

24th September 2013

Capital Markets Update

Welcome and purpose

Objectives

- Insight into our business strategy
- Opportunity to meet some of our people
- Specific focus on Facilities Management (FM) and Healthcare markets
 - Business capabilities
 - Competitive landscape
 - Growth opportunity

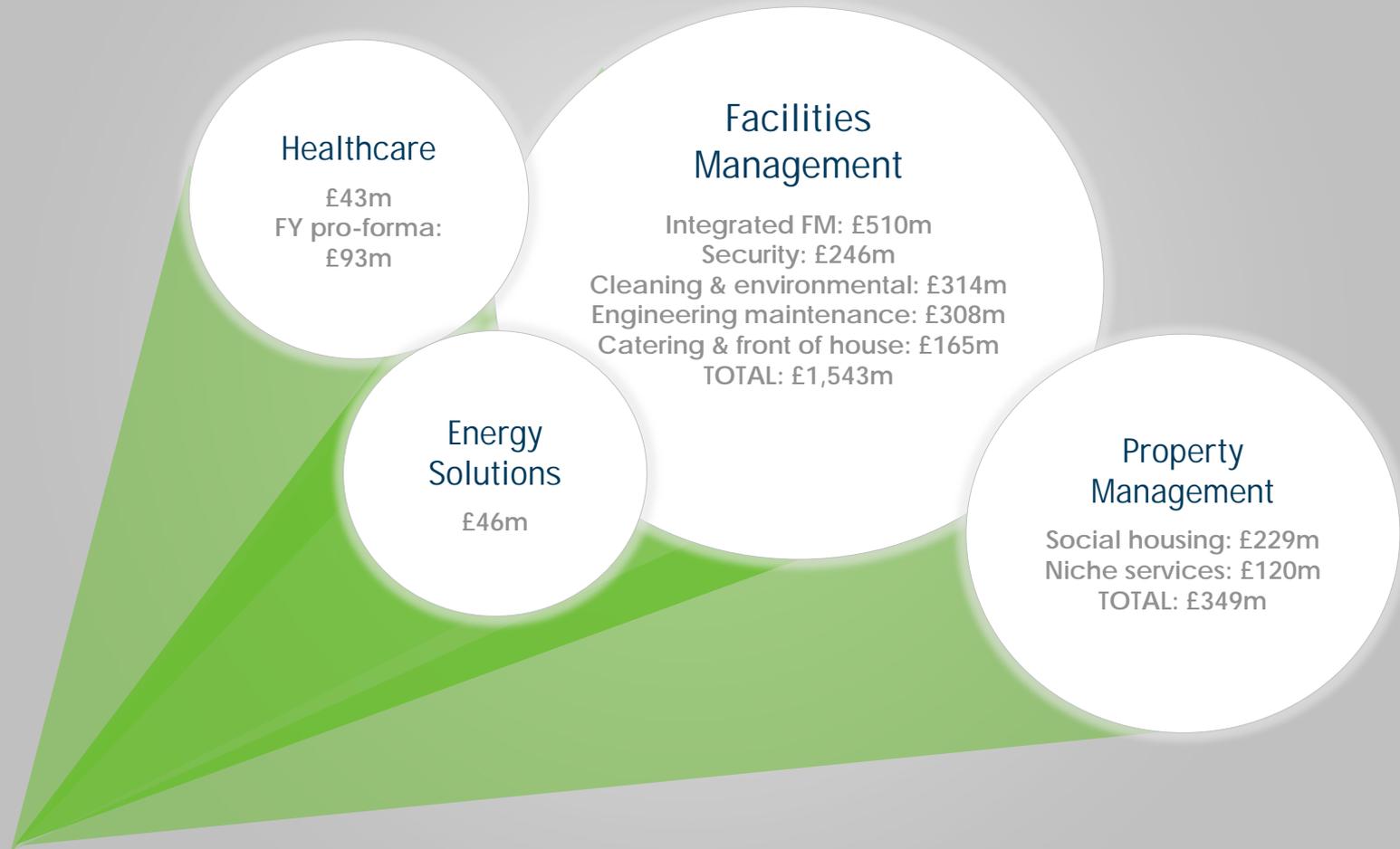
Ruby McGregor-Smith

Business Strategy

Overview

- MITIE is a strategic outsourcing company – we help clients to run more efficient and effective businesses by looking after their facilities, their energy needs and the people they're responsible for
- Market-leading FTSE 250 support services business
- Headline revenue of £2.0bn and operating profit of £122.0m (FYE March 2013)
- 26-year track record of profitable growth
- High-quality client base of UK public sector organisations and many private sector domestic and multinational businesses, including half of the UK FTSE100
- Predominantly UK-based, with a European presence
- One of the UK's top 20 private sector employers with 70,000+ employees

The shape of our business



Focus on higher margin, growth markets

Division	Strategy	Long-term organic growth potential	Acquisition opportunity
Facilities Management	<ul style="list-style-type: none"> Remain the UK's market leader in integrated FM and continue to grow in this market with existing clients Further grow our specialist single-service businesses and remain a top four provider in each of these markets 	5-10%	No acquisitions of scale required – niche/bolt-on capability only
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 Expand into more complex care 	10%+	Potential for niche bolt-on acquisitions that take us further up acuity chain
Property Management	<ul style="list-style-type: none"> Focused on long-term contracts with housing associations and local authorities More cyclical niche services to remain at current scale 	1% to 10%	No acquisitions
Energy Solutions	<ul style="list-style-type: none"> Energy proposition differentiates us in the FM market Utilyx focused on higher-margin energy consulting No further investment in infrastructure projects – design/consult only 	5% to 10%	Potential for small, niche acquisitions in specific areas of energy consulting

Sustainable profitable growth delivered through a focus on:

- 1 **Clients** Provide excellent services to develop strategic relationships
- 2 **People** Attract, retain and develop the best talent in our industry
- 3 **Operational Excellence** Improve the operational efficiency of everything we do
- 4 **Risk** Protect our business and manage risk
- 5 **Responsibility** Build a reputation that enhances our brand
- 6 **New Markets** Expand our capabilities in complementary markets
- 7 **Acquisitions** Support our growth with selective acquisitions

Organic growth strategy

Clients



People



Operational Excellence

Service excellence

- Retention
- Contract growth/extension
- New contracts

Key Focus:

- Strategic relationships



Key to delivering growth

- Recruit
- Motivate
- Train and develop
- Incentivise
- Retain

Key Focus:

- Best talent at every level of the business
- Key client relationships
- Key operational leads
- Diversity - differentiator



Improve operational efficiency

- Industry leading best practice
- Management expertise
- National infrastructure

Key Focus :

- Service design
- Technology
- Innovation

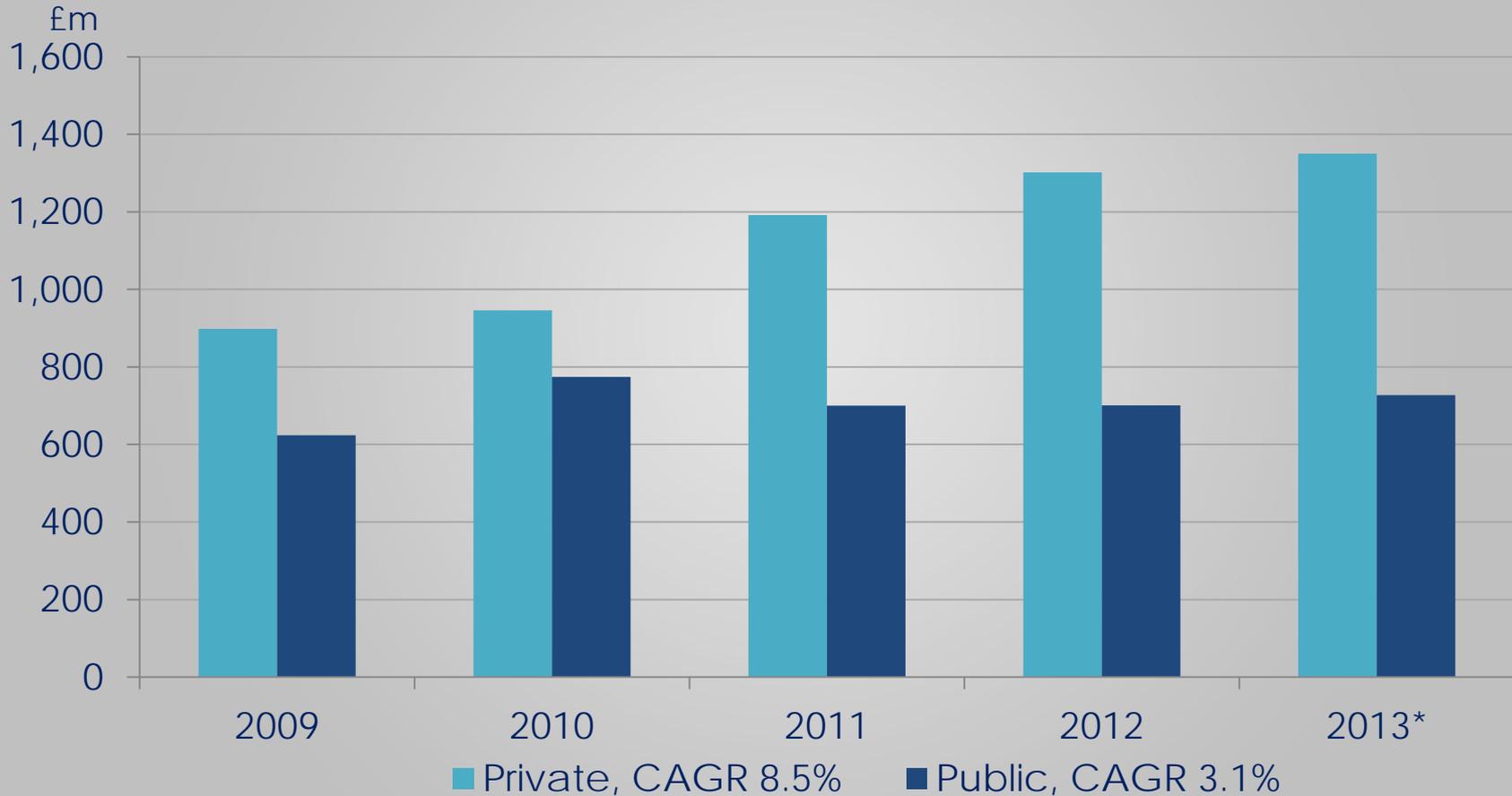


Optimised Service Delivery



Growth

Private sector has driven our organic growth



*2013 revenue excludes Enara revenues from public sector and includes non-core engineering revenue, for like-for-like comparison

