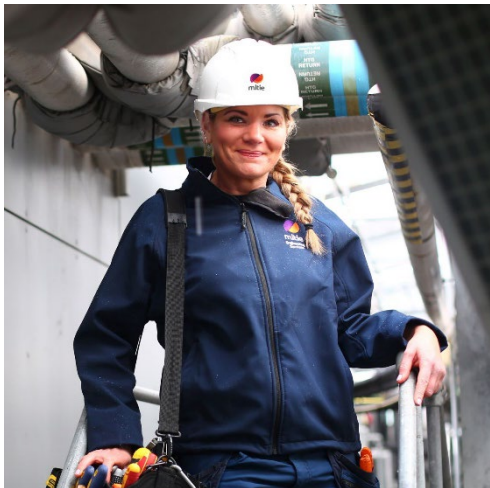




WEATHERING THE COVID STORM

Interim results for the six months
to 30 September 2020

19 November 2020

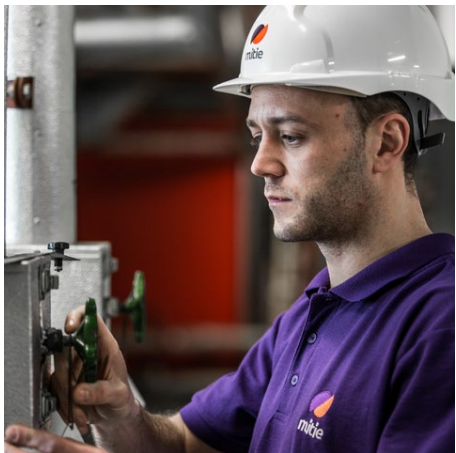
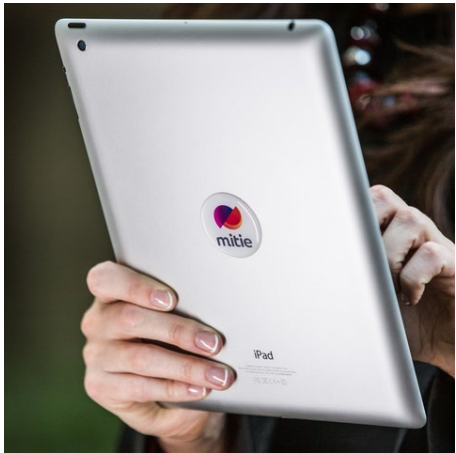




Agenda

- Financial Review – Andrew Peeler, CFO
- Impact of COVID-19 and Strategic Update – Phil Bentley, CEO
- Questions & Answers





Financial Review

Andrew Peeler, CFO

First half performance has been more resilient than expected



Revenue¹

£972.4m

(HI 19/20 £1,078.0m)

Free cash flow

£66.3m

(HI 19/20 £(66.3m))

Operating profit²

£21.5m

(HI 19/20 £33.0m)

Order book

£4.0bn

(HI 19/20 £4.1bn)

Basic EPS²

1.2p

(HI 19/20 2.8p³)

Average daily net debt

£69.3m

(HI 19/20 £351.1m)



First half revenue down by 9.8% as COVID-19 impacts discretionary client spend in Technical Services



£m	HI 20/21	HI 19/20	Change
Technical Services	367.5	470.6	(21.9)%
Maintenance & Repairs	303.4	374.4	(19.0)%
Engineering Projects	56.9	86.8	(34.4)%
International	7.2	9.4	(23.4)%
Business Services	500.0	490.7	1.9%
Security	298.4	279.6	6.7%
Cleaning	169.4	169.6	(0.1)%
Office Services	32.2	41.5	(22.4)%
Specialist Services	104.9	116.7	(10.1)%
Care & Custody	50.7	55.5	(8.6)%
Waste	33.5	39.8	(15.8)%
Landscapes	20.7	21.4	(3.3)%
Group Total	972.4	1,078.0	(9.8)%

Technical Services

- COVID-19 impacted customer spend on variable works and projects
- Fixed maintenance work increased by 7% excluding contract losses
- Continued managed exit from International

Business Services

- Benefitted from new public service contracts for DHSC and NHS
- Additional security and deep cleans for existing customers
- Office Services declined due to office closures and reduced airline vetting

Specialist Services

- Care & Custody decline due to COVID impacting variable work and closure of Campsfield IRC last year
- COVID-19 reduced demand for Waste services
- Landscapes had a resilient first half

Good cost discipline has partially helped to offset high margin drop through in Technical Services



Operating Profit			
£m	HI 20/21	HI 19/20	Change
Technical Services	8.9	25.8	(65.5)%
Business Services	22.9	16.9	35.5%
Specialist Services	9.5	10.7	(11.2)%
Corporate centre	(19.8)	(20.4)	2.9%
Group Total	21.5	33.0	(34.8)%

Margin		
HI 20/21	HI 19/20	Margin drop-through/ bps movement
2.4%	5.5%	(16.4)%
4.6%	3.4%	120 bps
9.1%	9.2%	(10.0)%
(2.0)%	(1.9)%	(10) bps
2.2%	3.1%	(10.9)%

Technical Services

- Loss of high margin discretionary variable and project work combined with loss of MOJ and reduced scope on NHS Properties

