued strong organic growth in FM of 7.2%
 - Award of significant new contracts with the Home Office and Bank of Ireland and retained key relationships including with Network Rail and Capita
- Entry into the healthcare market progressing well
 - Acquisition of Complete Group brings complex care capabilities
- Significant order book and sales pipeline
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 - One-off, exceptional net credit under IAS 19 (revised) of £10.2m
- Profits underpinned by consistent, excellent cash generation
- Strong financial position and well-positioned to deliver growth and maintain strong margins

Outlook



- Core exposure is to growth markets
- Well-positioned to increase market share, deliver organic growth and improve margins over the long term
 - Market-leading integrated FM capabilities
 - High quality client base and >90% contract retention rate
 - Growing homecare market will provide significant long-term opportunities
- Excellent visibility of revenue and a substantial order book and pipeline of sales opportunities
- Strong cash generation and financial position provides a platform to invest organically and grow cash returns to shareholders
- Well-positioned for continued, sustainable, profitable growth

Appendix

Segment reconciliation 2014

revenue



£m	Old structure	Contract reallocation	Move from Property Management	New structure
Soft FM	1,685.7	(494.9)		1,190.8
Hard FM		494.9	84.5	579.4
Property Management	349.3		(84.5)	264.8
Energy Solutions	15.9			15.9
Healthcare	91.7			91.7
Mitie	2,142.6	-	-	2,142.6

Segment reconciliation 2014

operating profit

£m	Old structure	Contract reallocation	Move from Property Management	New structure
Soft FM	101.1	(26.3)		74.8
Hard FM		26.3	3.7	30.0
Property Management	18.1		(3.7)	14.4
Energy Solutions	(4.4)			(4.4)
Healthcare	12.7			12.7
Mitie	127.5			127.5

Old segments headline revenue



£m	2014 FY	2013 FY	Growth	<i>Organic growth</i>
Facilities Management	1,685.7	1,542.8	9.3%	9.1%
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Old segments headline operating profit and margin



£m	2014 FY		2013 FY		Growth
	Headline operating profit	Margin	Headline operating profit	Margin	
Facilities Management	101.1	6.0%	95.4	6.2%	6.0%
Property Management	18.1	5.2%	20.6	5.9%	(12.1%)
Healthcare	12.7	13.8%	5.7	13.3%	122.8%
Energy Solutions	(4.4)	(27.7%)	(1.4)	(3.1%)	214.3%
Mitie	127.5	6.0%	120.3	6.1%	6.0%

