



Mitie – the strategic outsourcing company

Helping clients to run more efficient and effective businesses by looking after their facilities and the people they're responsible for

Overview



FTSE 250

support services
business

70,000+

employees: top 20
UK private sector
employer

64%:36%

private sector
public sector

£9.0bn

Order book

£2.3bn*

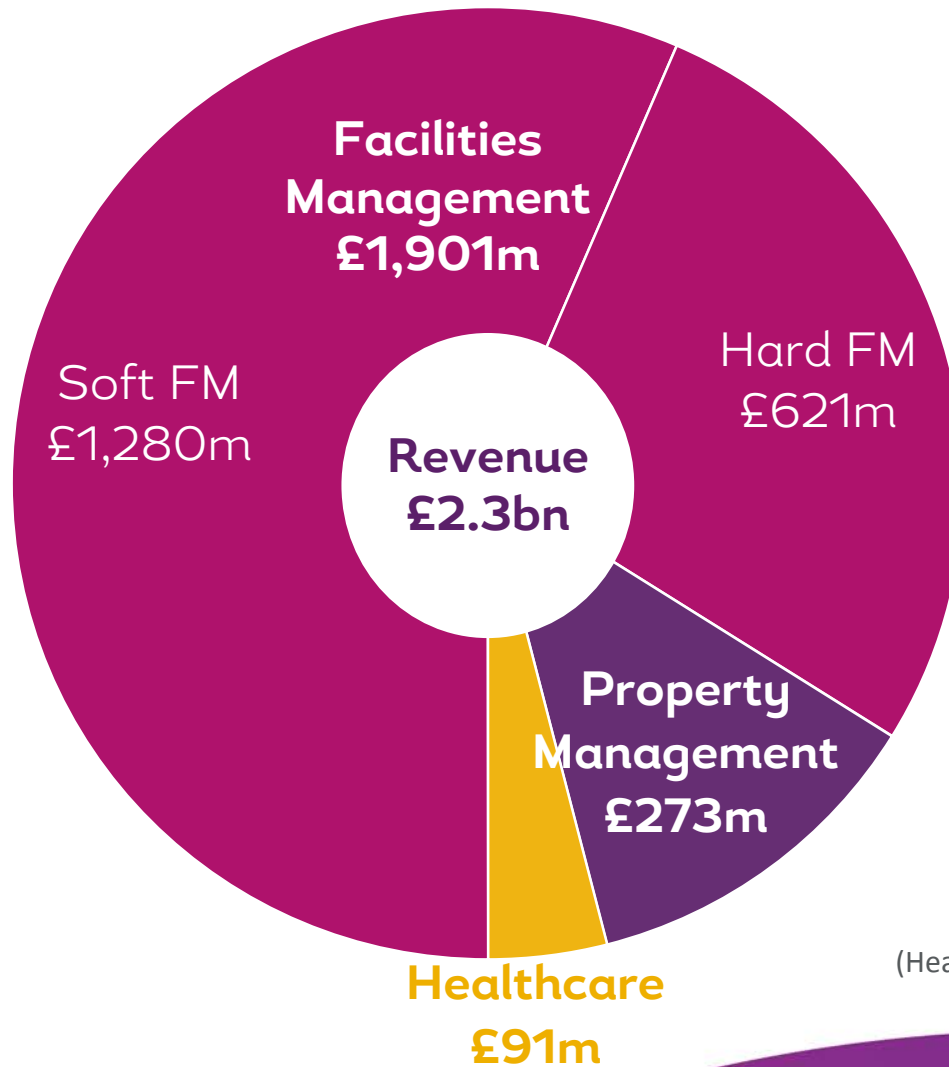
revenue

£130m*

operating profit

* Headline results for the year ended March 2015

The shape of our business



(Headline results for the year ended March 2015)

Mitie strengths



- Business with a clear focus on services
- Ability to attract great, entrepreneurial people
- Market leader in UK facilities management
- High quality client base in diversified end markets
- Stable and predictable revenue streams
- Profits underpinned by excellent cash generation
- Robust balance sheet provides a platform for growth

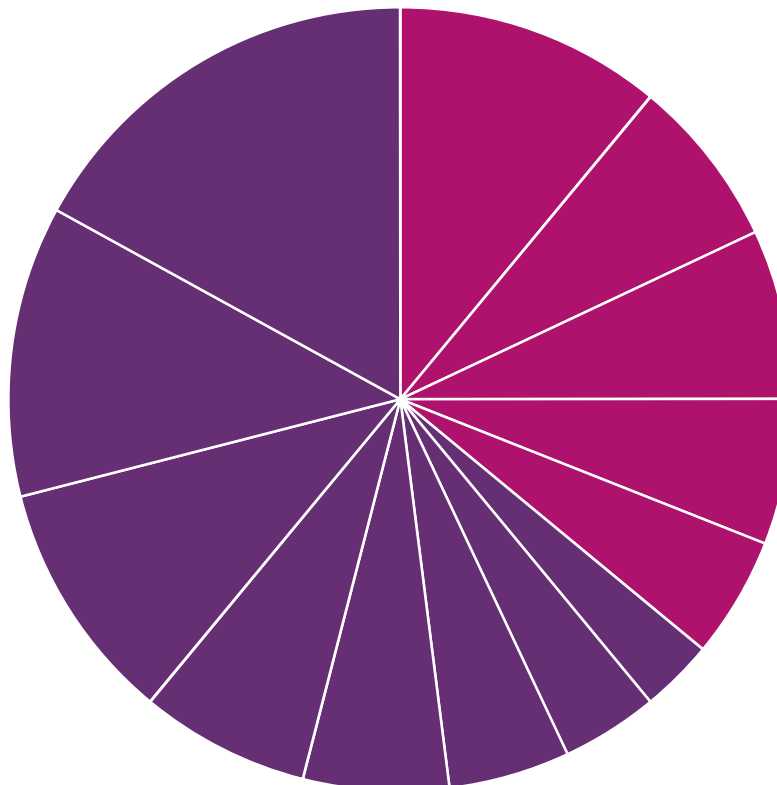
Diversified revenue base



2015 Revenue by sector

Private sector 64%

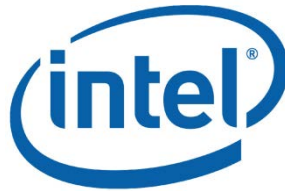
Finance and professional services	17%
Retail	12%
Manufacturing	10%
Transport and logistics	7%
Technology and communications	6%
Property management	5%
Leisure	4%
Utilities	3%



