Interim results presentation

for the six months ended
30 September 2015

23 November 2015

Ruby McGregor-Smith CBE

Chief Executive

Agenda

- Highlights
- Finance update
- Business update
- Outlook

Highlights

- Good H1 growth, with positive momentum going into H2 and beyond
- Excellent cash conversion of 101.2%
- Facilities management business in a strong position – the clear UK market leader
  - 100% contract retention rate in our integrated FM portfolio
  - Retained/extended major contracts including Rolls-Royce, Sky and RWE npower
  - Rated as the UK's top overall FM service provider and top integrated FM provider for the third year running
- Strong growth in Property Management division
- Continuing challenges in Healthcare, but with a clear path to turn around
- Positive about introduction of the National Living Wage
- Confident of future growth

Suzanne Baxter

Group Finance Director

Headline financial performance

Revenue
£1,123.1m
↑**2.6%** (HY15: £1,095.0m)

Operating profit
£58.1m
↓**9.5%** (HY15: £64.2m)

Operating profit margin
5.2%
↓**0.7ppts** (HY15: 5.9%)

Earnings per share
11.1 pence
↓**10.5%** (HY15: 12.4p)

Net debt
£221.8m
1.5x EBITDA (HY15: £233.8m, 1.5x EBITDA)

Cash conversion
101.2%
(HY15: 80.3%)

Dividend per share
5.4 pence
↑**3.8%** (HY15: 5.2p)

2016 budgeted revenue secured
97%
(Prior year: 98%)

Order book
£8.5bn
(March 2015: £9.0bn)

Sales pipeline
£9.2bn
(March 2015: £9.7bn)

Financial highlights

Growing revenues	• Revenue growth of 2.6% • Organic revenue growth of 2.1%
Strong secured revenue	• 97% of budgeted revenues for FY16 already secured • 68% of forecast revenue for FY17 secured
Excellent cash conversion	• EBITDA to cash conversion 101.2% • Gearing 1.5x net debt:EBITDA
Continued dividend growth	• Dividend 5.4pps, growth of 3.8%

Group performance

	2016 HY	2015 HY	Movement
Revenue £m	1,123.1	1,095.0	2.6%
Organic growth	2.1%	3.9%	(1.8)ppt
Operating profit £m	**58.1**	**64.2**	**(9.5)%**
Operating profit margin	5.2%	5.9%	(0.7)ppt
Basic EPS	**11.1p**	**12.4p**	**(10.5)%**
Statutory EPS	9.9p	(1.0)p	n/a
Dividend per share	5.4p	5.2p	3.8%

* All numbers stated are headline unless otherwise stated

Facilities Management

£m	2016 HY	2015 HY	Movement
Revenue			
Soft FM	635.7	622.7	2.1%
Hard FM	310.5	300.8	3.2%
Total FM	946.2	923.5	2.5%
Operating profit			
Soft FM	42.4	40.3	5.2%
Hard FM	10.5	13.9	(24.5)%
Total FM	52.9	54.2	(2.4)%
Operating profit margin			
Soft FM	6.7%	6.5%	+0.2ppt
Hard FM	3.4%	4.6%	(1.2)ppt
Total FM	5.6%	5.9%	(0.3)ppt
% of Mitie headline revenue	84.2%	84.3%	(0.1)ppt

- Growing profitability and margins in Soft FM; in Hard FM, delays in project work has contributed to a margin reduction
- Organic growth of 1.8%

Property Management

£m	**2016 HY**	2015 HY	Movement
Revenue	137.9	123.3	11.8%
Operating profit	7.3	5.5	32.7%
Operating profit margin	5.3%	4.5%	+0.8ppt
% of Mitie headline revenue	12.3%	11.3%	+1.0ppt

- Strong organic revenue, profit and margin growth from key social housing contracts

Healthcare

£m	**2016 HY**	2015 HY	Movement
Revenue	39.0	48.2	(19.1)%
Operating profit	(2.1)	4.5	nm
Operating profit margin	(5.4%)	9.3%	nm
% of Mitie headline revenue	3.5%	4.4%	(0.9)ppt

Revenue is down 19%

- c50% of reduction in revenue is from closing and consolidating branches
- Remainder from loss of hours on existing contracts

