Continued good strategic progress and financial performance

Results presentation for the six months ended 30 September 2024

21 November 2024

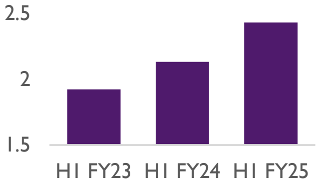
H1 FY25 highlights

Continued growth across all key metrics

Financial performance

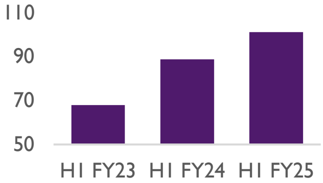
Revenue: £2.4bn

+14% YoY



Op. profit[1]: £101m

+14% YoY



Basic EPS[1]: 5.4p

+2% YoY

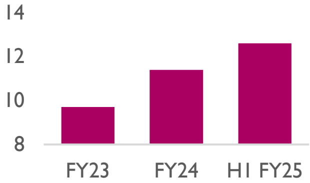
Growth indicators

Wins/renewals[2]: £3.7bn

+54% YoY

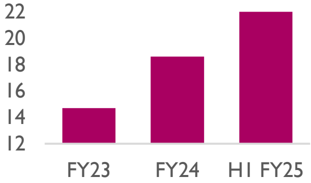
Order book: £12.6bn

+11% in H1



Pipeline: £22bn

+19% in H1



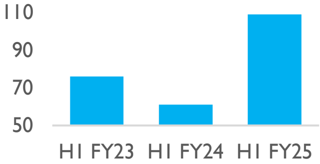
Capital deployment

M&A spend ytd: £49m[3]

+7% YoY

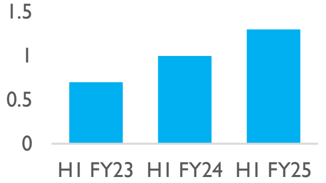
Shareholder returns[4]: £109m

+79% YoY



Interim dividend: 1.3p

+30% YoY



1 Operating profit and Basic EPS before other items
2 Total contract value (TCV). Renewals include contract extensions
3 FY25 YTD includes Argus Fire and Grupo Visegurity (completed Oct 2024)
4 H1 FY25 dividends of £45m, £55m share buybacks and £9m of share purchases for incentive schemes

Financial update

Simon Kirkpatrick
Chief Financial Officer

Headlines

H1 FY25 revenue and profit growth of 14%

Headlines (£m)	H1 FY25	H1 FY24[2]	% change
Revenue[1]	2,430	2,132	+14.0
Operating profit before other items	101.1	88.8	+13.9
Operating profit margin	4.2%	4.2%	-
Profit after tax before other items	71.1	68.2	+4.3
Basic earnings per share before other items	5.4p	5.3p	+1.9
Dividend	1.3p	1.0p	+30.0
Free cash inflow	34	48	
Average daily net debt	(219)	(156)	
Net assets	419	412	

- Revenue growth of 14.0% includes strong organic growth of 8.1%
- Operating profit improved by 13.9%, underpinned by ongoing margin enhancement initiatives (MEIs)
- Margin maintained at 4.2%, despite significant investments in foundation year of Three-Year Plan
- EPS growth of 1.9% due to higher operating profit and share buybacks, partly offset by higher tax and interest
- 30% increase in interim dividend (1/3rd of FY24 total dividend)
- Free cash inflow of £34m after seasonal working capital outflow, with average net debt of £219m

[1] *Revenue including share of joint ventures and associates*
[2] *The comparative figures have been re-presented to reclassify £4.2m of acquisition-related costs from 'Operating profit before other items' to 'Other items', to align with how these costs were classified in the Annual Report & Accounts for FY24.*