Public sector remains an attractive long term growth market

- Public sector focus remains on Justice, Local Authorities, Social Housing and Healthcare
 - Justice: market continues to see significant procurement delays but we remain confident in the long term prospects for this market
 - Social Housing: continue to see growth opportunities – long term nature of contracts and relationships is very attractive
 - Local Authorities: market remains hugely important to us – particularly as we grow in healthcare
- Highly selective on the opportunities we bid
- Continue to see long term opportunities in public sector and believe that outsourcing will remain a key government strategy to drive efficiency

Shift in business mix has fundamentally changed our revenue visibility



Energy capability supports our clients

- The energy market continues to be defined by:
 - Rising cost of energy
 - Complex solutions
 - Confusing landscape of obligations and policy development
- Utilyx is our strategic energy consultancy which helps clients to:
 - Procure Buy energy better and smarter
 - Use Consume less energy
 - Generate Create own energy and secure long-term supply
- Asset Management has been integrated with Utilyx – now focused on design/development and will use outsourced partners for installation/construction
- Utilyx is focused on:
 - Energy consulting contracts with a large independent client base
 - Supporting MITIE's large FM clients with their energy strategies

Track record of successful strategic acquisitions

- Track record of value creation by adding strategic capability enabling us to grow
- History of acquiring large scale platform acquisitions and smaller niche bolt-on acquisitions
- Successful integration delivering operational synergies and enabling growth
- Strategic vision: to deliver integrated FM – organic growth of the IFM business would not have been possible without the security and technical FM capability
 - Initial Security for £71m
 - Leading national provider of security services
 - UK No.3 by market share
 - Dalkia for £120m
 - Leading national provider of technical FM services
 - UK No.1 by market share
- Examples of smaller niche acquisitions: Eagle Pest Control, Utiyx, UKCRB, Creative Events, EPS Limited, Direct Enquiries, Dalkia Ireland, Dalkia Norway

Future acquisitions will add strategic capability

- Acquisitions seen as a key component to add strategic capability and drive long term organic growth
- Focus remains:
 - High quality businesses – service excellence, strong management, cultural fit
 - High growth markets
 - Selective financial criteria
- Strategy focused on:
 - **FM**: niche assets that enhance our FM proposition
 - **Healthcare**: assets that increase the complexity of our services and move us up the acuity chain
 - **Energy**: niche assets that add to our consulting capability
 - **Public Services**: assets that move us into attractive new markets
- International acquisition strategy

International strategy

- Continue to work overseas with selected large clients
- Expansion into Ireland and growth of business has been successful, with several recent significant contract awards
- Niche acquisition in Norway provides a growing presence
- Risk in the Eurozone and return metrics in that market make this unattractive for the foreseeable future
- Continue to assess our long term international strategy, however we still see plenty of opportunities in our home UK markets

Suzanne Baxter

Finance

Financial strategy underpins business strategy

Strong organic revenue growth



Long-term target of 5-10% per annum

Grow operating profit margin



Target operating profit margins >6%

- Achieve cost efficiency through scale
- High quality contracts and a selective bid process
- Acquisitions to be margin enhancing

Maximise free cashflow



- Strong working capital management
- Strong cash conversion >80%
- Maintain low capital expenditure (<2%)
- Minimise interest costs

Use debt to fund organic growth and/or acquisitions



Maintain net debt: EBITDA of <2.0x

- Capacity in place to transact

Strategic acquisitions



- Add strategic capability
- Growth markets
- Margin enhancing
- Meet cash conversion and long-term ROCE targets

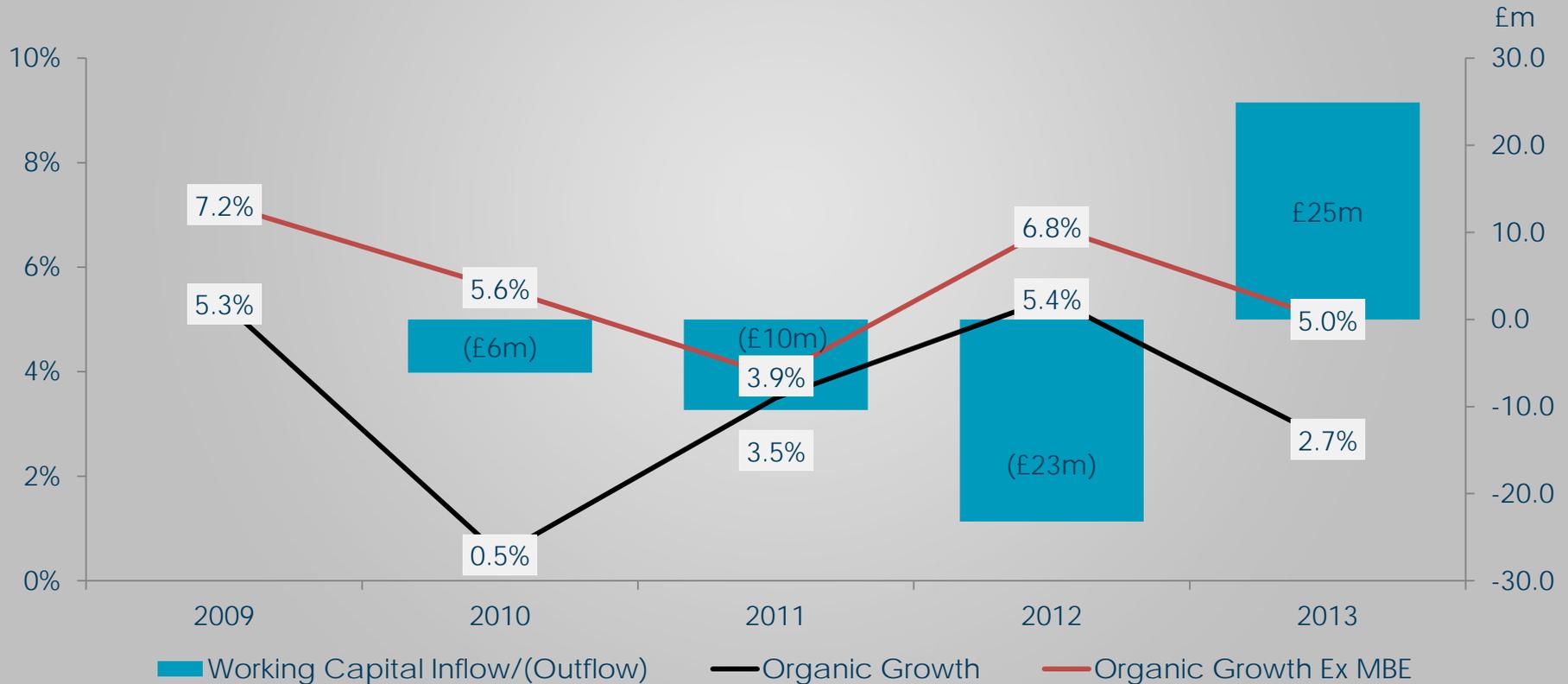
Enhance shareholder returns



- Maintain constant share numbers
- Long-term progressive dividend strategy

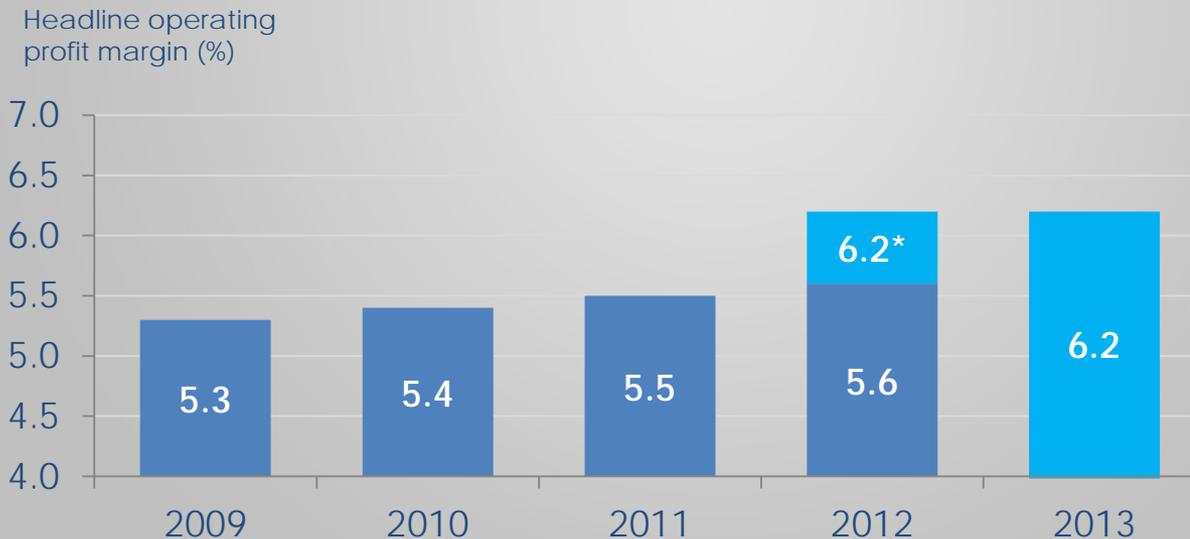
Strong organic growth

Exceptional record of generating organic growth with minimal investment - £15m of working capital investment over five years of organic revenue growth