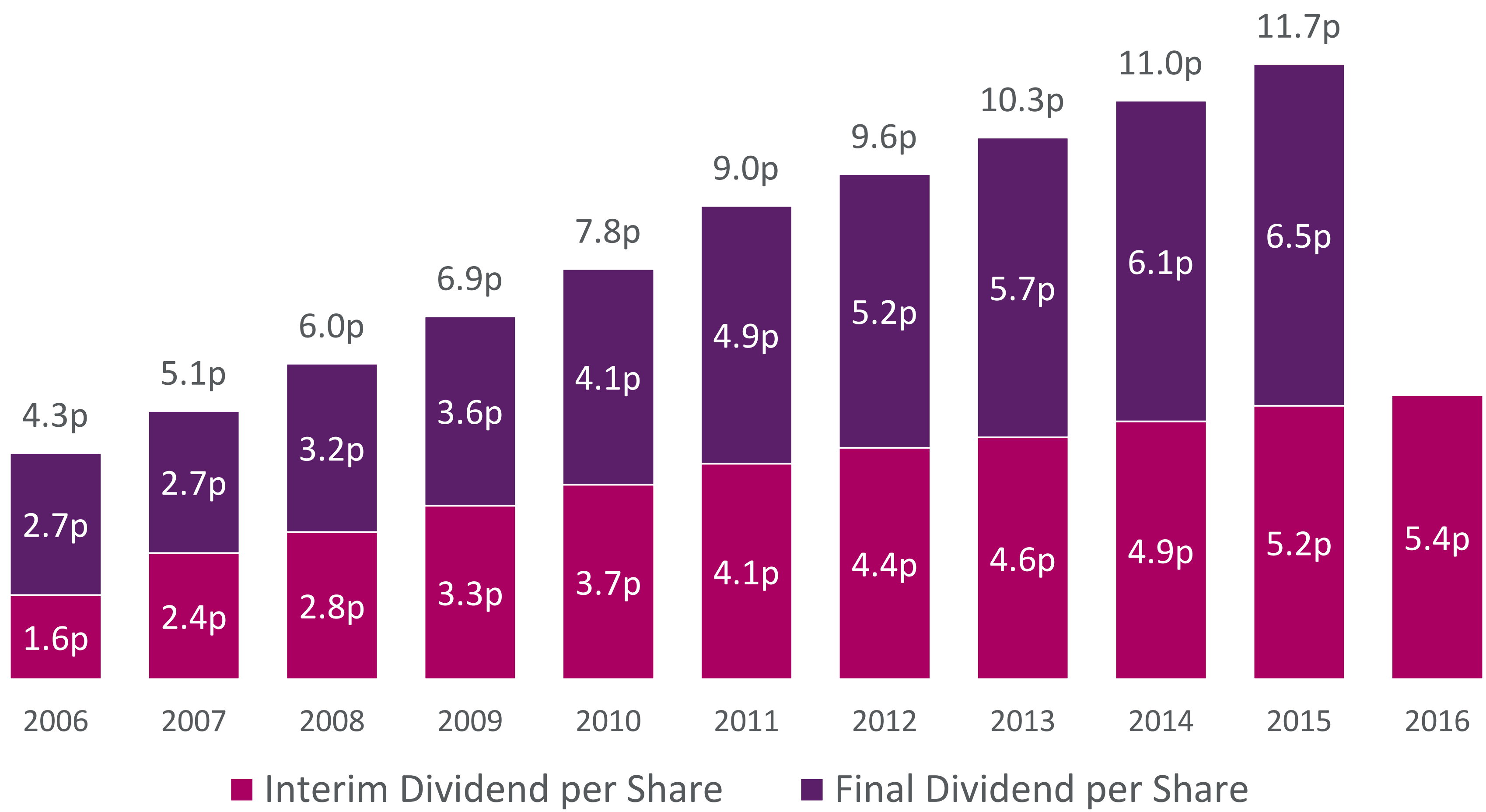
Deterioration in profitability due to:

- Loss of hours
- Increased staff costs
- Increased cost of regulation
- Branch closure costs

Other items

£m	**2016 HY**	2015 HY
Trading losses business being exited	-	(6.9)
Exceptional charges in relation to design and build contracts	-	(45.7)
Restructuring costs	-	(0.4)
Acquisition costs	-	(0.2)
Amortisation of acquisition related intangibles	(5.0)	(5.1)
Total other items pre-tax	**(5.0)**	**(58.3)**
Tax	0.9	10.0
Total other items post-tax	**(4.1)**	**(48.3)**

Dividend



- Current dividend cover 2.1x

Robust balance sheet

£m	Sept 15	Sept 14	March 15
Goodwill and other intangible assets	533.1	532.2	541.0
Other non-current assets*	136.7	126.7	127.5
Current assets*	470.0	504.8	432.4
Total assets	**1,139.8**	**1,163.7**	**1,100.9**
Current liabilities*	(479.2)	(508.1)	(486.1)
Pensions	(32.8)	(27.4)	(35.8)
Non-current liabilities*	(15.9)	(17.8)	(22.9)
Net debt	(221.8)	(233.8)	(177.8)
Net assets	**390.1**	**376.6**	**378.3**

* Excluding net debt components

Working capital

£m	Sept 15	Sept 14	March 15
Non-current assets			
Trade and other receivables	**68.3**	**50.9**	**58.5**
Current assets and liabilities			
Inventories	9.9	8.4	11.0
Trade and other receivables	460.1	496.4	421.4
Current assets*	470.0	504.8	432.4
Trade and other payables	(461.1)	(493.2)	(476.0)
Provisions	(6.8)	(1.2)	(4.9)
Current liabilities*	(467.9)	(494.4)	(480.9)
Net current assets	**2.1**	**10.4**	**(48.5)**
Total working capital	**70.4**	**61.3**	**10.0**

* Excluding net debt and tax components

Excellent cash conversion

£m	2016 HY	2015 HY	Movement	2015 FY
Headline operating profit	58.1	64.2	(6.1)	128.6
Other items	(5.0)	(58.3)	53.3	(72.6)
Depreciation and amortisation	17.1	16.6	0.5	33.5
Statutory EBITDA	**70.2**	**22.5**	**47.7**	**89.5**
Movement in working capital	(63.5)	(46.5)	(17.0)	(2.6)
Tax	(3.1)	(6.5)	3.4	(15.5)
Capex	(9.0)	(8.8)	(0.2)	(25.1)
Interest and financing costs	(7.1)	(6.7)	(0.4)	(15.1)
Financing assets	-	19.0	(19.0)	19.0
Other	3.5	1.0	2.5	7.3
Free cash flow	**(9.0)**	**(26.0)**	**17.0**	**57.5**
Statutory EBITDA cash conversion	**91.4%**	**128.6%**	**(37.2)ppt**	**126.5%**
Headline EBITDA cash conversion	101.2%	80.3%	20.9ppt	95.1%

- Headline movement in working capital £61.1m (HY15: £69.6m)

Net debt

£m	Sept 15	Sept 14	March 15
Cash and cash equivalents	53.0	41.6	96.4
Bank loans	(14.5)	(15.6)	(13.9)
Private placement notes	(259.9)	(249.4)	(263.6)
Derivative financial instruments hedging private placement notes	2.9	(6.5)	6.8
Finance leases	(3.3)	(3.9)	(3.5)
Net debt	(221.8)	(233.8)	(177.8)
Net debt to headline EBITDA	1.5x	1.5x	1.2x

