MITIE Group PLC

The strategic outsourcing company

Presentation of the half-year results for the six months to September 2012

19 November 2012

Ruby McGregor-Smith CBE

Chief Executive

Strong financial performance

+ 5.6%
Revenue (4.3% organic growth)
£1,026.6m (2011: £971.7m)

+ 2.5%
Operating profit before other items*
£52.9m (2011: £51.6m)

5.2%
Operating profit margin before other items*
(2011: 5.3%)

+ 1.0%
Earnings per share before other items*
10.5p (2011: 10.4p)

£132.9m
Net debt
1.0x EBITDA
(2011: £119.3m)

83.1%
Cash conversion
(2011: 81.0%)

+ 4.5%
Dividend per share
4.6p (2011: 4.4p)

98%
2013 budgeted revenue secured
(Prior year: 97%)

£9.0bn
Order book +4.7%
(March 2012: £8.6bn)

£10.5bn
Sales pipeline
(March 2012: £11.2bn)

*Other items are restructuring and acquisition related items

Highlights

- Positive six months, with revenue growth of 5.6% (4.3% organic)
- Continuing to deliver on our integrated facilities management strategy
  - Successfully mobilised major contracts including Lloyds Banking Group
  - Award of significant new contracts with Sky and Golding Homes
- Strategic acquisition of Enara in the healthcare market
  - Home care is a natural fit for MITIE's skill set and values
  - £8bn home care market is an ideal entry point into the wider healthcare market
- Acquired Creativevents, a leading events and leisure catering company
- Significant order book and sales pipeline
  - 98% of 2013 budgeted revenue secured as at 30 September 2012 (prior year: 97%); 72% of 2014 (prior year: 68%)
  - £9.0bn order book as at September 2012 (March 2012: £8.6bn)
  - £10.5bn sales pipeline as at September 2012 (March 2012: £11.2bn)
- Strong financial position and excellent cash generation
  - Low gearing and no significant pension deficit

Enablers for growth

- Sector-leading outsourcing proposition will underpin further organic growth
  - Excellent client relationships drive organic growth
  - Differentiated by breadth of integrated services
  - Market-leading technology provides competitive edge
- Significant order book and sales pipeline
- Robust balance sheet
  - Low gearing and no significant pension deficit
  - Long-term committed financing facilities will support growth
- Incentives at all levels result in better performance and entrepreneurial culture

UK outsourcing market evolution

1980 In-house	1990 Single service	2000 Bundled services	2010 Integrated FM	2015 Strategic outsourcing
Shift	Security	Broader cost savings	Integrated delivery	Buildings management and services
	M&E engineering	Single point contact	Management information systems	Business process outsourcing
	Catering	Standardised provision	Property management	Technology
	Cleaning	Best practice	Overseas	Data management
	Maintenance		**Add-on specialist services**	Asset investment
	Pest control		Consultancy	Energy/carbon
			Supply chain	Home care
			Project management	

Price ⟷ Value

41% of the group's revenue is still derived from single service contracts – expect a further shift to multi-service and integrated contracts

Divisional performance

- Facilities Management
  - Performance is very strong
  - Successful mobilisation of Lloyds Banking Group contract from 1 August
- Technical Facilities Management
  - IFM contracts performing well
  - Stronger second half expected
- Property Management
  - Continues to be affected by weak economic conditions, particularly M&E engineering installation
  - Intend to further reduce our exposure to large, one-off mechanical and electrical engineering installation projects
  - Social housing business performing well
- Asset Management
  - First half was affected by project delays
- Have reviewed the overhead cost base within Technical Facilities Management and Property Management and incurred £4.8m of restructuring costs

Divisional performance

Six months to 30 September 2012	Revenue £m	Operating profit before other items £m	Margin %
Facilities Management	518.1	35.3	6.8
Technical Facilities Management	230.7	11.6	5.0
Property Management	254.7	7.9	3.1
Asset Management	23.1	-1.9	-8.2
Total	**1,026.6**	**52.9**	**5.2**

Private sector

- Lloyds Banking Group
  - Successfully mobilised from 1 August
  - £775m to £930m over 5-6 years
  - Integrated facilities, property and energy management
  - Approximately 3,000 people transferred, bringing total to approximately 7,000 people across the contract
- British Sky Broadcasting Group (Sky)
  - 5 year contract with a total value in excess of £100m
  - Integrated facilities management
  - Services provided across Sky's UK and Irish estate
  - Commencing January 2013
  - Approximately 700 employees
- Vauxhall
  - Expanded a TFM contract covering Vauxhall's three major sites
  - £20m total contract value over 5 years
- RBS
  - New contract for front of house services
  - £30m total contract value over 5 years

Public sector

- Golding Homes
  - Social housing contract to provide repairs and maintenance
  - Ten year contract with a total value expected between £70m and £120m
  - Supporting the upkeep of 6,000 properties across Kent
- Scottish Government
  - Expanded a contract for integrated facilities management
  - Total value of £30m over 5 years
- City of London Corporation
  - Awarded a technical FM contract covering 600 buildings across London
  - Total value of £26m over 5 years
- Ministry of Justice
  - Not awarded any work as part of the tender process announced on 8 November
  - Positive about future opportunities following the Ministry's decision to retain custodial services in the public sector and outsource facilities management and ancillary services across the prison estate

Acquisition of Enara

- Healthcare is one of MITIE's key public sector markets
  - Long-term focus on justice, healthcare, social housing and education
- Home care is a natural fit for MITIE's skill set and values
  - Managing, motivating and training a large, mobile workforce
  - Using technology and innovation to improve service quality and efficiency
  - Extensive experience and capabilities bidding large-scale, integrated contracts
- Opportunity to build on existing client relationships with Local Authorities and NHS
- Strong financial metrics
  - Attractive margins
  - Earnings enhancing
  - Strong cash generation
- Anticipate the highly fragmented healthcare markets in the UK will consolidate and shift towards larger, bundled contracts

Why home care?