Public sector 36%

11%	Social housing
7%	Local government
7%	Central and other government
6%	Health
5%	Education

High quality client base



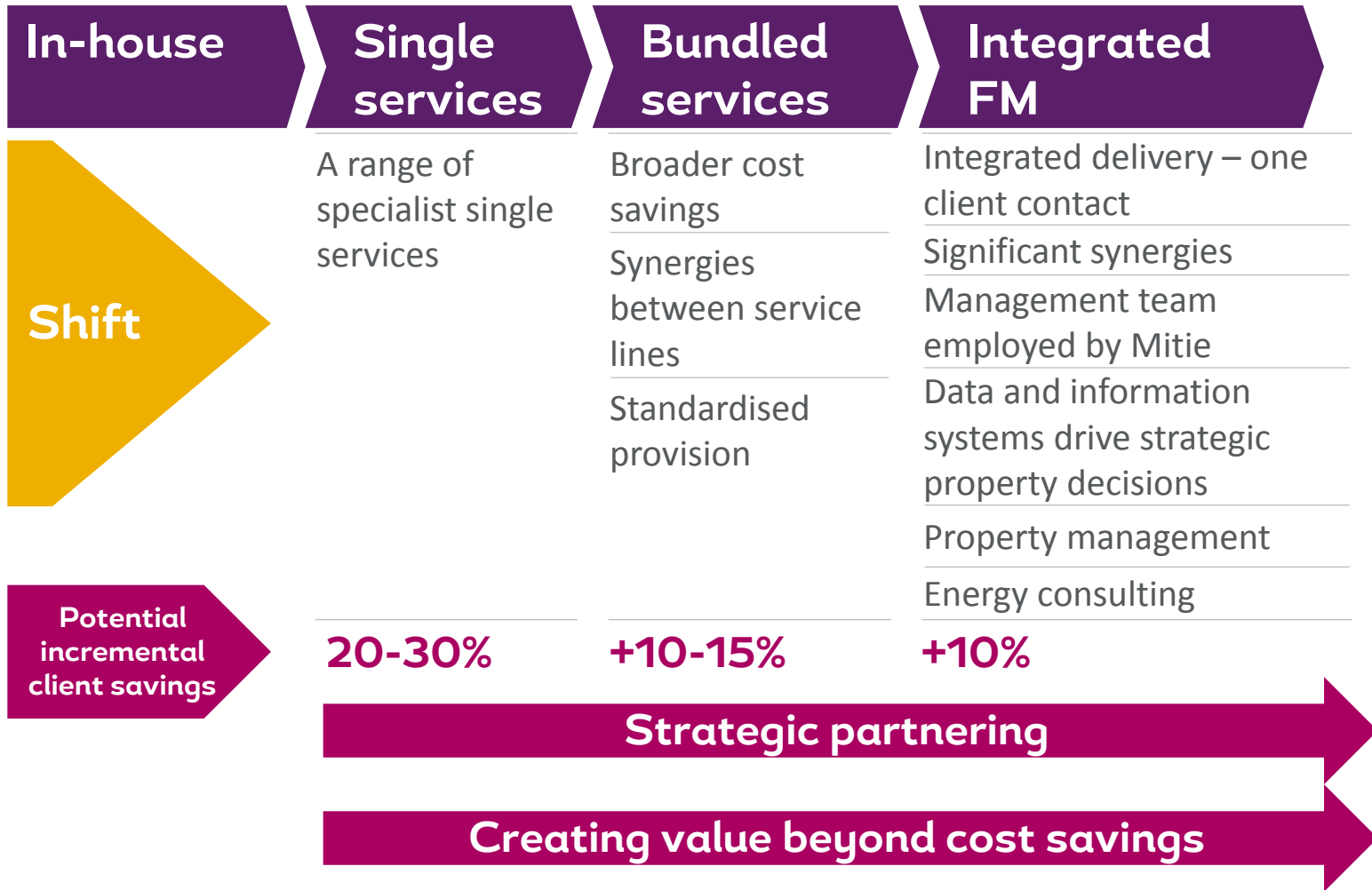
Market leading FM business



- UK facilities management market leader: current share of c£75bn outsourced FM market in the UK is c3% – potential to grow share
- FM revenues grew by over 50% in the past five years; margins in that time grew from 5.5% to 6.0%
- Excellent portfolio of integrated FM reference sites
- Offering differentiated by
 - Self-delivery capability
 - Breadth of services
 - Technology and management information
- 2014 industry survey rated Mitie as:
 - #1 overall service provider in UK FM market
 - The most innovative provider with the best brand identity
 - The leading integrated provider
 - Also achieved strong positions in each of our single services