Mobilisation costs



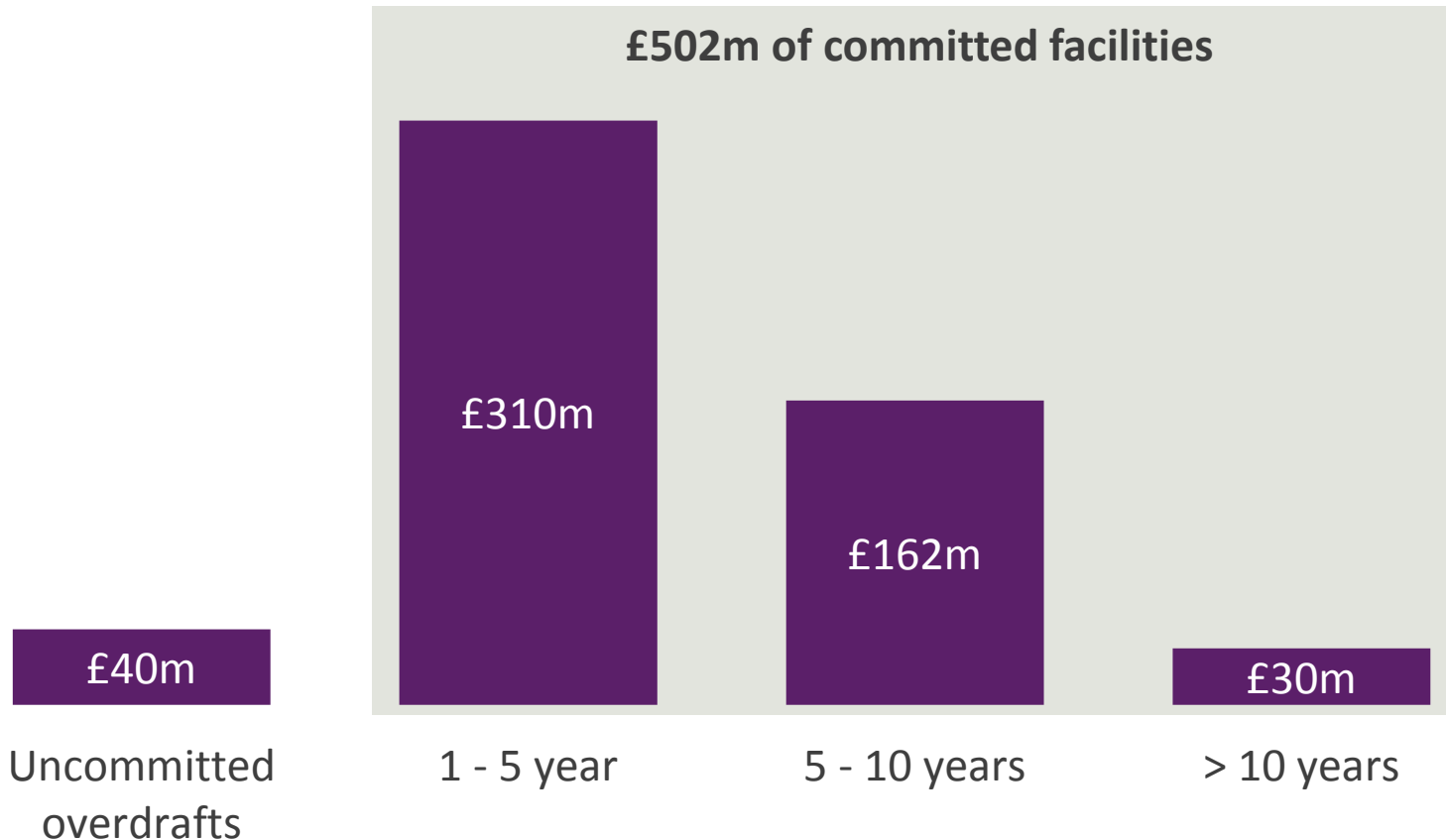
£m	2014 FY	2013 FY	Growth
Opening balance	23.2	21.0	2.2
Costs capitalised	15.7	9.6	6.1
Costs amortised	(8.6)	(7.4)	(1.2)
Closing balance	30.3	23.2	7.1

Cash flow statement



£m	2014 FY	2013 FY
Cash generated by operations	124.1	131.0
Other operating items	(31.3)	(30.9)
Capex & Intangibles	(20.8)	(12.4)
Free cash flow	72.0	87.7
Acquisitions	(11.4)	(120.2)
Dividends	(38.1)	(34.9)
Share capital returns	(27.2)	(6.6)
Other financing & investing activities	10.3	(11.3)
Decrease/(increase) in net debt	5.6	(85.3)
Closing net debt	(186.6)	(192.2)

Long term facilities in place to fund growth



Provisions



£m	Deferred contingent consideration	Insurance reserve	Total
At 1 April 2013	8.0	2.2	10.2
Amounts recognised in the income statement	-	1.8	1.8
Utilised within the captive insurance subsidiary	-	(1.8)	(1.8)
Amounts recognised through equity (arising from transactions with non-controlling interests)	(0.2)	-	(0.2)
At 31 March 2014	7.8	2.2	10.0
Included in current liabilities	-	-	1.2
Included in non-current liabilities	-	-	8.8
Total	-	-	10.0