- Adult home care market is an ideal entry point into the healthcare market
  - Home care market in England c£8bn[1], of total UK healthcare spend >£100bn
  - Number of adjacent market opportunities
- Growing user base
  - The UK's ageing population: number of people over the age of 85 is expected to double in the next 25 years
- Drive towards extending care at home
  - Care in the home is a more cost effective approach
  - Trend towards more personalised delivery of care
  - Evidence to support a better outcome for patients
- Local Authorities and NHS increasing outsourcing of home care[2,3]
  - NHS and local authorities facing severe budget constraints
  - In-house cost of £33.30 per hour vs private sector average of £14.60 per hour[3]

[1] Source: NHS, The Health and Social Care Information Centre, 'Personal Social Services Expenditure and Unit Costs: England 2010-11'
[2] 87% of publicly funded home care is now provided by the independent sector, compared to 5% in 1993;
[3] Source: United Kingdom Home Care Association Summary Paper 'An overview of the UK domiciliary care sector, September 2012'

Enara

A leading UK home care service provider

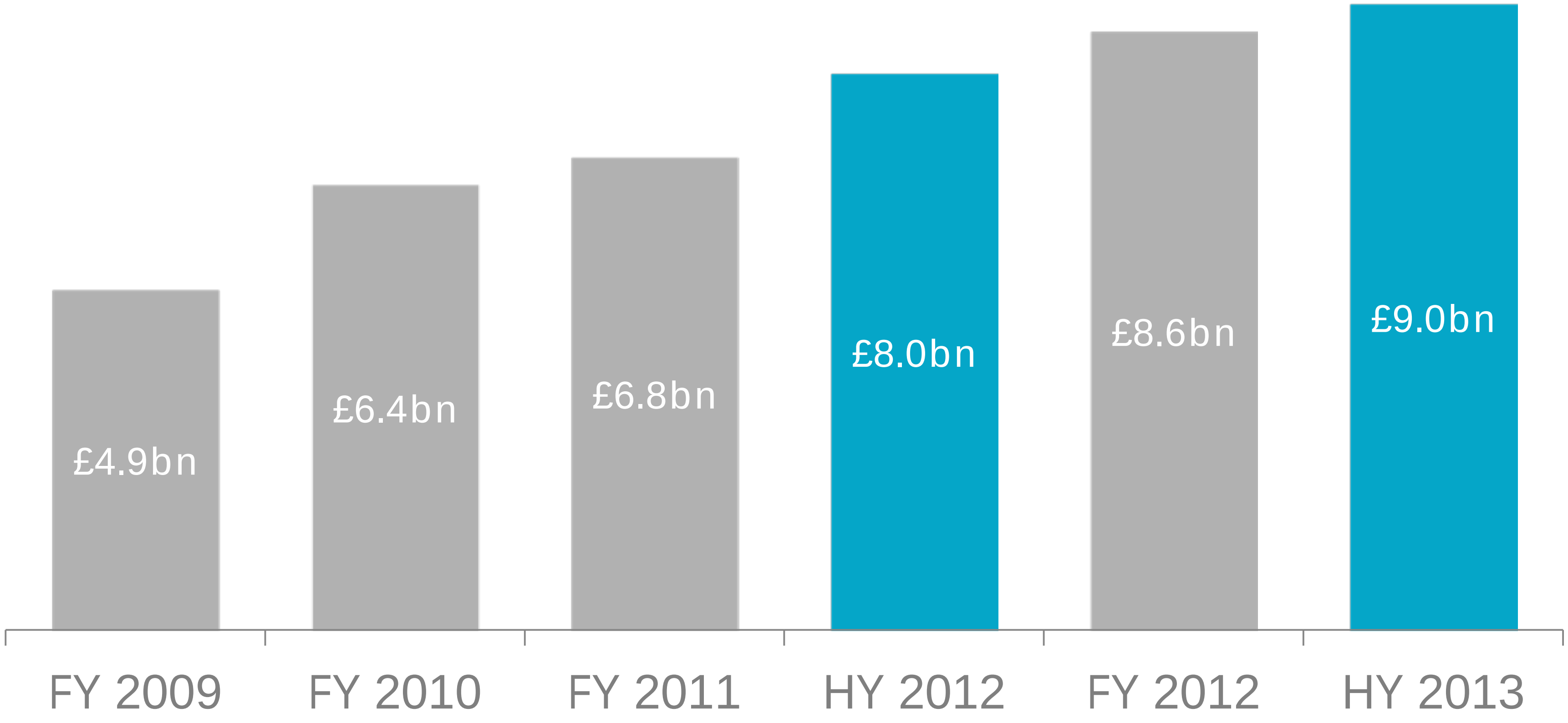
- Fourth largest provider of home care in the UK
  1. Saga Homecare
  2. Carewatch
  3. Mears
- Market leader in the South of England
  - Operates 57 branches in England and Wales
  - Provides approximately 120,000 hours of care per week
  - 6,000 employees supporting over 10,000 people with care needs
- Market leading quality ratings with Care Quality Commission (CQC) and Care and Social Services Inspectorate Wales (CSSIW)