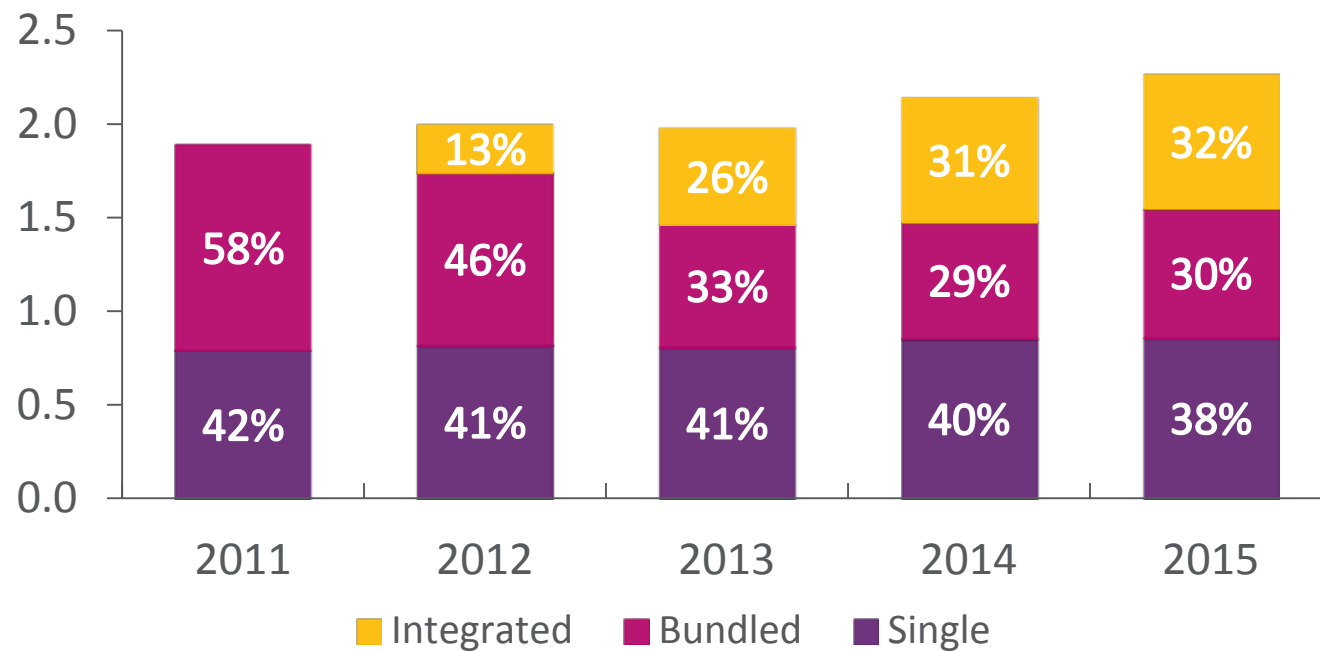


The UK FM market has evolved



Driving strong growth in integrated contracts

Headline group
revenue £bn



- >50% of revenues derived from top 100 clients (2014: 40%)
- Single service contracts continue to feed strong pipeline of bundled and integrated contracts

Selective international presence



- Continue to work outside UK with selected large clients
- Expansion into Ireland and growth of business has been successful
- Niche acquisition of Dalkia FM in Norway provides a growing presence
- Risk and return metrics in the Eurozone make this market unattractive for the foreseeable future
- Continue to assess our long term international strategy, however plenty of opportunities in our home UK markets

Property Management



- 2015 Revenue £273m (12% of group total)
 - Acceleration in revenues in H2, however market conditions put pressure on margins
- Operates solely in the housing market delivering a wide range of property related services
 - Service >200,000 homes across the UK
- Increasing trend towards longer-term, larger bundled contracts across larger social housing portfolios
- Investing in technology, bidding and contract management
- Substantial pipeline of long-term opportunities in this market

Healthcare



- 2015 Revenue £91m (4% of group total)
- 6,000 carers providing 80,000 hours of care in the home across the South of England and Wales
- Current market environment is challenging
 - Pricing environment under pressure as a result of local authority funding cuts, leading to unsustainable procurements
 - Challenges around recruiting and retaining staff
 - Closed some branches and exited some unprofitable contracts – leading to a 17% reduction in volumes in FY15
 - Kept overhead levels and investment high as we believe in the long-term future of the business



The Mitie Model: backing entrepreneurs



- Shared ownership model: Mitie 51% / management team 49%
- 112 started since Mitie started; 95% success rate
- Mitie Model businesses have broadened capability in FM, eg. business services, client services, compliance, catering and events
- Attracts high-quality, entrepreneurial people who keep Mitie flexible and responsive to client needs
- Positive environment to start and grow new businesses: launched a £20m entrepreneurial fund to back management teams using the Mitie Model, to start new businesses or invest in and grow existing small businesses



Strategic focus



Business area	Strategy	Long-term organic growth potential	Acquisition potential
Facilities Management	<ul style="list-style-type: none">• Remain the UK market leader in integrated FM and continue growing with existing clients• Further grow our specialist single-service businesses and remain a top four provider in each of these markets	5 to 10%	No acquisitions of scale required – niche/bolt-on only
Property Management	<ul style="list-style-type: none">• Focused on long-term contracts with housing associations and local authorities	3 to 5%	No acquisitions
Healthcare	<ul style="list-style-type: none">• Grow MiHomecare into the UK's market leading home care business• Shape the social care market by delivering transformational healthcare partnerships	>10%	No acquisitions

Financial strategy underpins business strategy



Strong organic revenue growth	▶ [Current year organic growth guidance range 3-8% Long-term target of 5-10% per annum
Grow operating profit margin	▶ [Target operating profit margins of 6% - Cost efficiency through scale - High quality contracts and a selective bid process - Entry into higher margin/exit from lower margin areas
Maximise free cashflow	▶ [- Strong working capital management - Strong cash conversion >80% - Minimise interest costs - Maintain low capex of 1-2% of annual revenue
Use debt to fund organic growth and/or niche acquisitions	▶ [Maintain net debt: EBITDA <2.0x - Capacity in place to transact
Strategic acquisitions and Mitie Model start-ups	▶ [- Focused on niche businesses that add strategic capability in growth markets - Meet margin, cash conversion and ROCE targets
Enhance shareholder returns	▶ [- Maintain constant share numbers - Long-term progressive dividend policy