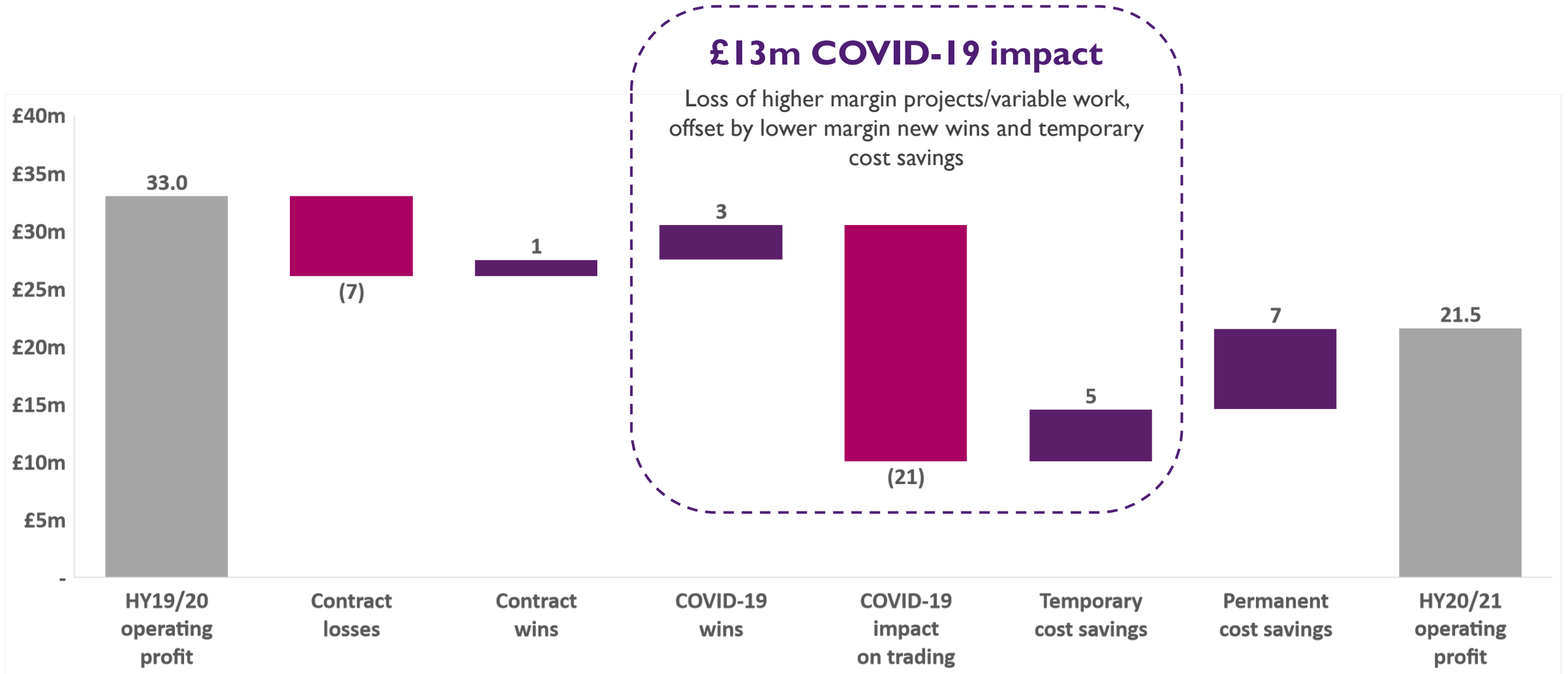
Business Services

- DHSC, NHS drive profit growth alongside divisional restructuring

Corporate Centre

- COVID related management actions mitigated further downside from lost revenues offset by lower cost allocations to divisions

Management action to reduce costs helped to partially offset impacts of COVID-19



Mitie's financial standing has been transformed in the past six months



	HI 20/21 £m	HI 19/20 £m
Operating cash flow before WC #	33.8	48.5
Working capital movements	58.0	(82.1)
Cash generated in operations	91.8	(33.6)
Capital element of lease rental payments	(12.3)	(10.5)
Capital expenditure	(7.9)	(11.2)
Interest and tax	(5.3)	(11.0)
Free cash inflow/(outflow)	66.3	(66.3)
Dividends	-	(9.6)
Acquisitions and disposals	-	65.5
Issue of share capital	191.8	-
FX & other non cash items	(0.5)	2.7
Net cash movement	257.6	(7.7)

	HI 20/21 £m	HI 19/20 £m
Opening net debt	(167.9)	(228.2)*
Net cash movement	257.6	(7.7)
Closing (net debt) / net cash	89.7	(235.9)

- Cash from operations improved by £125m
- Capex £3m lower due to Forte pause during COVID-19
- HI 20/21 net cash movement of £258m boosted by Rights Issue

Underlying working capital improved and further reduction in period-end balance sheet management