Enara – business model

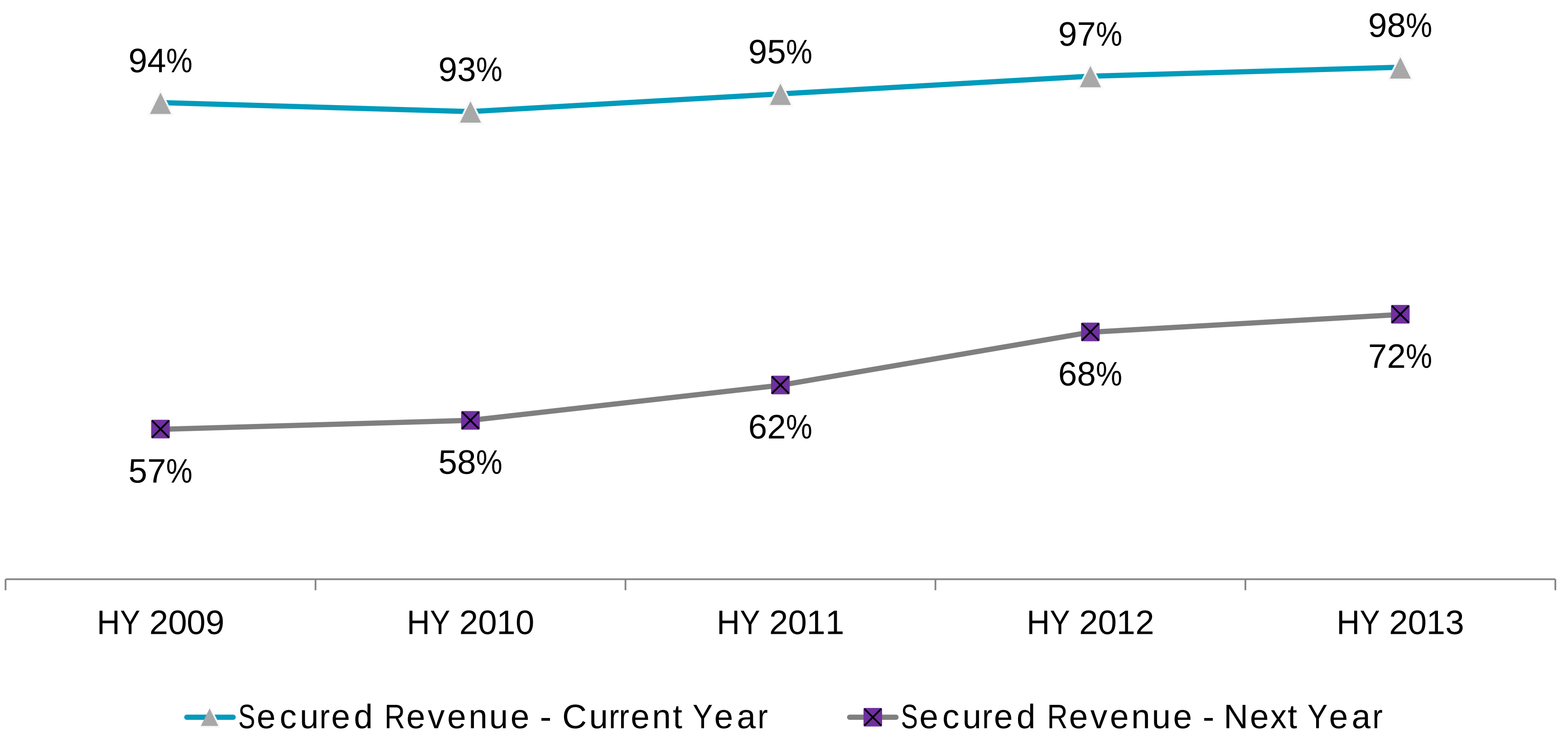
- Offers a range of care models to provide services including:
  - Help with personal hygiene and dressing needs
  - Morning and night time help to get in and out of bed
  - Administration and assistance with medications
  - Liaison with clients' GPs as required
  - Respite care for relatives and carers
  - Escorted outings and holidays
  - Emergency assistance
  - Live in care
- Clients include Local Authority, NHS funded and private individuals
  - LA 78%
  - NHS 5%
  - Private pay 14%
  - Other 3%
- Average contract length is three years
  - Majority are contracted hours through framework arrangements
- Enara has a greater than 90% retender success rate

Strong growth in order book

Increased by £1.0bn or 12.5% since September 2011

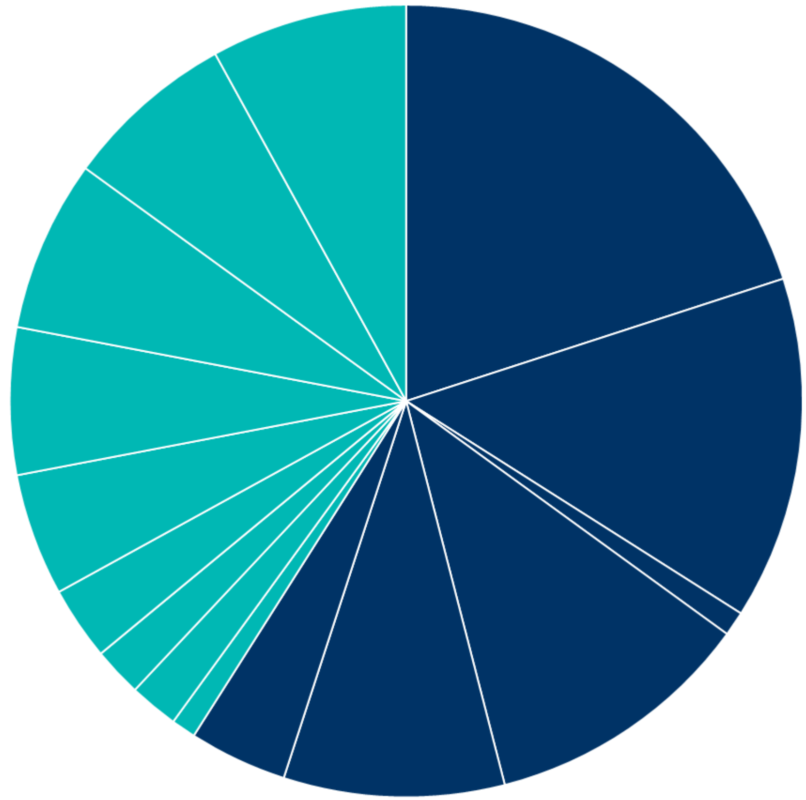


Secured revenues increasing



Sales pipeline of £10.5 billion

- Finance and professional services 8%
- Retail 7%
- Property management 7%
- Manufacturing 6%
- Transport and logistics 5%
- Construction 3%
- Technology and communications 2%
- Leisure 2%
- Utilities 1%



- 20% Central government
- 14% Local government
- 1% Other government
- 11% Social housing
- 9% Health
- 4% Education