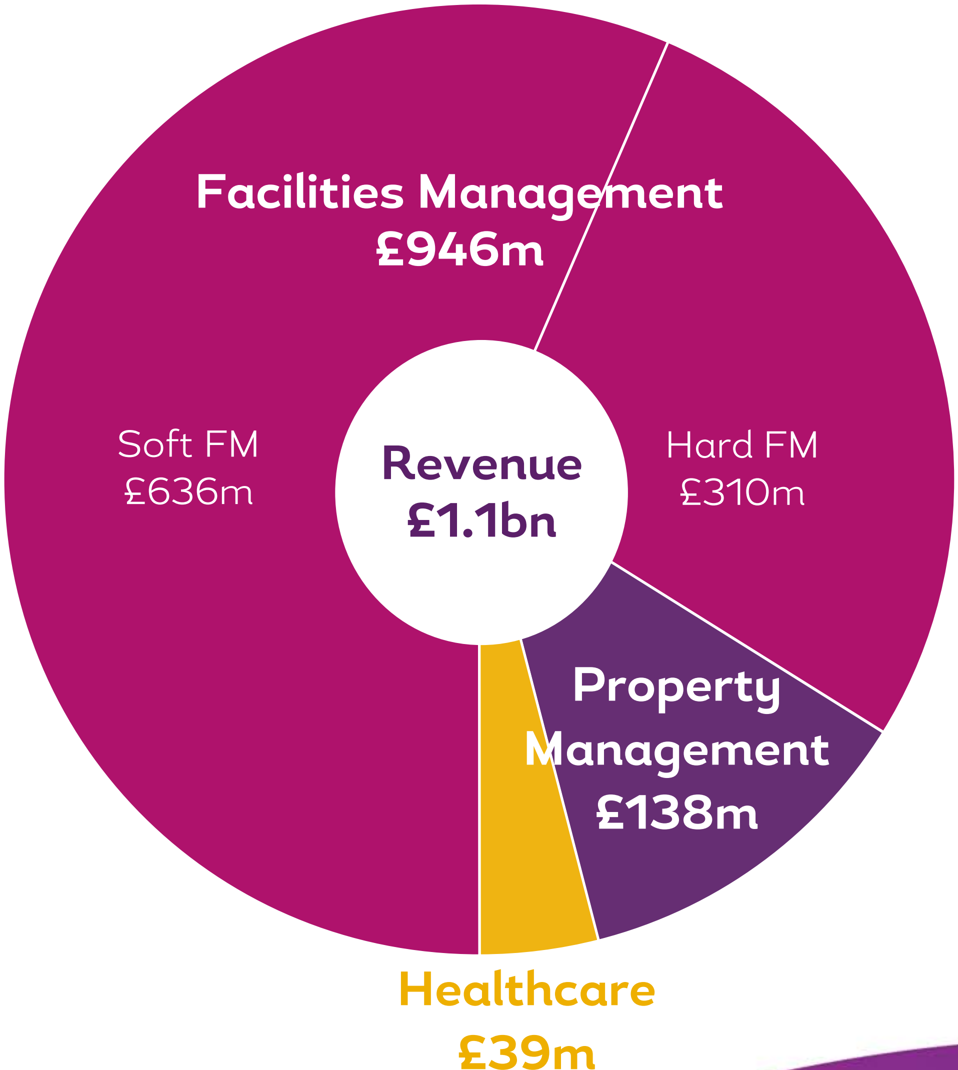
Capital allocation

1. Reinvest for organic growth	Invest in our business using working capital to support growth Organic revenue growth target of 3 to 8%
2. Complementary acquisitions	Limited to small, bolt-on businesses that add capability to FM offering EPS accretive Delivers ROCE in excess of WACC
3. Grow shareholder returns	Grow dividends at least in line with underlying earnings, while maintaining dividend cover at a prudent level Long-term track record of dividend growth
4. Maintain an efficient balance sheet	1.5x net debt: headline EBITDA as at 30 September 2015 Maintain constant share numbers Once gearing is consistently below 1x net debt: EBITDA, return surplus cash to shareholders

Ruby McGregor-Smith CBE

Chief Executive

The shape of our business



60% of our revenues are bundled or integrated contracts

Services and brands

mitie

Services to buildings and facilities

Facilities management

Cleaning
Landscaping
Waste
Pest control
Security
Front of house
Catering
Hard FM

GATHER & GATHER
creativevents the food & drink company
CREATIVE Taste
source8
procius background checking people
ukcrbs
utilyx

Property Management

Social housing

Maintenance, repair and painting

Services to people

Justice

care+custody

Healthcare

mihomecare

complete care

Strategic consulting

- Strategic 'thought leadership' and insight
- Advisory services built from Mitie's expertise in:

Source8 Consultancy
- International advice and risk management
- Supply chain management
- Project management
- Unified solutions combining: Risk, Real Estate, and Technology

Compliance & Lifecycle
- Direct audits
- Technology for managing property assets

Energy & Sustainability
- Energy consulting
- Waste management
- Sustainability reporting
- Proprietary analytics

People
- Vetting
- HR 'on-boarding' services
- Satisfaction survey

MiWorld
- Data warehouse
- App development
- Analysis tools

Research
- Executive relationship programme
- Thought leadership
- Client engagement

Mitie's strategic model

High quality client base

mitie

LLOYDS BANKING GROUP

sky

THALES

Rolls-Royce

Home Office

vodafone

intel

Jones Lang LaSalle

LinkedIn

Heathrow
Making every journey better

The Scottish Government

ABInBev

RBS
The Royal Bank of Scotland

Ladbrokes

NetworkRail

CAPITA

Deloitte.