Continued growth of operating profit margin

- Long-term margin improvement
 - Entry into higher margin markets, e.g. energy consulting and healthcare
 - Exit from lower margin businesses e.g. M&E engineering
 - Add niche capability within existing core businesses to protect/enhance margin
 - Using scale to generate overhead efficiencies



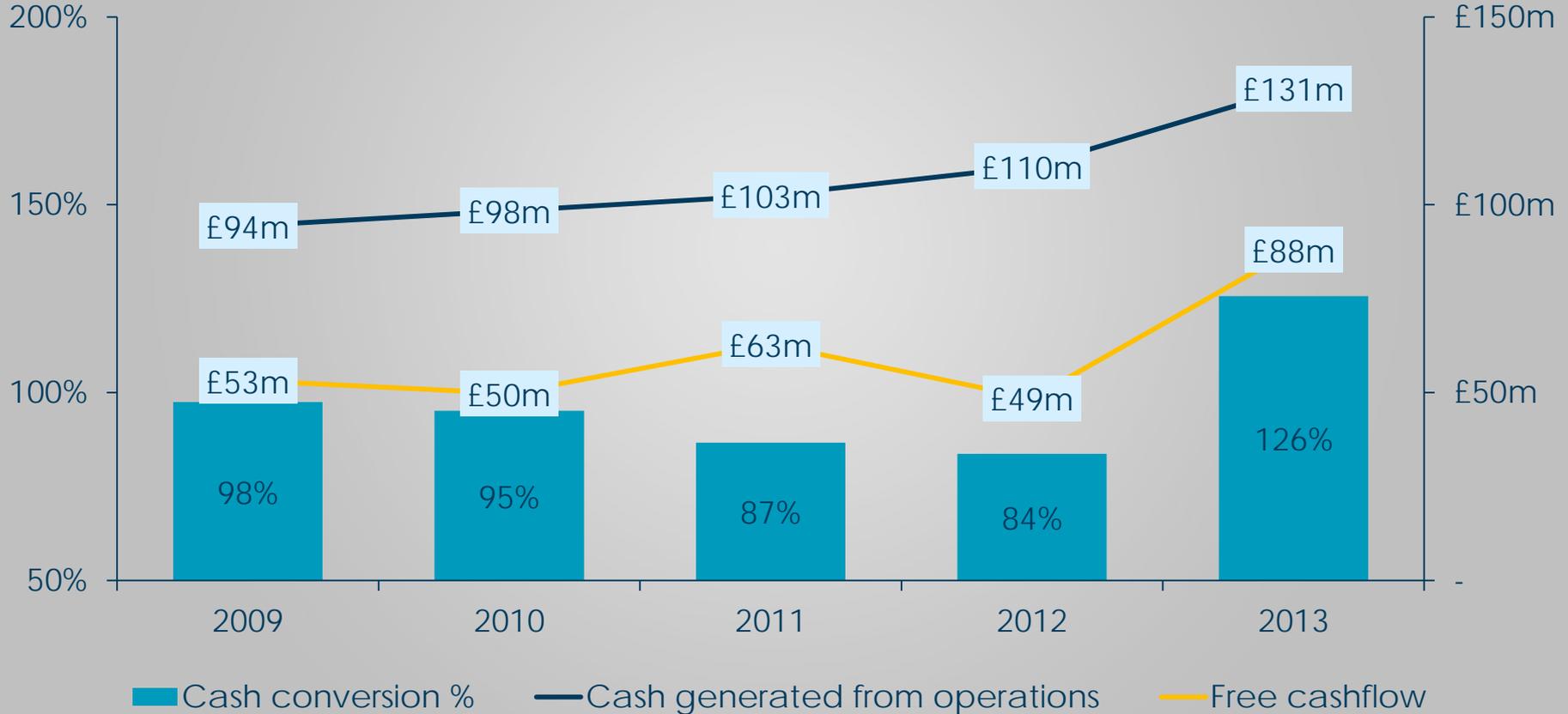
* 2012 number of 6.2% has been re-presented to move the results of businesses being exited to other items

Business focus on cash management

- Cash management embedded in the business
 - Operational and financial management teams focused on and incentivised by cash performance
- Improved working capital management – contract specific approach
- Continued focus on payment terms and funding of mobilisation costs
- Committed to maintaining a low capital asset base (low incremental capital expenditure)