Strong financial performance



Headline Revenue, £m

2015 FY	2,266
2014 FY	2,143
2013 FY	1,981
2012 FY	1,826
2011 FY	1,891

Headline Operating Profit, £m

2015 FY	128.6
2014 FY	127.5
2013 FY	120.3
2012 FY	112.6
2011 FY	108.3

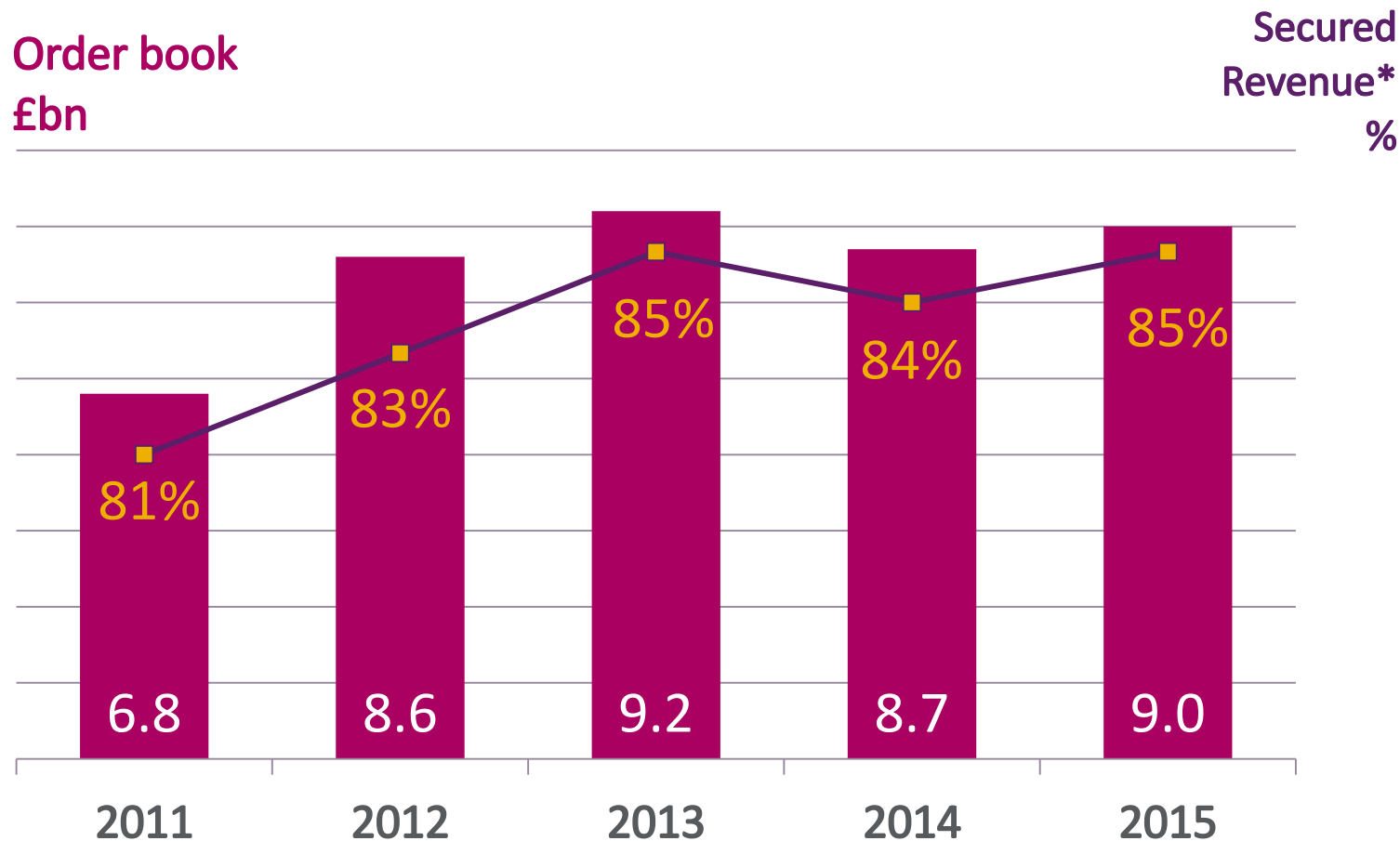
Headline Operating Profit Margin

2015 FY	5.7%
2014 FY	6.0%
2013 FY	6.1%
2012 FY	6.2%
2011 FY	5.7%

Headline Cash Conversion

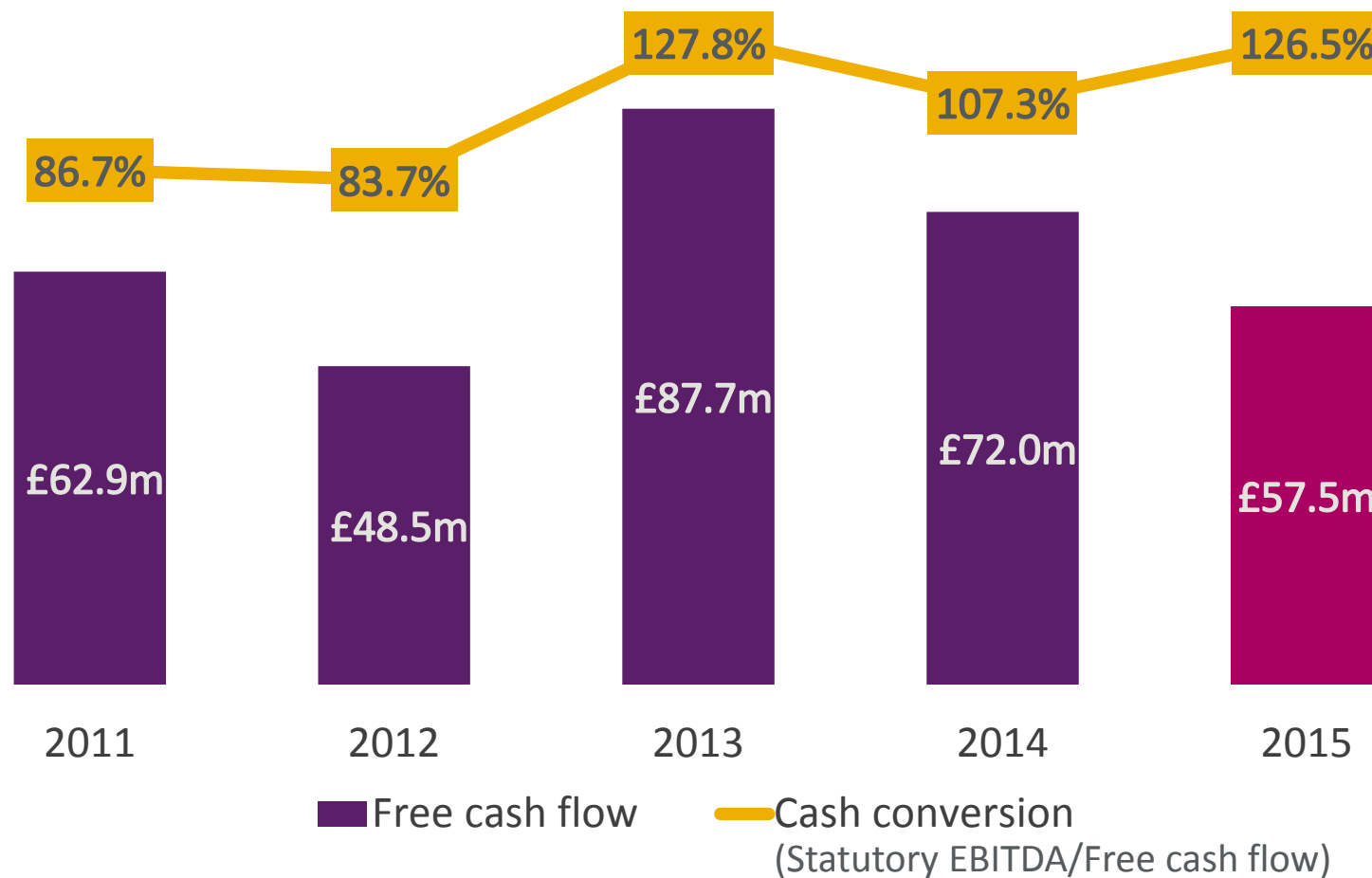
2015 FY	95.1%
2014 FY	102.4%
2013 FY	110.0%
2012 FY	84.2%
2011 FY	94.2%

