



Interim results

for the six months ended 31 March 2022

Interim results - Delivery of growth in revenue, profits and order book

Financial highlights

- Revenue¹ up 24.0% to £126.2m (H1 2021: £101.8m)
- EBITA^{1, 2} up 41.7% to £5.1m (H1 2021: £3.6m)
- EBITA margin^{1, 2} of 4.0% (H1 2021: 3.6%)
- Profit before tax¹ up 34.4% to £4.3m (H1 2021: £3.2m)
- Basic earnings per share (EPS)¹ up 37.5% to 2.2p (H1 2021: 1.6p)
- Continued strength of balance sheet. Net cash³ (excluding lease liabilities) of £11.8m (H1 2021: £9.7m)
- New contract wins and extensions up 54.0% to £101.2m (H1 2021: £65.7m)
- Order book¹ up 50.2% to £512.1m (H1 2021: £340.9m) 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 businesses 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 acquisition costs.

³ From continuing operations and businesses held for sale.

Operational and strategic overview

Strategy

- Clear growth strategy focused on Social Housing Energy Services with promising M&A funnel
- Two businesses held for sale with opportunity to achieve the right price and right buyer

Governance

- Board strengthened with permanent CFO appointment
- New Non-Executive Director with renewable energy expertise

Operational achievements

- Integration of CorEnergy acquisition successfully completed
- ESG working groups established with initiatives underway

Social Housing Energy Services highlights



Significant successes across Social Housing Energy Services with new wins:

Gas

- £20m+ domestic, commercial heating and electrical works with Metropolitan Thames Valley Housing, 4 years
- £17m heating servicing, repairs and installations with London Borough of Tower Hamlets, 10 years
- £10m domestic and commercial gas servicing and maintenance with Southend Borough Council, 10 years

Energy efficiency and renewables

- £3m solar PV, battery and air source heat pump works with Moray Council
- £1.5m design and installation of roof mounted solar PV at 25 schools with Dorset Council
- £0.9m heating decarbonisation consultancy, lighting, roof mounted solar PV with Gloucestershire NHS Trust
- Warmworks joint venture acquired Connected Response Ltd in December 2021

Revenue¹ **↑ 24.0%**

2022	£126.2m
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2021	£101.8m
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EBITA² **↑ 24.1%**

2022	£6.7m
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2021	£5.4m
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EBITA margin² **↑ 0.1ppts**

2022	5.3%
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2021	5.2%
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¹ From continuing operations after inter-segment elimination.

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

Results summary

6 months to 31 March	2022 £m	2021 (restated) £m	change %
Revenue ¹	126.2	101.8	24.0
EBITA ^{1,2}	5.1	3.6	41.7
Acquisition costs	(0.1)	–	
Amortisation of acquisition related intangibles	(0.3)	–	
Operating profit¹	4.7	3.6	
Net interest payable	(0.1)	(0.2)	
Interest on lease liabilities	(0.3)	(0.2)	
Profit before tax¹	4.3	3.2	
Taxation	(0.8)	(0.6)	
Profit attributable to the equity holders of the Group¹	3.5	2.6	
Earnings per share¹ – basic	2.2p	1.6p	37.5

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 businesses 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 acquisition costs.

Segmental analysis

6 months to 31 March	2022	2021 (restated)	Change
Revenue ¹	£m	£m	%
Social Housing Energy Services	126.9	103.5	
Inter-segmental elimination	(0.7)	(1.7)	
Total revenue¹ from continuing operations	126.2	101.8	24.0

6 months to 31 March	2022	2021 (restated)	Change
EBITA ^{1,2}	£m	£m	%
Social Housing Energy Services	6.7	5.4	24.1
Central costs	(1.6)	(1.8)	
EBITA^{1,2} from continuing operations	5.1	3.6	41.7

EBITA ^{1,2} margin	%	%
Social Housing Energy Services	5.3	5.2
Central costs	(1.3)	(1.6)
EBITA^{1,2} margin from continuing operations	4.0	3.6

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 businesses 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 acquisition costs.