Sellafield Ltd

Ministry of JUSTICE

Bank of Ireland

Why Mitie

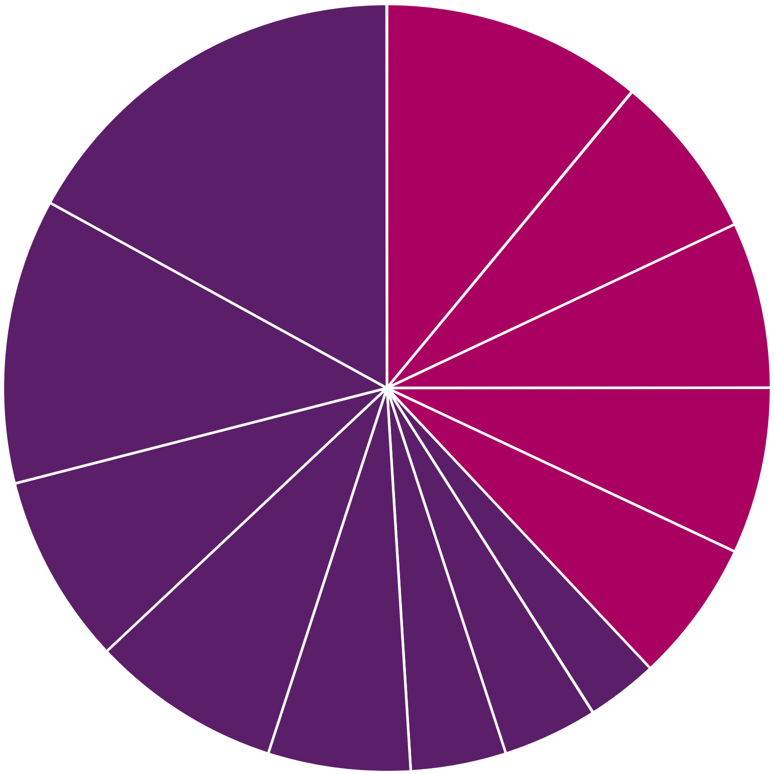
1. Excellent long-term relationships as a trusted partner supporting clients' strategies
2. Strong reputation for high quality, efficient services and delivery capability
3. Entrepreneurial people who are totally focused on clients and our values
   - Excel
   - Challenge
   - Inspire
4. Innovative technology enabling data, analytics and insight that enhances decision making and performance

Diversified revenue base

HY 2016 Revenue by sector

Private sector 62%

Finance and professional services	17%
Retail	12%
Manufacturing	8%
Transport and logistics	8%
Technology and communications	6%
Property and real estate	4%
Leisure	4%
Utilities	3%



Public sector 38%

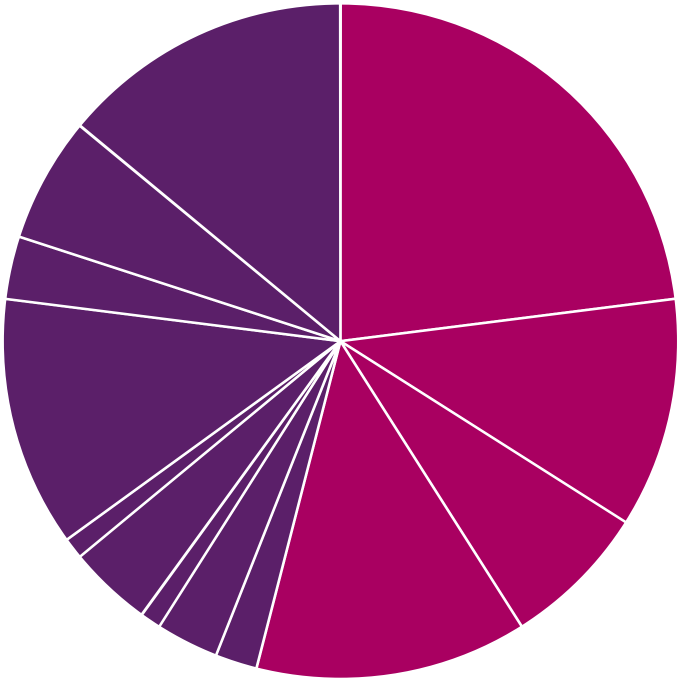
11%	Social housing
7%	Local government
7%	Central and other government
7%	Health
6%	Education

Healthy order book of £8.5bn and sales pipeline of £9.2bn

Sales pipeline by sector
As at 30 September 2015

Private sector 44%

Finance and professional services	14%
Retail	6%
Manufacturing	3%
Transport and logistics	12%
Technology and communications	1%
Property and real estate	4%
Leisure	1%
Utilities	3%



Public sector 56%

23%	Social housing
11%	Local government
7%	Central and other government
13%	Health
2%	Education

Good long-term partnering opportunities

- **Private sector** – continued growth with existing clients and awarded a number of new integrated FM contracts, which include:
  - Deloitte: a wide range of services across 34 sites and over 1.3m square feet of office space
  - High street bank: services to over 300 UK branches
  - Thales Group: services across its UK estate
- **Public sector –** remain focused on the following selected markets:
  - Justice: with MoJ and the Home Office
  - Education: FM in schools
  - Social housing: local authorities and housing associations
  - Healthcare: FM in hospitals (NHS) and care in the home (local authorities)

Facilities Management

The UK's leading FM brand

Mitie voted **#1 overall service provider** in UK FM for 3 years running

We were voted most **customer focused** and **innovative**

We are now **top 3** in **every service category**

Rankings	2013	2014	2015	Direction of Travel
Overall FM provider	**#1**	**#1**	**#1**	**Maintain lead**
Integrated FM	#1	#1	#1	Maintain lead
Hard FM	#2	#1	#1	Maintain lead
Cleaning	#2	#2	#2	Maintain
Security	#2	#2	#2	Maintain
Catering	#5	#5	#3	↑
Front of house	#1	#2	#1	↑
Landscaping	#2	#2	#1	↑
Waste	#3	#2	#1	↑

Consistent growth

- Overall FM organic revenue growth of 1.8%
- Market leading portfolio of long-term contracts with quality clients
- Integrated FM offering differentiated by
  - Self-delivery capability
  - Breadth of services
  - Technology and data insight
- 100% contract retention rate in integrated FM
- Positive momentum from recent contract awards will underpin improving growth rates over the next 12 to 18 months
- Expect further contract integration and market consolidation as employment costs rise