Focused on delivering strong cashflows

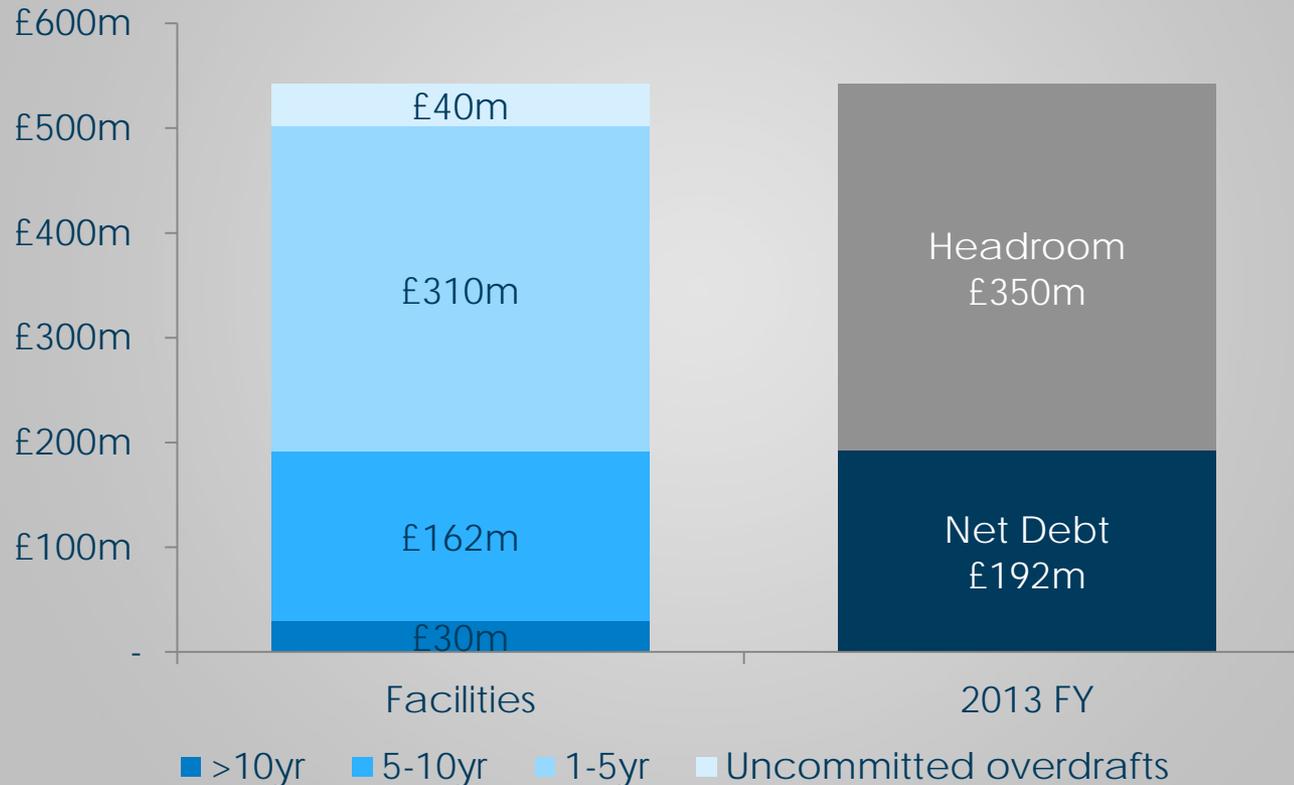
Cash conversion and cashflow



Selective financial criteria for acquisitions

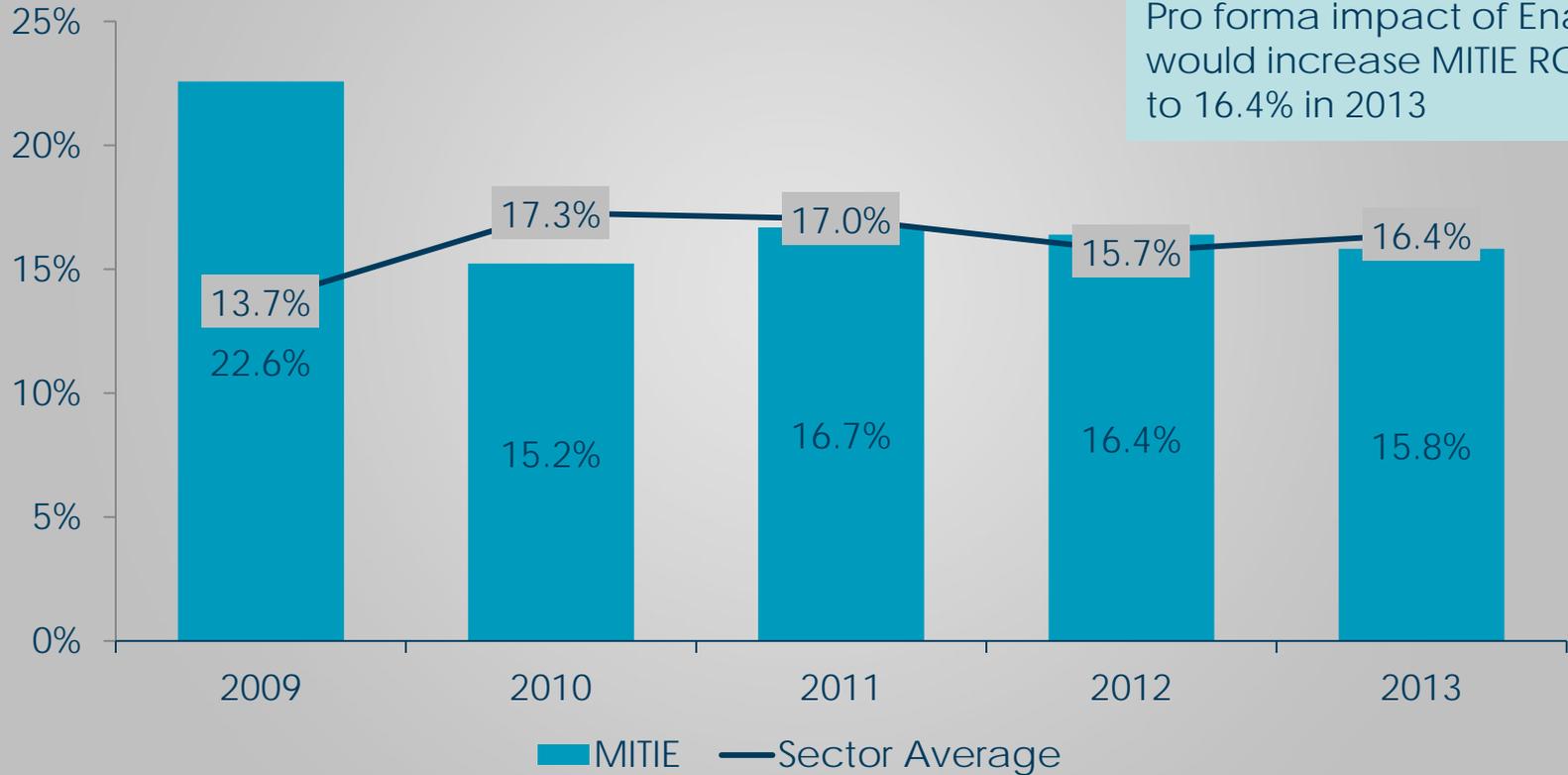
- Acquisitions seen as a key component to add strategic capability
- Highly selective with a thorough due diligence process
- Focus on:
 - Opportunity to generate strong organic growth
 - Underlying margins delivered by the business
 - Cash conversion in line with or above group target of 80%
 - Generate long-term ROCE of >10% post-tax
 - Low capital expenditure (<2% revenues)
 - Maintain net debt position of <2x net debt:EBITDA
 - Earnings enhancing
 - Long-term contracts which improve group revenue visibility and increase order book

Long term, low cost funding in place to support business growth



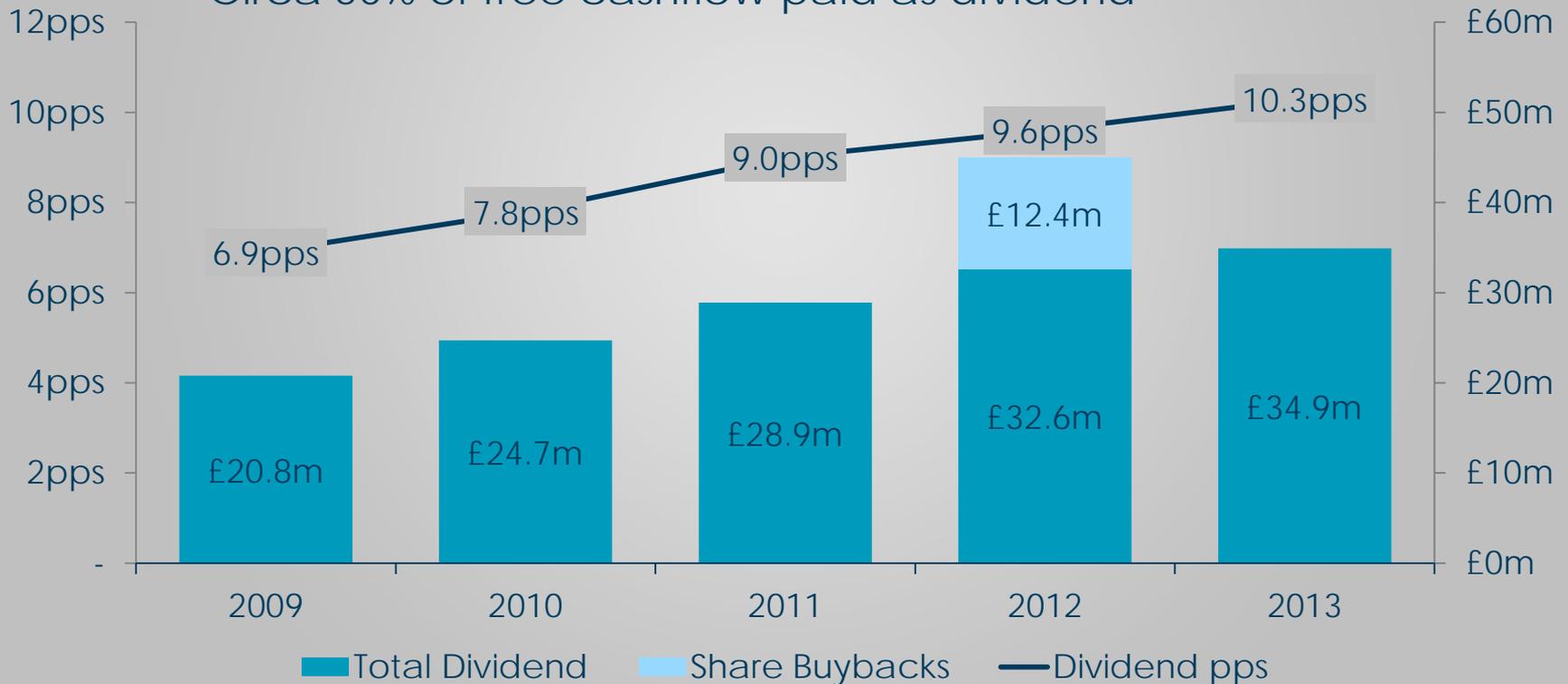
Generate stable ROCE in line with the sector

Post-tax ROCE



Sustainable and progressive shareholder returns

£154m returned to shareholders in the last five years
Circa 50% of free cashflow paid as dividend



John Telling

Healthcare Strategy

Agenda

- What we bought and why?
- What have we done with the business so far?
- What is going on in the healthcare market?
- How will we grow our healthcare business ?

Acquired a market leader in homecare

- Fourth largest provider of homecare in the UK and the market leader in the South of England
 - Operates over 60 branches in England and Wales
 - Provides approximately 120,000 hours of care per week
 - 6,000 employees supporting over 10,000 people with care needs
- Offers a range of homecare models
- Clients include Local Authority, NHS funded and private individuals
 - LA 78%
 - NHS 5%
 - Private pay 17%
- Average contract length is three years
 - Majority are contracted hours through framework arrangements
- Has a greater than 90% retender success rate

The future of healthcare is consolidation

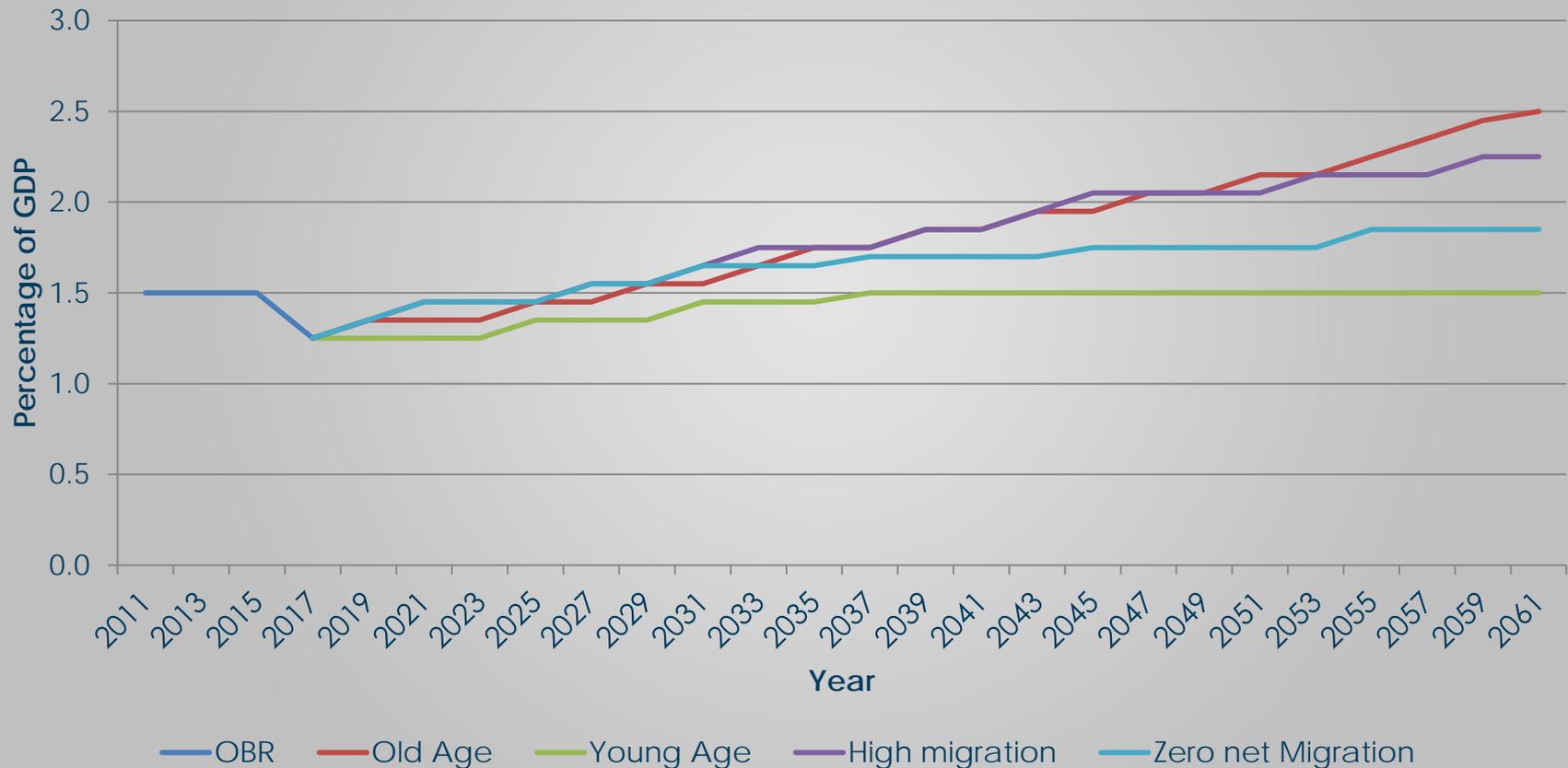
- Market resembles the early days of FM outsourcing and we anticipate significant growth opportunities
 - Very fragmented, complex administration, multiple layers
 - Opportunity for consolidation and technology
 - Develop telehealth and telecare into our service delivery
 - Integration of health and social care
 - Ability to build on existing client relationships with Local Authorities and NHS
- Total social care market in UK is £17bn
 - Councils expected to reduce spending by £800m this year
 - Government has switched £850m to LA from NHS this year for reablement
- 10% reduction in council funding in summer spending review will force additional impetus for change over next two years

