



Preliminary results

for the financial year ended 30 September 2022

Preliminary results - Growth in revenue, profits and order book

Financial highlights

- Revenue¹ increased by 27.0% to £275.1m (2021: £216.6m)
- EBITA^{1, 2} increased by 36.6% to £16.8m (2021: £12.3m)
- EBITA margin^{1, 2} of 6.1% (2021: 5.7%)
- Profit before tax¹ up 40.5% to £15.6m (2021: £11.1m)
- Adjusted basic earnings per share (EPS)³ up 28.6% to 9.0p (2021: 7.0p)
- Continued strength of balance sheet. Net cash⁴ (excluding lease liabilities) of £23.3m (2021: £16.4m)
- Order book¹ increased by 18.0% to £593.5m (2021: £502.9m) providing visibility of future revenues

1. From continuing operations. Continuing operations comprises the Social Housing Energy Services division and Central costs segment. Two businesses, Sureserve Fire and Electrical Limited and Precision Lift Services Limited have been classified as assets held for sale and are excluded from continuing operations.

2. EBITA is defined as Operating profit before impairment of goodwill, amortisation of acquisition related intangibles and exceptional items.

3. Adjusted basic earnings per share from continuing and discontinued operations excluding impairment of goodwill, amortisation of acquisition related intangibles, exceptional items and their associated tax effect.

4. From continuing operations and discontinued operations.

Strategic and operational highlights

Strategic

- Clear growth strategy focused on Social Housing Energy Services
- Strong organic growth of 22%, with 5% from acquisitions
- CorEnergy acquired in December 2021 for £7.6m performing ahead of management expectations, improving the Group's credentials in renewables
- Driving internal efficiencies with EBITA^{1,2} margin progression from 5.7% to 6.1%
- Promising M&A funnel with two businesses held for sale

Operational

- 99 contract wins valued at £247.0m (2021: £400.0m)
- CorEnergy win £5.4m MOD contract through Aaron Services framework
- Average contract length of 6 years (2021: 5 years)
- Over 90% of contracts in the gas businesses have price-index linked clauses
- Successful delivery of Widnes Viking Stadium decarbonisation project
- Good progress made on ESG as we deliver on our targets and sustainability strategy

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Social Housing Energy Services highlights



Strategic focus on Social Housing Energy Services with significant new wins:

Gas

- £68m gas servicing, repair and installation contract with L&Q, 8 years
- £30m heating, repairs and installation contract with Longhurst Group, 5 years
- £20m+ domestic, commercial heating and electrical works with Metropolitan Thames Valley Housing, 4 years
- £20m heating servicing, repairs and installations with London Borough of Tower Hamlets, 10 years
- £10m gas servicing and maintenance contract with Wandle Housing Association, 10 years
- £1.2m Widnes Viking Stadium renewable energy upgrade for Halton Borough Council

Energy efficiency and renewables

- £10m energy services contract with Aberdeenshire Council, 4 years
- £5.4m solar PV project with UK MOD
- £3.0m solar PV, battery and air source heat pump works with Moray Council
- £1.5m design and installation of roof mounted solar PV at 23 schools with Dorset Council

Revenue¹ **↑27.0%**

2022	£275.1m
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2021	£216.6m
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EBITA^{1,2} **↑ 36.6%**

2022	£16.8m
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2021	£12.3m
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EBITA margin^{1,2} **↑ 0.4ppts**