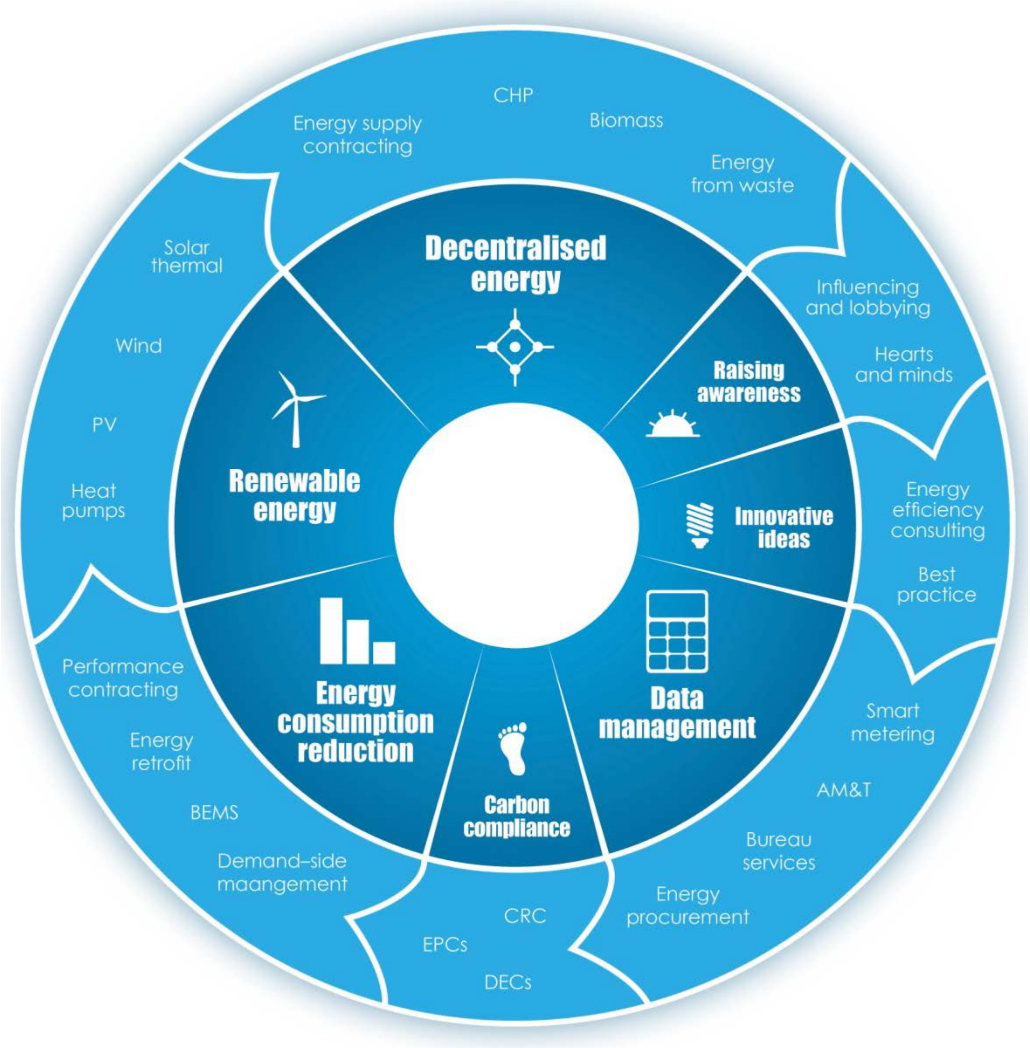
Private sector 41% Public sector 59%

International strategy

- Clients taking a pan-European approach to procurement
  - Rolls-Royce pan-European contract to deliver total facilities and energy management operating in six European countries with total revenues of £80m (2012)
- Acquired the FM business of Dalkia in Norway in June 2012
- Longer term strategic aim to pursue international growth opportunities

Energy services

- Extensive energy services capabilities remain a key differentiator
- Supports and complements the large integrated FM contracts, eg. Sky and Lloyds Banking Group
- Utilyx has strengthened our offering by bringing strategic energy consulting capability
- Accounted for 32% of group revenues in the first half of the year



Bolt-on acquisitions and MITIE model

- Continue to use the MITIE model and bolt-on acquisitions to enter new or niche markets
- Creativevents
  - Leading UK independent events and leisure catering company
  - 51% stake for initial consideration of up to £6.0m
- Dalkia FM Norway
  - Acquired the FM business of Dalkia in Norway
  - Total consideration of £1.1m
- Catering
  - Second generation MITIE model
  - Existing catering business recapitalised to allow the management team to take a stake in the business
- Work Wise
  - MITIE model start-up
  - Provides document services and corporate legal documents to professional services organisations

Suzanne Baxter

Group Finance Director

Strong financial performance

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(March 2012: £11.2bn)

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Summary financial results

Highlights	H1 2013	H1 2012	Growth
Revenue (£m)	**1,026.6**	971.7	5.6%
Operating profit before other items* (£m)	**52.9**	51.6	2.5%
Operating profit margin before other items*	**5.2%**	5.3%	(0.1pp)
Net finance costs (£m)	**(4.1)**	(3.7)	10.8%
Profit before tax and other items* (£m)	**48.8**	47.9	1.9%
Other items* (£m)	**(11.1)**	(4.6)	141.3%
Profit before tax (£m)	**37.7**	43.3	(12.9%)
Effective tax rate before other items*	**23.8%**	24.0%	(0.2pp)
Basic EPS before other items*	**10.5pps**	10.4pps	1.0%
Basic EPS	**8.0pps**	9.4pps	(14.9%)

*Other items are restructuring and acquisition related items as set out in slide "Other items"

KPIs in line with targets

With record order book

KPI	Target	H1 2013	H1 2012	FY 2012
Order book	Growth in line with strategy	**£9.0bn**	£8.0bn	£8.6bn
Conversion of EBITDA to cash	Over 80% of Group EBITDA converted to cash	**83.1%**	81.0%	83.7%
Operating profit margin before other items*	Maintain operating margins between 5.0% - 6.0%	**5.2%**	5.3%	5.6%
Capital expenditure	Maintain below 2.0%	**1.5%**	1.7%	1.3%
Dividend growth	Broadly in line with underlying earnings of the group	**4.5%**	7.3%	6.7%
Secured revenue	% of budgeted revenues secured for FY2013	**98.0%**	97.0%	83.0%

