

Mitie Group plc

The UK's Leading
Facilities Management Company

**“Encouraging HI
performance; steady
progress towards delivering
our new margin-enhancing
growth strategy”**

Half Year FY22 Results Presentation

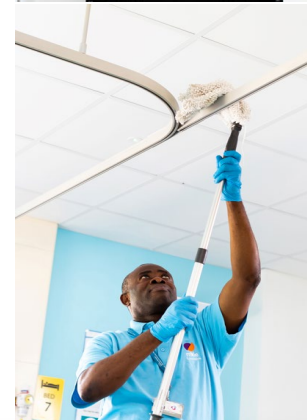
18 November 2021



HI FY22 Highlights



- **Strong financial performance**
 - Mitie standalone revenue growth¹ of 36% and underlying revenue back at pre-COVID levels
 - Record cash generation at £86m; dividend payment reinstated at 0.4p per share
- **Interserve Facilities Management (Interserve) performing well with integration largely complete and synergies on track**
- **Good renewal and win performance with growing pipeline**
- **Reshaping portfolio towards higher growth, higher return**
 - Disposal of Document Management
 - Acquisition of DAEL Ventures, Rock Power Connections and Esoteric Intelligence
- **Secured the long term financing of the business**
 - New £150m 4-year Revolving Credit Facility
 - Forward starting £120m USPP – average 10-year tenor
- **Successful placement of the 248m Consideration shares issued to Interserve**
- **FY22 outlook in line with previous operating profit² guidance of £145-155m**



Financial update

Simon Kirkpatrick

Chief Financial Officer



Strong H1 performance boosted by Interserve acquisition and COVID-related contracts



Continuing operations (£m)	HI FY22	HI FY21	Change %
Revenue ¹	1,912	943	103%
Mitie standalone revenue ²	1,283	943	36%
Operating profit before other items	85	18	372%
Operating profit before other items margin	4.4%	1.9%	2.5ppt
Profit after tax before other items	67	8	738%
Basic earnings per share before other items	4.9p	0.9p	444%
Dividend	0.4p	-	-
Interserve synergies in HI FY22	12.1	n.a	n.a
Net assets ³	428	253	69%
Free cash flow	86	78	10%
Average daily net debt ⁴ (post IFRS 16)	(60)	(69)	(13)%
Order book	£6.8bn	£4.0bn	70%

- Revenue doubled due to Interserve and COVID-related projects
- COVID works improve profitability and margin
- Interim dividend 0.4p / share
- Synergies of £12.1m include £10.8m of cost synergies
- Free cash inflow of £86m
- Headline average daily net debt improved by £9m, prior year includes benefit of HMRC TTP⁴

Underlying revenue growth of 12%, excluding COVID works and Interserve



Continuing operations (£m)	HI FY22	HI FY21 ¹	Change %
Business Services	775	445	74%
Central Government & Defence (CGD)	288	-	n.a
Communities	230	85	171%
Technical Services	445	308	44%
Specialist Services	174	105	66%
Mitie Group	1,912	943	103%
<i>Mitie standalone revenue³</i>	<i>1,283</i>	<i>943</i>	<i>36%</i>
<i>Revenue from COVID-related contracts⁴</i>	<i>(259)</i>	<i>(32)</i>	
<i>'Underlying' revenue</i>	<i>1,024</i>	<i>911</i>	<i>12%</i>

- Business Services 9% underlying growth, supplemented by COVID-related contracts
- CGD 'like for like'² strong performance, increased project work on major contracts
- Communities revenue now stabilised
- Technical Services strong recovery, but not yet back to pre-COVID levels
- Specialist Services growth from new contract wins in Care & Custody, and inclusion of Spain

NB: Revenue including share of joint ventures and associates from continuing operations

¹ HI FY21 as set out in appendix

² Like for like revenue assumes Mitie owned Interserve for the full 6 months of the comparative period excluding COVID-related projects

³ Revenue excluding Interserve ⁴ Almost all the COVID related contracts revenue is in Business Services

Improved profitability across all divisions



Continuing operations (£m)	HI FY22	HI FY21 ¹	Change %
Business Services	65.2	20.9	212%
Central Government & Defence	14.9	-	n.a
Communities	11.1	5.3	109%
Technical Services	12.7	3.0	323%
Specialist Services	11.1	9.5	17%
Corporate centre	(30.0)	(20.5)	46%
Mitie Group	85.0	18.2	367%
<i>Profit from COVID-related contracts³</i>	40.3	2.9	

