



Mitie Group plc

The UK's leading Facilities Management business

Analyst Presentation FY 17/18
7 June 2018

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This announcement contains forward-looking statements. Such statements do not relate strictly to historical facts and can be identified by the use of words such as 'anticipate', 'expect', 'intend', 'will', 'project', 'plan', and 'believe' and other words of similar meaning in connection with any discussion of future events. These statements are made by the Directors of Mitie in good faith based on the information available to them as at 7 June 2018 and will not be updated during the year. These statements, by their nature, involve risk and uncertainty because they relate to, and depend upon, events that may or may not occur in the future. Actual events may differ materially from those expressed or implied in this announcement and accordingly all such statements should be treated with caution. Nothing in this announcement should be construed as a profit forecast.

Except as required by law, Mitie is under no obligation to update or keep current the forward-looking statements contained in this announcement or to correct any inaccuracies which may become apparent in such forward-looking statements.

This announcement contains insider information.

Agenda



FY 17/18 Strategic & Operational Review:

Phil Bentley, CEO

FY 17/18 Financial Review:

Paul Woolf, CFO

Outlook:

Phil Bentley, CEO

Q&A



Strategic & Operational Review

Phil Bentley

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Overview – FY 17/18



- **Core businesses performing well**, demonstrating resilience and strength in a challenging wider market
- **Continued positive momentum in revenue growth** – revenues up 2.8% to £2.2bn¹ (FY 16/17: £2.1bn²)
- **EBIT before other items in-line with management expectations** – down 6.0% to £77.1m¹ (FY 16/17: £82.0m)², reflecting ongoing investment in customer, operations and technology
- **Balance sheet normalising and strengthening** – operating comfortably within covenants
- **Significant progress made in first 12 months of transformation** – much achieved already, more to do
 - Period of discovery concluded – firmly in delivery and execution phase
 - Project Helix progressing well
 - Finance transformation complete, Mitie earn-out model wound up, HR transformation ongoing
- **Connected Workspace technology beginning to shape contract negotiation** and support bid-wins
- **Stated three-year delivery and execution programme on track**

FY 17/18 financial highlights



Revenue

£2,199.1m¹ | +2.8%

(FY 16/17: £2,140.0m²)

Order book³

£4,495m | +2.4%

(FY 16/17: £4,392m)

Op. Profit

£77.1m¹ | -6.0%

(FY 16/17: £82.0m²)

Net debt

Y/E
£193.5m | Average
£286.1m

(FY 16/17:
£147.2m) (FY 16/17:
£335.9m)

Leverage

1.98x | Within
covenant of
3.0x

(FY 16/17: 1.76x)

¹ FY 17/18 presented on a pre-IFRS15 basis, before other items.

² FY 16/17 presented on an Alternative Performance Measure basis.

³ Order book restated in line with IFRS 15 requirements.

- FY 2017/18 has been a challenging period for the wider sector
- The market has been characterised by corporate recapitalisations and debt refinancings
- The collapse of Carillion has been the catalyst for important debate, especially around public sector procurement
 - Not all outsourcers are the same – the risk profiles of pure FM providers are different to those involved in construction
- Mitie's transformation journey began a year before Carillion collapsed
- Our strategy, centred around customers, people, cost and technology, is moving the business forward
- We are focused on the future and the significant opportunities available to us

UK's leading FM business

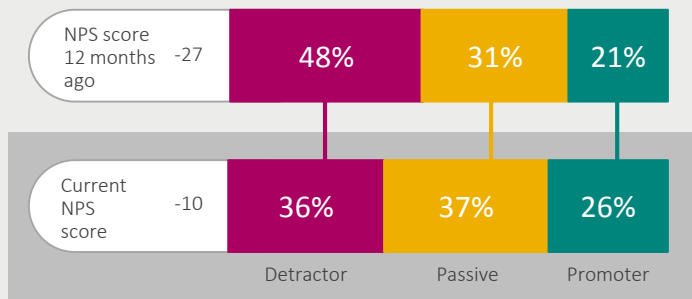


- Mitie is the UK's leading Facilities Management business
 - Nationwide footprint
 - Blue-chip client base
 - Delivering basics brilliantly and providing insight through technology and data analytics
- One year into a major three-year transformation programme
- Sound finances, operating within covenants, increasing focus on financial governance, transparency and strength
- Significant growth opportunities exist through scale and technology
- Clear vision and values



Placing customers at the heart of our business

How likely would you be to recommend Mitie to a friend or colleague?



- Surveyed >50% of our revenue

+ 17pts
improvement

1

New centralised Mitie Sales & Commercial team

>3,000

Major customers
– no reliance on a single customer

- One CRM system
- Order book IFRS 15 compliant
- New bid committee

c.9%

YoY revenue growth in top 40 accounts

“Mitie have remained the security service provider at Eurostar for approximately 9 years; they are **reliable and loyal with good resource and resilience** to serve the complexities of the varied contract, they are committed to the Eurostar brand and are an excellent match for our business requirement.”