Revenue

Double digit revenue growth across all divisions

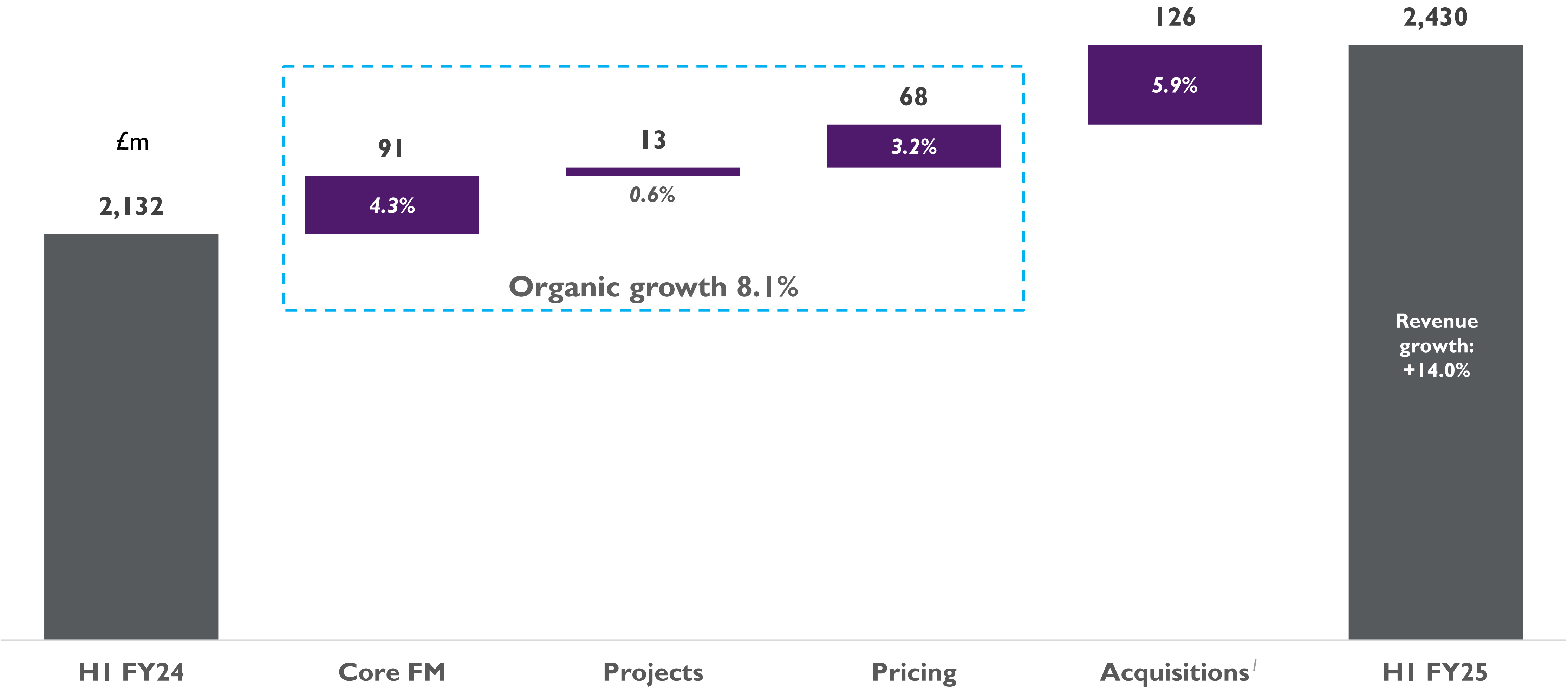
Revenue[1] (£m)	H1 FY25	H1 FY24[2]	% change
Business Services (BS)	1,079	956	+12.9
Technical Services (TS)	913	825	+10.6
Communities	438	351	+24.7
Mitie Group	**2,430**	**2,132**	**+14.0**

- BS growth due to new wins, 'surge response' security work, projects, and acquisitions, partly offset by completion of public sector contracts
- TS growth driven by Defence, acquisitions, and pricing
- Communities' increase from Care & Custody, new wins, and projects growth

[1] *Revenue including share of joint ventures and associates*
[2] *H1 FY24 restated to reflect the change to divisional reporting to include Police services and Central Government in Business Services and Defence within Technical Services*