Exceptional revenue visibility

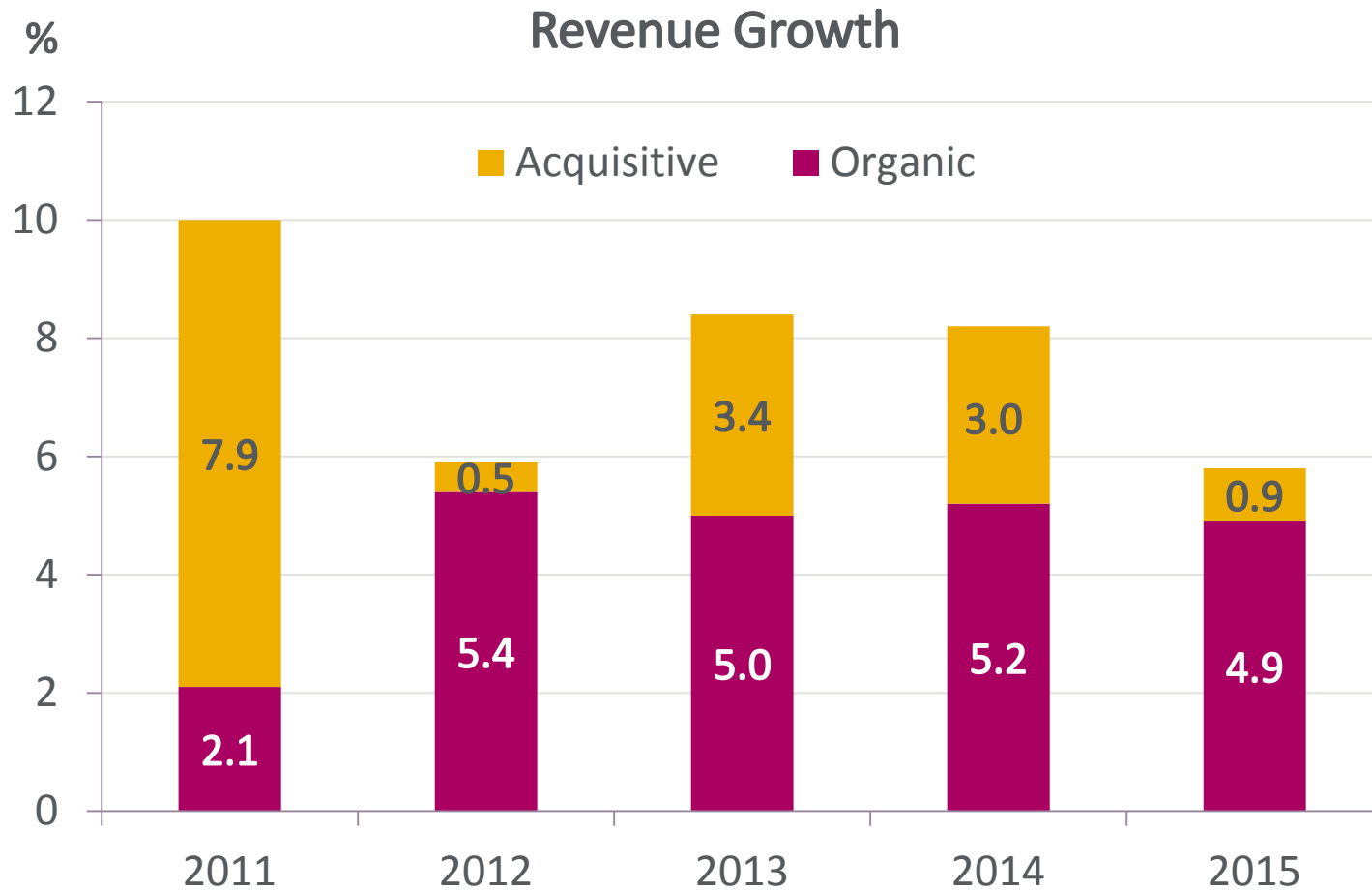


* Per cent of budgeted revenues secured for the following financial year as at 31 March