Statement of financial position

	As at 31 March 2022	As at 31 March 2021	As at 30 Sept 2021
	£m	£m	
Goodwill and intangibles	42.3	43.6	43.3
Tangible and other	15.2	14.5	15.6
Non-current assets	57.5	58.1	58.9
Current assets	56.7	45.6	47.5
Net cash and equivalents	8.9	9.7	16.4
Net assets held for sale	13.1	—	—
Current liabilities	(59.1)	(49.3)	(52.9)
Net current assets	19.6	6.0	11.0
Non-current liabilities	(8.8)	(10.2)	(9.6)
Net assets	68.3	53.9	60.3
Net cash ^{1,2}	11.8	9.7	16.5

- CorEnergy acquisition acquired using mix of cash and equity
- Continued positive operating cash generation with focus on working capital management
- Net cash^{1,2} of £11.8m (H1 2021: £9.7m)
- Bank refinancing completed in December 2021. £15m committed RCF to January 2025

Cash flow

6 months to 31 March	2022	2021
	£m	£m
Operating profit	4.7	3.6
Depreciation and other items	3.2	3.8
Working capital	(4.9)	(3.0)
Cash generated	3.0	4.4

¹ From continuing operations and businesses held for sale

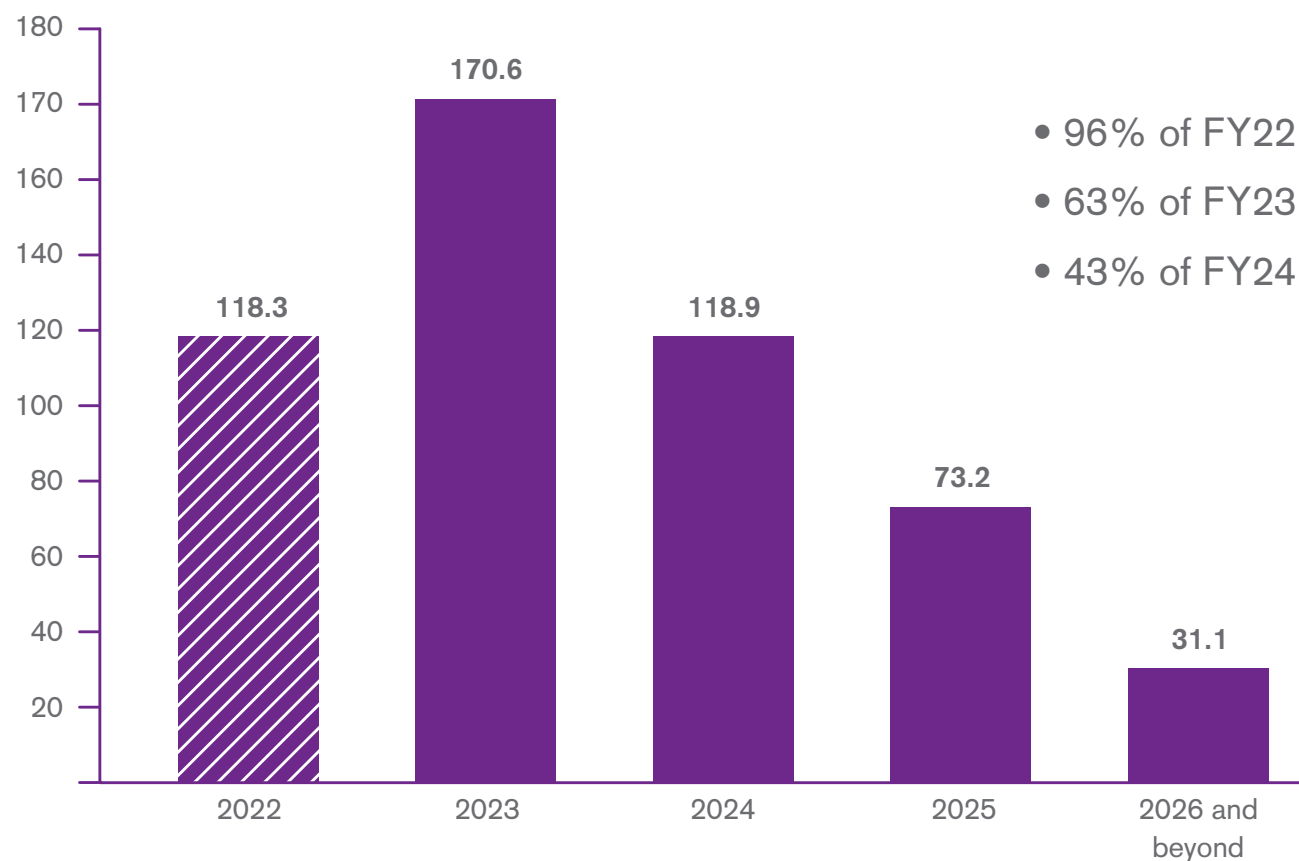
² Net cash excludes lease liabilities.