Very strong performance on contract retentions/extensions

- Successfully extended all our major private sector IFM contracts over the last 12 months; there are no significant re-bids in this portfolio over the medium term
- **Rolls-Royce**: retained our contract to deliver pan-European IFM, our largest contract out to tender during this financial year
- **Sky**: extended our IFM contract for an additional five years to 2023
- **RWE npower**: successfully renewed our IFM contract
- **dmg media**: awarded a new contract to provide IFM, building on our existing work providing security services to the group

Property Management

Strong growth in social housing

- Social housing market continues to provide opportunities
- Over a third of our revenues are from ongoing ten year strategic partnerships, including the London Borough of Hammersmith & Fulham and Orbit
- Continue to extend the range of services
  - Call centre management
  - Building surveying
  - Investment planning
  - Professional surveys
  - Compliance
  - Data and management information
- Significant benefits derived from the trend for clients to choose bundled services and integrated offering
- Great focus from clients on quality service provision

Market opportunities

- Painting and repair services
  - We are the largest painting and decorating contractor in the UK
  - Cross-selling to an increasing range of clients in social housing and across the FM business
  - Will benefit from trend to bundled/integrated contracts
- Private sector housing
  - Insurance services business provides repair services on behalf of insurance companies
  - Also do private rental and block management
  - Small but growing presence in this market
- Good pipeline of opportunities for our property management offering across multiple markets

Healthcare

Healthcare turnaround

Challenges

1. Pricing pressures led to unsustainable procurements
2. Increased regulation
3. Challenges around recruiting and retaining staff; increased agency spend

Actions taken

1. Closed and consolidated branches, exited unprofitable contracts
2. Invested in additional quality and compliance resources
3. Increasing wages

Positive impacts

1. New contract awards (including Hammersmith & Fulham and Kensington & Chelsea) and charge rates increasing
2. Compliance rates improving
3. Retention rates improving and agency spend reducing

Healthcare market

- The long-term opportunities in the homecare market are significant
- Market pressures will drive change
  - Need to reduce hospital admissions and increase care at home
  - Consensus across political spectrum to combine health and social care budgets
  - Starting to see local authorities award sustainable rates, enabling providers to recruit at attractive rates of pay
  - Major market consolidation expected, with significant increases in contract sizes
- Return to profitability expected within the next 18 months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Positive about the National Living Wage

- We are very supportive of the NLW
  - Wages at this level have not improved with the UK economy
  - This will help to motivate and retain people – better for us and our clients
- We believe this is part of a medium-term trend that will see higher wage inflation and employment costs
  - Expect to see labour in increasingly short supply in some areas
  - Other regulatory changes coming up, such as auto enrolment
  - We are recommending to all clients to expect further increases going forward
- We do expect outsourcing prices to increase in the future
  - Not advocating job cuts in reaction to this change
  - We will work with our clients to identify cost efficiencies in other areas
- This will drive a change in our business
  - Increasing trend towards larger contracts
  - Increasing use of technology and data analytics to offset commoditisation in some areas

NLW: no material impact on earnings

- Since the minimum wage was introduced in 1999, we have managed the impact from its annual change as part of the normal course of our business, including in October 2015 (£6.50 to £6.70/hour)
- The introduction of the NLW will increase rates for over 25s from £6.70 to £7.20/hour in April 2016
- The businesses where some of our people are affected are cleaning, security, catering and healthcare
- Most of our contracts are protected
- All work bid/re-bid from July 2015 onwards factors in the NLW increases; many contracts have wage rates above this level
- Where we cannot pass on the costs, we expect to flex our remaining cost base to offset any impact


Lewis Arnold
Technical Facilities Management
Oliver Howes
Technical Facilities Management

mitie

Mitie strengths

- Business purely focused on services
- Ability to attract great, entrepreneurial people
- Market leader in UK facilities management
- Proposition differentiated through innovation and technology
- Long-term, strategic relationships with a high quality client base in diversified end markets
- Stable and recurring revenue streams
- Consistently strong margins and cash generation
- Robust balance sheet, efficient allocation of capital