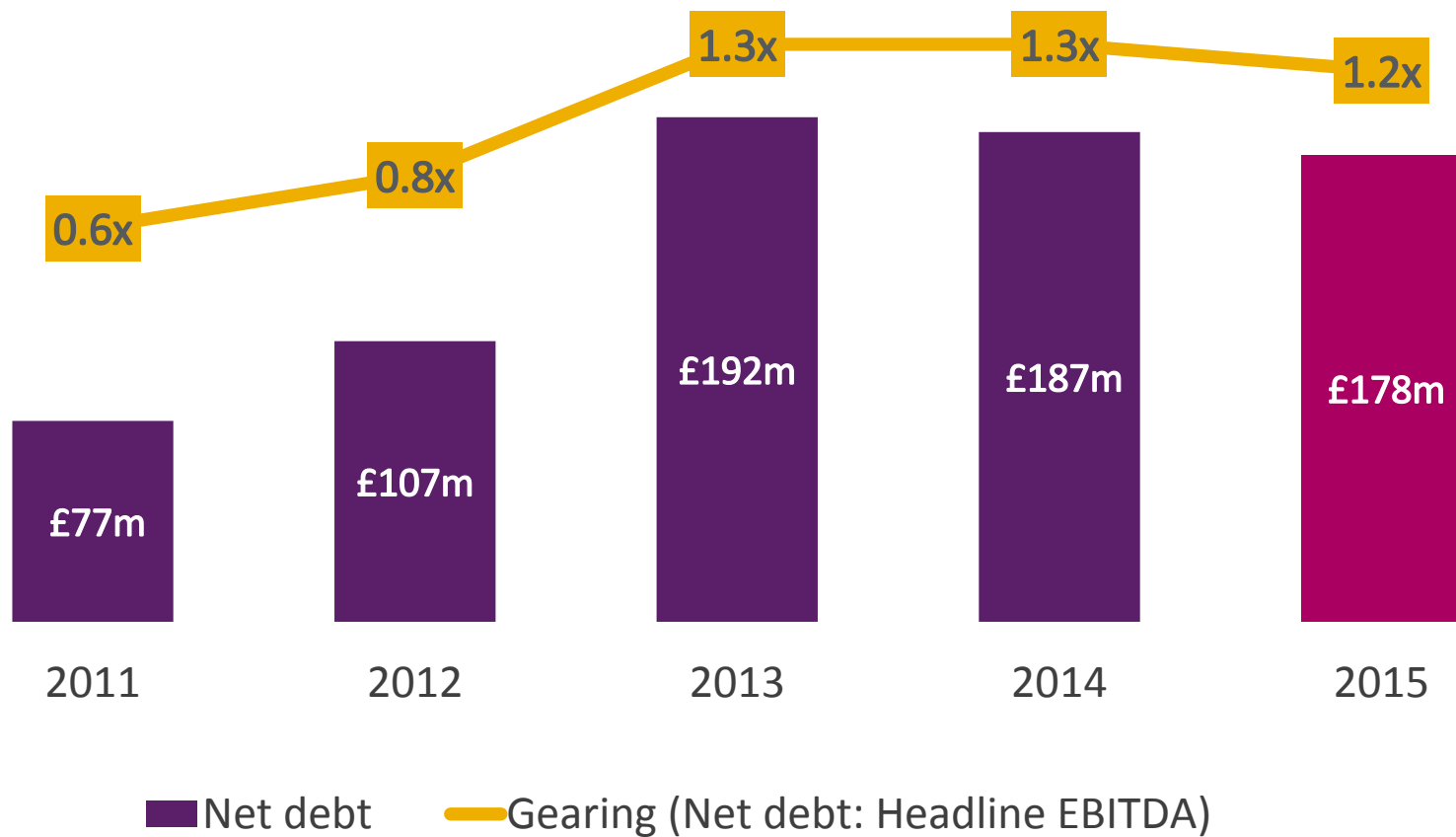
Excellent EBITDA conversion consistently generates cash