Integration: 62 branches to 1 business

- Rebranded - MiHomecare
- Streamlined corporate structure
- Re-designed operational structure
 - Management teams
 - Branch structure
- Back office integrated into MITIE
- Investment in business development capability



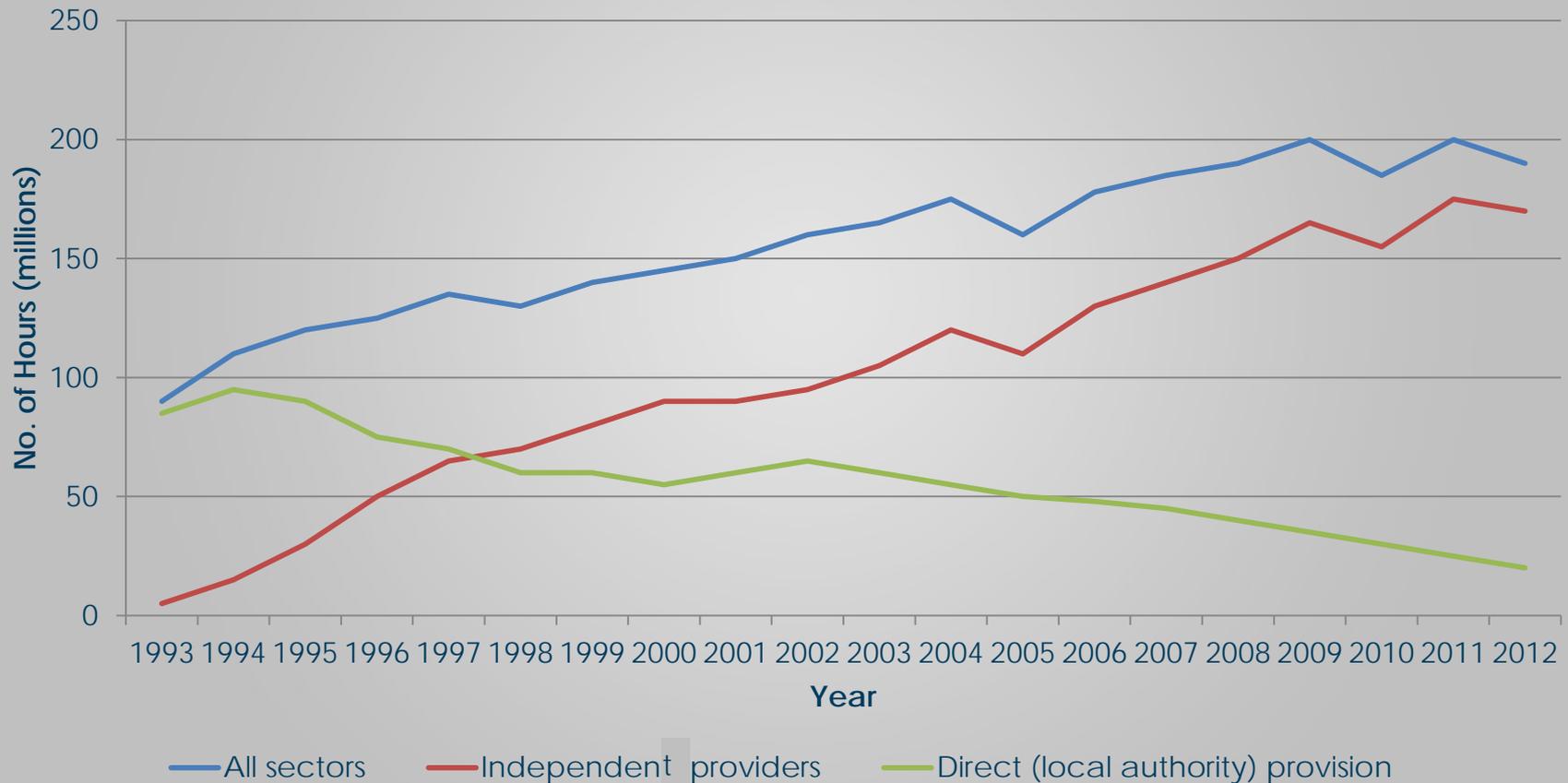
Long-term care is an increasing proportion of GDP



Source: OBR (2012)

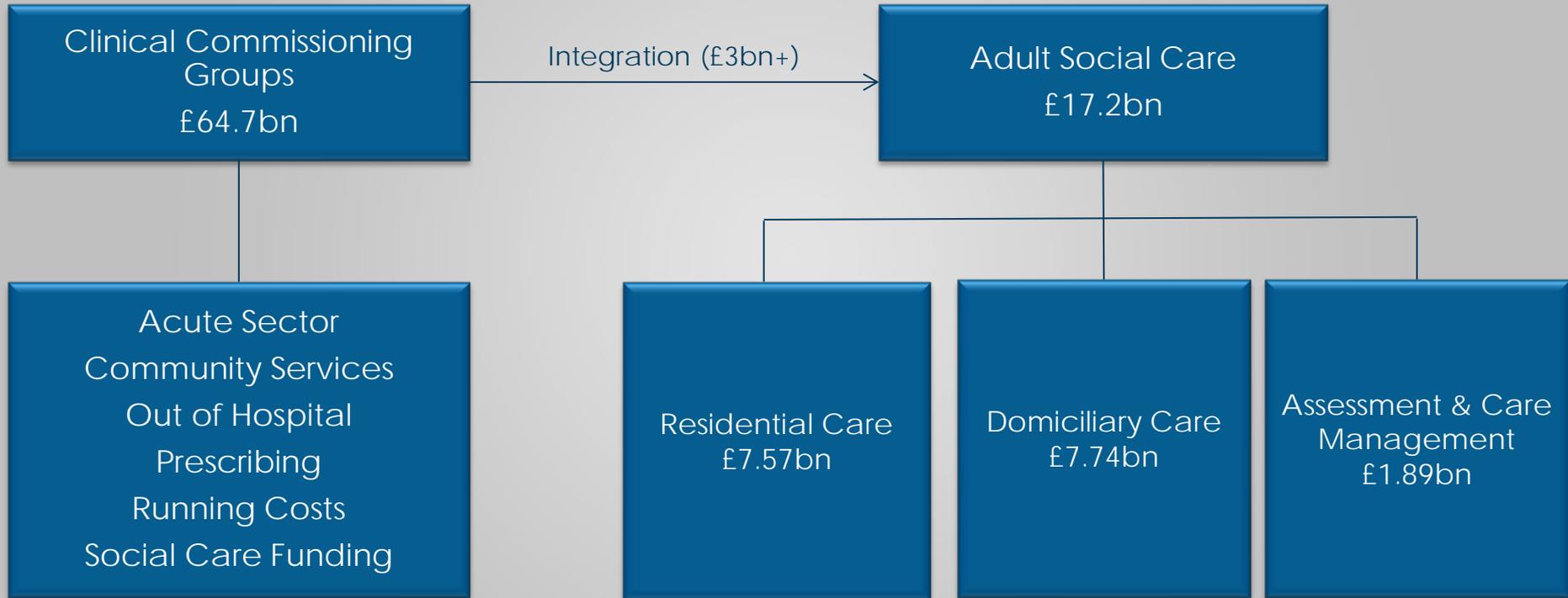
Note: Figures for 2011/12 to 2015/16 are estimates; future projections start from 2016/17

Homecare is publicly funded and privately delivered



Source: Department of Health and NHS Information Centre (2012)