Head of Security, Eurostar, 2018

Controlling our spend, driving efficiencies

- Managing our cost base to optimise margins, efficiency and to deliver value to our customers has been key
- Major Group-wide programmes focused on:
 - Finance processing
 - HR recruitment
 - Expenses
 - Technology
 - Procurement
 - Legal structure / ‘Mitie model’
- Focus going forward:
 - Workflow technology platform optimisation
 - Real estate review – 26 sites closed in period, 13 opened, review ongoing

- £5m reduction in fuel and fleet spend this year
- 85% reduction in speeding as a result of new safe drive campaign
- 29% reduction in hire spend
- Trialling Hydro vans



439

Gross reduction in FTEs as a result of Helix – reinvestment elsewhere in other capabilities*

13

Net reduction in number of offices

spend^{smart} 
Removing £1 in every £10

- Group-wide expenses campaign
- Focus on travel, hospitality, printing
- Reducing number of suppliers and duplication of services
- Targeting reduction of £1 in every £10 of employee expenses - 33% reduction in first month of campaign (Mar 18)

People

Inspiring our greatest asset



- HR transformation programme ongoing
- Introduction of 'People Support' – centralised HR contact for all Mitie staff
- Employee engagement survey showed small underlying improvement YoY
- New HR technologies & programmes being rolled out
 - SAP Success Factors
 - Digital Learning Hub
 - Digital resourcing solution
 - New Group-wide QHSE programme

New dedicated people support helpline

20,000

calls and emails pm

Supporting those on lower incomes

- Innovative 'Salary Finance' partnership
- - >1,400 Mitie staff benefited from an employee loan
- Average loan of £2,200
- Saving £557 interest pa pp



33%

Employee engagement

(April 2018)

Diversity

- 49,000 employees, >130 nationalities
- 36% of the Board and 15% of ELT are women
- Gender pay gap 16%

mitie
foundation
unlocking potential

>100 hard to reach unemployed helped back into work

555

New apprentices enrolled, 540 on the Apprenticeship Levy, 15 on direct contracts

Building the Foundations for our technology-led offer

- Major programmes to consolidate finance, HR and other core technology systems are progressing well
- Modernising technology platforms and processes across company to drive efficiency, security, compliance, usability and integration.
- Currently evaluating possible outsource partners for Mitie IT
- Group-wide data compliance & GDPR programme rolled out
- Installed cyber software - Microsoft's Advanced Threat Protector and Multifactor Authentication
- Focus going forward is on the latest cloud and AI technology, revolutionising Mitie's own capabilities and its services to its customers



coffees per day
ordered on a Mitie app

>3,000

Pioneering technology-enabled FM

- Our ambition is to make our customers' buildings and people perform better – through:
 - the collection of data, insights and care for well-being
 - New MI dashboards are being developed with the first one in pilot with a hospital trust
- Connected Workspace has been part of 29 successful Mitie bids
- 44 further CW propositions in the pipeline
- 9 dedicated pilots deployed, 14 more in planning
- 500,000 BMS point breakdown feeds
- First customer-facing, Mitie-developed chatbot goes live calendar Q3 2018

>2,000,000

readings taken
every day from
5,000 sensors



Transformation journey

- **The first year of our Transformation Programme has been completed**
- We are beginning to deliver transformational outcomes with significant changes to our operating model in our journey to create 'One Mitie'
- We have **centralised key corporate functions** to create Shared Service Centres & Centres of Expertise, and deliver operating efficiencies
- We have concluded the year hitting our run-rate benefit target but with higher than estimated costs of change;
- The total **Opex Cost of Change for FY18 is £35m**, £20m more than expected a year ago (+£11m on 1H)
- The **FY18 in-year benefits actually delivered are £13m**, £2m below target, but at a **run-rate benefit of £27m**, £12m over last year's target
- We are investing in internal capabilities to build the foundations for growth
- We have better structures, routines, controls and visibility than we did 12 months ago. We continue to be firmly focused on execution
- **We are on track to deliver run rate savings of £50m by March 2020**

Project Helix:

on track to deliver £50m of run-rate savings by March 2020



	FY 17/18				FY 18/19 plan			
	In year savings	Run rate savings	Cost of Change		In year savings	Run rate savings	Cost of Change	
			Capex	Opex			Capex	Opex
Project Helix								
HR Transformation	1	1	-	(3)	4	4	(1)	(1)
Finance Transformation	1	6	(1)	(12)	8	8	-	(4)
Workflow Transformation	2	6	-	(5)	11	16	(10)	(5)
T200	7	8	-	-	8	8	-	-
Connected Workspace	-	-	(5)	-	-	-	(4)	-
Other	2	6	(7)	(15)	9	9	(3)	(5)
Total	13	27	(13)	(35)	40	45	(18)	(15)



Financial Review

Paul Woolf

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FY 17/18 financial highlights



- **FY 17/18 results in line with expectations**
 - Revenue¹ grew by 2.8% to £2,199m
 - Operating profit¹ down £4.9m to £77.1m: investment in future growth more than offset benefits from transformation programme
 - Net debt at £193.5m (FY 16/17: £147.2m) as steps taken to normalise balance sheet
- **IFRS 15 early adopted**
 - FY 17/18 published results reported on IFRS 15 basis
 - All financials in this presentation presented on an APM basis²:
 - FY 17/18 is presented on a pre IFRS15 basis
 - FY 16/17 is presented per prior year APMs for continuing operations
- **Comfortable covenant headroom**
 - Leverage 1.98x v. covenant of < 3.0x
 - Interest cover 6.8x v. covenant of > 4.0x
- **Pension deficit reduced by £17m to £57m³**
- **Recommended final dividend of 2.67p, giving total dividends for FY 17/18 of 4.0p (FY 16/17: 4.0p)**