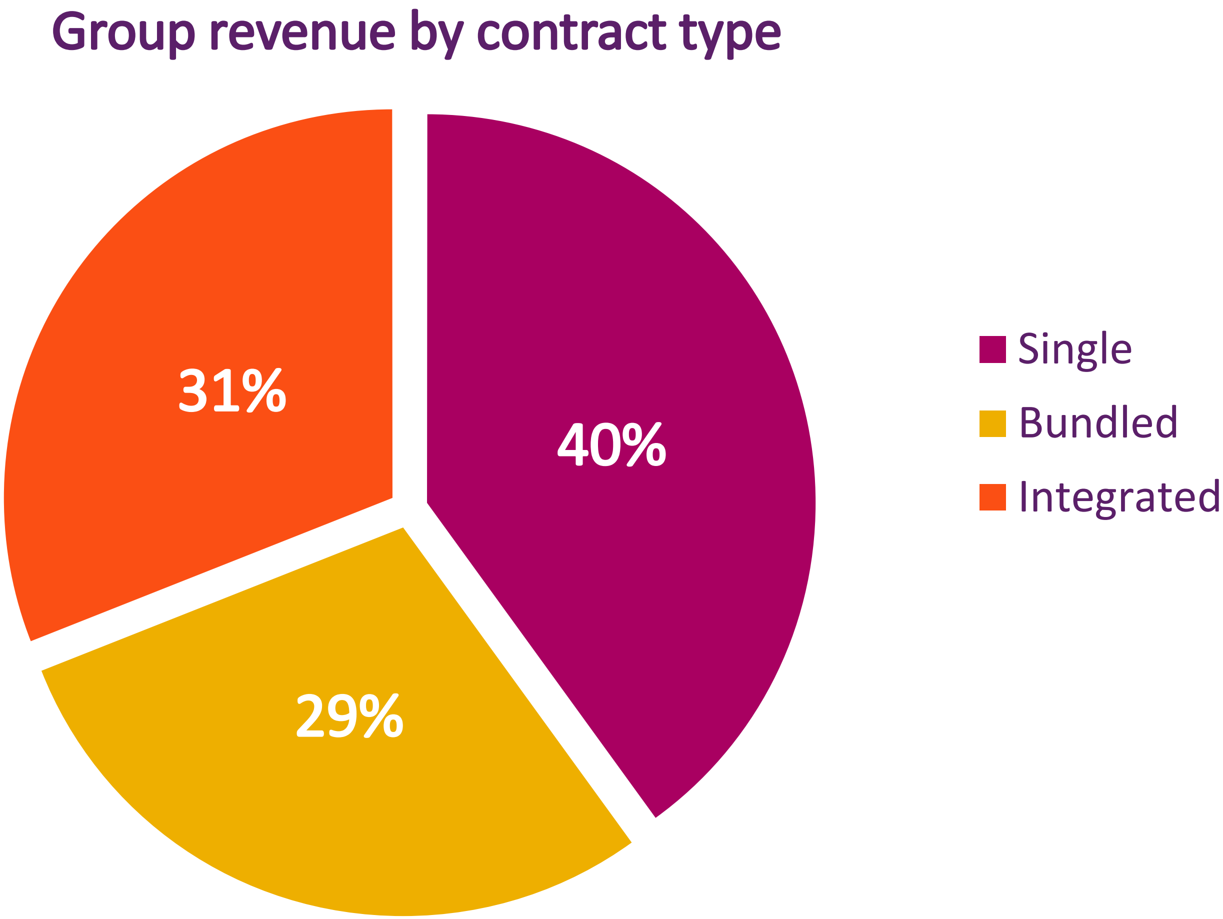
Looking ahead with confidence

- Focused on organic growth
- Strong order book and excellent revenue visibility
- Further FM market share growth from a UK market-leading position
- Consistent, strong cash generation and balance sheet underpin profits and future dividends
- We are in a good position to deliver sustainable, profitable growth