Where the money is spent



Local authority type of spend

Adult Social Care
£17.2bn

Older People
£8.9bn

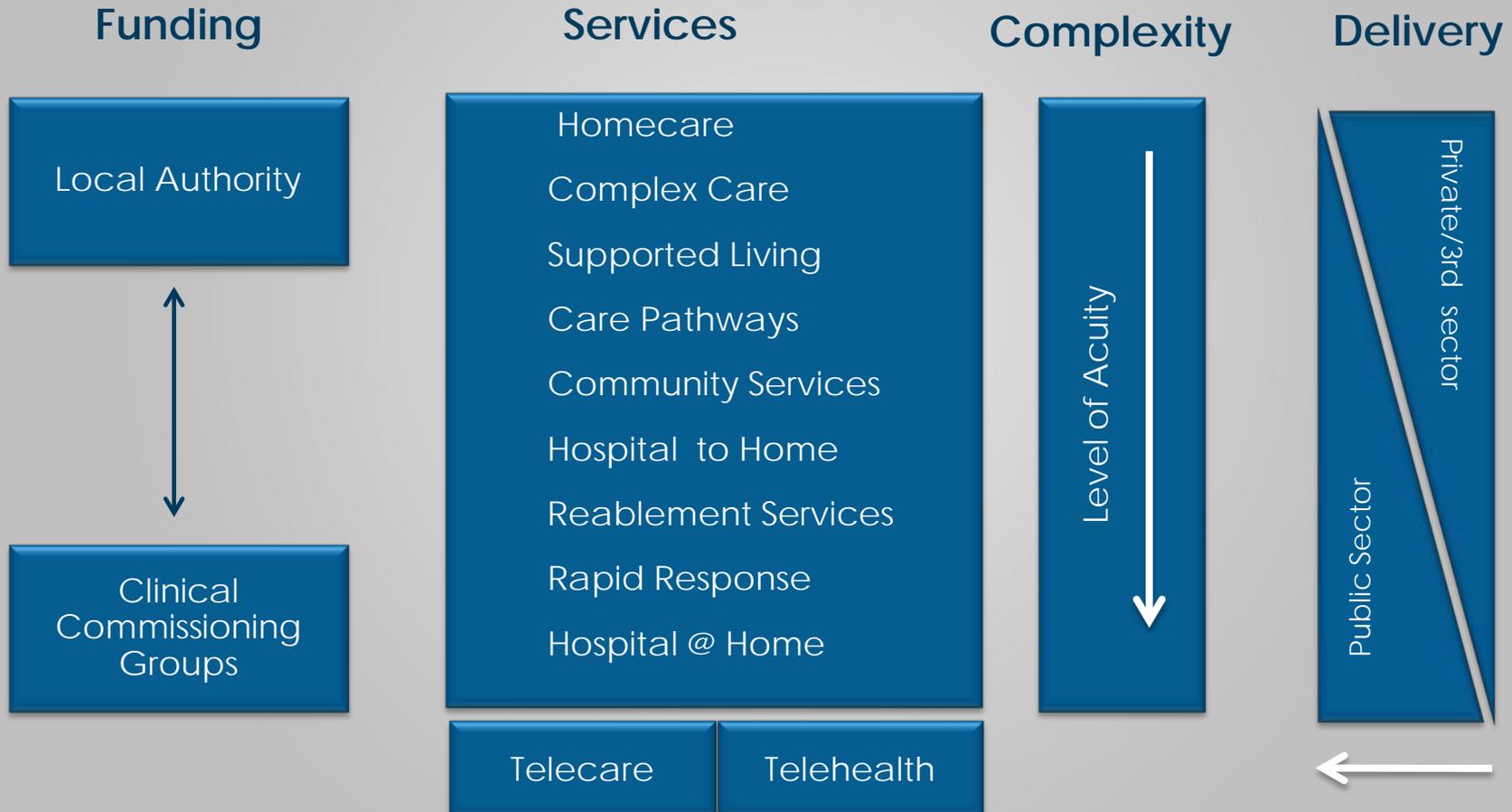
Learning Disabilities
£5.17bn

Physical Disabilities
£1.58bn

Mental Health
£1.15bn

Other Services
£0.40bn

Evolution & integration of healthcare market



Long-term potential development of the homecare proposition

- Reablement
- Complex care
- Community services
- Integrated care pathways



Summary

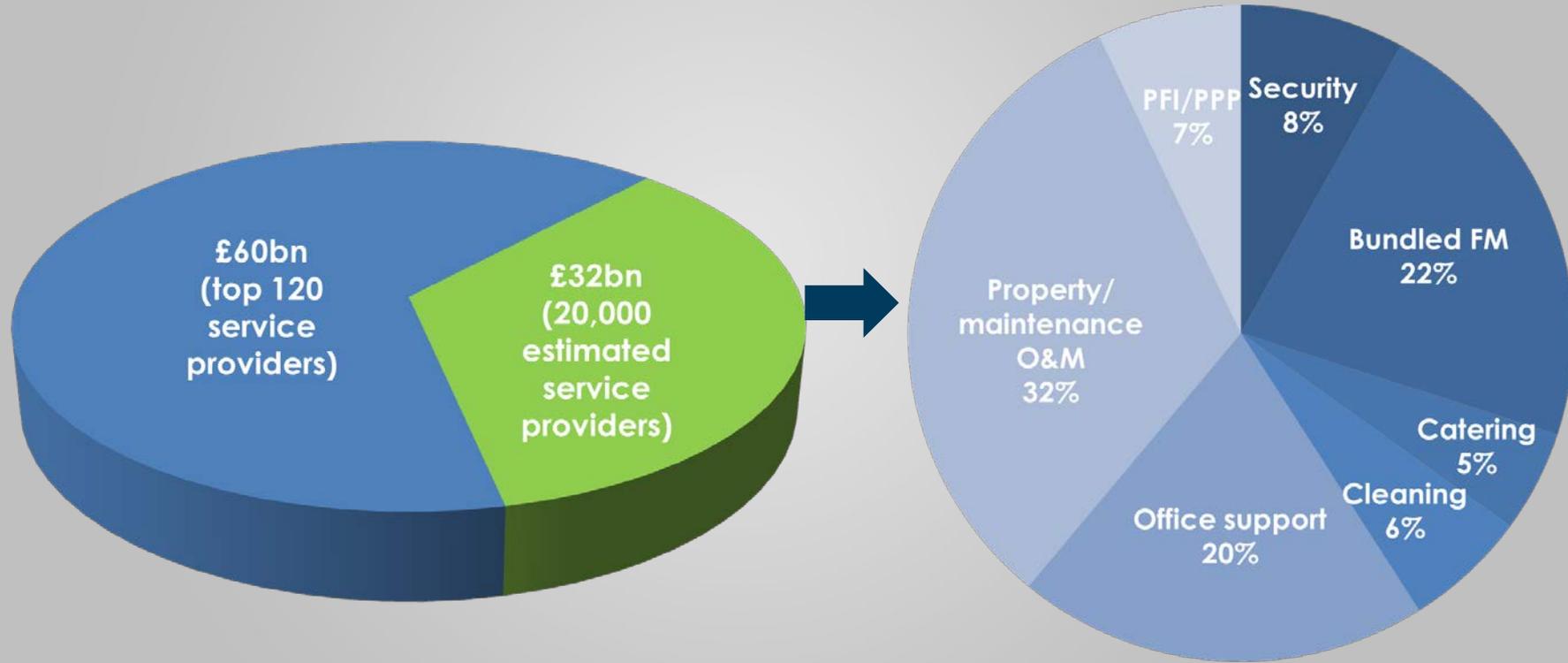
- Healthcare is a hugely attractive market
 - Ageing population – market growth
 - Economic environment – requirements for cost savings and efficiencies
 - Fragmented current delivery model – opportunity for consolidation
- Market entry through a strategic platform acquisition of scale allows us to shape market developments
- Integration on plan
- Focus on and investment in organic growth
- Bolt-on niche acquisitions to add capability



Martyn Freeman

Facilities Management Strategy

UK FM marketplace currently c£92bn in size



Source: MTW Research, Facilities Management Market Research & Analysis 2012

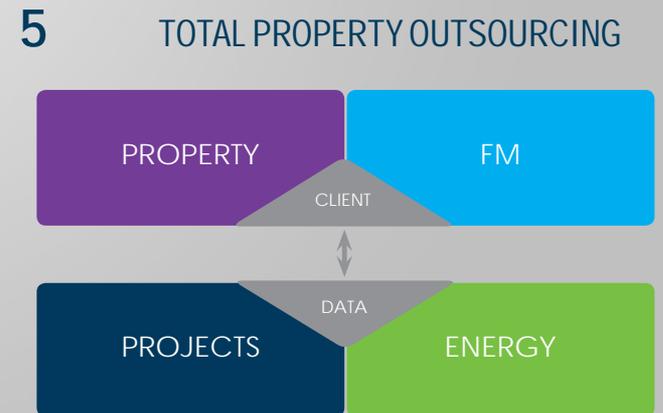
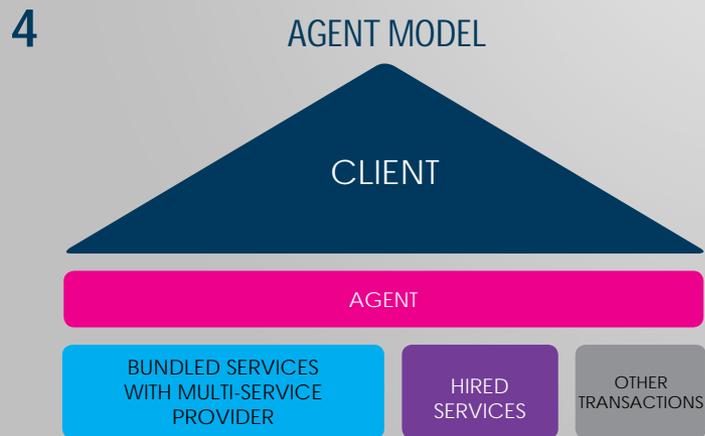
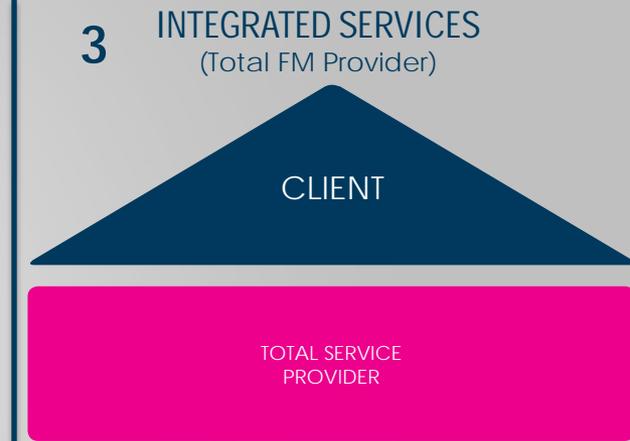
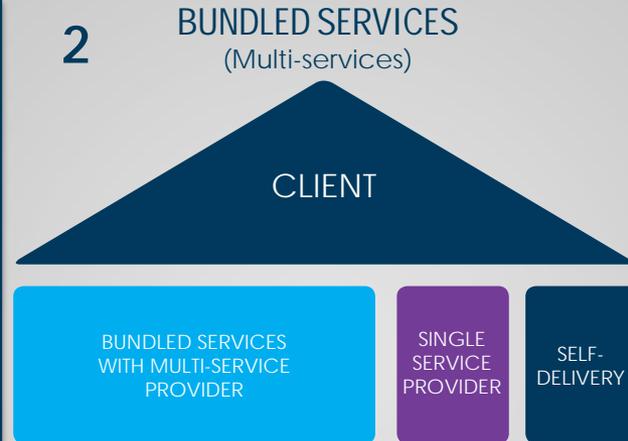
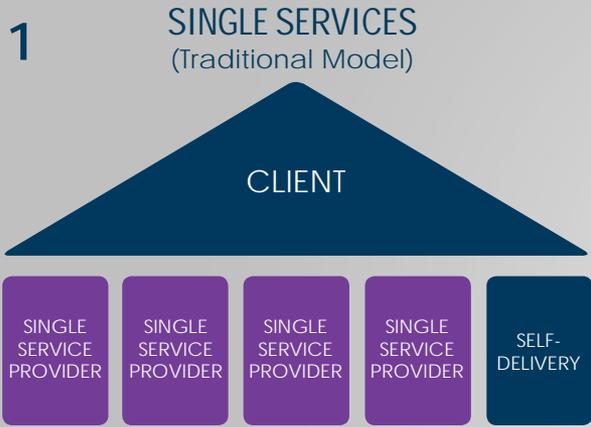
Key market trends are favourable for MITIE