Financial summary

£m	FY 17/18 ¹	FY 16/17 ¹	YoY change	
			£m	%
Revenue	2,199.1	2,140.0	59.1	2.8
Gross profit ²	292.5	284.6	7.9	2.8
<i>Gross margin</i>	13.3%	13.3%		-
Overheads ²	(215.4)	(202.6)	(12.8)	6.3
Operating profit	77.1	82.0	(4.9)	(6.0)
<i>Operating margin</i>	3.5%	3.8%		<i>(0.3ppt)</i>
Profit before tax - pre other items	60.7	66.7	(6.0)	(9.0)
Other items before tax ³	(103.0)	(36.6)	(66.4)	
Net debt				
Period end	(193.5)	(147.2)	(46.3)	
Average	(286.1)	(335.9)	49.8	

¹ On an APM basis

² FY 16/17 gross profit and divisional overheads represented to reflect changes in treatment of costs in FY 17/18, to allow for a like for like comparison

³ APM figures after adjustments of £17.6m for IFRS 15 in FY 17/18 and £(88.3)m for one-off costs in FY 16/17

Revenue by division

£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Engineering Services	833.8	803.7	30.1	3.7
Security	431.7	403.7	28.0	6.9
Professional Services	90.8	96.6	(5.8)	(6.0)
Cleaning & Environmental Services	405.5	399.2	6.3	1.6
Care & Custody	62.3	46.4	15.9	34.3
Catering	137.1	132.7	4.4	3.3
Property Management	237.9	257.7	(19.8)	(7.7)
Group revenue	2,199.1	2,140.0	59.1	2.8

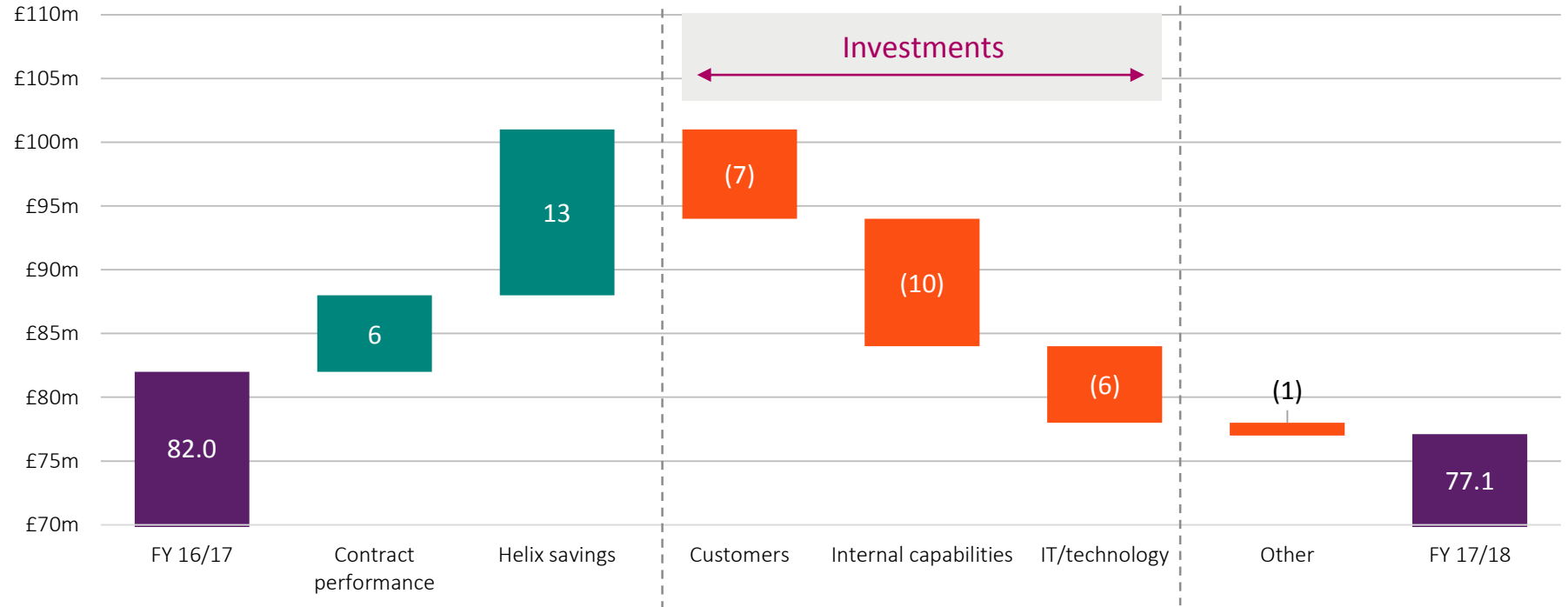
- **Revenue¹ growth of 2.8%:**
 - H1 +2.5%
 - H2 +3.0%
- National Minimum Wage passthrough contributed c.0.4% increase in revenue
- **ES:** both core customers and projects business performed well
- **Security:** benefited from prior year new sales wins and record low in-year terminations
- **PS:** impacted by prior year contract losses and servicing of Group-wide clients
- **CES:** returned to growth after period of decline
- **C&C:** strong year on back of multiple new wins
- **Catering:** growth driven by contract wins in Gather & Gather Ireland and Creativevents
- **PM:** declined due to tough industry backdrop and lower volumes from largest customer

Operating profit by division

£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Engineering Services	35.5	33.0	2.5	7.6
Security	25.2	21.6	3.6	16.7
Professional Services	7.0	9.3	(2.3)	(24.7)
Cleaning & Environmental Services	19.8	20.9	(1.1)	(5.3)
Care & Custody	3.2	2.9	0.3	10.3
Catering	5.0	5.3	(0.3)	(5.7)
Property Management	7.9	12.3	(4.4)	(35.8)
Corporate centre	(26.5)	(23.3)	(3.2)	(13.7)
Group total	77.1	82.0	(4.9)	(6.0)