Order Book

Group Order Book¹ **£512.1m**

(2021: £340.9m)

Group Order Book £m



- 96% of FY22 revenue secured as at 31 March 2022
- 63% of FY23 revenue secured as at 31 March 2022
- 43% of FY24 revenue secured as at 31 March 2022

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 businesses held for sale and are excluded from continuing operations.

Summary and outlook

Summary

- Continued momentum, revenue growth and profitability
- New contract wins/extensions of £101m augmenting strong £512m order book, providing high revenue visibility
- Acquisition and successful integration of CorEnergy
- Clear growth strategy focused on Social Housing Energy Services with promising M&A funnel
- Two businesses held for sale with opportunity to achieve the right price and right buyer
- Board strengthened

Outlook

- General economic headwinds in terms of cost increases may have an impact, but mitigating actions in place to minimise these
- Confident for the prospects for the second half of 2022
- Well-placed to be at the forefront of the energy transition in the UK

Appendix 1

Board members

• Nick Winks	Non-Executive Chairman
• Peter Smith	Chief Executive Officer
• Sameet Vohra	Chief Financial Officer
• Robert Legget	Senior Independent Director
• Derek Zissman	Non-Executive Director
• Christopher H.B. Mills	Non-Executive Director
• Tania Songini	Non-Executive Director
• John Charlton	Group Company Secretary

Largest Shareholders¹

• Harwood Capital Management Group	18.30%
• Slater Investments	15.45%
• Estate of Steve Rawlings	10.17%
• Chelverton Asset Management	5.00%
• Octopus Investments Limited	4.32%

¹ As at 14 April 2022

Appendix 2 – segment classification of businesses

Social Housing Energy Services

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

Previous segment classification

Compliance
Compliance
Compliance
Energy Services
Energy Services
Compliance
N/A

Businesses held for sale

- | | |
|---|------------|
| • Sureserve Fire and Electrical Limited | Compliance |
| • Precision Lift Services Limited | Compliance |

Appendix 3 – Revenue, EBITA and margin (FY18 – H1 FY22) under new segmental reporting structure