*Other items are restructuring and acquisition related items as set out in slide “Other items”

Facilities Management

Strong revenue and margin growth

£m	H1 2013	H1 2012	Growth
Revenue	**518.1**	454.0	14.1%
Operating profit before other items*	**35.3**	27.2	29.8%
Margin	**6.8%**	6.0%	0.8pp

*Other items are restructuring and acquisition related items

Technical Facilities Management

Well positioned for the future

£m	H1 2013	H1 2012	Growth
Revenue	**230.7**	230.1	0.3%
Operating profit before other items*	**11.6**	11.6	0.0%
Margin	**5.0%**	5.0%	0.0pp

*Other items are restructuring and acquisition related items

Property Management

Challenging conditions, clear action taken

£m	**H1 2013**	H1 2012	Growth
Revenue	**254.7**	249.7	2.0%
Operating profit before other items*	**7.9**	11.4	(30.7%)
Margin	**3.1%**	4.6%	(1.5pp)

*Other items are restructuring and acquisition related items

Asset Management

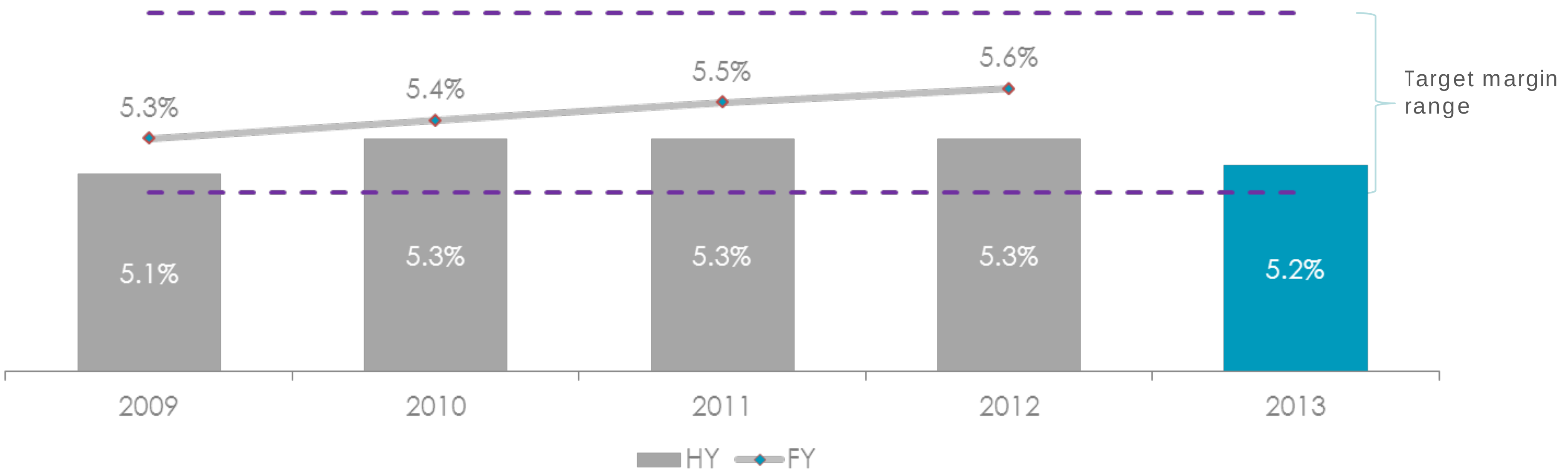
Programme delays have affected short term results

£m	**H1 2013**	H1 2012	Growth
Revenue	**23.1**	37.9	(39.1%)
Operating profit before other items*	**(1.9)**	1.4	N/A
Margin	**(8.2%)**	3.7%	N/A

*Other items are restructuring and acquisition related items

Operating profit* margin

Margins maintained within target range



*Operating profit before other items, which are restructuring and acquisition related items