- **ES:** revenue growth and gross margin improvement partially offset by investment in customers
- **Security:** good performance from increased technology penetration and good performances in Document Management and Front of House
- **PS:** good performance in Waste & Sustainability more than offset by investments into internal capabilities and customers
- **CES:** adverse change in contract mix offset Helix savings
- **C&C:** good performance, with recent new wins expected to benefit future years
- **Catering:** good performances in Ireland and Creativevents offset by lower cash takings and hospitality revenue in the UK
- **PM:** impact of decline in revenue and bad debt provision
- **Corporate centre:** investment in IT and internal capabilities more than offset Helix savings

Operating profit bridge FY 16/17 to FY 17/18



Cash flow

£m	FY 17/18 ^{1,2}	FY 16/17
EBITDA	45.4	(31.0)
Pension deficit payments	(3.0)	-
Other non-cash items	7.2	40.1
Operating cash flow before working capital movements	49.6	9.1
Invoice discounting (ID) movement	(34.4)	28.5
Working capital movements - excluding ID	(21.8)	113.5
Operating cash flow	(6.6)	151.1
Capex / intangibles	(26.1)	(26.9)
Interest	(13.3)	(12.6)
Tax	11.6	(15.3)
Dividends & purchase of shares	(4.8)	(61.8)
Disposal of Healthcare business	(9.7)	(1.7)
Other	2.6	(1.7)
Net cash movement	(46.3)	31.1
Opening net debt	(147.2)	(178.3)
Net cash movement	(46.3)	31.1
Closing net debt	(193.5)	(147.2)

£m	FY 17/18 ^{1,2}	FY 16/17
Operating profit before other items	77.1	(6.3)
Other items	(103.0)	(36.6)
Discontinued operations	-	(135.2)
Operating loss	(25.9)	(178.1)
Depreciation	12.8	14.1
Amortisation	13.5	23.8
Impairment of goodwill & intangibles	45.0	109.2
EBITDA	45.4	(31.0)

£m	FY 17/18	FY 16/17
Working capital movements - excluding ID		
Inventories	(0.1)	3.2
Receivables	4.3	46.3
Payables	(30.3)	58.4
Provisions	4.3	5.6
Working capital movements - excluding ID	(21.8)	113.5

Balance sheet

£m	FY 17/18 ¹	FY 16/17	YoY change	
			£m	%
Goodwill and intangibles	348.9	397.1	(48.2)	(12.1)
Property plant & equipment	33.8	32.3	1.5	4.6
working capital assets	482.5	452.7	29.8	6.6
working capital liabilities	(566.3)	(604.7)	38.4	(6.4)
Working capital balances	(83.8)	(152.0)	68.2	(44.9)
Net debt	(193.5)	(147.2)	(46.3)	31.5
Retirement benefit liabilities	(56.8)	(74.2)	17.4	(23.5)
Deferred tax	16.9	21.1	(4.2)	(19.9)
Other	4.3	12.7	(8.4)	(66.1)
Net assets	69.8	89.8	(20.0)	(22.3)

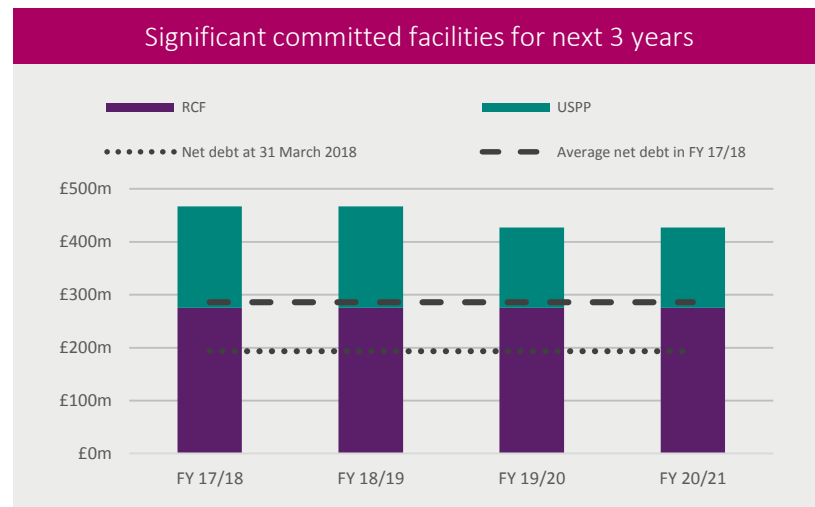
Days	FY 17/18 ¹	FY 16/17	YoY change
Creditor days	58	72	(14)
Debtor days	28	26	2

Net debt & liquidity

- Comfortable liquidity headroom for next 3 years
- Plans to continue to reduce use of invoice discounting
- Commitment to continued improvement in supply chain management

Net debt (£m)	FY 17/18	FY 16/17	YoY change
Closing	(193.5)	(147.2)	(46.3)
Average	(286.1)	(335.9)	49.8

Covenant calculations	FY 17/18	FY 16/17	Covenant
Leverage	1.98x	1.76x	<3.0x
Interest cover	6.8x	5.6x	>4.0x



Ancillary facilities (£m)	FY 17/18	FY 16/17	YoY change
Invoice discounting	76.3	110.7	(34.4)
Financing made available to Mitie suppliers	45.1	39.5	5.6