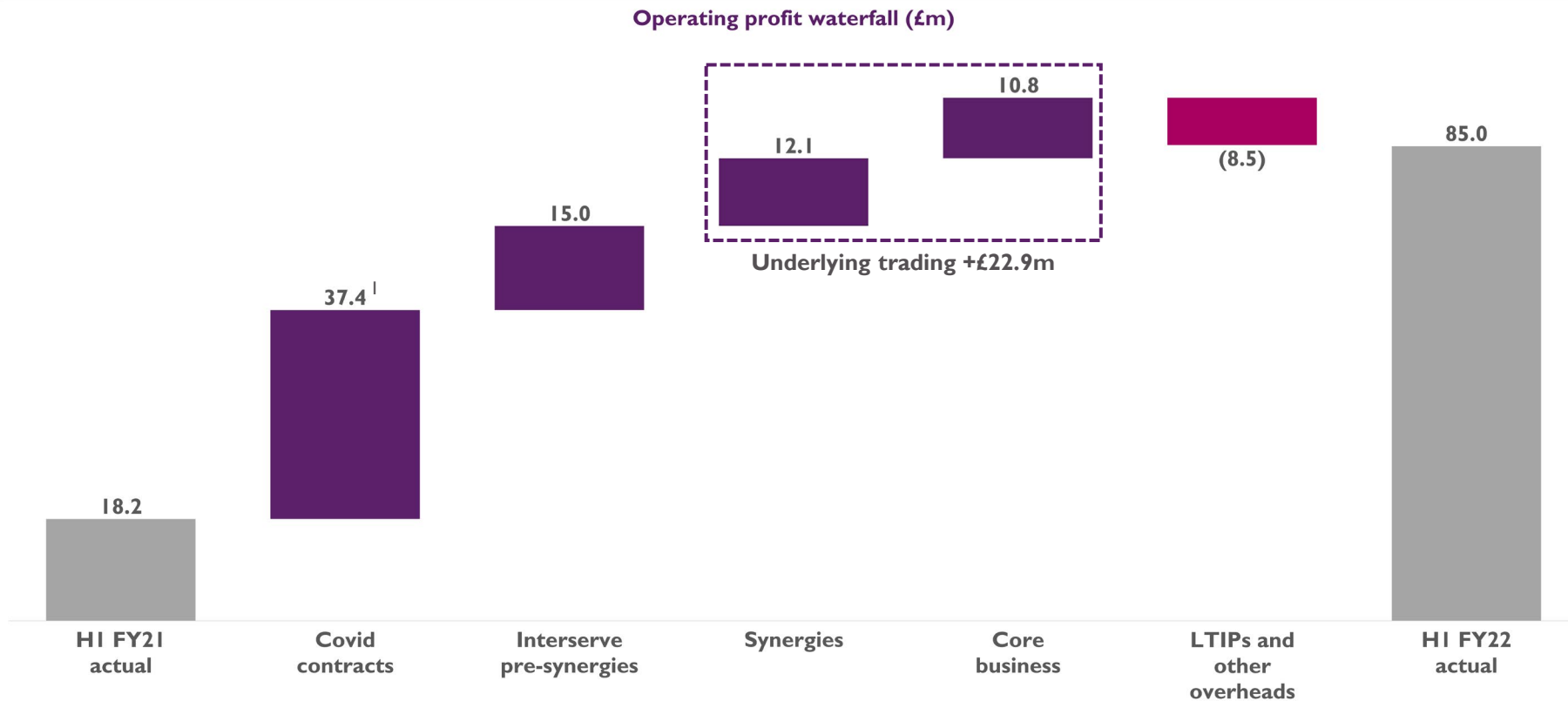
- Business Services good underlying² trading, boosted by higher margin COVID contracts
- CGD ahead of expectations due to additional project work
- Solid performance across Communities, excluding loss making contracts acquired from Interserve
- Good recovery in Technical Services. Not yet back to pre-COVID profitability
- Specialist Services benefits from inclusion of Spain
- Corporate centre costs increased due to absorption of Interserve overheads and increased LTIP accruals

NB: Before other items from continuing operations

¹ HI FY21 as set out in appendix

² Underlying trading excludes Interserve and profit from COVID contracts ³ Almost all the COVID related contracts profit is in Business Services