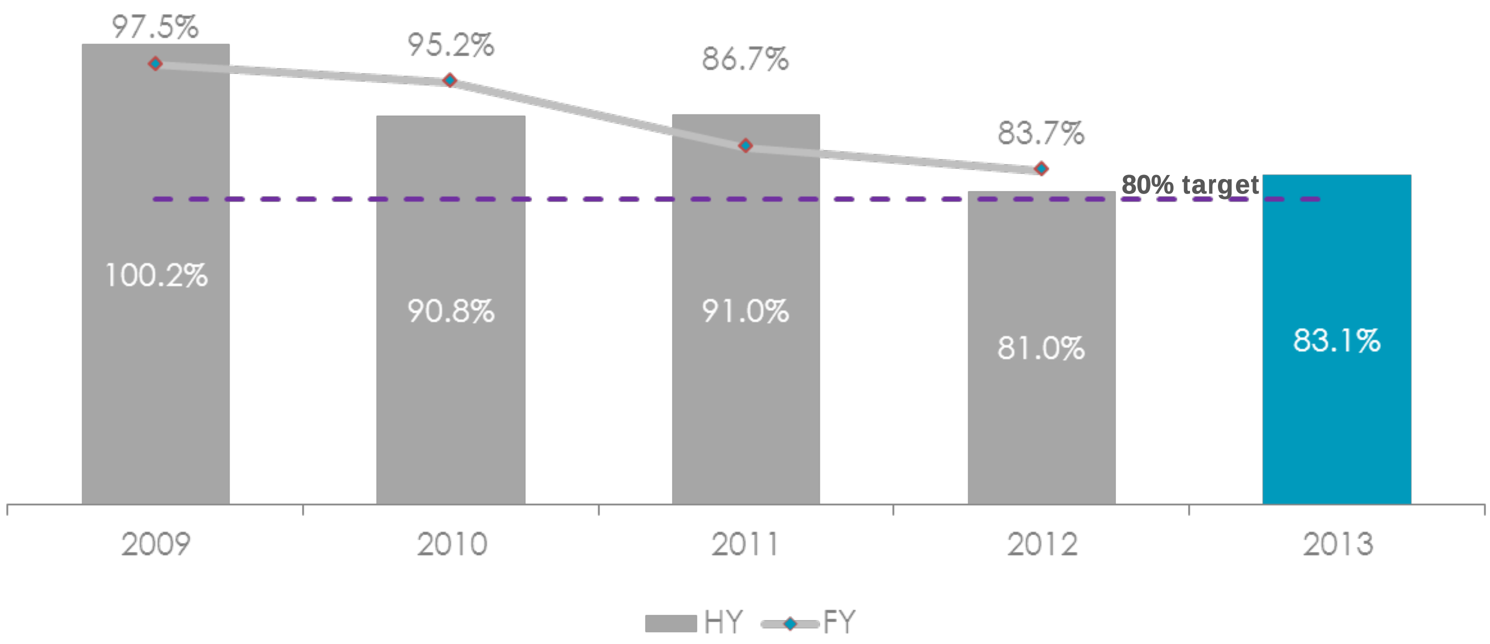
Other items

£m	**H1 2013**	H1 2012	FY 2012
Restructuring costs*	4.8	-	-
Integration costs	0.2	-	-
Acquisition costs	1.8	-	1.8
Deferred consideration not paid	-	-	(0.9)
Amortisation of acquisition related intangibles	4.3	4.6	9.1
Total other items	**11.1**	**4.6**	**10.0**

* Restructuring costs reflect the restructuring of discrete areas of the Property Management division which carry certain construction market exposures as well as the realignment of the overhead structures in our Technical FM division

Strong cash conversion* and above target

Excellent conversion of EBITDA to cash of 83.1%



* Cash conversion is defined as the conversion of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to operating cash on a rolling 12-month basis

Strong cash flow and balance sheet

Supports future growth

£m	H1 2013	H1 2012	FY 2012
Opening net debt	**(106.9)**	**(76.5)**	**(76.5)**
Operating cash flows	61.0	61.7	133.5
Movement in working capital	(29.9)	(26.7)	(23.3)
Cash generated by operations	**31.1**	**35.0**	**110.2**
Tax and other operating items	(15.9)	(18.3)	(34.4)
Acquisitions	(6.1)	(7.6)	(23.9)
Other investing activities	(12.9)	(15.6)	(36.1)
Financing activities*	(22.2)	(36.3)	(46.2)
Increase in net debt	**(26.0)**	**(42.8)**	**(30.4)**
Closing net debt	**(132.9)**	**(119.3)**	**(106.9)**
Net debt to EBITDA multiple (rolling 12 months)	***1.0x***	***0.9x***	***0.8x***
Cash conversion %	**83.1%**	**81.0%**	**83.7%**

*Adjusted for movement in bank loans, private placement notes, loan notes and finance leases

Good progress on acquisitive growth

- Niche bolt on acquisitions of Creativevents and Dalkia FM in Norway. Maximum consideration £13.1m - £6.3m cash paid, remainder deferred
- Three MITIE Model earnouts – maximum consideration £14.7m - 4.4m MITIE shares, £1.4m cash and £1.4m deferred consideration
- £1.0m of deferred consideration for Utilyx settled in cash
- Key strategic healthcare acquisition of Enara on 9 October 2012