2022	6.1%
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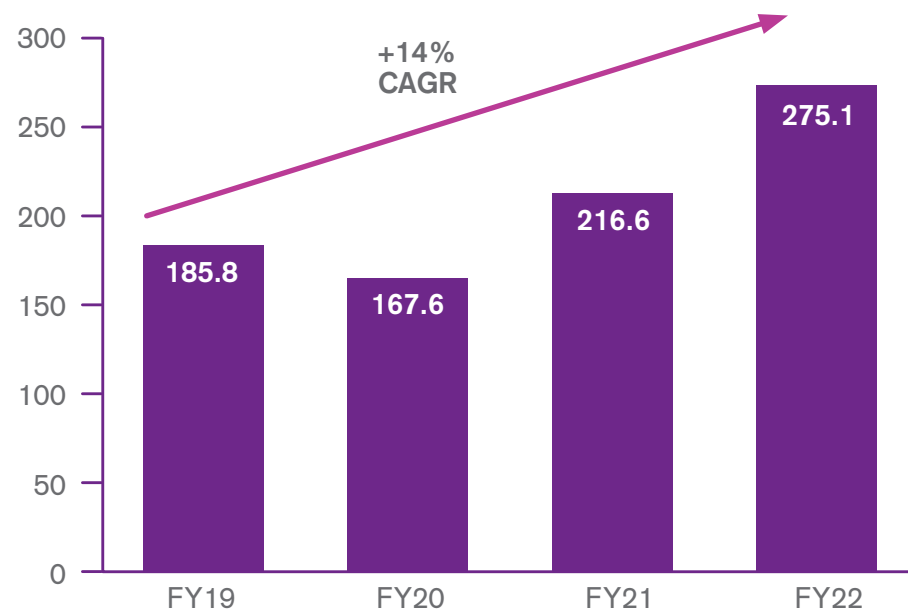
2021	5.7%
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1. From continuing operations.

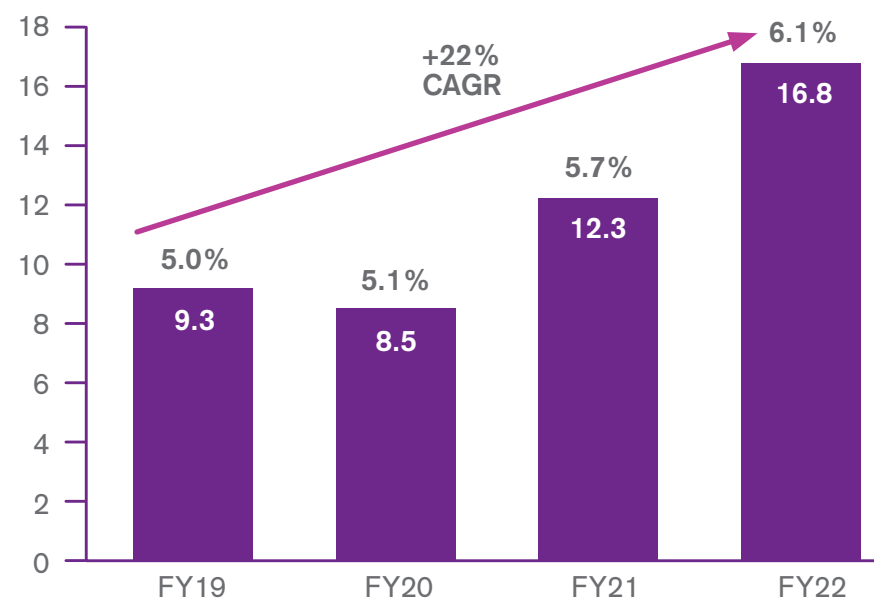
2. EBITA is defined as Operating profit before impairment of goodwill, amortisation of acquisition related intangibles and exceptional items

Financial performance

Revenue¹ (£m): 2019-2022



EBITA^{1,2} (£m): 2019-2022



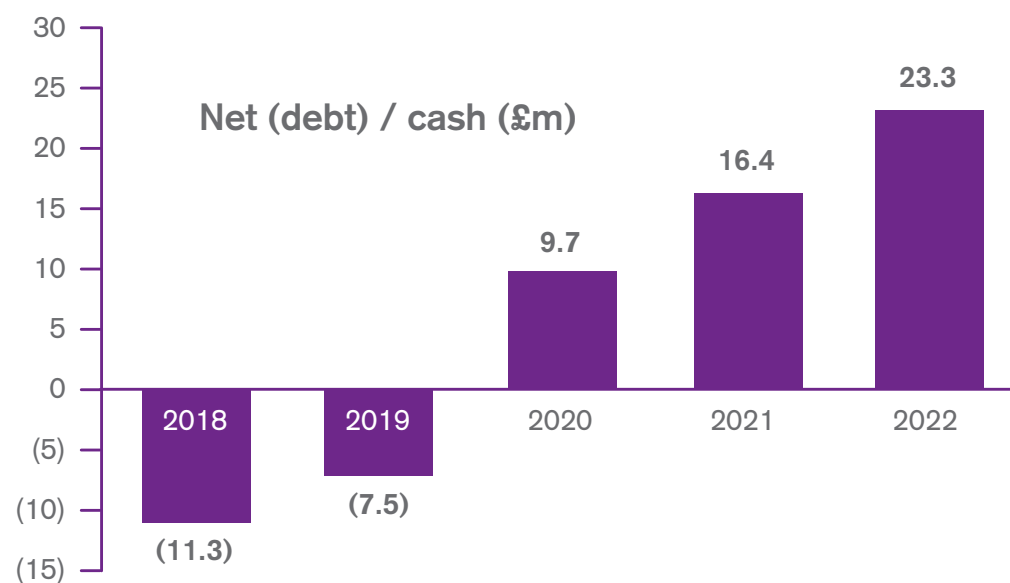
	2022	2021 (restated)	Change
Revenue ¹	£m	£m	
Social Housing Energy Services	276.0	219.6	
Inter-segmental elimination	(0.9)	(3.0)	
Total revenue¹	275.1	216.6	27.0%