First half profit doubled, before the inclusion of COVID-related profit



Balance sheet further strengthened, with Group moving to a net cash position



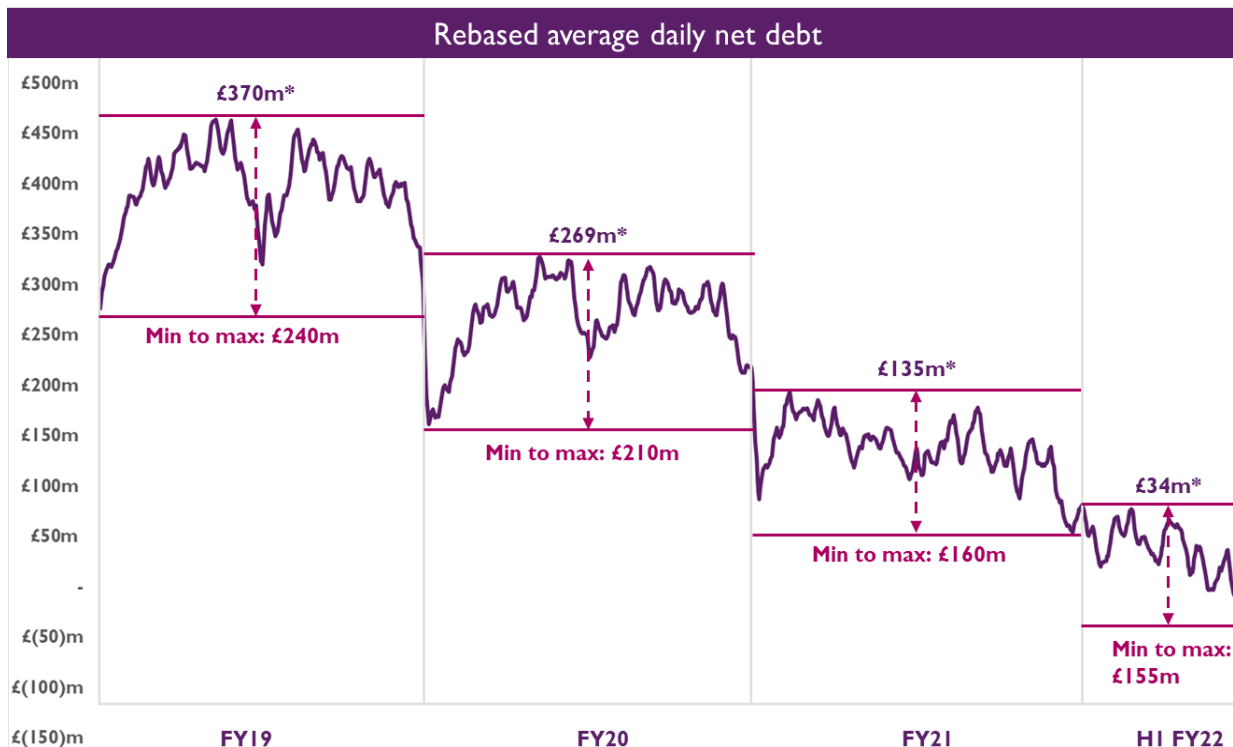
£m	HI FY22	FY21	HI FY21
Net assets	428	362	253
Average daily net (debt)/cash	(60)	(47)	(69)
Closing net cash/(debt) ¹	8	(87)	116
Net debt / EBITDA	<0x	<0x	<0x
Total Financial Obligations ^{1,2}	84	181	240
Closing debtor days ¹	27	30	28
Closing creditor days ¹	28	26	69
Free cash flow ¹	86	(25)	78
Interserve goodwill	15.9	3.3	-

- Significant improvement in net assets due to Interserve acquisition and free cash flow generation
- Average daily net debt improved by £9m; comparatives include benefit of HMRC TTP
- TFO at record low level
- Continued strong working capital management, with debtor days reduction
- Free cash flow £86m driven by strong profitability and working capital improvement
- Goodwill on acquisition of Interserve increased by £12.6m to £15.9m

¹ HI FY21 net debt, debtor and creditor days and free cash flow have been restated for change in accounting policy for BACS payments

² HI FY21 TFO uses rebased net debt for the rights issue, acquisitions and Time to Pay (TTP)

Continued improvement in average daily net debt, driven by cash backed profits and working capital inflow



- Significant improvement in average daily net debt over the last 2 years
- Min to max of £155m represents normalised timing differences

Net debt (£m)	HI FY22	FY21	HI FY21
Closing net cash/(debt)	8	(87)	116
Headline average net debt	(60)	(47)	(69)
Rebased average	(34)	(135)	(147)