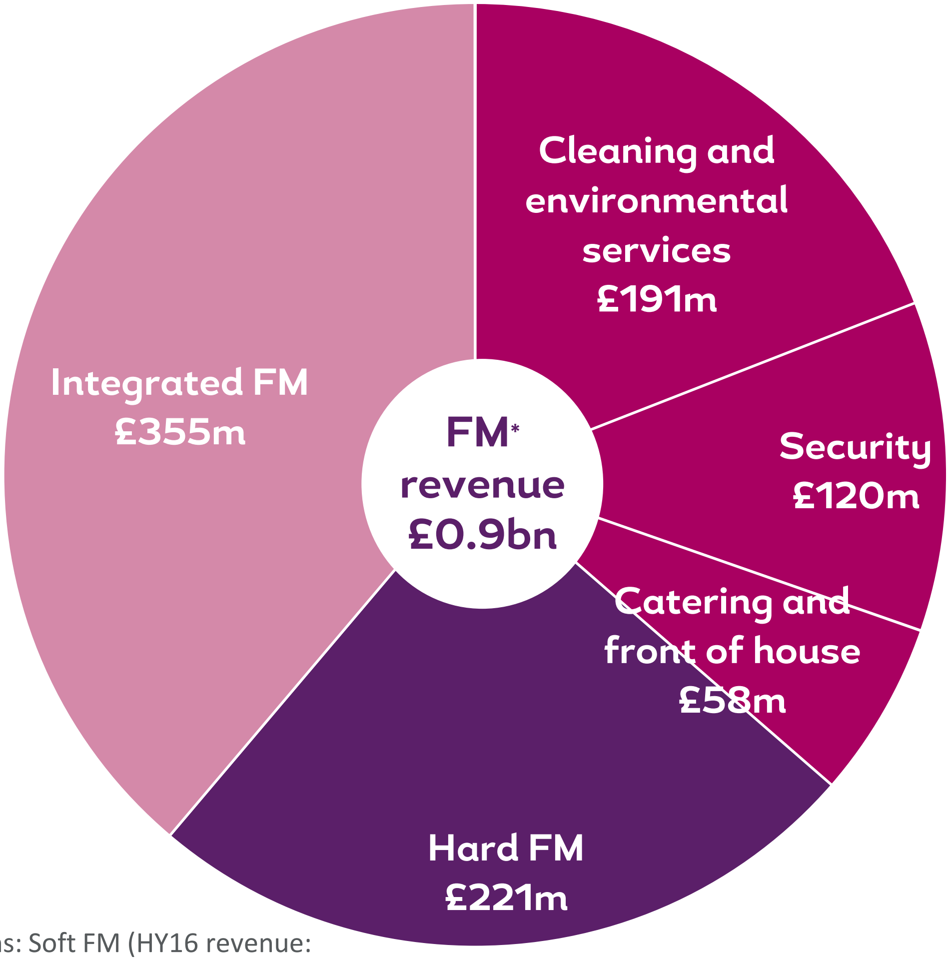
Questions

Appendix

60% of our work is bundled or integrated contracts



FM revenue breakdown by business

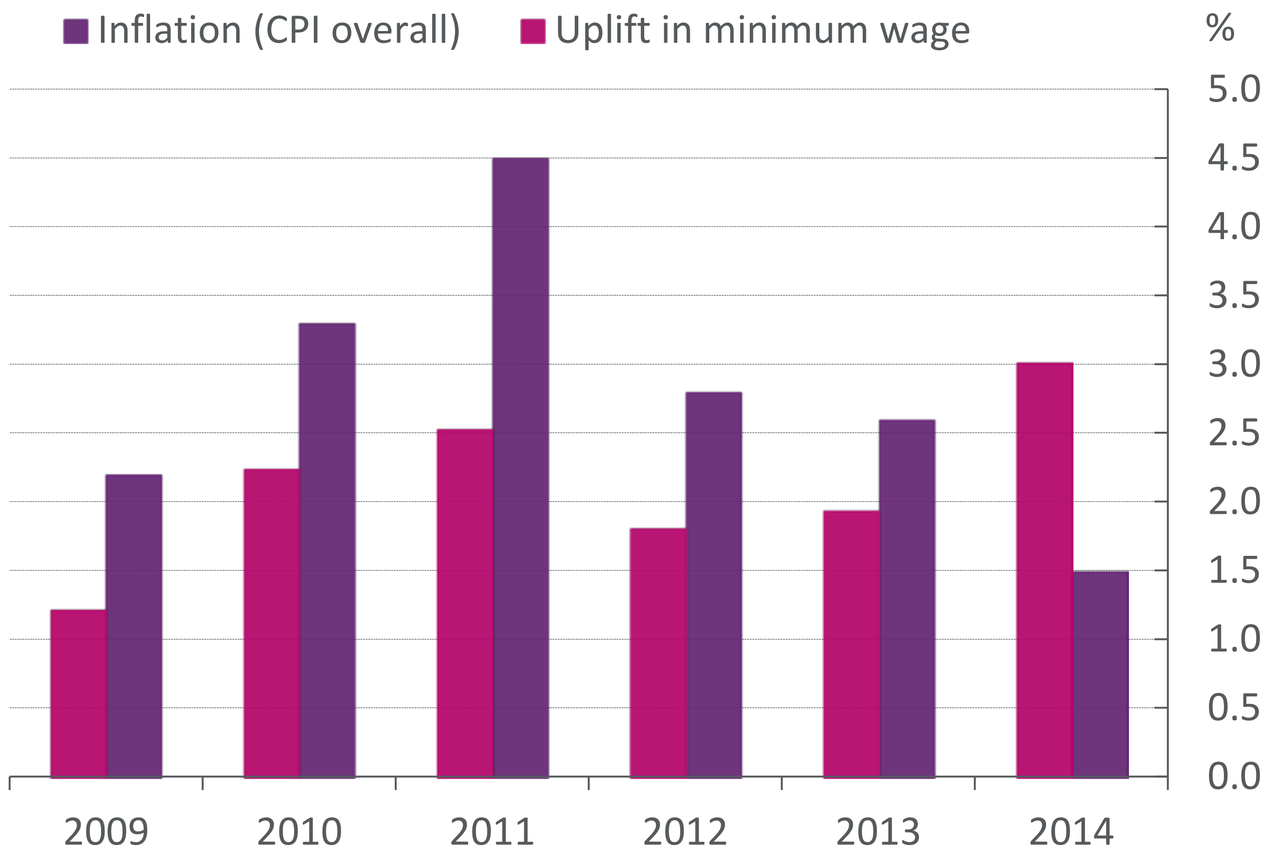


*FM business comprises two divisions: Soft FM (HY16 revenue: £635.7m), which includes cleaning and environmental services, security, catering and front of house; and Hard FM (HY16 revenue: £310.5m). Our integrated FM offering brings together the full range of soft and hard FM services in a single tailored proposition. Revenue split above shows total integrated FM revenue, and single/bundled service revenue by business

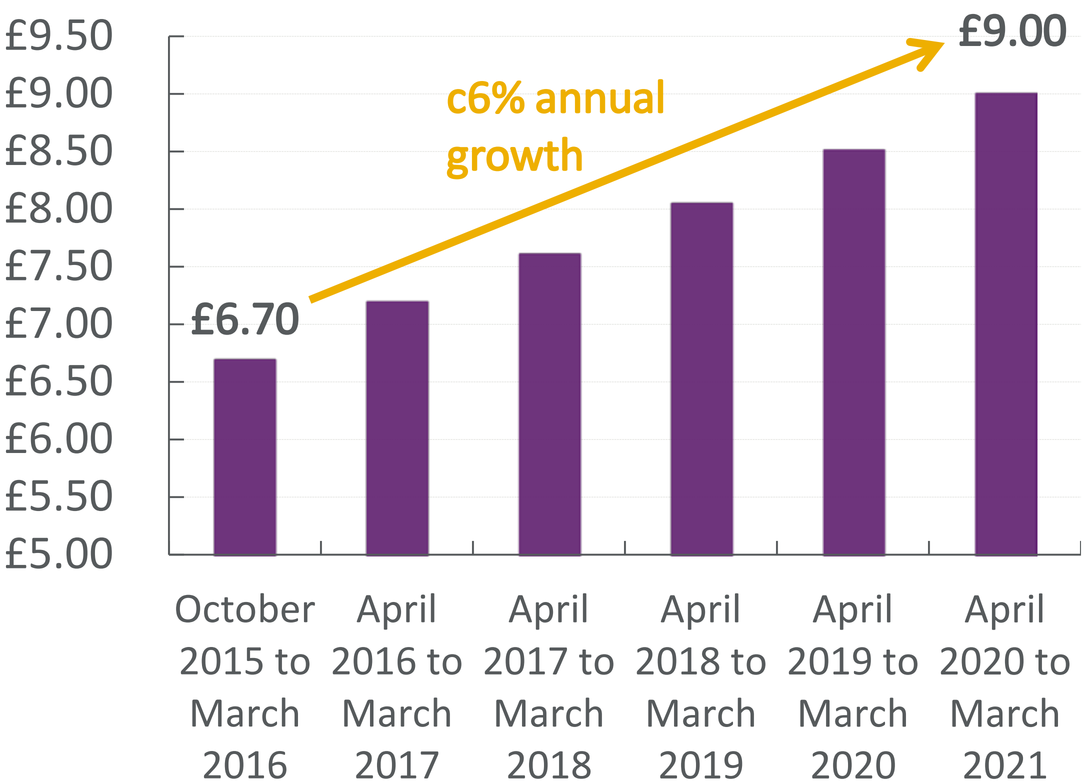
Introduction of the National Living Wage (NLW)