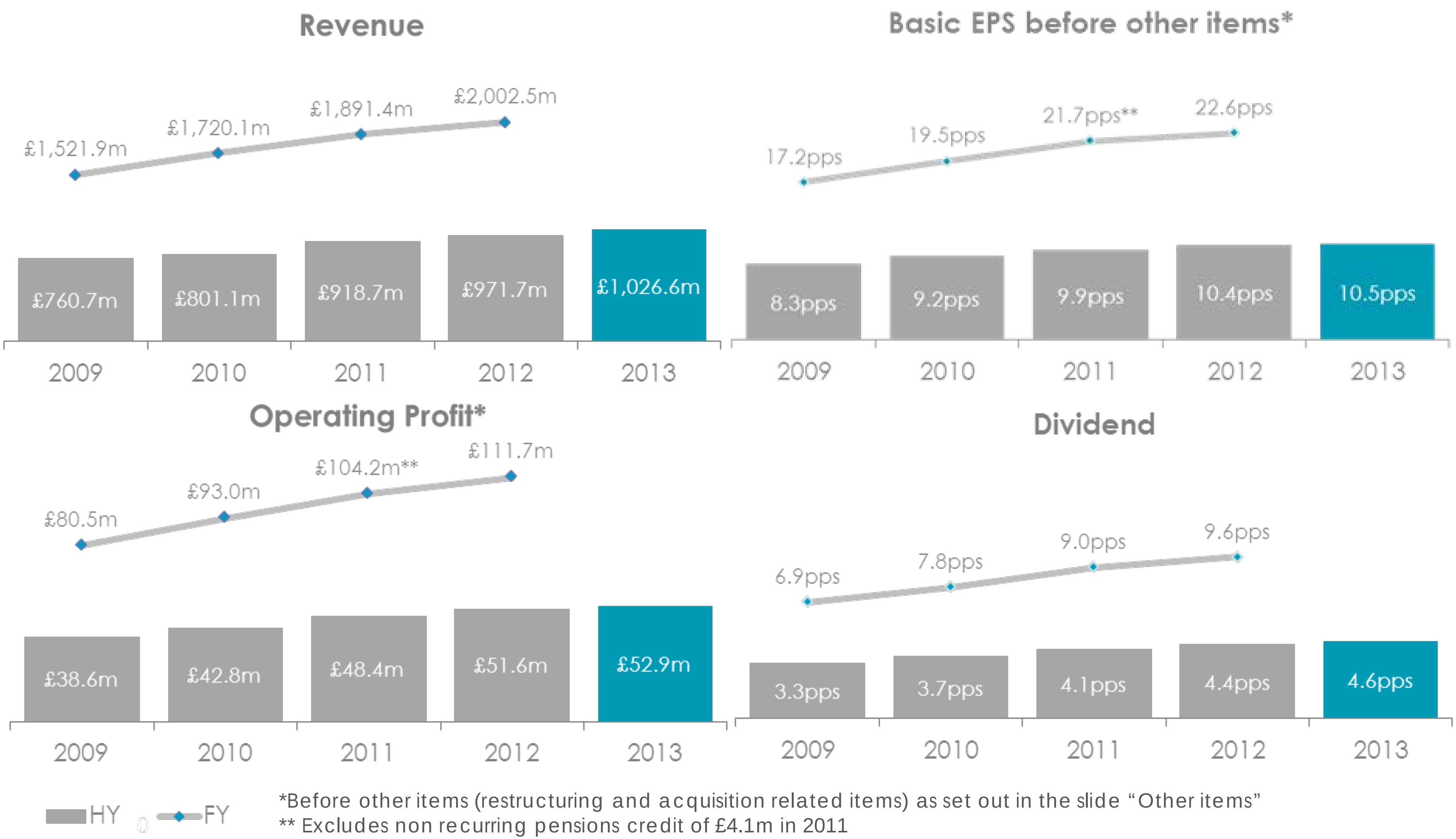
Enara meets acquisition criteria

Highlights	Acquisition criteria	Proforma 2013
Revenue		£93.0m
Operating profit before other items		£10.1m
Integration costs		£5.0m
Order book	Quality clients, recurring revenue	£0.2bn
Conversion of EBITDA to cash	Meets group target >80%	>80%
Operating profit margin before other items	At least in line with target range 5 – 6%	11.0%
Capital expenditure	Not capital intensive < 2% of revenue	<2.0%
Secured revenue		90%

New funding supports Enara acquisition

Funding		
Consideration	Funding - short term bridge then refinanced via US PP Loan Notes	£110.8m
EBITDA multiple		10.5x
MITIE Group gearing	Medium term target max 2x EBITDA	<2.0x
WACC post acquisition	Projected to fall by 0.5%	7.1%
Return on capital post tax		10.0%

Continued, sustainable profitable growth



*Before other items (restructuring and acquisition related items) as set out in the slide "Other items"
** Excludes non recurring pensions credit of £4.1m in 2011

Ruby McGregor-Smith CBE

Chief Executive

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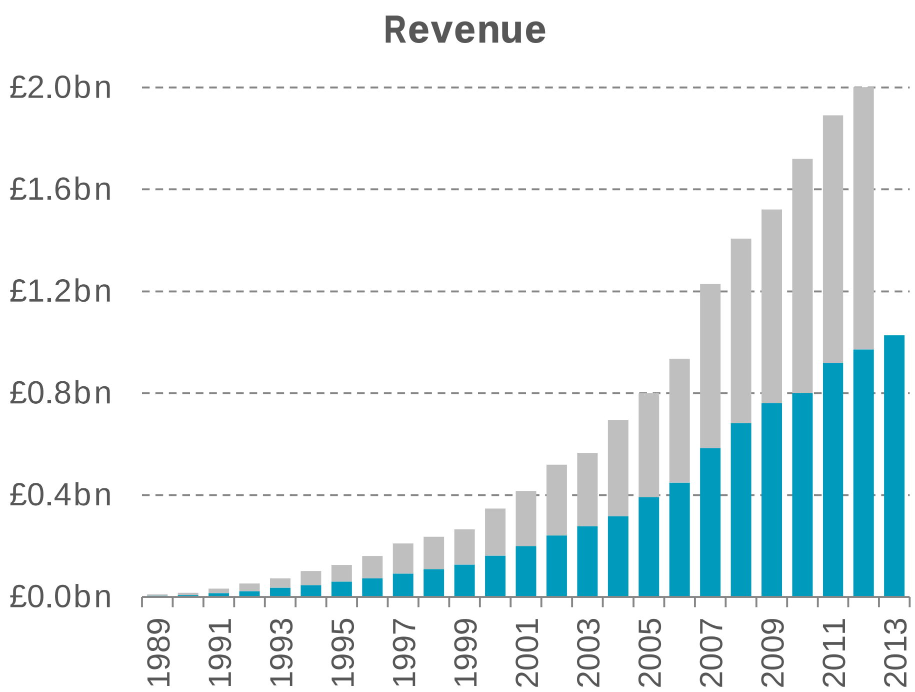
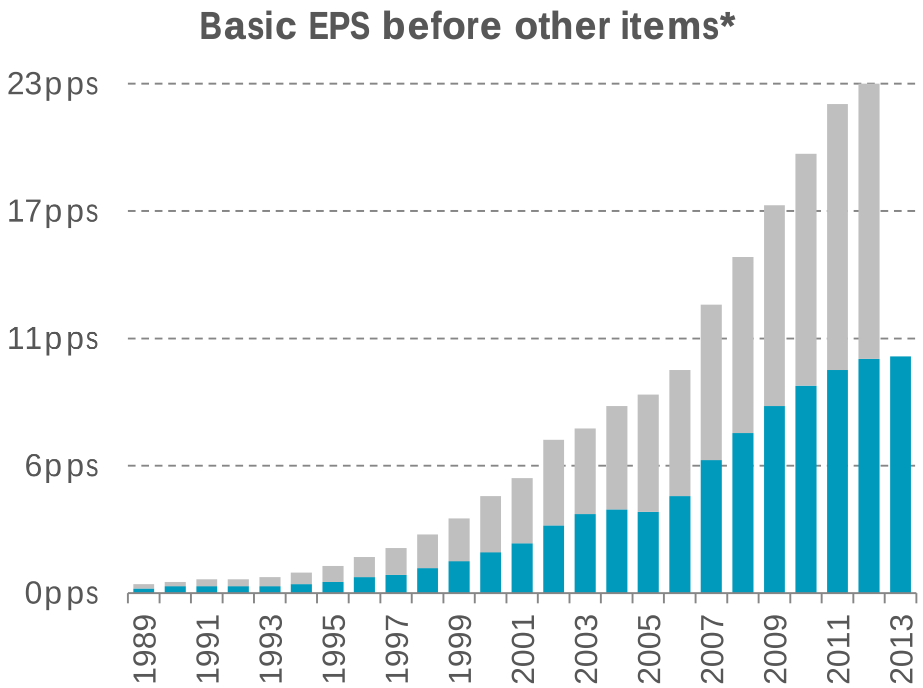
Outlook