Revenue

Good organic growth supplemented by strategic acquisitions



[1] *Includes Landmarc consolidation revenue of £42m*

Operating profit

13.9% profit improvement with all divisions increasing year-on-year

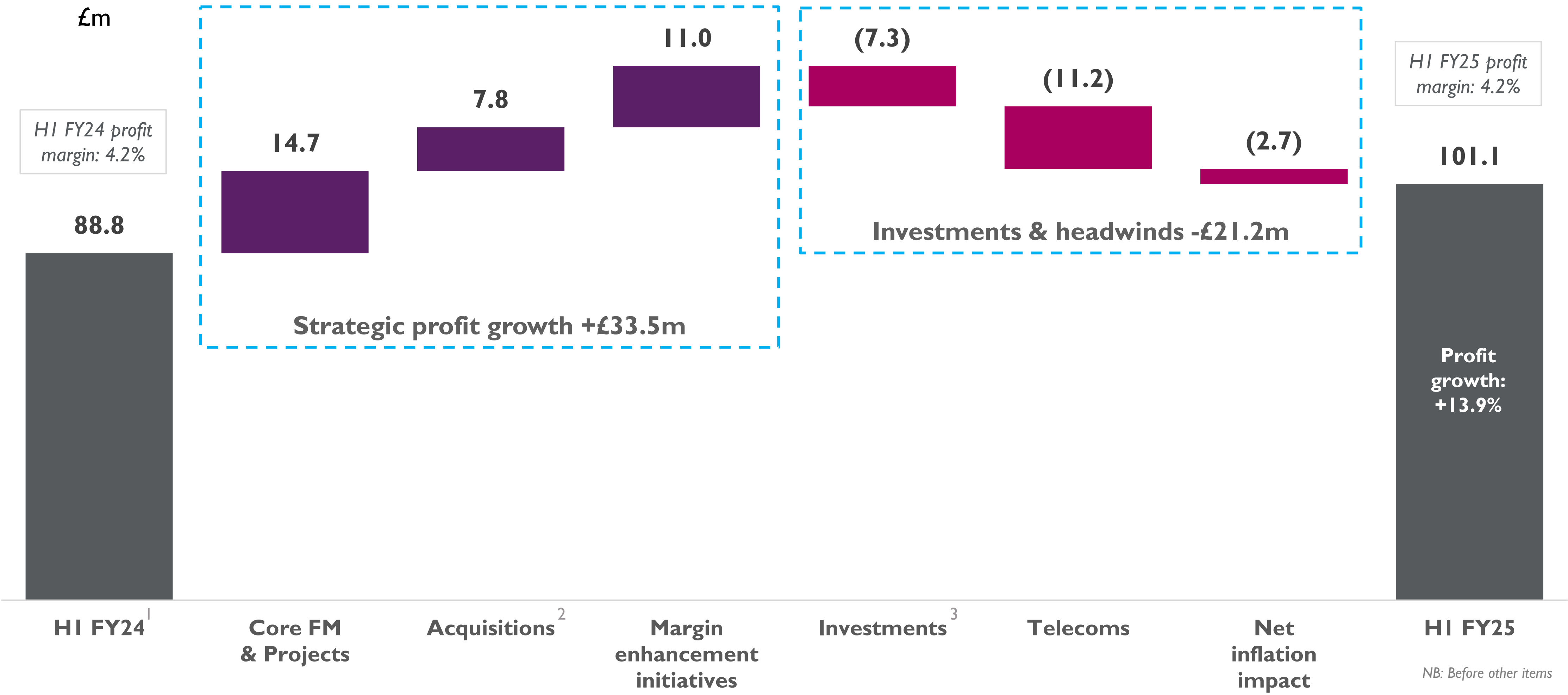
Operating profit[1] (£m)	H1 FY25	H1 FY24[2,3]	% change
Business Services (BS)	72.8	68.4	+6.4
Technical Services (TS)	30.1	28.2	+6.7
Communities	23.2	16.6	+39.8
Corporate Centre costs	(25.0)	(24.4)	(2.5)
Mitie Group	**101.1**	**88.8**	**+13.9**

- BS increase driven by surge response security work, MEIs and acquisitions, offset by completion of higher margin public sector contracts
- TS profit improvement from MEIs, Defence and acquisitions, more than offsetting the loss in the Telecoms infrastructure business
- Communities' upside driven by increased immigration work, improvements on a loss making PFI contract, and MEIs
- Corporate centre costs broadly flat, with investments to support business growth funded through MEI savings

[1] *Before other items*
[2] *H1 FY24 re-presented to reclassify £4.2m of acquisition-related costs from 'Operating profit before other items' to 'Other items', to align with how these costs were classified in the Annual Report & Accounts for FY24*
[3] *H1 FY24 restated to reflect the change to divisional reporting to include Police services and Central Government in Business Services and Defence within Technical Services*

Operating profit

Resilient business model, with 13.9% profit growth after more than £20m of investments and headwinds in H1



NB: Before other items

[1] *H1 FY24 re-presented to reclassify £4.2m of acquisition-related costs from 'Operating profit before other items' to 'Other items', to align with how these costs were classified in the Annual Report & Accounts for FY24*
[2] *Includes Landmarc consolidation profit impact of +£5.0m and G2 Energy costs of -£1.1m*
[3] *Includes an initial £1.4m of mobilisation costs for the Millsike prison contract*

Cost inflation and Autumn Budget headwind

Inflation tightly managed in FY25; additional NI headwind in FY26

FY25 INFLATION IMPACT

	H1	Full Year
Total cost inflation	(£71m)	c.(£143m)
Recovery from pricing	£68m	c.£135m
Net P&L impact	(£3m)	c.(£8m)
Inflation recovery %	*96%*	*c.96%*

- H1 FY25 net P&L impact from cost inflation of £3m, reflecting >95% pricing pass through on contracts
- Full year FY25 net P&L impact expected to be c.£8m

AUTUMN BUDGET: FY26 NI HEADWIND

Estimated cost increase from Employers NI in FY26	(£60m)
Estimated contractual and commercial recovery from pricing	£35m
Residual cost (before mitigations)	**(£25m)**

- NLW increase of 6.7%, expected to be passed through on contracts, consistent with previous years
- Employers' NI cost increase of £60m (c.30%) to £235m in FY26
- Contractual protection and commercial negotiations expected to recover c.£35m
- Residual c.£25m cost to be mitigated by management actions, including ongoing MEIs, as part of FY26 budget