Independent market research supports our business strategy

- Largest 120 FM providers dominate the market (c£60bn in revenues)
 - Overall market remains fragmented, with the remaining £30 billion spread across c20,000 providers
- Market growth between 2013 and 2017 estimated at c2% pa, compared to 1.2% pa between 2007 and 2013
 - Growth predominantly from the private sector
 - Market has consolidated – number of companies has declined by c10%
- Organic growth will continue to offer medium to longer term stimulus for the integrated FM market
 - Differentiation through single service specialism remains essential

Source: MTW Research, Facilities Management Market Research & Analysis 2012

How & where we compete in a diverse market

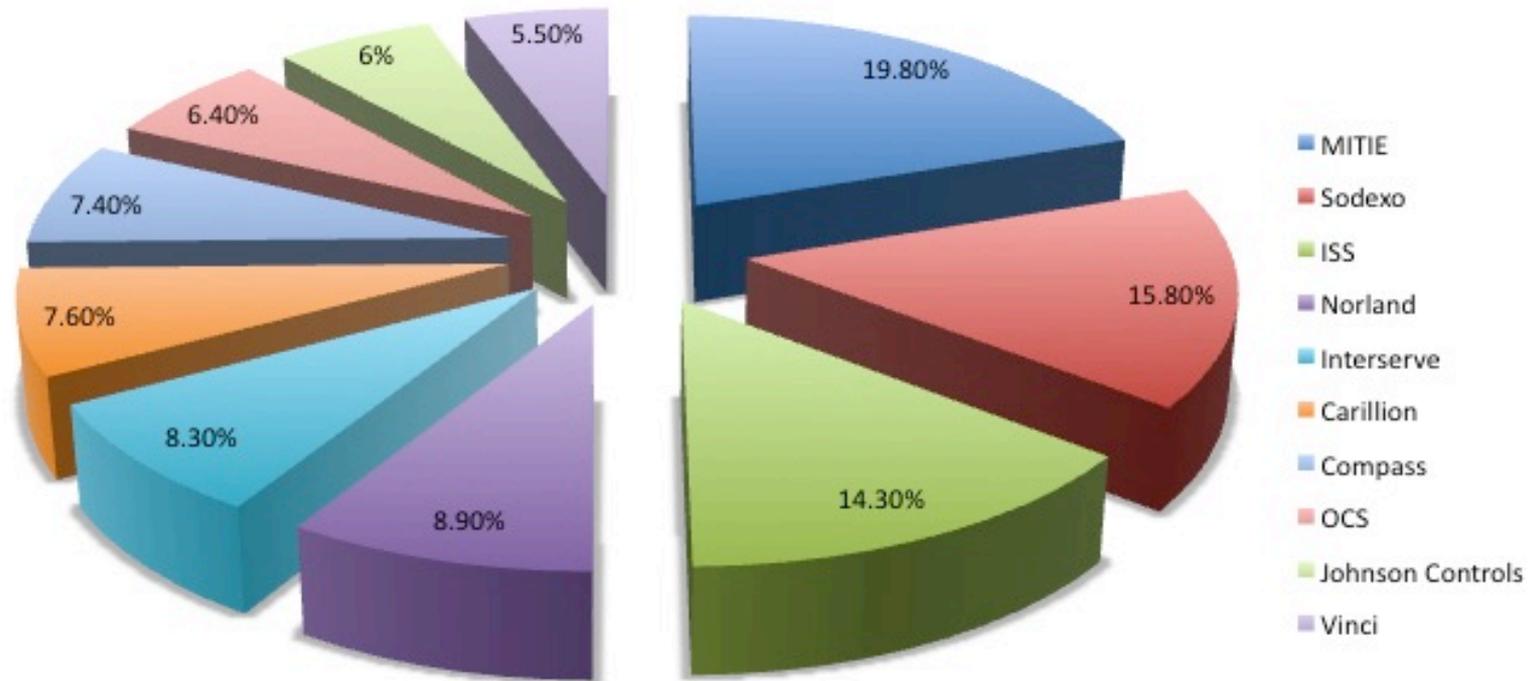


Technology enabling integration and driving competitive advantage

- Importance of data and information is increasing
 - Service integration
 - Client sophistication and developing service requirements
- Integrated information systems are essential in a competitive market
 - Client reporting requirements – management information
 - Control and risk management
 - Integrated service delivery and account management
- Technology as a differentiator creating commercial advantage
 - Improving operational delivery
 - Streamlining business processes
 - Driving back-office efficiencies

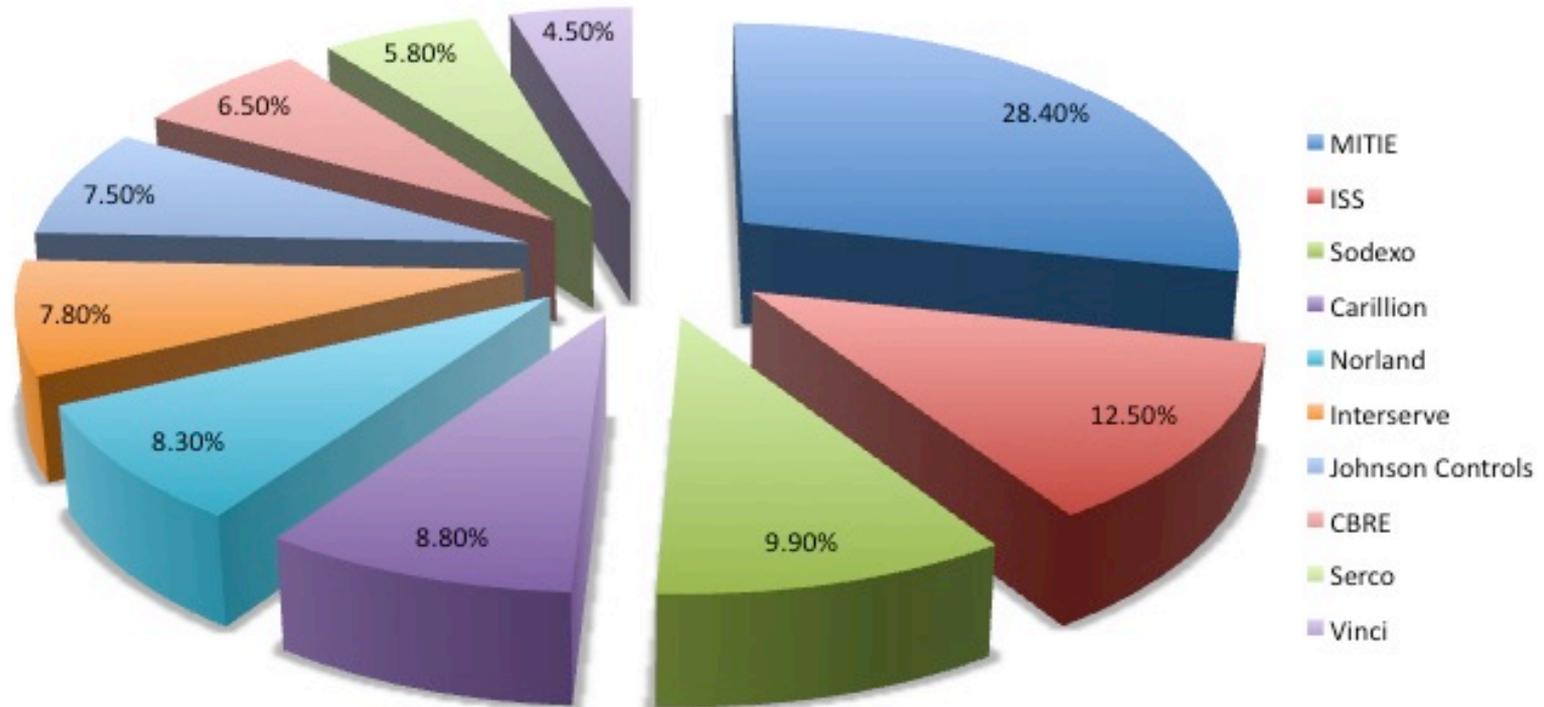


Which FM provider is the most customer focused?