- Tough economic climate and continuing challenges within our more cyclical markets
- Well-positioned to increase market share in outsourcing
  - Market-leading integrated FM capabilities will drive further organic growth with existing client base
  - Quality home care acquisition provides platform for growth in healthcare market
  - Selective international expansion over the next five years
- Excellent visibility of revenue, record order book and substantial pipeline of sales opportunities
  - Expect total revenue and profit growth in second half to be higher as a result of both organic growth from Lloyds Banking Group and acquisitive growth from Enara
- Financial strength provides platform for acquisitions to enhance capabilities as we grow
  - Long-term potential focus on healthcare, niche markets and selected overseas markets
- Confident of continued, sustainable, profitable growth

Appendix

Outstanding track record of growth





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Facility maturity profile

Long term facilities to support growth

	Amount	Cost	Repayment
Core banking facilities	£250.0m	LIBOR +130-225bp	Sep-15
Overdraft	£40.0m	Base rate + 100-175bp	On demand
US private placement loan notes	$96.0m	$48.0m fixed at 3.88%	Dec-17
		$48.0m at £ LIBOR + 126bp	
	£40.0m	Fixed at 4.38%	Dec-19

£150m bridge finance – On 8 October 2012 MITIE signed an 18 month committed bridge finance agreement. The group intends to refinance the bridge finance into longer dated fixed tenor US Private Placement debt.

Strong balance sheet

£m	**H1 2013**	H2 2012	FY 2012
Goodwill and other intangible assets	416.7	395.9	413.5
Other non-current assets*	105.9	87.7	105.1
Current assets*	542.9	484.5	512.8
Current liabilities*	(479.4)	(426.8)	(475.8)
Non-current liabilities*	(39.9)	(32.4)	(32.4)
Net debt	(132.9)	(119.3)	(106.9)
Net assets	**413.3**	**389.6**	**416.3**

* Excludes cash and funding balances

Movement in net assets

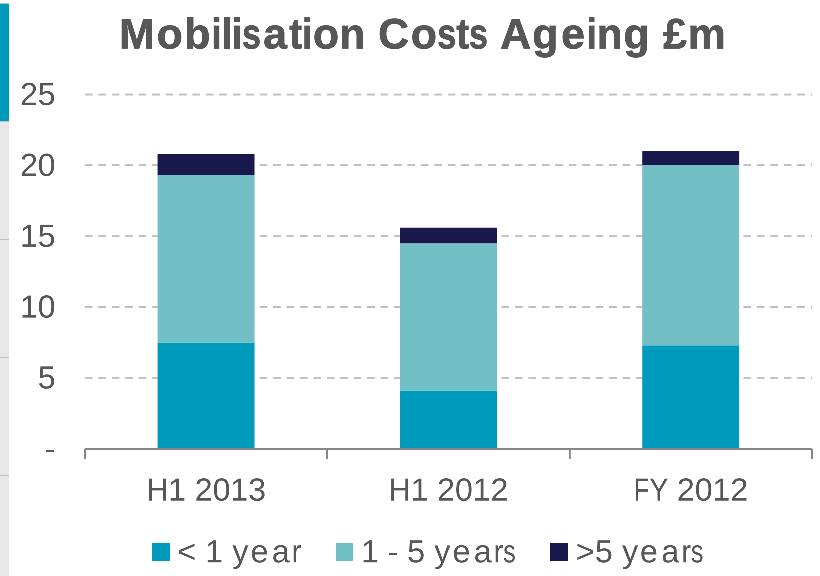
£m	**H1 2013**	H1 2012	FY 2012
Opening balance	**416.3**	398.0	398.0
Total comprehensive income	26.1	25.0	59.5
Shares issued	15.1	13.4	20.6
Dividends paid	(18.4)	(17.3)	(32.8)
Purchase of own shares (held in EBT)	(6.5)	(7.4)	(7.4)
Share buybacks	-	(9.1)	(12.4)
Share based payments (including tax)	2.0	1.0	3.9
Acquisitions and other movements in non-controlling interests	(21.3)	(14.0)	(13.1)
Net assets	**413.3**	389.6	416.3

Impact of IAS 27 (2008): the difference between the consideration and the net assets acquired when MITIE purchased employee minority shareholdings, along with provision for earn-out consideration following the acquisition of Creativevents, is recognised as a debit in retained earnings

Mobilisation costs

Investment in organic growth

Mobilisation costs £m	H1 2013	H1 2012	FY 2012
Opening balance	**21.0**	15.4	15.4
Costs capitalised	**3.5**	2.8	12.0
Costs amortised	**(3.7)**	(2.6)	(6.4)
Closing balance	**20.8**	15.6	21.0



- There has been no material movement in mobilisation costs since the year end
- Mobilisation costs defined as costs incurred after MITIE is appointed preferred bidder but prior to commencement of services
- Costs must relate directly to the contract, be separately identifiable and reliably measured and amounts capitalised must be less than estimated future net cash flows. Costs are amortised over the life of the contract
- If the contract becomes loss making, any unamortised costs are written off immediately

No significant pension deficit

£m	Group scheme	Other schemes	Total
Pension assets	123.0	11.1	134.1
Pension obligations	(142.5)	(10.4)	(152.9)
Contract adjustment	-	(0.4)	(0.4)
Deficit	(19.5)	0.3	(19.2)
% of group net assets			4.6%

- Triennial review and actuarial valuation of the group's principal defined benefit scheme was completed as at 1 April 2011 with no lump sum top up requirement
- Driver of change has been the movement in discount factors driven by bond yield curves
- No material movement in deficit since 31 March 2012

Provisions

- Provisions comprise contingent deferred consideration and the group's insurance reserve
- Contingent deferred consideration increased from £1.2m to £8.4m in the period, primarily due to £6.8m of deferred contingent and earnout consideration on the acquisition of Creativevents
- The group's insurance reserve reduced from £4.4m to £3.4m during the period