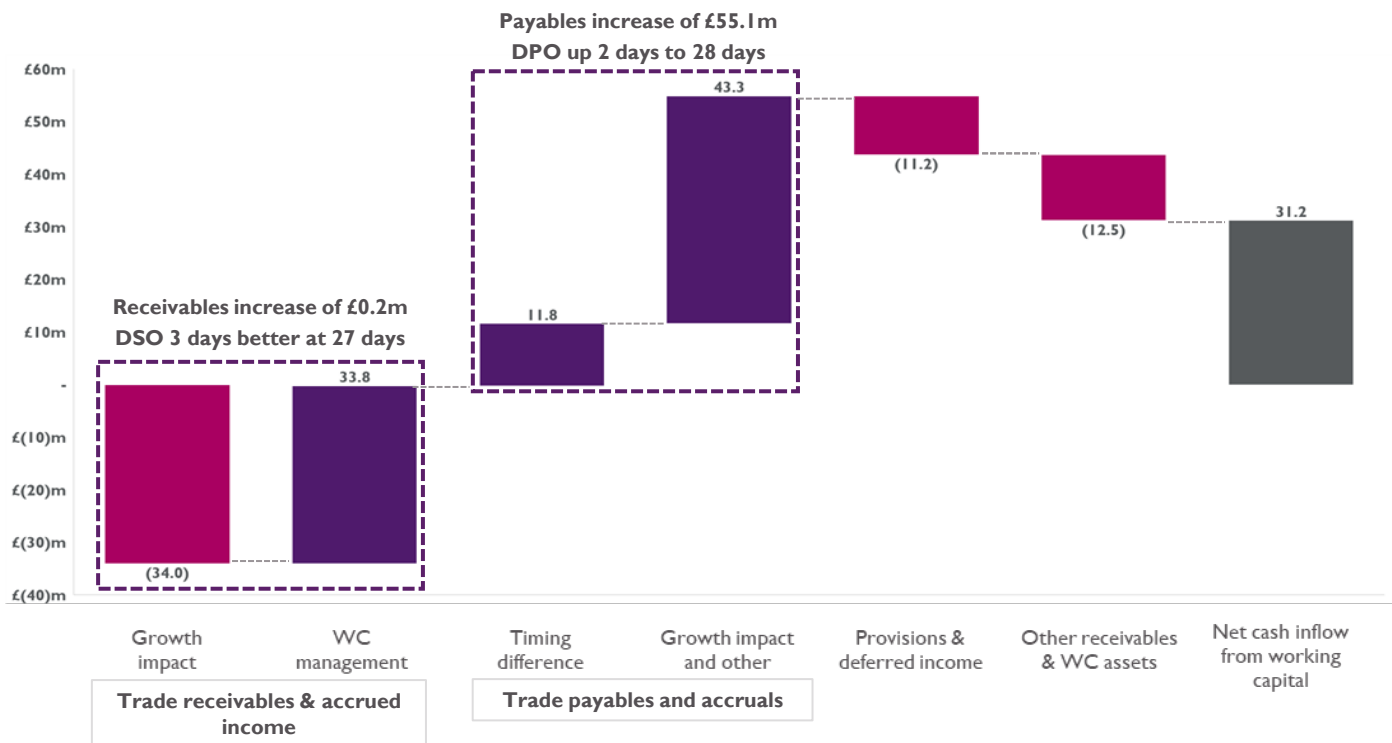
Strong free cash flow, despite ongoing investment in Interserve (ISV) integration and Forté



Cash flow (£m)	HI FY22	HI FY21
Operating profit before other items (continuing operations)	85.0	18.2
Add back: depreciation, amortisation & impairment	24.7	21.5
Other movements (including other items)	(9.8)	(5.9)
Working capital movements ¹	31.2	69.4
Cash generated from operations¹	131.1	103.2
Capex, capital leases, dividends from JVs, interest, tax & movement in restricted cash	(45.2)	(25.5)
Free cash inflow¹	85.9	77.7
Acquisitions, disposals & other ²	9.3	191.3
Decrease in net debt in the period¹	95.2	269.0

- Strong free cashflow from increased profits and working capital improvement
- £45m of capex, leases and tax includes increased capex for integration and Forté, ISV leases
- Other movements includes cash 'Other Items': Forté, ISV integration, and other transformation £12m
- Proceeds of Document Management sale more than offset £15m investment in DAEL Ventures UK

Underlying working capital improvement from reduction in DSO



- £31.2m cash inflow from working capital in HY22
- Increased revenues drove £34m increase in receivables
- Strong working capital management reduced DSO by 3 days
- DPO of 28 days: we continue to pay suppliers on time

Strong first half performance, on track to deliver FY22 operating profit in line with previous guidance