Other items

£m	FY 17/18	
	Pre IFRS 15 basis	
Helix transformation costs*	(34.7)	
Impairment of intangible assets	(10.4)	
Other redundancy payments	(2.2)	
Restructuring costs		(47.3)
Contract termination & settlement costs ¹	(6.4)	
Pension curtailment costs	(1.9)	
Regulatory reviews	(2.3)	
IFRS 15 adoption costs	(0.8)	
Property dilapidations	(1.3)	
Other exceptional items		(12.7)
Impairment of Property Management goodwill		(34.6)
Acquisition related intangibles	(2.6)	
Acquisition of minority interests	(3.4)	
Business disposal costs	(2.4)	
Acquisition & disposal related costs		(8.4)
Group total²		(103.0)

* Helix transformation costs	£m
Professional fees	(13.0)
Outsourcing / dual running costs	(8.2)
Redundancy payments	(2.6)
Cost of change team	(5.5)
Property closures	(4.8)
Recruitment & other costs	(0.6)
Helix transformation costs	(34.7)

IFRS 15 – key headlines

Early adopted IFRS 15 for y/e 31 March 2018

- Cumulative retrospective methodology applied
- Prior year not amended
- Cumulative adjustment put through opening reserves
- No impact on cash flow or net debt
- Changes the timing of revenue recognition to later in a contract's life

Mitie has adopted a prudent set of accounting principles within the IFRS 15 framework

- No longer capitalise contract set-up costs or contract fulfilment costs unless they meet strict criteria (must have created a genuine asset)
- No POC (percentage of completion) accounting or deferring of upfront costs
- New contracts may give rise to early losses as mobilisation costs are no longer capitalised
- Order book represented to include only fixed contracted work; excludes variable work, such as catering point-of-sale

Impact summary £m	FY 17/18		Difference
	Reported	Pre IFRS 15	
Revenue	2,203.7	2,199.1	4.6
Operating profit before other items	89.6	77.1	12.5
Net cash movement in year	(46.3)	(46.3)	-
Net debt	193.5	193.5	-
Net (liabilities)/assets	(24.0)	69.8	(93.8)

IFRS 15 balance sheet adjustments £m	FY 17/18
POC accounting	(37.5)
Mobilisation assets	(20.5)
Design and development	(26.8)
Contract assets	1.0
Work in progress	(31.1)
Contracted discounts	(0.7)
Tax	21.8
Total IFRS 15 adjustments	(93.8)
Net assets pre IFRS 15	69.8
Total IFRS 15 adjustments	(93.8)
Net assets - reported	(24.0)



Outlook

Phil Bentley



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- **Discovery is done, delivery is on track**
 - 14 months into three-year programme
 - £50m full run-rate savings by March 2020 expected
- **UK presents considerable opportunities for Mitie as a UK specialist FM provider**
 - Scale
 - Technology
 - Sustainability
 - Public sector portfolio mix
- **Sector recalibration is not unhelpful in medium term**
 - Catalyst for important debate
 - Not all outsourcers are the same
- **Guidance is unchanged**
- **We are building the foundations for growth, we are where we need to be on our journey. We are ambitious for the future**



Q&A

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Appendices

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Engineering Services



£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Revenue	833.8	803.7	30.1	3.7
Gross profit ²	87.5	82.1	5.4	6.6
Gross margin	10.5%	10.2%		0.3ppt
Operating profit	35.5	33.0	2.5	7.6
Operating margin	4.3%	4.1%		0.2ppt
Order book ³	2,064.2	2,095.2	(31.0)	(1.5)

- Revenue growth of 3.7% as a result of good performance from both core customers and the projects business
- Operating profit increased due to revenue growth and improved gross margins:
 - higher gross margins on new wins compared with gross margin on lost contracts
 - savings largely reinvested back into customer service and staff training
- Order book relatively stable
- Ongoing transformation within Engineering Services remains a significant focus for FY 18/19

Main service lines:

Maintenance
Fabric repair
Lighting
Electrical and gas installation

Employees:

8,100

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15



Security



£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Revenue	431.7	403.7	28.0	6.9
Gross profit ²	49.2	46.3	2.9	6.3
Gross margin	11.4%	11.5%		(0.1ppt)
Operating profit	25.2	21.6	3.6	16.7
Operating margin	5.8%	5.4%		0.4ppt
Order book ³	640.8	724.3	(83.5)	(11.5)

- Revenue increased due to prior year new sales wins and record low in-year terminations
- Operating profit growth driven by enhanced use of technology solutions in core security business and good performances in Document Management and Front of House
- Technology services have grown > 130% over last 5 years, and represents c.20% of Security profits
- Order book reduced as result of unwind of large multi-year contracts more than offsetting new wins

Main service lines:

Security
Document Management
Front of House
Vetting

Employees:

13,800

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15



Professional Services



£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Revenue	90.8	96.6	(5.8)	(6.0)
Gross profit ²	21.9	19.6	2.3	11.7
Gross margin	24.1%	20.3%		3.8ppt
Operating profit	7.0	9.3	(2.3)	(24.7)
Operating margin	7.7%	9.6%		(1.9ppt)
Order book ³	75.5	81.5	(6.0)	(7.4)