Cash flow

Free cash flow generation, despite seasonal working capital outflow and higher lease, interest and tax payments

Cash flow (£m)	H1 FY25	H1 FY24[1]
Operating profit before other items	101.1	88.8
Add back: depreciation and amortisation	35.6	26.3
Other items	(20.6)	(20.6)
Other operating movements	3.1	1.0
Cash from operations before movements in working capital	**119.2**	**95.5**
Working capital movements[2]	(37.6)	(22.5)
Capex, capital leases, interest, tax and other	(47.3)	(25.1)
Free cash inflow	**34.3**	**47.9**
Capital deployment	*(120.7)*	*(106.6)*
Increase in lease liabilities (and other)	*(20.3)*	*(9.9)*
(Increase) in net debt	**(106.7)**	**(68.6)**

- Strong profit generation drives £34.3m FCF inflow in H1
- Cash other items of £20.6m relating to strategic acquisition costs, and costs of MEI programmes
- Working capital outflow from seasonal projects work, growth of Projects, and more onerous private sector payment terms. FCF to be increasingly H2 weighted in future
- Capex £10.5m, Leases £26.8m, Interest £6.1m, Tax £10.3m and other
- Capital deployment includes: £54.6m share buyback, £9.4m share incentives, £44.5m dividends, £12.2m acquisitions
- Lease liabilities increase: expansion of EV fleet (+900 EVs added in H1), and average duration[3] of leases +6 months

[1] H1 FY24 re-presented to reclassify £4.2m of acquisition-related costs from 'Operating profit before other items' to 'Other items', to align with how these costs were classified in the Annual Report & Accounts for FY24
[2] Adjusted to exclude movements in restricted cash which do not form part of net debt
[3] Average duration of leases of 34 months for H1 FY25 vs 28 months for H1 FY24

Balance sheet

Strong and stable balance sheet underpins ongoing shareholder returns, and strategic acquisitions

£m	H1 FY25	FY24
Closing net (debt)	(188)	(81)
Average daily net (debt)	(219)	(161)
Leverage ratio (average daily net debt / EBITDA)[1]	0.7x	0.6x
Covenant leverage ratio[2]	< 0x	< 0x
Debtor days[3]	29	30
Creditor days[3]	34	31
ROIC (%)	25.4	26.4
Net assets	419	474

- Increase in net debt due to capital deployment undertaken in H1 FY25 (£120.7m)
- Leverage of 0.7x below target range of 0.75x – 1.5x
- Debtor days consistent with FY24
- Improvement in creditor days as the supplier base is rationalised through Coupa, and moved onto standard terms
- Return on invested capital of 25.4% in line with >20% target
- Net asset reduction due to £109m of shareholder distributions

[1] *Calculated using EBITDA on a 12-month rolling basis, before other items and post-IFRS 16 net debt (i.e. including leases). Leverage ratio based on closing net debt is 0.6x*
[2] *Calculated using net debt excluding leases*
[3] *Debtor and creditor days are calculated as averages for the period*

Summary

On track to meet FY25 expectations after good progress in H1

CME FINANCIAL TARGETS

SUPERIOR FINANCIAL RETURNS

- High single digit revenue growth
  (CME baseline: £4.4bn)
- Operating profit margin >5%
  (CME baseline: 4-4.5%)
- EPS growth > revenue growth
  (CME baseline: 10.5p-11.0p)
- FCF generation of c.£150m p.a.
  (CME baseline: >£100m)
- ROIC >20%
  (CME baseline: c.25%)

H1 PERFORMANCE	FY25 GUIDANCE
Double digit revenue growth across all divisions	Mid to high single digit revenue growth in H2, double digit FY25 growth
Margins stable (4.2%) after investment to enhance growth	Margin headwinds from investments, completed contracts, and inflation to continue in H2
2% EPS growth despite significant increase in effective tax rate	On track for FY25 operating profit guidance; increase in effective tax rate and finance costs in FY25 (vs FY24)
FCF positive, in line with our expectations	FY25 FCF >£100m
ROIC >20%	ROIC >20%