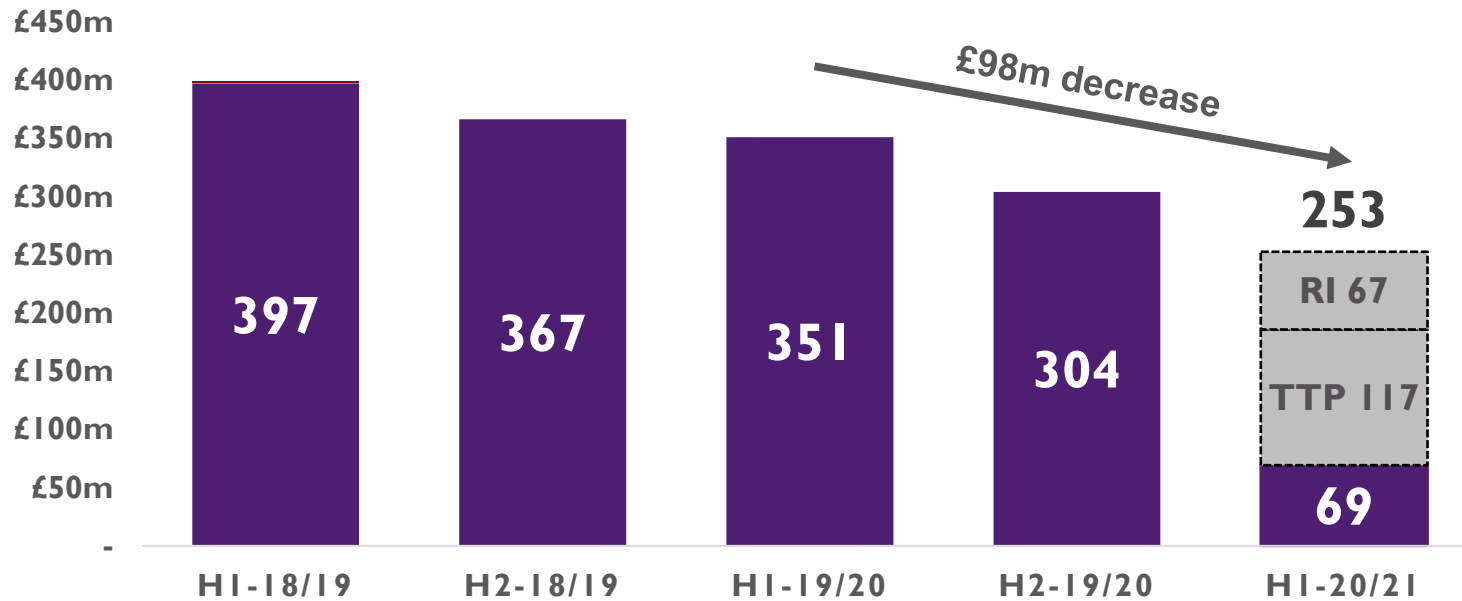
	HI 20/21 £m	HI 19/20 £m
COVID-19 – HMRC Time To Pay	97	-
COVID-19 – Furlough, PPE & mobilisations	(21)	-
Lower advanced customer receipts	(34)	(8)
Invoice discounting	6	(11)
Provisions unwind / M&A related	(5)	(32)
Underlying movement in working capital	15	(31)
Reported movement in working capital	58	(82)

Working capital	HI 20/21 £m	FY19/20 £m
Trade debtor days	26	28
Trade creditor days	(52)*	(50)

- Further actions to normalise balance sheet were taken through £34m reduction in advance customer receipts.
- Underlying improvement in working capital from reduction in overdue debtors
- Expectation that HMRC TTP will be repaid by the year end so balance sheet will be normalised

Average daily net debt continues to reduce...

- Underlying improvement of £98m in the last 12 months, adjusting for the benefit of HMRC tax Time to Pay (“TTP”) and Rights Issue
- Excluding impact of Rights Issue, TTP and M&A the gap between period end and average debt reduced to £22m from £90m at HI 19/20



Tracking ahead of key covenants:

Debt covenants	HI 20/21	FY19/20	Covenant
Leverage ¹	N/A	0.7x	<3.0x
Interest cover	9.3x	9.3x	>4.0x

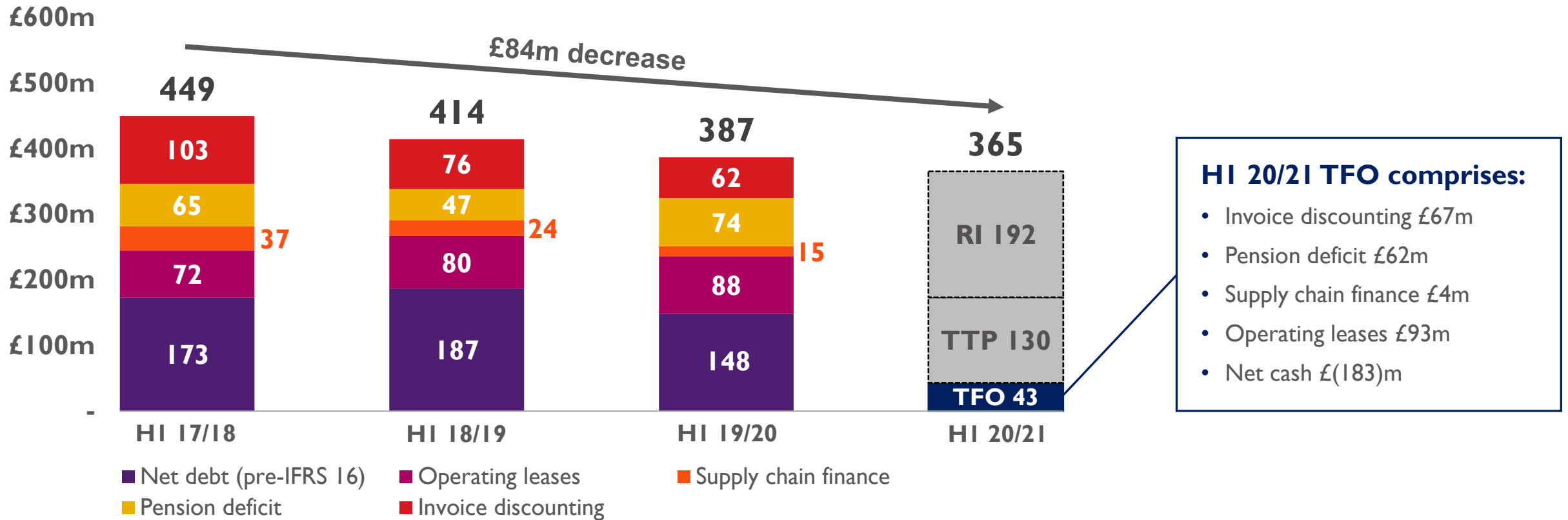
Reduction in average net debt

HI 19/20 to HI 20/21	£m
Working capital	45
M&A	53
Total	98

...with total financial obligations (TFO¹) declining further



- Underlying improvement year on year of £22m, excluding benefit of HMRC tax Time to Pay and Rights Issue