- Revenue impacted by loss of low margin contracts in Waste in prior year, partially offset by good wins in the second half of FY 17/18
- Strong operating profit performance in Waste and Sustainability due to margin improvement from new contract wins and operational efficiencies
- Overall division profitability impacted by investment in setting up Corporate Real Estate, International and Risk and Resilience capabilities
- Significant internal assistance given on major Group-wide customers
- Connected Workspace moved from early pilot stage into deployment with a number of clients
- Order book reduced as result of unwind of large multi-year contracts more than offsetting new wins

Main service lines:

Waste management
Sustainability
Occupier services
Risk and Resilience

Employees:

700

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15



Cleaning & Environmental Services



£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Revenue	405.5	399.2	6.3	1.6
Gross profit ²	56.0	57.7	(1.7)	(2.9)
Gross margin	13.8%	14.5%		(0.7ppt)
Operating profit	19.8	20.9	(1.1)	(5.3)
Operating margin	4.9%	5.2%		(0.3ppt)
Order book ³	661.3	736.0	(74.7)	(10.1)

- Revenues up after a period of decline
- Operating profit down due to continuing industry pressures and unfavourable change in the contract mix in Cleaning
- Landscaping, Pest Control and Healthcare – all performed well
- Order book reduced as result of unwind of large multi-year contracts more than offsetting new wins
- Restructuring ongoing amidst structural headwinds

Main service lines:

Cleaning
Landscaping
Pest Control
Hospital Services

Employees:

20,800

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15



Care & Custody



£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Revenue	62.3	46.4	15.9	34.3
Gross profit ²	7.2	6.2	1.0	16.1
Gross margin	11.6%	13.4%		(1.8ppt)
Operating profit	3.2	2.9	0.3	10.3
Operating margin	5.1%	6.3%		(1.2ppt)
Order book ³	670.1	210.4	459.7	218.5

- Revenue up 34.3% supported by an impressive number of contract wins across all services
- Home Office 10-year Detention & Escorting contract worth £525m commenced on 1 May 2018
- Operating margin diluted by investment in business development resource
- Order book increased due to new wins, including major new Detention & Escorting contract

Main service lines:

Immigration detention & escorting
Forensic Medical Examiner
Custody Support services

Employees:

1,100

(from 5/18, increased to 2,100)

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15



Catering



£m	FY 17/18 ¹	FY 16/17 ^{1,2}	YoY change	
			£m	%
Revenue	137.1	132.7	4.4	3.3
Gross profit ²	13.8	13.4	0.4	3.0
Gross margin	10.1%	10.1%		-
Operating profit	5.0	5.3	(0.3)	(5.7)
Operating margin	3.6%	4.0%		(0.4ppt)
Order book ³	34.7	29.4	5.3	18.0

- Revenue increased due to new contract wins in Gather & Gather Ireland and Creativevents partially offset by a shortfall in Gather & Gather UK
- Gross profit margin improved due to operational efficiency, tighter cost control and labour restructuring mitigating food and other cost inflation headwinds
- Operating profit down due to lower cash takings at tills and lower hospitality revenue in G&G UK offsetting a good performance in Ireland and Creativevents
- Order book excludes variable work, such as catering point-of-sale

Main service lines:

Catering
Hospitality

Employees:

2,300

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15



Property Management



£m	FY 17/18 ¹	FY 16/17 ²	YoY change	
			£m	%
Revenue	237.9	257.7	(19.8)	(7.7)
Gross profit ²	56.9	59.3	(2.4)	(4.0)
Gross margin	23.9%	23.0%		0.9ppt
Operating profit	7.9	12.3	(4.4)	(35.8)
Operating margin	3.3%	4.8%		(1.5ppt)
Order book ³	348.7	515.0	(166.3)	(32.3)

- Revenues decreased due to:
 - tough industry backdrop
 - lower volumes from largest customer due to changes in capital spend allocations
 - lower variable works partially offset by good performance from roofing
 - business distracted by sale process
- Operating profit impacted by reduction in revenue and £1.4m bad debt provision
- Order book decreased due to lower order intake and revision of planned capital spend from largest customer
- Business now being integrated into Engineering Services under new management

Main service lines:

Social housing maintenance
Roofing
Painting

Employees:

2,200

¹ On an APM basis (except order book), before other items

² FY 16/17 segments and gross profit represented to reflect changes in management reporting and treatment of costs in FY 17/18

³ Order book for both years presented under IFRS 15

Net debt

Year end net debt £46.3m higher than prior year:

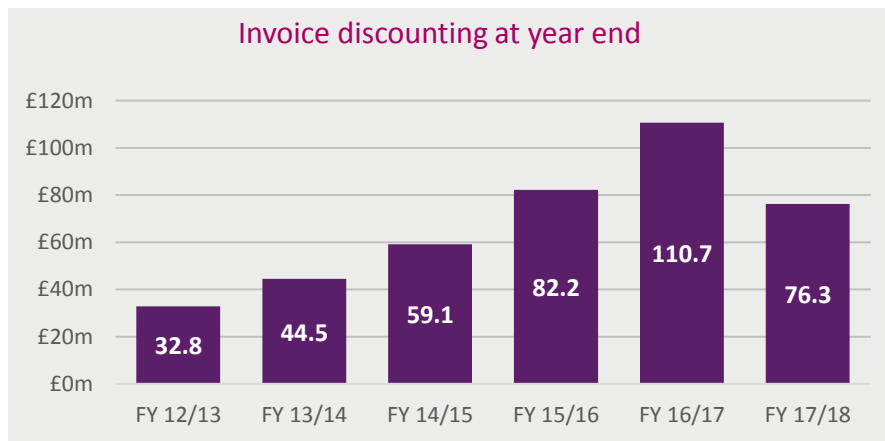
- £(34)m due to reduction in invoice discounting
- £(20)m due to improved supplier payment performance
- £8m underlying improvement