H1 performance

- Positive underlying¹ revenue growth, and cash-backed profits
- Good progress on Interserve integration and synergies
- Strong free cash flow generation and working capital performance
- Strengthened balance sheet
- Long term funding secured

H2 & FY outlook

- COVID-related contract revenue will be significantly lower in H2 FY22
- H2 performance expected to improve compared to H1, excluding COVID-related contracts
- Gradual recovery of variable and project works in H2, but not back to pre-COVID levels
- Margin progression, excluding COVID-related contracts, will continue
- Further improvements in average net debt expected



Strategic update

Phil Bentley

Chief Executive



Strategy: Our margin-accretive growth strategy will deliver significant free cash flow in the medium term



Grow Mitie



- Grow core organically
- Access client capital spend (Projects)
- Infill M&A in high growth sectors

Capability Enablers



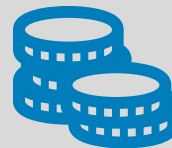
- “Great place to work”
- Decarbonisation
- Science of Service

Margin Enhancement



- Interserve synergies
- Fix Interserve loss-making contracts
- Operational Excellence/CPQ¹
- Third party spend
- Overhead cost savings
- Project Forte

Generate Cash

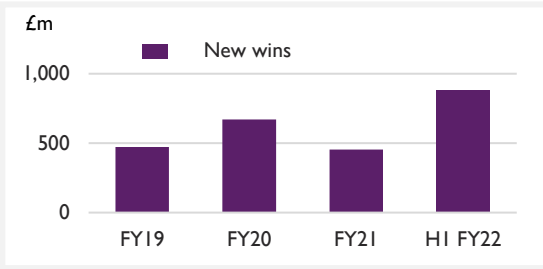


- Refinance RCF/USPP
- Significantly reduce ‘Other Items’
- Maintain investment grade credit rating
- Capital returns to shareholders

Growth – mid single digit: We are winning new contracts, and retaining and growing existing contracts...

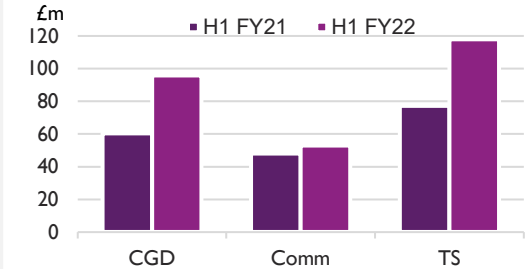


£881m¹ TCV new contract wins



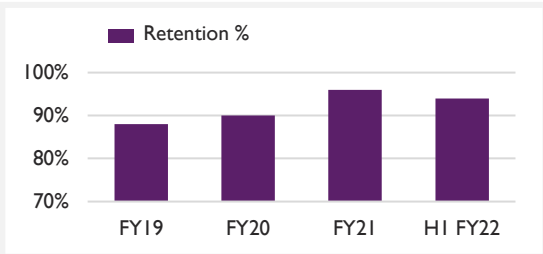
- New wins in H1 FY22 > FY21
- £646m¹ for CGD inc. FDIS, Home Office
- Win rate of 64% (value)

£287m projects



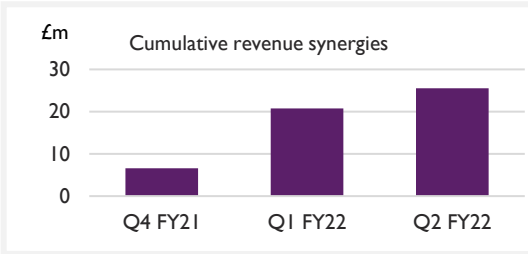
- 52% increase in Technical Services projects including 10% growth in energy projects
- 59% increase in projects in CGD

£678m² TCV contract retentions/extensions



- 94% renewal /extension rate (value)
- 100% Interserve renewal rate
- DfT, Home Office, Affiliates, Southwark

£25.5m revenue synergies



- £17.9m cross sell wins
- £7.6m insourced contracts now delivered by Engineering, Landscapes & Waste



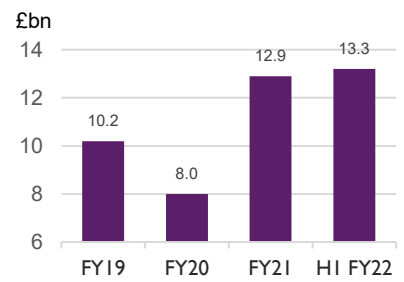
Growth – mid single digit: ...with an upweighted sales/business development team focused on pipeline developments and sector specialisation