- Revenue decline before known contract losses was 6.0%
- Operating profit drop-through (10.9%) better than expected
- Strengthened Balance Sheet following Rights Issue and improvements in working capital
- Eliminated traditional period end cash management to align average to closing debt
- No interim dividend declared (HI 19/20 0.69p¹); future dividend potential will depend on length of COVID impact



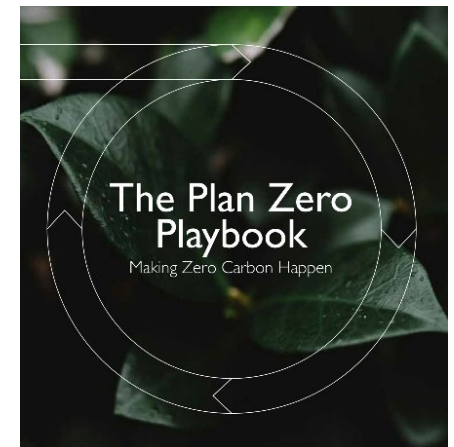


Impact of COVID-19 and Strategic Update

Phil Bentley, CEO

Although the FM market is expected to decline 15% in 2020 before progressive recovery ...

- Discretionary projects and non-essential maintenance to continue to be postponed
- Savills forecast 10% reduction in office desk space with potentially larger meeting spaces
- Main drivers of FM recovery play to Mitie's strengths
 - Government spending in Healthcare and Infrastructure
 - Greater spend on cleaning and safe working practices
 - Resource utilisation (esp. energy/waste) and ESG
 - Greater appetite for data analytics and intelligence



...Mitie is well positioned to beat industry trends

Our technology is making a difference...



Customers

Increase customer stickiness

- Service Operations Centre now connected to 380 customers & 44,600 assets, reducing alarms incidence by 98%
- Mosaic MI in 78 customers

Improve win rates

- Mozaic, Aria and Digital Monitoring – key drivers in recent IFM wins

Increase revenue

- Digital Monitoring as a Service opened up new revenue opportunities in Sainsbury's, Royal London, Thales

Reduce cost

- Digital Maintenance delivering 15% savings in Vodafone
- Monitoring as a Service enabling up to 30% increase in energy savings



ARIA
Powered by Mitie



ESME
Powered by Mitie



INTOUCH
Powered by Mitie



MOZAIC

PROJECT
FORTE

Operations

Payroll

- Workplace Plus automation – 50% reduction in payroll team
- Work Breakdown Structure ('WBS') in SAP improves billing accuracy

HR Shared services

- Self service and 24/7 coverage
- Final Success Factors functionality reduces HR shared services by 30%

Finance back office

- RPA results in 110 (30%) reduction in off-shore FTE's
- STP P-t-P at over 80%; ad-hoc handled by robotic agent
- Rationalised legal entities, reducing statutory accounts overhead

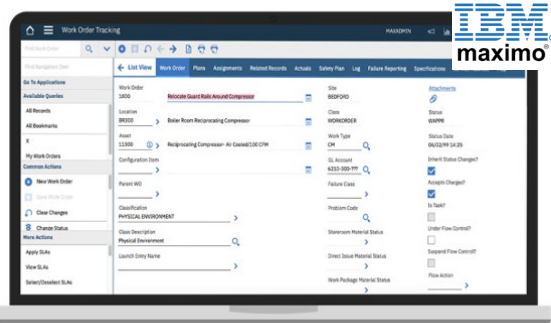
Forte

- Final technology foundation for 'workflow' management

...and Project Forte delivers an industry-leading solution both in service and costs...



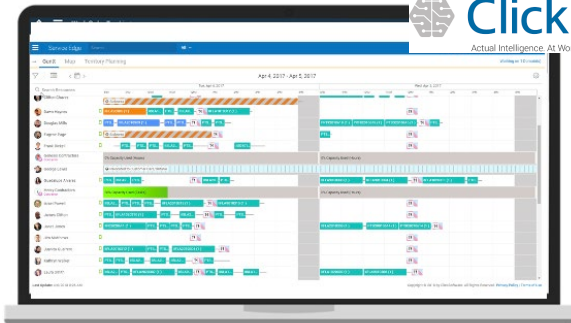
Strengthening Mitie's Maximo core and its interfaces enables the best in class triage and e2e case management



Maximo 7.5 to 7.6 & AI

- Deploying **best in class IBM Maximo 7.6** as our core operating platform
- Leveraging cloud technology for increased **performance, resilience and efficiency**
- Introducing standardised processes and simplifying the operation provides an opportunity to **leverage synergies and reduce overhead**
- Embedding automation and AI through the new processes to deliver **consistent, reliable and intelligent results** with less dependency on manual administration

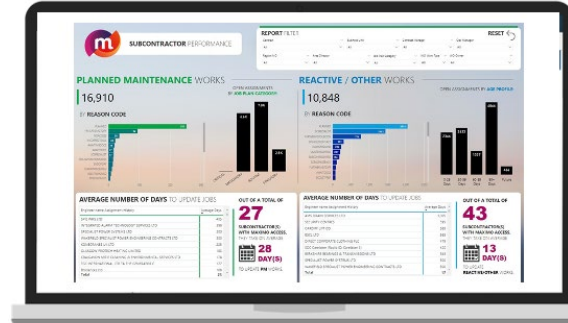
Re-shaping our service desks with the right process and systems will unlock AI based planning