Average net debt £49.8m lower than prior year:

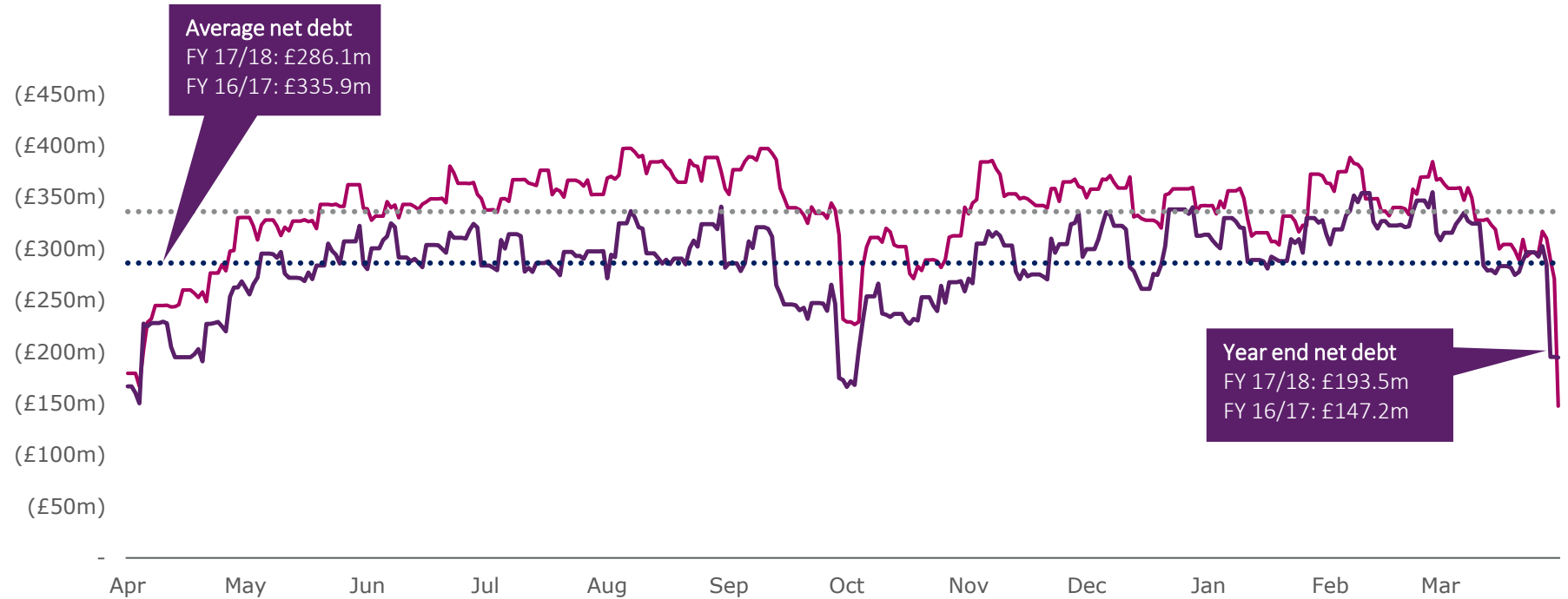
- £24m due to higher average invoice discounting
- £26m improved working capital performance

Net debt (£m)	FY 17/18	FY 16/17	YoY change
Closing	(193.5)	(147.2)	(46.3)
Average	(286.1)	(335.9)	49.8

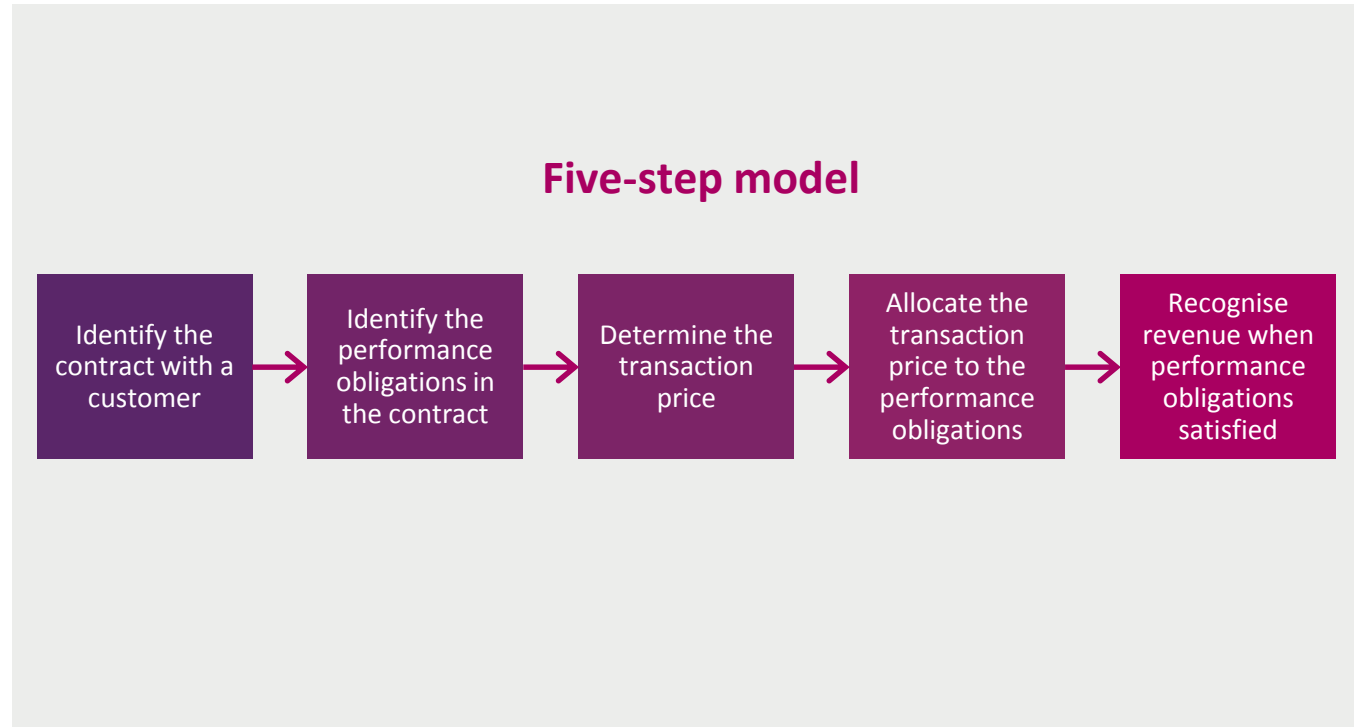
Covenant calculations	FY 17/18	FY 16/17	Covenant
Leverage: Net debt / EBITDA	1.98x	1.76x	<3.0x
Interest cover	6.8x	5.6x	>4.0x