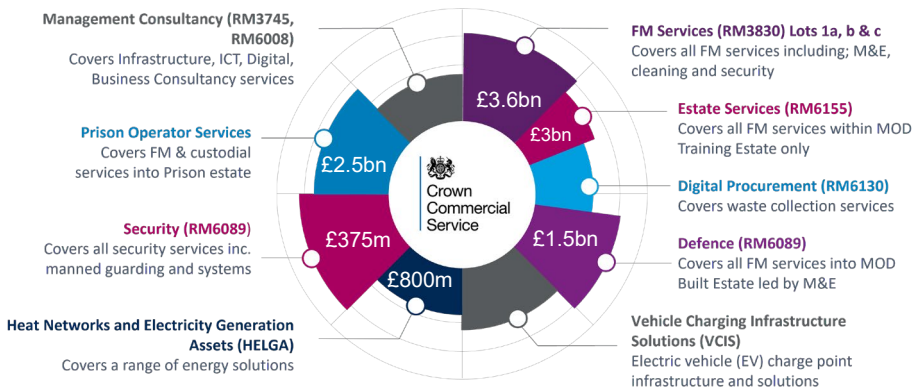
Dedicated sales approach

Operating model	<ul style="list-style-type: none"> Incentives / KPIs aligned to Group-wide value Capability to influence procurement / policy
Pipeline & bid management	<ul style="list-style-type: none"> Commercial Centre of Excellence managing pipeline, governance and quality of bids Expert third party support
Relationship management	<ul style="list-style-type: none"> Cross-industry experts panel Sector leads with decision-maker / partner and JV relationships
Market insight	<ul style="list-style-type: none"> Dedicated strategy team monitoring trends / emerging opportunities Sector driven growth strategies and products

£13.3bn high quality pipeline



- Pipeline includes £1bn at BAFO
- Public sector opportunities driving growth from increased presence on Government frameworks



Approx. value of each 4-year framework - not all contracts within the frameworks are applicable to Mitie

Growth – mid single digit: ...overlaid with M&A investment in higher growth/margin sectors of Telecoms, Decarbonisation and Intelligent Security



- Acquisitions to secure technology or service offerings not easily available through organic investment
- ROIC hurdle rate in excess of 20% achieved through access to Mitie customer base
- Financial capacity to fund through free cash flow and bank facilities

DAEL Ventures

- DAEL Ventures focused on Acquisition, Design, Construction of mobile infrastructure
- Mitie Telecoms now provides end to end active/passive maintenance
- Telecoms infrastructure sector forecast to grow 5.1% CAGR over next five years¹
- Annualised revenue expected to double



Rock Power Connections

- Rock focused on design and installation of new high voltage electricity supplies
- Mitie offer end to end solutions to meet customers Net Zero goals
- Investment to create core public EV charging infrastructure will be £2bn by 2030²
- Annualised revenue expected to double



Esoteric

- Leading Technical Counter Surveillance Measures specialist
- Expand Mitie's intelligence-led security offer
- The only UK company to be accredited by the NSI, "National Security Inspectorate" for providing electronic sweeping & covert investigations



Margin Enhancement - Delivering 150-200bps improvement: from Interserve synergies...



Technology Integration

- AX12 successfully migrated to SAP, networks migrated at 55 locations
- 91% of Interserve billing processed through shared services
- Legacy Interserve systems being absorbed into Mitie systems
- “*Cyber Essentials Plus*” accreditation



People Integration

- 27,500 Interserve employees transferred to Mitie platforms & payroll
- TSA completed by end of November
- 110 roles removed in H1 FY22



Property Integration

- 9 properties exited with 2 more in train
- New Birmingham Cleaning & Hygiene Centre of Excellence



Supplier Integration

- Leverage increased spend volumes and Mitie frameworks
- Fully integrated supplier base with c. 11,000 suppliers (up from 6,000)



£42m (80-100bps) exit rate cost synergies on track to be delivered by end of FY23

Margin Enhancement - Delivering 150-200bps improvement:

...reducing Interserve contract losses and bringing in operational excellence, third party spend disciplines and new overhead cost saving initiatives ...