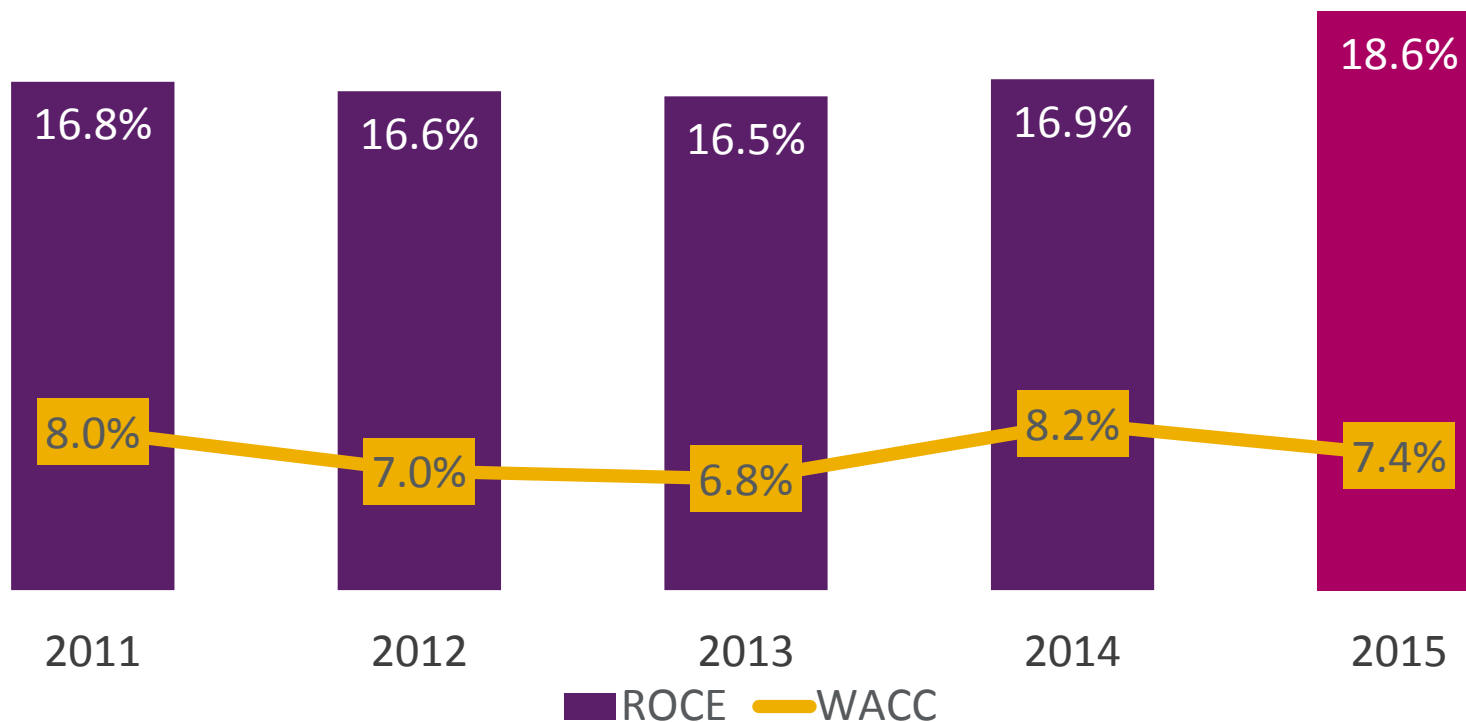
Sector-leading organic revenue growth



Strong balance sheet enables growth



Superior returns on capital



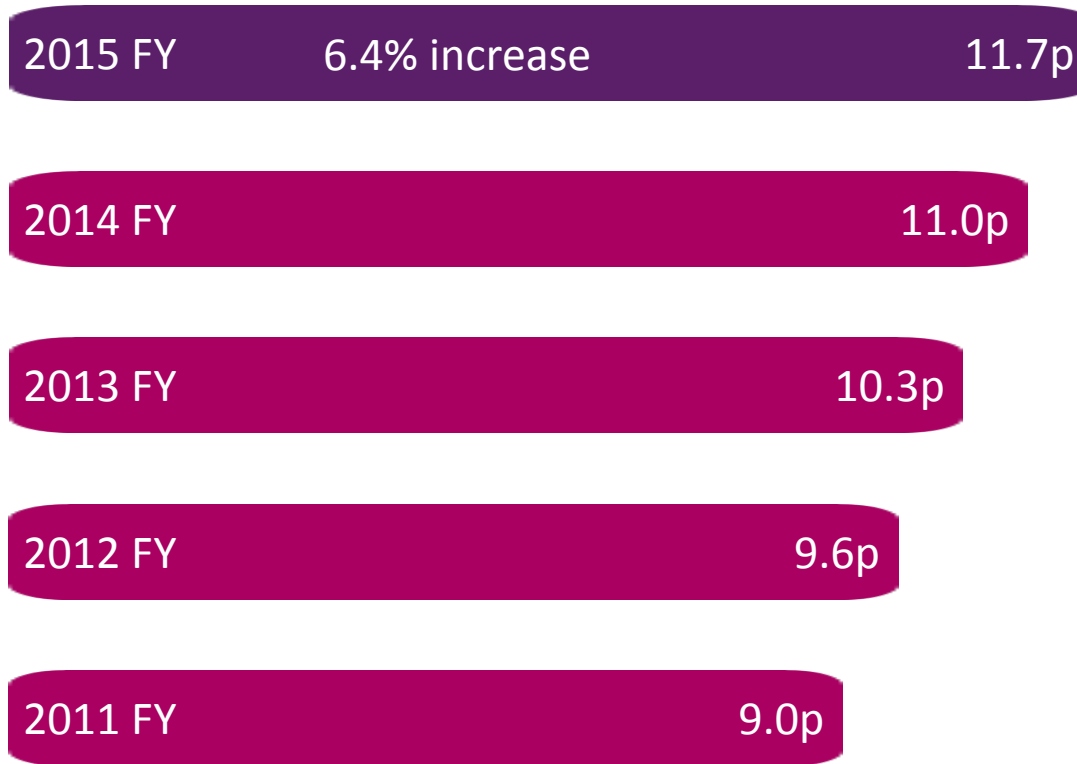
ROCE = Post Tax Headline Operating Profit/(Net Assets+Net Debt-Minority Interests)

Adjusted for the proforma full year effect of acquisitions

Progressive dividend policy



Dividend per share



Five year
CAGR 8.4%

Looking ahead with confidence



- Strong organic growth focus
- Share ownership ethos remains at the heart of our group; entrepreneurial start-up model will support growth
- Large order book of £9bn and excellent revenue visibility of 85%
- Further market share growth
 - FM business is market-leading – ability to expand with existing client base
 - Substantial sales pipeline, particularly in the private sector
- Consistent, strong cash generation and balance sheet underpin profits and future dividends
- We are in a good position to deliver sustainable, profitable growth

A brilliant people business, delivering quality services for quality clients

Appendix

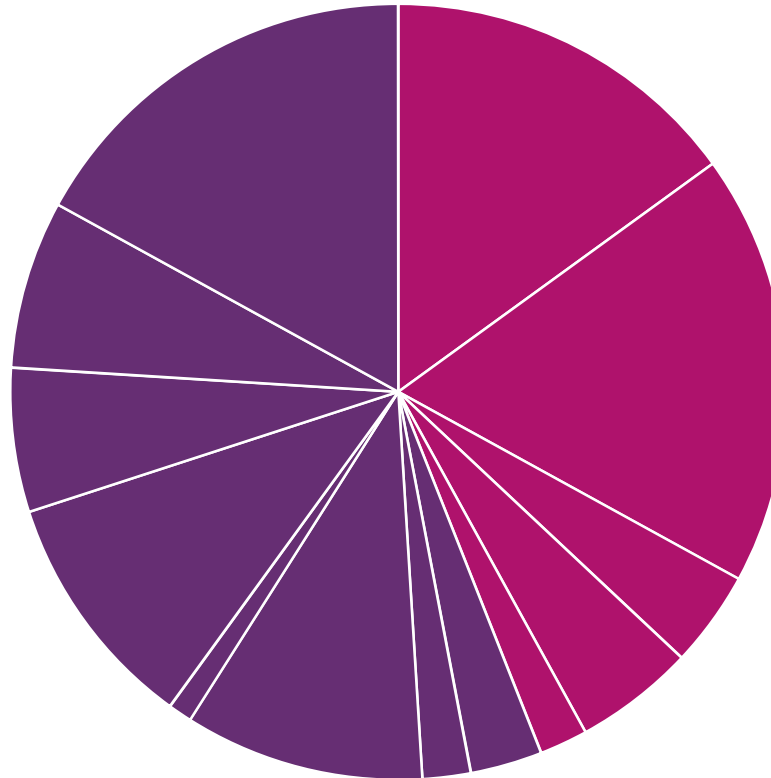
£9.7bn sales pipeline



Pipeline by sector
As at 31 March 2015

Private sector 56%

Finance and professional services	17%
Retail	7%
Manufacturing	6%
Transport and logistics	10%
Technology and communications	1%
Property management	10%
Leisure	2%
Utilities	3%