Strategic update

Facilities Transformation

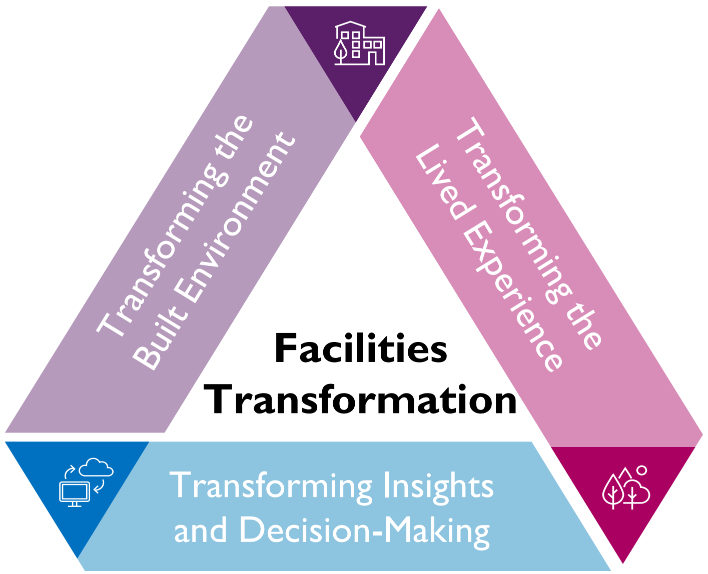
(FY25 – FY27)

Phil Bentley
Chief Executive Officer

Facilities Transformation: FY25 – FY27

Our Three-Year Plan is based on satisfying our customers' evolving needs; delivering our pillars of growth; and meeting our ambitious financial targets

EVOLVING CUSTOMER NEEDS



- Optimise asset performance and maximise productivity
- Transform estates, workplaces and customer experience
- Create healthier and more sustainable spaces
- Protect people, property and assets
- Accelerate the path to Net Zero

KEY PILLARS OF GROWTH

£1.2bn to FY27

- Infill M&A — **+£400m** inorganic revenue
- Projects upsell — **+£200m** organic revenue
- Key account growth and scope increase — **+£600m** revenue

FY27 FINANCIAL TARGETS

SUPERIOR FINANCIAL RETURNS

- High single digit revenue growth
- Operating profit margin >5%
- EPS growth > revenue growth
- FCF generation of c.£150m p.a.

PROACTIVE CAPITAL DEPLOYMENT

- ROIC >20%
- Progressive dividend policy
- Proactive capital allocation
- Average leverage 0.75x - 1.5x

FY25 is the foundation year of our new Plan

We have invested >£10m[1] into resources, capabilities and technology in H1 FY25 to drive future growth and margin expansion

SALES TEAM

- Appointment of CSO
- Added subject matter experts
- Creation of the 'Mitie Way'
- AutoGen AI for bid & marketing

MARKETING

- Investment in thought leadership – Security Radar, Carbon Compass
- Increase in 'Voice of the customer' research – IFM, Emissions Intelligence
- Expanding advertising and brand-building – Merlin Connect, ESG, Security Radar, Carbon Reporting

PROJECT CAPABILITIES

- Decarbonisation
- Power & grid connections
- Fire & Security
- Buildings infrastructure

TECHNOLOGY

- Core systems upgrades
- AI in Coupa and Maximo
- AI-led 'Intelligent' solutions
- ML via Fabric on data lake

[1] *includes capex spend on technology*

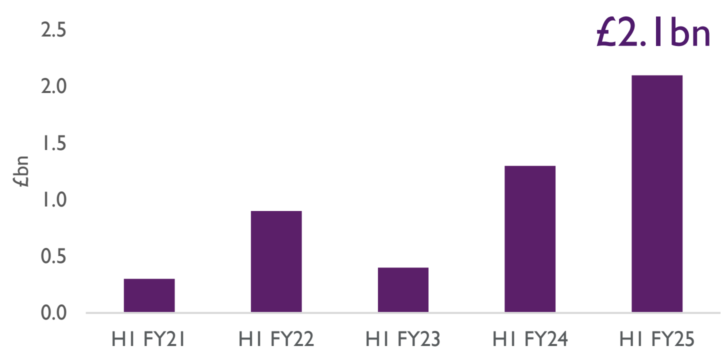
Good momentum in key account growth

Key account growth and scope increase

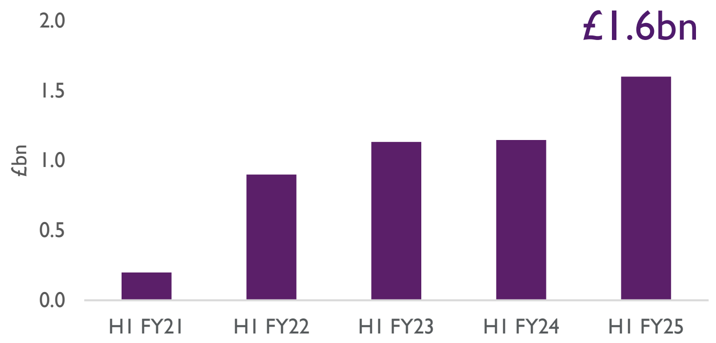
£159m (£600m 3Y target)

Record contract wins & renewals; total order book growing; pipeline of opportunities expanded in H1