- New NLW announced by George Osborne in the Summer Budget
- The NLW represents a premium to the National Minimum Wage (NMW), for people aged over 25
- The NMW was introduced in 1999, to raise pay and tackle exploitation
  - The Low Pay Commission's (LPC) remit in setting the NMW is to 'help as many low-paid workers as possible without damaging their employment prospects' – i.e. a level determined by affordability, not need
- The Government's objective is to increase the NLW to 60% of median earnings by 2020, and for it to be over £9 by this time
  - LPC remit in relation to the NLW, is to 'calculate the rate and advise on the pace of the increase, taking into account the state of the economy, employment and unemployment levels, and relevant policy changes'

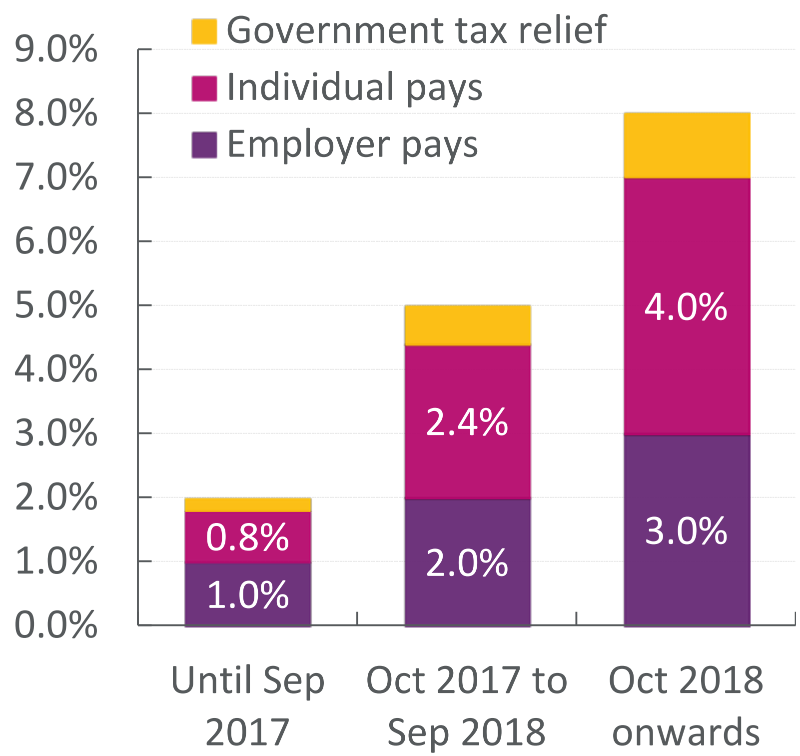
Inflation has outstripped minimum wage growth for five of the last six years



Medium-term trend to higher overall wage inflation



Automatic enrolment in workplace pension schemes



Statutory summary

£m	2016 HY	2015 HY	Movement
Statutory revenue	1,123.1	1,098.8	2.2%
Headline revenue	1,123.1	1,095.0	2.6%
Headline operating profit	**58.1**	**64.2**	**(9.5)%**
Other items	(5.0)	(58.3)	(91.4)%
Statutory operating profit	**53.1**	**5.9**	**800.0%**
Net finance costs	(8.0)	(7.2)	11.1%
Profit before tax	**45.1**	**(1.3)**	**nm**
Statutory basic EPS	9.9pps	(1.0)pps	nm

EPS – key data

Earnings per share	Headline			Statutory		
	2016 HY	2015 HY	Movement	**2016 HY**	2015 HY	Movement
Earnings attributable to ordinary shareholders £m	**39.3**	44.6	(5.3)	**35.2**	(3.7)	38.9
Weighted average number of basic shares (m)	**355.4**	359.9	(4.5)	**355.4**	359.9	(4.5)
Basic EPS	**11.1p**	12.4p	(1.3)p	**9.9p**	(1.0)p	10.9p
Weighted average number of diluted shares (m)	**365.9**	372.4	(6.5)	**365.9**	372.4	(6.5)
Diluted EPS	**10.7p**	12.0p	(1.3)p	**9.6p**	(1.0)p	10.6p

Cash conversion

£m	H1 2016			H2 2015			Rolling 12 months		
	Headline	Other	Statutory	Headline	Other	Statutory	Headline	Other	Statutory
Operating profit	58.1	(5.0)	53.1	64.4	(14.3)	50.1	122.5	(19.3)	103.2
Depreciation	8.3	-	8.3	10.7	-	10.7	19.0	-	19.0
Amortisation	3.8	5.0	8.8	1.2	5.0	6.2	5.0	10.0	15.0
EBITDA	**70.2**	**-**	**70.2**	**76.3**	**(9.3)**	**67.0**	**146.5**	**(9.3)**	**137.2**
Other non-cash movements	3.5	-	3.5	4.2	0.1	4.3	7.7	0.1	7.8
Working capital	(61.1)	(2.4)	(63.5)	55.2	(11.3)	43.9	(5.9)	(13.7)	(19.6)
Cash generated from operations	**12.6**	**(2.4)**	**10.2**	**135.7**	**(20.5)**	**115.2**	**148.3**	**(22.9)**	**125.4**
Cash conversion							*101.2%*		*91.4%*

Mobilisation costs and accrued income

£m	Sept 2015	Sept 2014	March 2015
Non-current trade and other receivables			
Mobilisation costs	17.6	21.3	18.2
Accrued income	50.7	29.6	40.3
Total	68.3	50.9	58.5

£m	Sept 2015	Sept 2014	March 2015
Mobilisation costs			
Opening balance	30.6	30.3	30.3
Costs capitalised	6.8	9.8	19.6
Costs amortised	(7.4)	(6.9)	(19.3)
Closing balance	**30.0**	33.2	30.6
Current	**12.4**	11.9	12.4
Non-current	**17.6**	21.3	18.2

Provisions

£m	Deferred contingent consideration	Insurance reserve	Total
At 1 April 2015	11.4	0.9	**12.3**
Settled in cash during the period	(4.6)	-	**(4.6)**
Utilised within the captive insurance subsidiary	-	(0.2)	**(0.2)**
At 30 September 2015	**6.8**	**0.7**	**7.5**
Included in current liabilities			6.8
Included in non-current liabilities			0.7
Total			**7.5**

Legal disclaimer

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