Public sector 44%

15% Social housing
18% Local government
4% Central and other government
5% Health
2% Education

Key clients by business



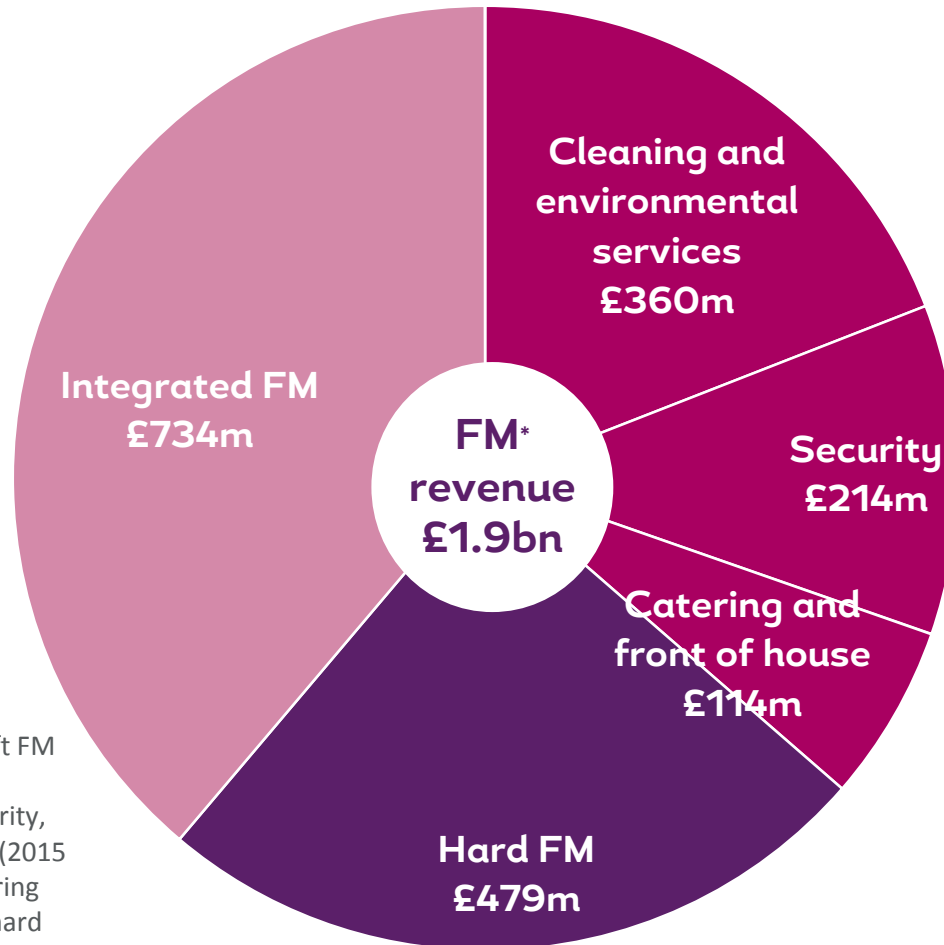
Cleaning & environmental services	Tesco	Co-op	Royal Cornwall Hospitals	St George's Hospital	First Great Western
Catering & front of house	RBS	Standard Life	Channel 4	Olympia	Co-op
Security	Heathrow	Eurostar	AWE	UBS	Eurotunnel
Hard FM	Heathrow Airport	Ashworth & Rampton Hospital	Four Seasons Home Care	JLL	City of London
Integrated FM	Lloyds Banking Group	Rolls-Royce	Vodafone	Ministry of Justice	BSkyB
Care & Custody	Ministry of Justice	Home Office			
Property Management	Lewisham	Orbit Housing	Crawley Borough Council	Hammersmith & Fulham	Basildon Borough Council
Healthcare	London Borough of Southwark	City & Council Swansea	Cambridge	Surrey County Council	County & City of Cardiff

Key competitors by business



Cleaning & environmental services	Interserve/ Initial Cleaning	OCS	ISS	Compass	Servest
Catering & front of house	BaxterStorey	Compass	Sodexo	Elior	CH&Co
Security	G4S	Securitas	VSG/Compass	ISS	OCS
Hard FM	Interserve	Integral	Norland	Carillion	Cofely
Integrated FM	Carillion	Cofely	Interserve	JCI	ISS
Care & Custody	G4S	Serco	GEO	Carillion	Amey
Property Management	Mears	Wilmot Dixon	Kier	Keepmoat	Wates
Healthcare	Saga Allied	Leonard Cheshire	Care UK	Mears	Carewatch
Energy	Schneider Electric	Inenco	EnergyQuote JHA	Big 6 Energy Supplier	

FM revenue breakdown



*FM business comprises two divisions: Soft FM (2015 revenue: £1,901m), which includes cleaning and environmental services, security, catering and front of house; and Hard FM (2015 revenue: £621m). 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

Capital allocation – key priorities



Reinvest for growth

Invest in our business using working capital to win and retain contracts

Organic growth of 3 to 8%

Acquire to complement organic growth

Limited to small, bolt-on businesses that add capability to our core FM offering

EPS accretive

Delivers ROCE in excess of WACC

Grow shareholder returns

Grow dividends at least in line with underlying earnings

£0.2bn of dividend paid in the last 5 years

Dividend grown annually since flotation

Maintain an efficient balance sheet

1.2x net debt: headline EBITDA as at 31 March 2015

Maintain constant share numbers

Once gearing is consistently below 1x net debt: EBITDA, return surplus cash to shareholders – in the form of buybacks or special dividends, dependant upon the prevailing share price



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