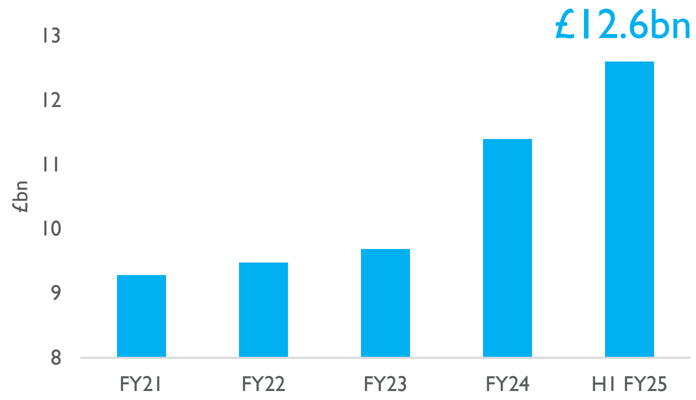
New Wins[1] (+62% yoy)



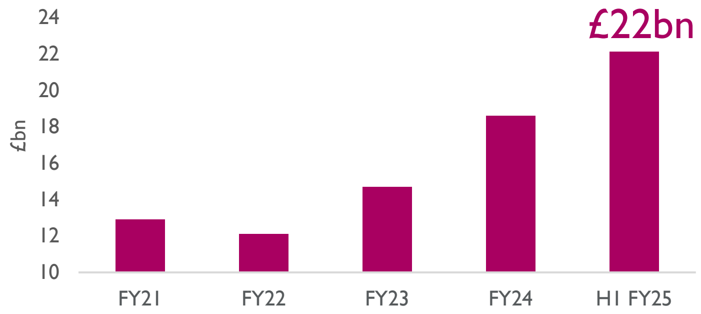
Renewals/Extensions[1] (+40% yoy)



Order book[1] (+11% in H1)



Pipeline (+19% in H1)



[1] *Total Contract Value, including estimates for projects and variable works*

Pipeline +£9bn to £22bn over past two years

We are targeting sectors with significant growth opportunities, where we can leverage our market leading expertise

Key account growth and scope increase

£159m (£600m 3Y target)

IMMIGRATION & JUSTICE £6bn
Improving social outcomes

Eight prisons, MoJ Property Transformation Programme, Immigration Removal Centres

DEFENCE £2bn
Keeping the nation safe

RAF hard services bid, DIO bids, commercial defence renewal

CNI & DATA CENTRES £1bn
Upgrading power connections

Grid connections and data centre projects work

RETAIL £2bn
Tackling theft and violence

Multiple large national grocery and high street retailers

CENTRAL GOVERNMENT £3bn
Underpinning the economy

DWP, TfL, FCDO and other government departments

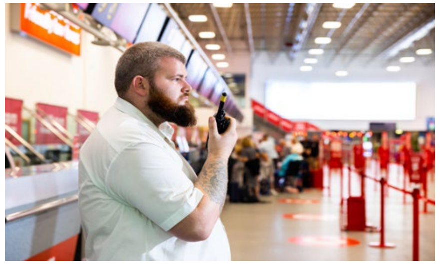
HEALTHCARE £1bn
Improved outcomes for patients

40 Hospital bids (mainly soft services)

FINANCIAL SERVICES / OFFICES £1bn
Delivering Net Zero

London FS market;
office upgrade projects work

TRANSPORT & AVIATION £1bn
A safer, more secure transport system



Three airport re-bids, two airline bids, several railway operators

Projects upsell expected to accelerate

Growing pipeline and order book; actions taken to address challenges in the telecoms business

Projects upsell

£13m
(£200m 3Y organic target)

- M&E, HVAC, Building fabric
- Fire & Security
- Power & Grid Connections
- Renewables, Battery storage
- Electric Vehicle Charging
- Telecoms Infrastructure


Slough data centre fire safety fitout


David Lloyd solar PV installations


132kV connection to battery site


RAF Mount Pleasant resurfacing work


Service Family Accommodation refurb of 150 units


Dudley Hospital resuscitation centre

£1.9bn
Projects order book

£3.0bn
Projects pipeline

£11m loss in H1:
- Concentrated customer base
- Poor contract terms
- Multiple local operators

Actions taken:
- New management team
- 30% headcount reduction (into supply chain)
- Focus on design quality
- Exited unprofitable frameworks

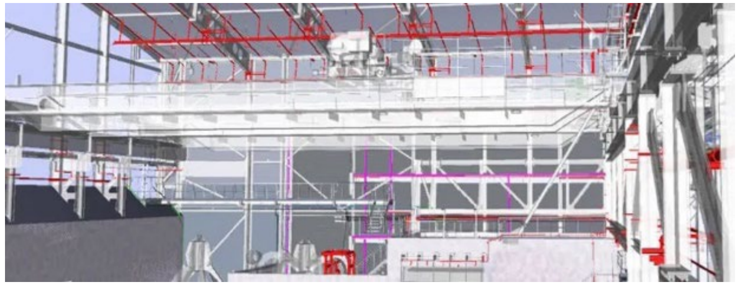
Expect break even run rate by year end
c.20% revenue reduction in FY25 (FY24: c.£90m)