Fix loss making Interserve contracts (10-15bps)

- Data transparency and detail
- Transfer in existing Mitie expertise, utilise **Mitie Technical Support Team (TST)**
- Targeted audits and in depth reviews by **external experts**
- KPI deduction '**playbook**'



Control of £1.4bn of third party spend (30-40bps)

- Control purchases through **digital catalogue**
- Increased compliance to **Framework Agreements**
- **Transparency** over £1.4bn third party spend
- Reduction of the **long tail** of our c.11,000 suppliers
- Take advantage of **payment-based discounts**

Codifying Operational Excellence (30-40bps)

- **Minimise work flow variation** to consistently operate to target
- Continually **eliminate process waste**
- **Reduce cost of poor quality (CPQ)**
- **Six Sigma Green Belt** training for all senior managers



Drive overhead cost savings (20-30bps)

- Focus on £200m of **Group overheads**
- Review **spans and layers** across functions and divisions
- Build on positive momentum from synergy savings

Margin enhancement – Delivering 150-200bps improvement: ...and from Forté (which remains on budget despite extended testing to year end) with 30-40bps savings in FY23



DESIGN AND BUILD OF SYSTEMS AND APPLICATIONS COMPLETE

THE PROGRAMME HAS MOVED FROM BUILD INTO EXTENDED TEST PERIOD, WITH LAUNCH 1 APRIL 2022 TO DE-RISK GO LIVE



Maximo 7.5 to 7.6 & AI

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



Dress Rehearsal One complete, Dress Rehearsal Two started



Click Scheduler & Automation

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



Technical Services Operations Centre opened in Manchester



Supply Chain Management

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



Maximo & SAP billing

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



700m data fields verified with 20m new fields introduced



SAP System Integration Testing Complete and UAT underway (33% tested and passed)



c70% of 6.6k Functional Test Scripts Executed and Passed



Post Go Live Support Partner in place to provide assurance and continuity of service



Budget and Benefits on track £48m (£15m in FY23)



Run Additional Dress Rehearsals



Increase data accuracy across all systems



Execute deeper functional testing



Extend Business Readiness activity

FORTE WILL ENABLE SEAMLESS FM, DEPLOYING INDUSTRY LEADING TECHNOLOGY AND DRIVING A HIGH DEGREE OF AUTOMATION ACROSS TECHNICAL SERVICES



Deployed to 7,000 team members



2m jobs processed per annum



5m assets managed



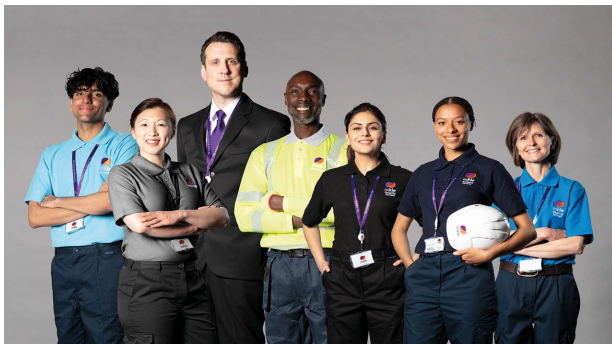
Automated billing over 800 clients

Capability Enablers: We continue to make good progress in our goal to become a “Great Place to Work”



New initiatives HI FY22

- 24/7 virtual GP
- Access to Free Flu vaccinations
- Free Shares to all UK employees
- Share Incentive Plan – increased the matching offer to “buy 2 get 1 free” (from buy 10 get 1 free)
- Salary Finance - allowing colleagues access to earned pay when it’s needed, rather than just on payday.
- £2m invested in new uniforms



Diversity

50% Mitie Board female

13% Board ethnically diverse

38% work force female

21% work force ethnically diverse

16% over 60 years old



Skills based learning

- Job creation for young talent; apprenticeships, work placements, aging population
- Grow our own talent
- Re-training, new skills and qualifications
- Budget for Apprentice skills

Awards



Charity partners



Capability Enablers: Delivering our 2025 Zero Carbon ambitions and partnering on *decarbonisation*...



Leveraging Mitie's Expertise



Sustainability Strategy



Carbon Compliance & Certification



Carbon Performance Contracts



Carbon Reduction Projects



Smart Energy Procurement



EV Fleet Transformation



Biodiversity



Waste Reduction



Delivering significant decarbonisation savings for our customers

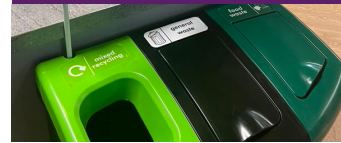
Zero Carbon

Installed solar PV at 15 schools for Essex CC 1500+ EV charge points installed for customers



Zero Waste

185,000 tCO2e prevented from being generated in waste to energy plants through recycling and reuse



Biodiversity Gain

Biodiversity and ecology services launched Patron of Plantlife



New services

Launched BoltON and announced partnership with Sustainable Development Capital LLP (SDCL) to fund decarbonisation