Click Scheduler & Automation

- Utilising Click to provide **intelligent, AI driven scheduling** and decision-making
- Scheduling automation and optimisation **will reduce our dependency on manual administration**
- Reduced manual effort means the workforce can **focus on value-add tasks**
- **Improvements in first-time-fix rate and engineer productivity** plus a reduction in travel time are some of the expected outcomes

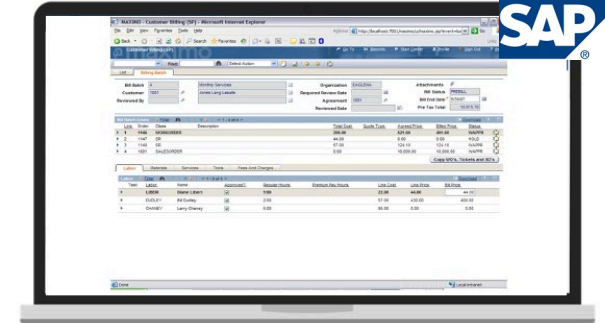
By deploying our Supply Chain portal, our teams will have full control of supplier performance



Supply Chain Management

- A **dynamic, responsive and integrated** supply chain management system
- **Enhanced governance** of our external spend by tracking rates, hours assigned vs. actuals and bills
- **Leveraging leading technology** to drive supplier performance at a detailed work order level rather Purchase Order
- Work documents and certificates, **automated and online** removing admin efforts

Through integrating Maximo & SAP, we are enabling a fully automated digital billing process



Maximo & SAP billing

- Using Maximo as our **single source of truth**; to provide a centralised system from which customer bills are automatically calculated and submitted.
- Deliver **significant reduction in manual effort** required to produce a customer bill; resulting in lower administrative costs, a reduction in the time taken to bill our customers and collect revenue.
- Allow Maximo to manage our WIP and billing rules, ensuring that we **recover revenue as efficiently as possible**.
- Move accounting from **Oracle to SAP**, aligned with the rest of the company

700m
DATA FIELDS
VERIFIED



20m
NEW DATA
RECORDS



100m
COMMANDS A
YEAR



800
CUSTOMER
CONTRACTS



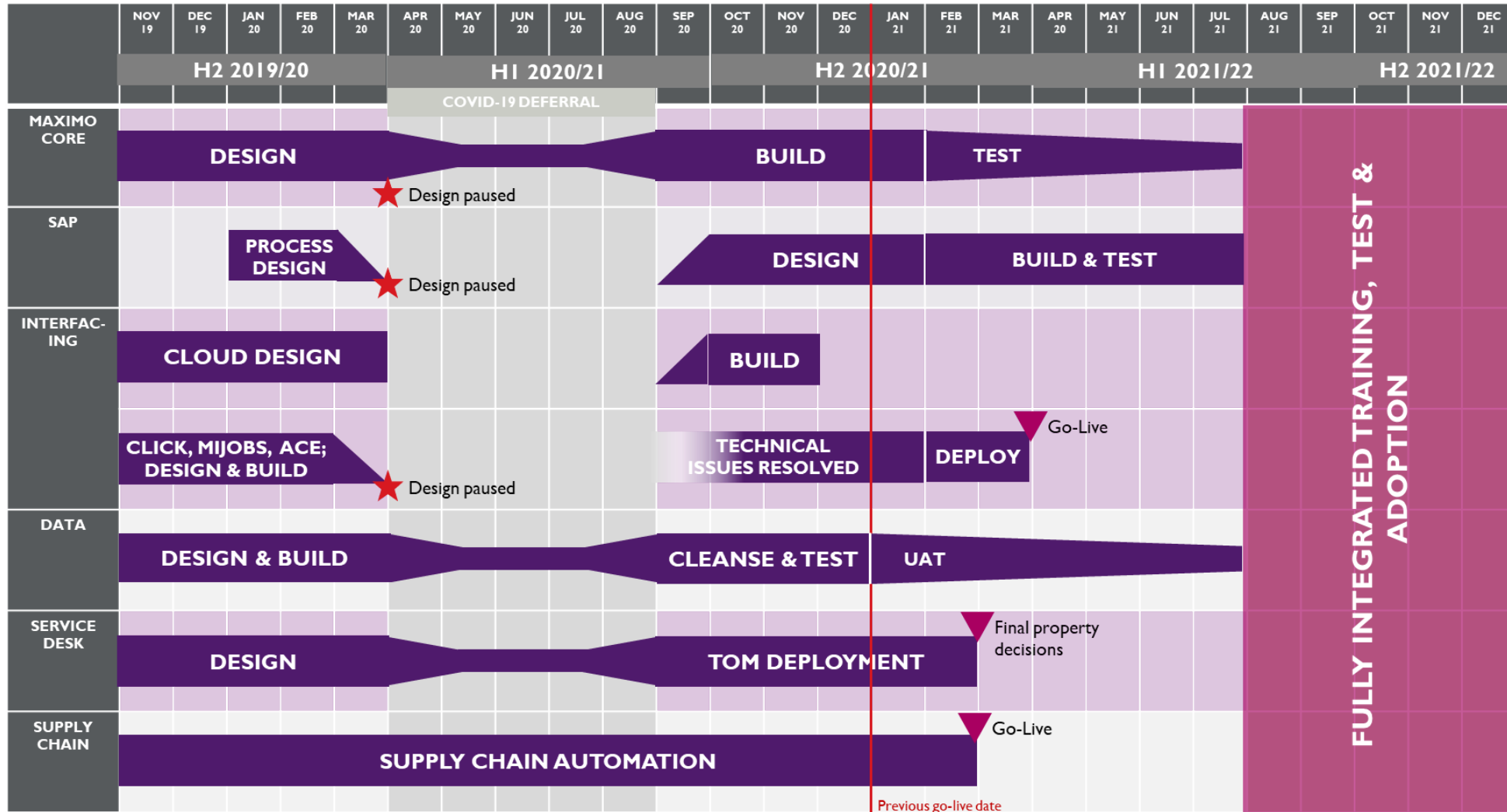
3800
SUPPLIER
AGREEMENTS



100
E2E BUSINESS
PROCESSES
MAPPED



...However project was mothballed through early COVID, and further time added on testing / integration oversight pushes back 'in service date' by 12 months