Daily net debt



- Impacts long-term contract accounting
- More closely aligns revenue recognition with commercial substance
- Provides greater transparency and simplification
- Mitie adoption supported by EY and their technical teams
- Implementation in practical, expedient way



We have a blue-chip customer base that includes...



Heathrow

RA
Royal
Academy
of Arts

NHS



 Durham
University




Home Office


ROYAL
ASCOT


pwc

THALES

Linklaters



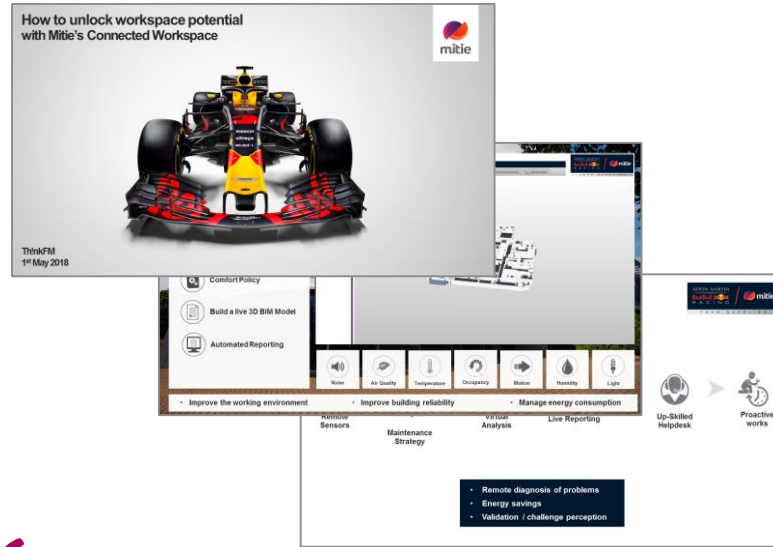
 Sellafield Ltd

FUJITSU

RHS CHELSEA
FLOWER SHOW 

The Connected Workspace in Action: Red Bull Experience

How to unlock workspace potential with Mitie's Connected Workspace



- Remote diagnosis of problems
- Energy savings
- Validation / challenge perception

Project Findings


ENERGY SAVINGS

We have identified a large number of areas where staff are not utilising local switching for lighting. We have made the low cost upgrade of adding PIR sensors to these areas to drive energy savings

Light

Before PIR install

After PIR install



Remote Sensors Plant

Virtual Analysis

Maintenance Strategy

Remote Sensors Environment

Nov

Jan 2019

PM Schedule review

Expected results

- Reduced cost of maintenance
- Early identification of failure
- Reduced downtime
- Longer asset life
- Energy efficiency
- Increased productivity
- Improved utilisation
- Reduced risk

AHU's
Fan coils
Coilifiers
Boilers
Pumps
Pressurisation coils
Refrigeration units

Motion
Vibration
Humidity
Temperature
Leak Detection
Integration Data
Pressure Differentiation (DPX)
Variable Frequency Drive (VFD)
Room and desk utilisation

“

We're proud to have partners who share a like-minded approach to innovation.

Red Bull Racing

‘The exceptional, every day’

We are one Mitie

We work as one to deliver a seamless, unrivalled service. We are all in it together. If we can help a customer or colleague in any way, we will. We are one Mitie.

We are built on integrity and trust

Integrity and trust are at the heart of all we do. We are the face of the company. We treat others as we would like to be treated. We are proud to work for Mitie.

We go the extra mile

Whether it’s keeping things running smoothly in a safe environment, looking for new ways to do things better or fixing problems, going the extra mile for our colleagues and customers and keeping our promises is in our DNA.

Our diversity makes us stronger

We are very proud of our rich and diverse culture and backgrounds. Our diversity creates ideas and insights. Everyone at Mitie has a voice and is treated as an equal.

Our customers’ business, is our business

We are a partner, trusted for our expertise and for putting our customers at the heart of everything we do.



mitie

The
exceptional,
every day