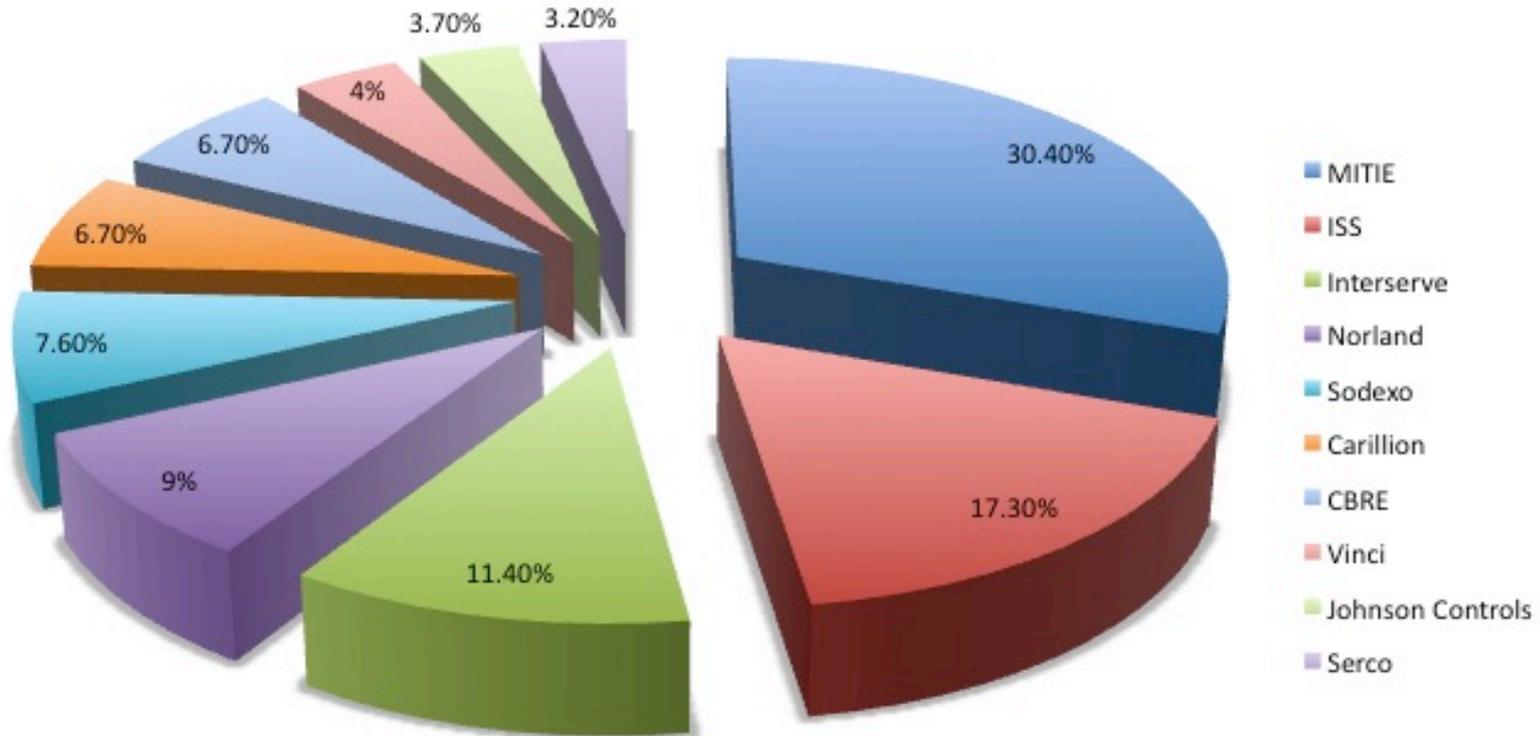
Source: IFM Survey 2013

Which FM provider is the most innovative?



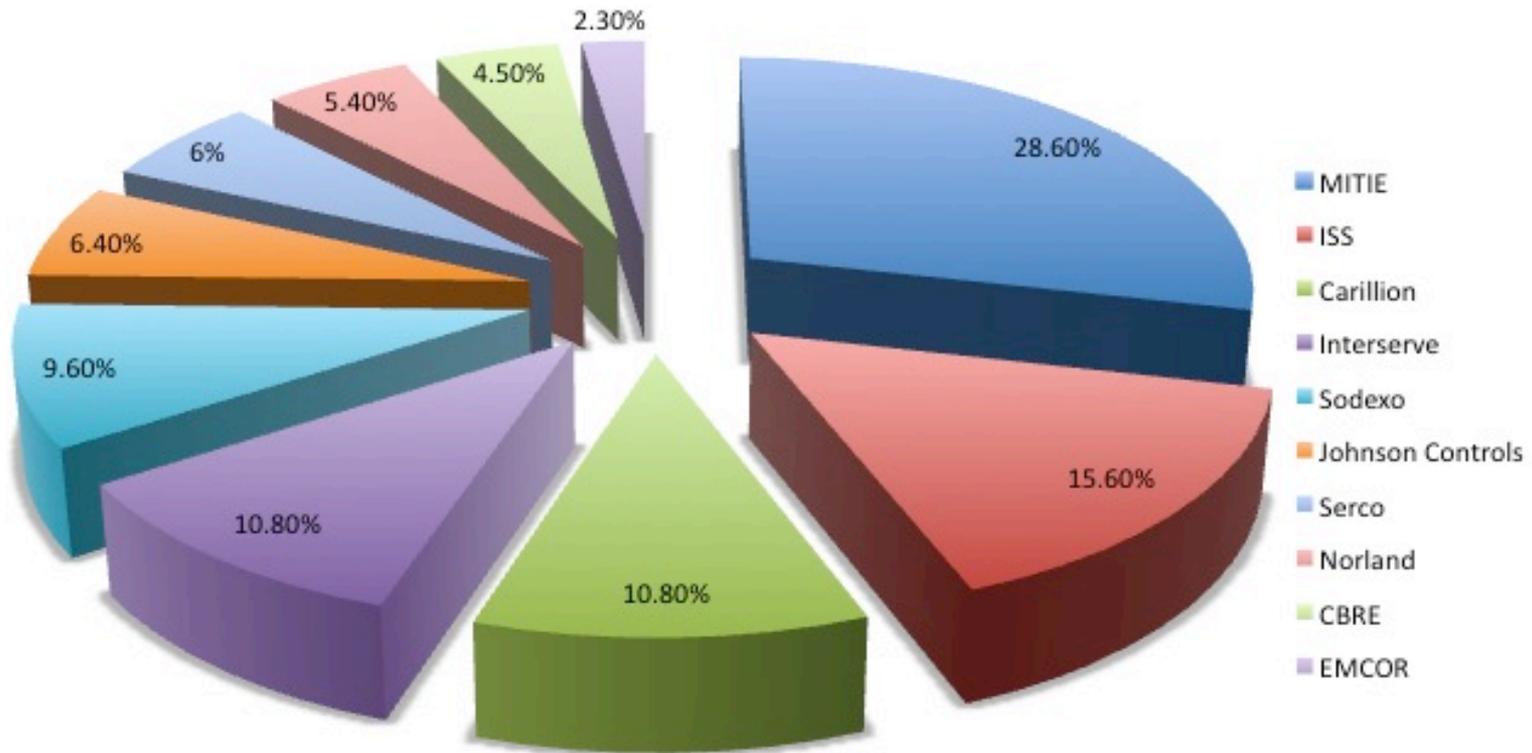
Source: IFM survey 2013

Which FM provider offers the best value for money?



Source: IFM Survey 2013

Who do you regard as the top FM service provider?



Source: IFM survey 2013

Ruby McGregor-Smith

Summary

Summary

- Focus on higher margin, growth markets
- Sustainable profitable growth delivered through a focus on
 - Clients
 - People
 - Operational excellence
- Private sector has driven our organic growth
- Public sector remains an attractive long term growth market
- Track record of successful strategic acquisitions
- Focus on acquisitions that add strategic capability and drive long term organic growth

Healthcare

- Healthcare is a hugely attractive market:
 - Aging population – market growth
 - Economic environment – cost savings and efficiencies
 - Fragmented current delivery model – consolidation
- Market entry through a strategic platform acquisition of scale allows us to shape market developments
- Integration on plan: operational improvements and back office efficiencies being delivered
- Focus on and investment in organic growth
- Potential for bolt-on niche acquisitions to add capability

Facilities Management

- The UK FM market continues to grow and evolve, creating significant opportunities for us to grow organically and win market share
- Our unique self-delivery capability enables us to offer value to our clients across single, bundled and integrated FM propositions
- Our IFM proposition continues to differentiate us and drive strong organic growth
 - Excellent client relationships are key
 - Energy expertise supports our proposition
- We continue to focus on technology as a differentiator, increasing operational efficiency and enhancing profit margins
- Through investment in our management teams and a focus on key strategic relationships we can continue to deliver strong organic growth

MITIE Investment Case

- Diversified portfolio with high quality blue chip client base
- Core exposure is to growth markets and we are well-positioned to increase market share, deliver organic growth and improve margins
 - Market-leading integrated FM capabilities
 - Comprehensive energy proposition will enhance margins
 - Quality homecare acquisition provides platform to grow in healthcare market
- Excellent visibility of revenue, record order book and substantial pipeline of sales opportunities
- Strong cash generation and financial strength provides a platform to grow organically, supported by acquisitions that enhance our capabilities
- Will continue to deliver sustainable profitable growth, generating strong shareholder returns backed by progressive dividend