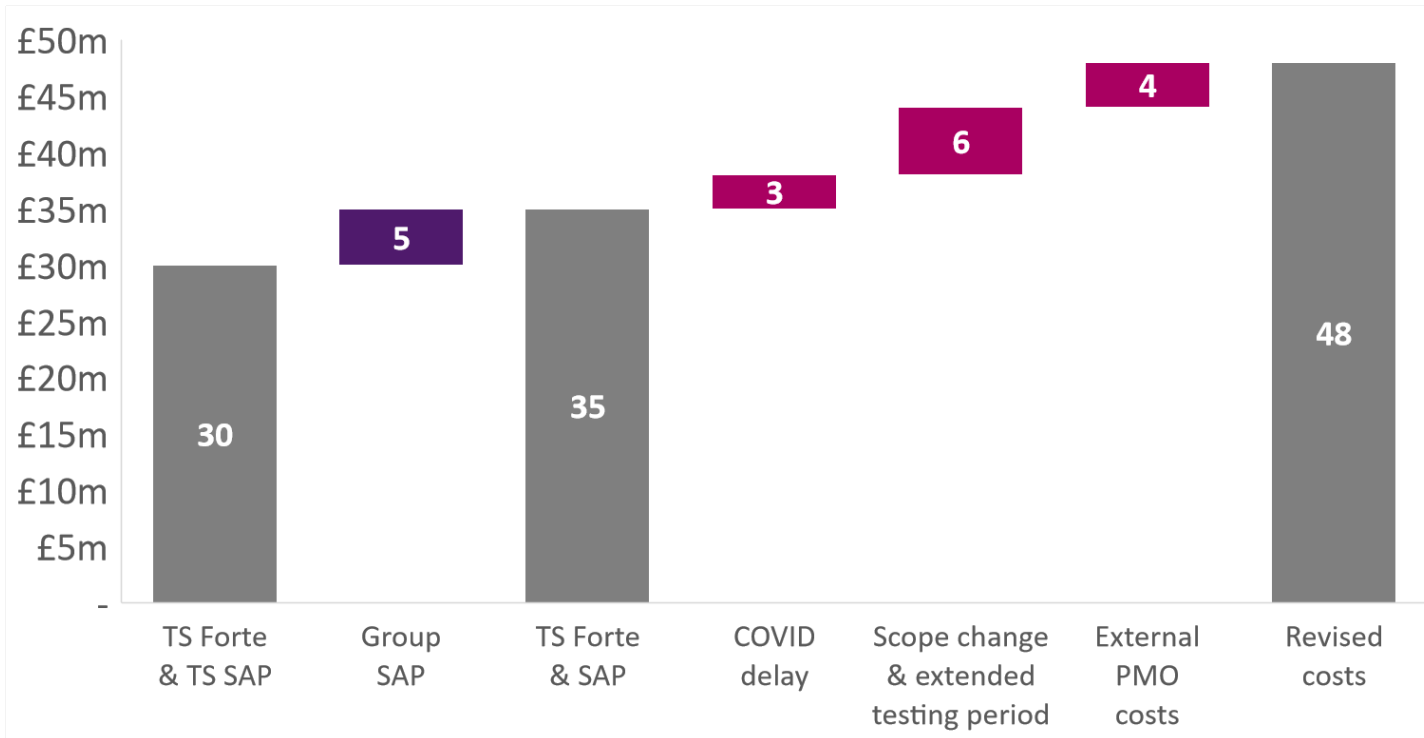
Highlights

- Design complete
- Build 50% complete
- Scoping complete
- Design underway
- Cloud designs complete for AWS
- Build ongoing
- 'Go live' planned March 2021
- Design complete
- Cleanse underway
- Property changes accelerated due to COVID-19 impacts
- Benefits ahead of plan through improved automation

...resulting in increased programme costs (£13m); £5m increase in benefits (net £20m) although delayed to FY22/23



- Project Forte expanded to include group-wide SAP roll out
- COVID delays from mothballing
- Additional EY PMO costs de-risk programme delivery
- Scope changes improve delivery of benefits



Project Forte benefits	£m
Productivity	8
Service centres	3
Supply chain	9
Revenue leakage	5
Technical Services back office	5
Group back office	5
Forte benefits	35
Re-investment in customers and technology	(15-20)
Net annual benefits from Project Forte	15-20

We are determined to create a 'great place to work' where our colleagues feel included and give of their best



Committed to levelling up Mitie

- **Leadership diversity pledge: 40% Women and 20% BAME by 2025**
- Two Big Equality Summits held with a combined over 3,700 views
- Partnered **BAME Recruitment** to leverage their rich talent pool and expertise
- Launched **'Count me in'** D&I Learning programme in partnership with Three
- CHORD shortlisted in the 'Network Group' category at Ethnicity Awards 2020
- Virtual event run by each network for National Inclusion Week