	2022	2021 (restated)	Change
EBITA ^{1,2}	£m	£m	
Social Housing Energy Services	20.2	15.0	
Central costs	(3.4)	(2.7)	
EBITA^{1,2}	16.8	12.3	36.6%
EBITA^{1,2} margin	6.1%	5.7%	0.4%

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Statement of financial position



- Business is cash generative, with strong focus on working capital management
- Cash cycle <20 days
- Customers are primarily housing associations or local authorities
- Minimal bad debt risk
- CorEnergy acquisition in Dec 2021 for £7.6m (mix of cash and equity)
- RCF has remained undrawn since July 2020

	As at 30 September 2022	As at 30 September 2021
	£m	£m
Goodwill and intangibles	42.3	43.3
Tangible and other	19.3	15.6
Non-current assets	61.6	58.9
Current assets	59.1	47.5
Net cash and equivalents	19.3	16.4
Net assets held for sale	7.1	–
Current liabilities	(60.3)	(52.9)
Net current assets	25.2	11.0
Non-current liabilities	(11.0)	(9.6)
Net assets	75.8	60.3
Net cash^{1,2}	23.3	16.4

1. From continuing operations and discontinued operations.

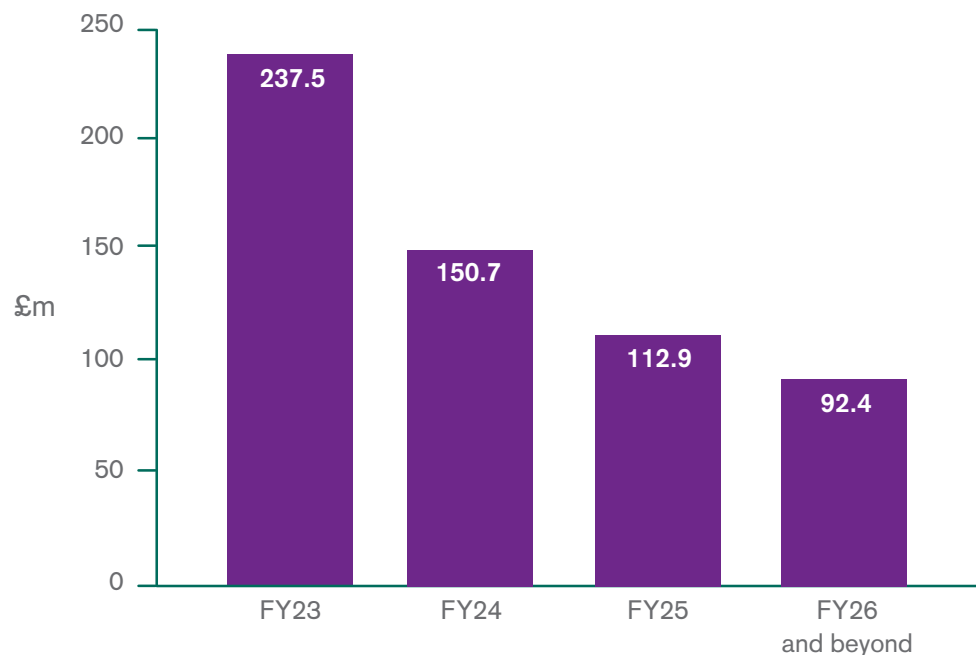
2. Net cash excludes lease liabilities.