Good progress from infill M&A

£49m invested in high growth markets (ytd), underpinned by attractive macro trends

Infill M&A

£126m (£400m 3Y target)



POWER & GRID CONNECTIONS	FIRE & SECURITY	SPAIN
Mitie: Leading HV Independent Connections Provider	**Mitie:** Top 3 operator in market	**Mitie:** Top 10 Hygiene / Security FM provider
ESM POWER LIMITED POWERING YOUR NETWORKS expands our full suite of power connections capability	Argus fire creates scale and enhances our self-delivered capability	grupovisegurity enables national expansion of our security offering
£90bn UK Net Zero capex spend over next 10 years	£3bn p.a. UK F&S market; growing at c.5% p.a.	€16bn Spanish outsourced FM market; growing at c.5% p.a.
National Grid increasing capex on transmission systems upgrades; distribution network upgrades by DNOs	Driven by tech advances, systems integration & regulatory changes	Opportunities for consolidation in an attractive market
£50m-£100m additional M&A revenue by FY27	***£80m-£150m additional M&A revenue by FY27***	***£50m-£100m additional M&A revenue by FY27***

We continue to evaluate further M&A opportunities to deliver our £225m 3Y Plan spend

Power & Grid Connections: Connections Action Plan, 2023 – GOV.UK; National Grid Electricity Transmission
Fire & Security market: Frost & Sullivan 2023; AMA Research
Spain market: Frost & Sullivan 2023

Margin Enhancement Initiatives (MEIs)

£11m of MEI savings delivered in H1; guidance for FY25 raised to £25m (from £20m); extensive programme of additional AI-led initiatives in pipeline for FY26

>5%
Operating margin by FY27

H1 FY25 MEIs

Target Operating Model

Contract Optimisation

Digital Supplier Platform

Divisional Efficiencies

£25m
FY25 total savings

Margin headwinds

- Employers' NICs
- Cost inflation
- Competitive pricing pressure

MEIs over 3-Year Plan

- AI-led process mining & automation
- AI in core systems
- Client 360 platform & GenAI reporting
- Optimise account structures
- Procurement and supply chain benefits
- Offshore certain operational functions
- Increase self-delivery
- Reduce colleague absenteeism