	2018			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	H1 £m
Revenue¹													
Social Housing Energy Services	81.4	88.9	170.3	90.6	98.3	188.9	95.0	74.4	169.4	103.5	116.1	219.6	126.9
Inter-segmental elimination	(1.6)	(1.7)	(3.3)	(1.3)	(1.8)	(3.1)	(1.1)	(0.7)	(1.8)	(1.7)	(1.3)	(3.0)	(0.7)
Continuing operations ¹	79.8	87.2	167.0	89.3	96.5	185.8	93.9	73.7	167.6	101.8	114.8	216.6	126.2
Businesses held for sale	11.3	12.4	23.7	13.2	13.0	26.2	15.6	12.5	28.1	12.7	14.7	27.4	17.3
Group	91.1	99.7	190.8	102.5	109.6	212.1	109.6	86.1	195.7	114.6	129.4	244.0	143.4
EBITA^{1,2}	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social Housing Energy Services	3.7	6.5	10.2	4.6	8.2	12.8	5.0	5.7	10.7	5.4	9.6	15.0	6.7
Central costs	(1.3)	(0.8)	(2.1)	(1.4)	(2.1)	(3.5)	(1.7)	(0.5)	(2.2)	(1.8)	(0.9)	(2.7)	(1.6)
Continuing operations ¹	2.4	5.7	8.1	3.2	6.1	9.3	3.3	5.2	8.5	3.6	8.7	12.3	5.1
Businesses held for sale	0.3	(0.4)	(0.1)	0.0	0.0	0.0	0.6	1.3	1.9	1.2	1.1	2.3	1.3
Group	2.7	5.3	8.0	3.1	6.3	9.4	3.9	6.5	10.4	4.8	9.8	14.6	6.3
EBITA^{1,2} %	%	%	%	%	%	%	%	%	%	%	%	%	%
Social Housing Energy Services	4.5%	7.3%	6.0%	5.1%	8.3%	6.8%	5.3%	7.7%	6.3%	5.2%	8.3%	6.8%	5.3%
Continuing operations ¹	3.0%	6.5%	4.9%	3.6%	6.3%	5.0%	3.5%	7.1%	5.1%	3.6%	7.6%	5.7%	4.0%
Businesses held for sale	2.7%	(3.2%)	(0.4%)	0.0%	0.0%	0.0%	3.8%	10.4%	6.8%	9.4%	7.5%	8.4%	7.5%
Group	3.0%	5.3%	4.2%	3.0%	5.7%	4.4%	3.6%	7.5%	5.3%	4.2%	7.6%	6.0%	4.4%

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

Appendix 4 – Revenue, EBITA and margin (FY18 – FY21) under previous segmental reporting structure

	2018			2019			2020			2021		
	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m
Revenue												
Compliance	56.1	60.2	116.3	65.7	67.4	133.1	73.4	63.8	137.2	78.9	83.5	162.4
Energy Services	36.6	41.1	77.7	38.0	44.1	82.1	37.3	23.1	60.4	37.3	47.3	84.6
Inter-segment elimination	(1.6)	(1.7)	(3.3)	(1.3)	(1.8)	(3.1)	(1.1)	(0.7)	(1.8)	(1.7)	(1.3)	(3.0)
Group	91.1	99.7	190.8	102.5	109.6	212.1	109.6	86.1	195.7	114.6	129.4	244.0
EBITA	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Compliance	2.4	3.7	6.1	2.6	5.9	8.5	3.7	8.1	11.8	5.8	8.1	13.9
Energy Services	1.6	2.4	4.0	1.9	2.4	4.3	1.9	(1.1)	0.8	0.8	2.6	3.4
Central costs	(1.3)	(0.8)	(2.1)	(1.4)	(2.1)	(3.5)	(1.7)	(0.5)	(2.2)	(1.8)	(0.9)	(2.7)
Group	2.7	5.3	8.0	3.1	6.3	9.4	3.9	6.5	10.4	4.8	9.8	14.6
EBITA %	%	%	%	%	%	%	%	%	%	%	%	%
Compliance	4.3%	6.1%	5.2%	4.0%	8.8%	6.4%	5.0%	12.7%	8.6%	7.4%	9.7%	8.6%
Energy Services	4.4%	5.8%	5.1%	5.0%	5.4%	5.2%	5.1%	(4.8%)	1.3%	2.1%	5.5%	4.0%
Group	3.0%	5.3%	4.2%	3.0%	5.7%	4.4%	3.6%	7.5%	5.3%	4.2%	7.6%	6.0%

Sureserve Group plc

Crossways Point 15,
Victory Way,
Crossways Business Park,
Dartford,
Kent,
DA2 6DT

Tel: 020 3961 5210

www.sureservegroup.co.uk