Order Book

Order Book¹

£593.5m

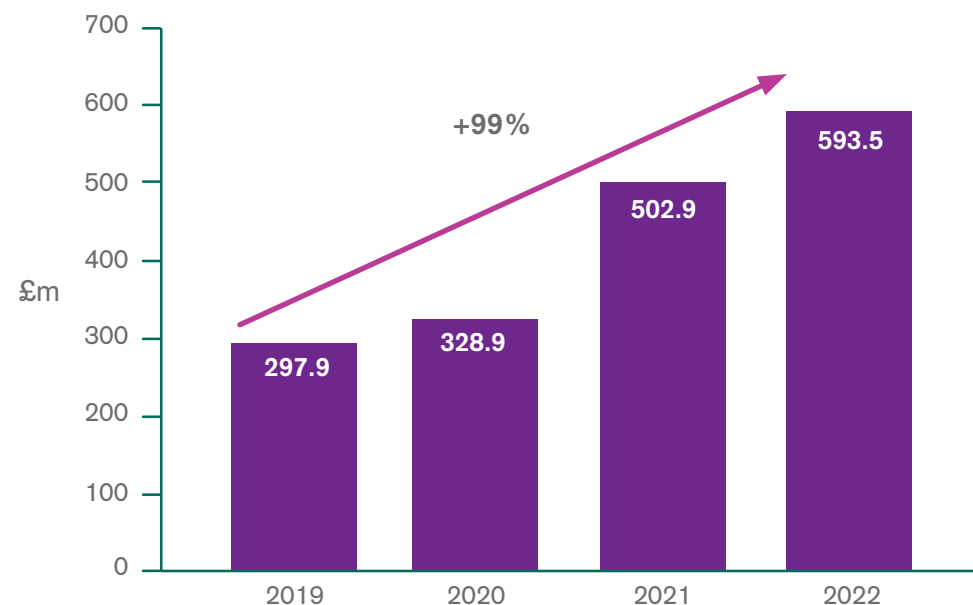
2021: £502.9m, +18%



Order Book¹

(% of revenue secured as at 30 September 2022)

- 79% of FY23
- 48% of FY24
- 34% of FY25



Order Book highlights

- Contractual price protection - over 90% of contracts in the gas businesses have price-index linked clauses
- Increase in average contract lengths to 6 years (FY21: 5 years)

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Our Communities

£100,000+

Funds raised for the Sureserve Foundation to fight fuel poverty

326,585

Households receiving energy efficiency advice & guidance

260,267

Number of households receiving energy efficiency measures



Our People

72.1%

Employee engagement score

27.9%

Employees undertaking training in the year

250

Employees with Long Service Awards (more than 5 years)

28

Number of new employees joining the business from the Armed Forces



Our Customers

94.0%

Customer Excellence



Our Environment

11.0%

Zero emissions vehicles in fleet

34,252kg CO₂

Carbon savings through sustainable office improvements

Summary and Outlook

Summary

- Delivering strategic growth
- New contract wins of £247m augmenting £593m order book
- Price-index linked contracts
- Acquisition of CorEnergy improving the Group's credentials in renewables
- Promising M&A funnel with two businesses held for sale
- Board strengthened – Peter Smith (CEO), Sam Vohra (CFO), Tania Songini (NED)

Outlook

- Order book provides high revenue visibility
- Despite inflationary cost pressures, the Group has mitigated the effects of these demonstrating the resilience of our business model
- The Group's momentum has continued with a good start to trading in FY23
- The Board remains confident in the outlook for FY23

Appendix 1 – Segment classification of businesses

Social Housing Energy Services

- K&T Heating Services Limited
- Aaron Services Limited
- Sure Maintenance Limited
- H2O Nationwide Limited
- Everwarm Limited
- Providor Limited
- CorEnergy Limited

Previous segment classification

Compliance
Compliance
Compliance
Compliance
Energy Services
Energy Services
N/A

Businesses held for sale

- Sureserve Fire and Electrical Limited
- Precision Lift Services Limited

Compliance
Compliance

Appendix 2 – Revenue, EBITA and margin (FY19 – FY22) under new segmental reporting structure