AI use cases

IBM watsonx.data

Generative AI

IBM PROCESS MINING

Microsoft Copilot Studio

'Best of the Best' – our AI partnership strategy

IBM

Microsoft

salesforce

aws

Proactive and growing capital deployments

Prioritising the return of capital to shareholders and targeted infill M&A

SOURCES

Free cash flow
>£100m in FY25

Rising to
c.£150m by FY27

USES

Progressive dividends

No shareholder dilution

Infill M&A

Share buybacks

FY25–FY27

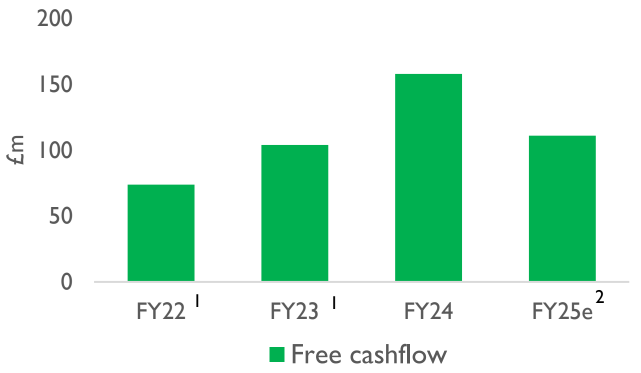
Payout ratio: 30 – 40%

Purchase of shares for incentive schemes

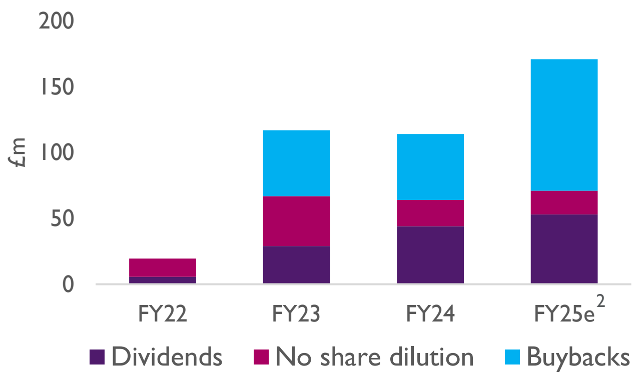
c.£75m p.a. spend

Return of surplus funds

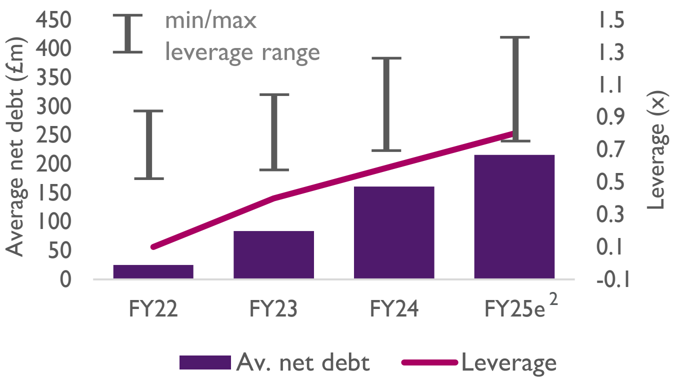
Sustainable free cashflow generation



Shareholder returns +50% yoy in FY25e



Moving into 0.75 – 1.5x leverage range



[1] *Free cashflow normalised for reduction in CID facility and Covid profits*
[2] *FY25e based on company-compiled consensus forecasts*

Summary: H1 FY25

Continued good strategic progress and financial performance

Revenue and operating profit up 14%

Record wins & renewals, and pipeline of opportunities

Projects capabilities expanded in high growth markets

On track to meet Board expectations for FY25

Autumn Budget NIC headwind to be mitigated in FY26

Continued progress towards ambitious 3-Year Plan targets

Q&A

Appendices

Business Services

£m	H1 FY25	H1 FY24[1]	Increase / (decrease)	% change
Security[1]	517	428	89	+21
Hygiene	224	194	30	+16
Central Government[1]	185	217	(32)	(15)
Spain	79	51	28	+55
Waste	43	38	5	+13
Landscapes	31	28	3	+11
Total revenue	**1,079**	**956**	**123**	**+13**
Operating profit before other items	**72.8**	**68.4**	**4.4**	**+6.4**
Operating margin before other items, %	6.7%	7.2%		(0.5ppt)
Total order book	£4.0bn	£2.6bn		+54

[1] Restated to reflect the change to divisional reporting to include Police services (within Security) and Central Government in Business Services

Technical Services

£m	H1 FY25	H1 FY24[1]	Increase / (decrease)	% change
Engineering	665	636	29	+5
Defence[1]	248	189	59	+31
Total revenue	**913**	**825**	**88**	**+11**
Operating profit before other items	**30.1**	**28.2**	**1.9**	**+6.7**
Operating margin before other items, %	3.3%	3.4%		(0.1ppt)
Total order book	£4.3bn	£3.8bn		+13

[1] Restated to reflect the change to divisional reporting to include Defence within Technical Services

Communities

£m	H1 FY25	H1 FY24[1]	Increase / (decrease)	% change
Local Government & Education	157	142	15	+11
Healthcare	153	135	18	+13
Care & Custody[1]	128	74	54	+73
Total revenue	**438**	**351**	**87**	**+25**
Operating profit before other items[2]	**23.2**	**16.6**	**6.6**	**+39.8**
Operating margin before other items, %[2]	5.3%	4.7%		+0.6ppt
Total order book	£4.3bn	£3.5bn		+23

[1] *Restated to reflect the change to divisional reporting to report Police services (previously in Care & Custody) in Business Services*
[2] *H1 FY24 operating profit re-presented to reclassify a £4.2m provision on a PFI contract to Other Items (consistent with FY24 reporting)*

Return on invested capital (ROIC)

£m	H1 FY25[3]	H1 FY24[3]	% change
Operating profit before Other Items[1]	222.5	182.9	+22
Tax[2]	(48.0)	(31.1)	+54
Operating profit before other items after tax	**174.5**	**151.8**	+15
Invested capital	**688.0**	**602.8**	+14
ROIC %	**25.4%**	**25.2%**	+0.2ppt

[1]Operating profit before Other items for H1 FY25 calculated on a 12-month rolling basis (LTM)
[2]Tax charge has been calculated using the effective tax rate for the last 12 months of 21.6% (H1 FY24: 17.0%)
[3] H1 FY24 re-presented to reclassify £4.2m of acquisition-related costs from 'Operating profit before other items' to 'Other items', to align with how these costs were classified in the Annual Report & Accounts for FY24

Invested capital (for ROIC)

£m	H1 FY25	H1 FY24	Increase / (decrease)	% change
Net assets	418.5	411.6	6.9	+2
Add:				
Non-current liabilities	359.1	333.4	25.7	+8
Current provisions	39.4	57.7	(18.3)	(32)
Current Private Placement notes	30.0	-	30	nm
Deduct:				
Non-current deferred tax assets	-	(19.7)	19.7	nm
Cash and cash equivalents	(159.0)	(180.2)	21.2	(12)
Invested capital	**688.0**	**602.8**	85.2	+14