Encouraging engagement and promoting wellbeing



- "Giving Back" Employee volunteering programme launched and **16,000 hours** of volunteering committed by 2025
- **Life Assurance** cover for over 30k colleagues who did not have such a benefit introduced with a minimum lump sum payment of £10,000
- All permanent and fixed term employees (and those in their household) given free access to **Virtual GP Service**
- **Extra day holiday** to over 37,000 front line heroes
- **Over £135k Mideals savings** | April to date
- Over 10,000 Mitie Stars nominations since April

Continuously developing our people

- **738** Apprentices currently on programme
- Learning Hub launched to Cleaning division 16,000 colleagues – **now accessible to every colleague**
- Digital LiveSafe training created and launched to all employees
- Launch of Mitie Virtual Classroom with **5,800 hours** of training delivered since May
- Creation and delivery of Back to Business videos to support our people post lockdown
- Critical digital learning content created to support new Covid-related mobilisations
- Technical Excellence Academy developed
- First FM company to deliver the SIA licence linked qualifications using blended learning & virtual technologies.
- Launched the Security 'Licence to Operate' Core curriculum to **14,000** security officers



We are being recognised for our market-leading capability



Corporate

- ✓ Armed Forces Covenant signatory
- ✓ Best Website, UK Digital Experience Awards
- ✓ Bronze Award, Fleet Operator Recognition Scheme
- ✓ CIPS Procurement Excellence Award
- ✓ Gold Award, Defence Employer Recognition Scheme
- ✓ Inhouse Legal Team of the Year, LexisNexis Legal Awards
- ✓ Institute of Internal Communications National Awards for Best News Magazine and Best Video Animation
- ✓ IWFM COVID-19 Response Award: Keeping Good Work Going



Technology

- ✓ Computing Digital Technology Leaders Award for Big Data / IoT Project of the Year
- ✓ Data Into Insight and Artificial Intelligence & Machine Learning Project of the Year, Real IT Awards
- ✓ Mitie Fire & Security Systems - Outstanding Security Installer/Integrator
- ✓ Merlin Protect 24/7 – Mitie Security – Outstanding New Security Product
- ✓ Mitie Security – Outstanding Contract Security Company
- ✓ National British Security Awards: Best use of Technology
- ✓ Verdantix Smart Building Innovation Award for Facilities Management Services
- ✓ Artificial Intelligence / Machine Learning project of the year with Esme Chatbot, UK IT Industry Awards



ESG

- ✓ FTSE4Good Developed Index
- ✓ Green Fleet of the Year
- ✓ 'Low Risk' ESG rating from Sustainalytics
- ✓ Most Inclusive Top 50 Company
- ✓ Most Admired Companies
- ✓ REI100, EPI100 and EVI100, The Climate Group
- ✓ RoSPA Gold - Royal Society for the Prevention of Accidents
- ✓ Top Employer, recognised by Top Employers' Institute



Summary: Our transformation is far from complete...

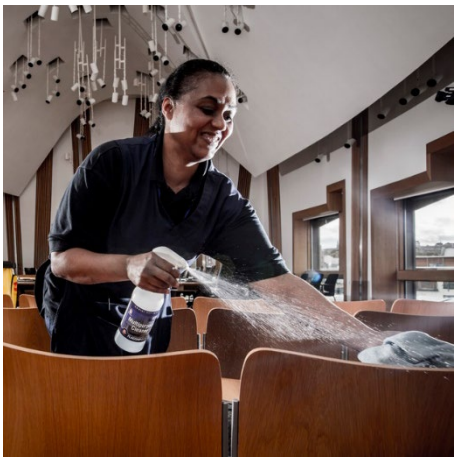



- We are weathering the COVID storm and we are ready for a post COVID world
- Technology remains at the heart of our distinct offer...
- ...and Forte gives us competitive advantage
- Our People are starting to feel more engaged
- Our financial position is strong
- Interserve scale and reach gives us more “run-way” to grow as we leverage our technology



...we have a clear road-map to reach our full potential over the next 2 years

Appendix: Business Division Updates





Intelligence | Technology | People 

INTELLIGENCE
New Global Security Operation launched

TECHNOLOGY
Launched new Mass Comms app – powered by Merlin 24/7

PEOPLE
5,000 new jobs created






NPS Score   


+13 






Security 










Cleaning 






Office Services 




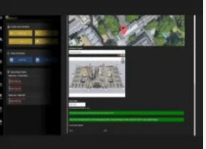
Covid Assured Services  


	 Deep cleans	 Thermal Cameras	 CitroX
	 Retail Security	 Testing Centres	 Principality Hospital



New Wins and renewals  




			
£300m			
			


Leveraging Technology   

			
Robotics	Misting	Hybrid Mail	Global Aware

New Security Operation Centres Launched 

Retention   

97% 

Awards & Recognition   

		
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Performance

- Preserved our fixed revenue despite COVID-19 impact; 7% up year on year **by renegotiating 92 contracts.**
- Revenue from the top 50 customers increased 2%, **with a 98% retention rate.**
- Reduced our cost base with a **19% reduction in overheads with over 469 redundancies, 75% reduction in overtime and 2,600+ employees furloughed.**
- Improved our **first time fix** rate by **2.5% vs prior year** now showing a **25% improvement over the last 3 years.**
- Backlog** of work orders **down 59% YoY**
- Jobs per day** completed is now **up 13% in H1 and 16% in last 12 months.**
- Investing in our projects division has seen our **NPS results at +69** in reporting period, compared to an industry benchmark of +43.
- Launched our Tech – X Academy** with a **42 % increase** in technical apprentices on the previous year.