	2019			2020			2021			2022		
	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m
Revenue¹												
Social Housing Energy Services	90.6	98.3	188.9	95.0	74.4	169.4	103.5	116.1	219.6	126.9	149.1	276.0
Inter-segmental elimination	(1.3)	(1.8)	(3.1)	(1.1)	(0.7)	(1.8)	(1.7)	(1.3)	(3.0)	(0.7)	(0.2)	(0.9)
Continuing operations ¹	89.3	96.5	185.8	93.9	73.7	167.6	101.8	114.8	216.6	126.2	148.9	275.1
Businesses held for sale	13.2	13.0	26.2	15.6	12.5	28.1	12.7	14.7	27.4	17.3	16.9	34.2
Group	102.5	109.6	212.1	109.6	86.1	195.7	114.6	129.4	244.0	143.4	165.7	309.2
EBITA^{1,2}	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social Housing Energy Services	4.6	8.2	12.8	5.0	5.7	10.7	5.4	9.6	15.0	6.7	13.5	20.2
Central costs	(1.4)	(2.1)	(3.5)	(1.7)	(0.5)	(2.2)	(1.8)	(0.9)	(2.7)	(1.6)	(1.8)	(3.4)
Continuing operations ¹	3.2	6.1	9.3	3.3	5.2	8.5	3.6	8.7	12.3	5.1	11.7	16.8
Businesses held for sale	(0.1)	0.2	0.1	0.6	1.3	1.9	1.2	1.1	2.3	1.3	0.5	1.8
Group	3.1	6.3	9.4	3.9	6.5	10.4	4.8	9.8	14.6	6.3	12.1	18.6
EBITA^{1,2} %	%	%	%	%	%	%	%	%	%	%	%	%
Social Housing Energy Services	5.1%	8.3%	6.8%	5.3%	7.7%	6.3%	5.2%	8.3%	6.8%	5.3%	9.1%	7.3%
Continuing operations ¹	3.6%	6.3%	5.0%	3.5%	7.1%	5.1%	3.6%	7.6%	5.7%	4.0%	7.9%	6.1%
Businesses held for sale	(0.8%)	1.5%	0.4%	3.8%	10.4%	6.8%	9.4%	7.5%	8.4%	7.5%	3.0%	5.3%
Group	3.0%	5.7%	4.4%	3.6%	7.5%	5.3%	4.2%	7.6%	6.0%	4.4%	7.3%	6.0%

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Appendix 3 – Revenue, EBITA and margin (FY19 – FY21) under previous segmental reporting structure

	2019			2020			2021		
	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m
Revenue									
Compliance	65.7	67.4	133.1	73.4	63.8	137.2	78.9	83.5	162.4
Energy Services	38.0	44.1	82.1	37.3	23.1	60.4	37.3	47.3	84.6
Inter-segment elimination	(1.3)	(1.8)	(3.1)	(1.1)	(0.7)	(1.8)	(1.7)	(1.3)	(3.0)
Group	102.5	109.6	212.1	109.6	86.1	195.7	114.6	129.4	244.0
EBITA¹	£m	£m	£m	£m	£m	£m	£m	£m	£m
Compliance	2.6	5.9	8.5	3.7	8.1	11.8	5.8	8.1	13.9
Energy Services	1.9	2.4	4.3	1.9	(1.1)	0.8	0.8	2.6	3.4
Central costs	(1.4)	(2.1)	(3.5)	(1.7)	(0.5)	(2.2)	(1.8)	(0.9)	(2.7)
Group	3.1	6.3	9.4	3.9	6.5	10.4	4.8	9.8	14.6
EBITA¹ %	%	%	%	%	%	%	%	%	%
Compliance	4.0%	8.8%	6.4%	5.0%	12.7%	8.6%	7.4%	9.7%	8.6%
Energy Services	5.0%	5.4%	5.2%	5.1%	(4.8%)	1.3%	2.1%	5.5%	4.0%
Group	3.0%	5.7%	4.4%	3.6%	7.5%	5.3%	4.2%	7.6%	6.0%

1. EBITA is defined as Operating profit before impairment of goodwill, amortisation of acquisition related intangibles and exceptional items.

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