Consultancy

5 Plan Zero Pathways delivered. Risk Management Strategy saved 4 customers £109m+ in comparison to the current forward power market



Acquisition

Acquisition of Rock Power Connections to grow EV infrastructure delivery



Security 'Driving intelligence'

Global Security Operations Centre

- **Intelligence & technology-led** approach
- **Data-led approach** supported by analysis
- **Real time** updates to resource efficiently
- Integrating intelligence, technology & people to deliver **holistic security**



Hygiene Services 'Driving innovation'

Creation of a Cleaning & Hygiene Centre of Excellence

- **Demand-led cleaning:** linked into 'Merlin'
- **Lab results** for assured cleaning & hygiene services e.g.: lab swabs
- **Showcase** new technology / products e.g. robotics, Citrox Protect and Luxibel UVC
- **Sustainable cleaning** through green products
- **Virtual reality** – seeing how Mitie delivers specialist cleaning



Technical Services 'Putting data into action'

Creating the 'Amazon of FM'

- **Cutting-edge workplace** technology to optimise building infrastructure, increase efficiency and enhance wellbeing
- **Project Forté powers industry-leading automation** to enable a seamless end-to-end experience for our clients
- **Eradicate downtime** by predicting failures and monitoring clients assets 24/7
- **Data-led decisions** using insight, data-modelling
- **Innovate** with thermo-imaging, BIM, UVC and AI technology



Summary: Encouraging H1 performance; with steady progress towards delivering our new margin-enhancing growth strategy



- Encouraging start to the year
- Improved cash generation and low debt
- Stable balance sheet to fund infill M&A
- Dividend reinstated
- Progress towards medium term targets

Targets

Revenue growth mid-single digit
12%¹ in H1 FY22

EBIT margin 4.5%-5.5%
4.4%² in H1 FY22

Grow free cash flow
£86m in H1 FY22

Leverage <1x EBITDA post IFRS 16
<0x in H1 FY22

Building the UK's best Facilities Management Company through 'Science of Service' Leadership

Appendix



A new divisional structure with dedicated operational expertise designed to deliver future growth



Continuing operations	HI FY22	HI FY21 ¹
Business Services	Mitie excluding Healthcare + Interserve B&I contracts	Mitie excluding Healthcare
Central Government & Defence (CGD)	Interserve CGD	Nil
Communities	Interserve Communities + Mitie PFI, + Mitie Healthcare + Mitie Essex County Council	Mitie PFI + Mitie Healthcare + Mitie Essex County Council
Technical Services	Mitie excluding PFI and Essex County Council + Interserve B&I contracts	Mitie excluding PFI and Essex County Council
Specialist Services	Mitie Specialist Services + Interserve Spain	Mitie Specialist Services

£m	HI FY22	HI FY21	Change £m	Change %
Security	571.9	307.5	264.4	86%
Cleaning	203.1	137.9	65.2	47%
Total revenue	775.0	445.4	329.6	74%
Operating profit before other items	65.2	20.9	44.3	212%
Margin	8.4%	4.7%	-	3.7ppt

£m	HI FY22	HI FY21	Change £m	Change %
Central Government	171.2	-	171.2	n.a.
Defence	116.7	-	116.7	n.a.
Total revenue Inc Joint Ventures and Associates	287.9	-	287.9	n.a.
Operating profit before other items	14.9	-	14.9	n.a.
Margin	5.2%	-	-	n.a.

£m	HI FY22	HI FY21	Change £m	Change %
Campus & Critical	28.9	-	28.9	n.a
Education	93.3	53.4	39.9	75%
Healthcare	108.1	31.5	76.6	243%
Total revenue	230.3	84.9	145.4	171%
Operating profit before other items	11.1	5.3	5.8	109%
Margin	4.8%	6.2%	-	(1.4)ppt

£m	HI FY22	HI FY21	Change £m	Change %
Maintenance	378.0	250.7	127.3	51%
Engineering Projects	66.5	56.9	9.6	17%
Total revenue	444.5	307.6	136.9	45%
Operating profit before other items	12.7	3.0	9.7	323%
Margin	2.9%	1.0%	-	1.9ppt

£m	HI FY22	HI FY21	Change £m	Change %
Care & Custody	60.4	50.7	9.7	19%
Landscapes	19.9	20.7	(0.8)	(4%)
Spain	54.3	-	54.3	n.a
Waste	39.7	33.5	6.2	19%
Total revenue	174.3	104.9	69.4	66%
Operating profit before other items	11.1	9.5	1.6	17%
Margin	6.4%	9.1%	-	(2.7)ppt