Developments



Our **Service Operations Centre** in Manchester is connected to **350 sites and monitoring 44,600 assets.** The SOC now processes **8 million data points a day.**



Monitoring as a Service is enabling up to **30% increase in energy savings** where implemented and **Digital Maintenance** solution showing **c.15% reduction in maintenance costs.**



81 clients using Mozaic our MI and insights portal and 175,000 calls logged through a digital interaction in the last 12 months and 18,000 on 2 contracts using AI through our Ezme tool.



Forte design phase fully completed and into build and delivered **£1.2m** of the targeted 3m savings in this FY

Maintenance	Connected Workspace	Projects	Energy

£100m	of new business wins or renewals (annualised)		
£70m	Renewable Projects pipeline		
£8.9m	Connected Workspace pipeline		
98%	Retention rate for contract renewals		

Care and Custody

Consolidated its position as the **largest single supplier** of Immigration Detention Services to the UK Government

HOME OFFICE ESCORTING SERVICES
 Contract delivered with services levels in excess of **99.6%**



Ministry of Justice **QUALIFIED** for Prison Operator Services Framework (**POSF**)

LARGEST & LEADING SUPPLIER OF Medical & Integrated Services to Police Forces in England and Wales

£2bn OF PIPELINE OPPORTUNITIES



£47m Contract wins and extensions with **100% retention rate**

3 NEW POLICE CONTRACTS MOBILISED



CUSTOMER SATISFACTION RATINGS FROM NPS:

MEETING customer expectations

95%

VALUE for money



100%

Waste



Very **STRONG GROWTH** in **HEALTHCARE SECTOR**

Awards 5*



CHARITIES SUPPORTED



JAGI Foundation

NEW BUSINESS



EXTENSIONS AND GROWTH



Landscapes

13.5% EBIT YTD (+0.4ppt YOY)



Strong upsell capability
 £9.9m new business*

WORKING CAPITAL CONTINUES TO IMPROVE (£1.6M YOY)



NPS +15



EMPLOYEE ENGAGEMENT +50

NEW BUSINESS – Education, Property, Logistics, Blue Light



'Plan Zero Green City landscaping team launched to provide zero carbon, sustainable landscaping services in urban areas'

CONTRACT EXTENSIONS AND GROWTH



*includes average winter values

A leading ESG employer



DO IT OURSELVES



790 EV VEHICLES
600+ more on order



ALL SITES SURVEYED
with a Zero Carbon Plan

LEAD THE INDUSTRY



GREEN FLEET OF THE YEAR
Business Car Awards 2010



INDUSTRY LEADING TARGET
Net Zero by 2025

DELIVER FOR OUR CLIENTS



ENERGY REDUCTION
300,000 tonnes carbon &
£20m saved for clients



WASTE REDUCTION
Client waste to landfill
reduced by 92,000 tonnes

13 GROUP TARGETS SET IN APRIL 2020 ACROSS OUR SV PILLARS



Employment

- 100% employees where Mitie sets salary paid Real Living Wage
- 738 current apprentices out of 1,216 employees who've benefited from the apprenticeship scheme
- 6 diversity networks & D&I strategy. Women on GLT up to 21.3%

Responsibility

- 43% of public sector contract spend with SMEs (29% Group)
- Members of Social Enterprise UK with £165k spend in HI
- On track for 28% spend under Supplier Management

Community

- 6,995 Volunteering hours completed in HI v 8,000 FY target
- Gold Award Defence Employer Recognition Scheme
- 1,534 hours of health and wellbeing training in HI v 2,000 FY target

Innovation

- Social Value reporting dashboard launched and on mitie.com
- Payment solution for home EV charging created with Mina
- Broad range of Zero Carbon, Zero Cost client initiatives launched

EV 100 | °C **EP 100** **RE 100**

1 of 8 COMPANIES GLOBALLY
(AND THE ONLY FM) WITH ALL 3

APRIL 2020

NUMBER 1 RANKED FM BUSINESS GLOBALLY



SUSTAINALYTICS



FTSE4Good



Investment in our strategy delivered £500m of new contract wins and renewals



Market leadership and best in class customer NPS



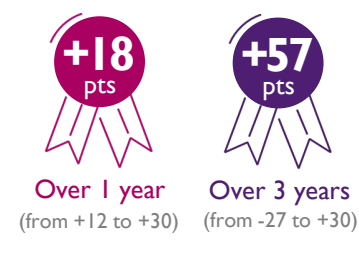
» Army Rugby Union sponsorship
» Red Bull partnership

DIGITAL MARKETING INFRASTRUCTURE TO DELIVER LEAD GENERATION

- » New website
- » Automated marketing platform
- » Analytic tools linked to CRM system



Investment in SAM structure / Significant customer wins and >90% retention rate



Strong government relationships

Built a world-class DEFENCE CAPABILITY

Mitie Defence capability and lead awareness initiatives:



DEFENCE PLAYBOOK



EXTENSIONS ON PUBLIC SECTOR CONTRACTS To the annual value of **£89m**



Submitted October 2020
Decision February 2021

7 UK
RAF BASES

USVF
Hard Services

TCV c£20m - £90m

FDIS

Hard Services Built Estate
TCV c£750m - £1bn

Submitted March 2020
Decision November 2020



Strengthened relationship with Cabinet Office and Crown Commercial Services



COVID-19 TESTING SITES to annual value of c£240m
Regional, local and mobile test sites including Nightingale Hospitals

Contributed to the development of

THE OUTSOURCING PLAYBOOK

V2



THE OUTSOURCING PLAYBOOK
Central Government Guidance on Outsourcing Decisions and Contracting

Daily net debt



THE EXCEPTIONAL, EVERY DAY

THANK YOU

19th November 2020



Mitie Group Plc

Level 12,
The Shard,
32 London Bridge Street,
London,
SE1 9SG