Lakehouse plc

Preliminary results

for the financial year ended 30 September 2015

10 December 2015

Group overview

Key highlights

Group revenue	↑ 11.3%
2015	£336.6m
2014	£302.5m

Underlying EBITA*	↑ 105.6%
2015	£22.2m
2014	£10.8m

Underlying operating cash performance	115% conversion
2015	£25.6m
2014	£15.5m

Group order book **£595m**

Group pipeline **£2.8bn**

Underlying earnings per share **13.7p**

- Group revenue increased to £336.6m
- Underlying EBITA* increased to £22.2m
- Improved EBITA margin of 6.6%, up 300bps
- Underlying profit before tax** increased to £21.6m
- Order book of £595m and sales pipeline of £2.8bn
- Contract wins of £638m in the year
- Continued organic growth strategy: high bidding success rate; expansion of geographic reach; cross-selling of services
- Four acquisitions in the year extending service proposition and geographic reach
- Acquisitions of Aaron Services and Precision Lifts following the year end expands Compliance division

* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

** Other underlying numbers are stated before exceptional and other items

Group overview

Lakehouse is an asset and energy support services group, focused on customers and their communities. We make a difference to people's lives by constructing, improving, maintaining and providing services to homes, schools, public and commercial buildings.

	Regeneration	Compliance	Energy Services	Construction
SERVICES	Planned maintenance Responsive repair / maintenance Estate regeneration	Gas / Fire & Electric / Water & Air / Lifts Servicing Maintenance Installations	Energy efficient measures Renewable technologies Funding Metering Energy management	Construction Refurbishment
MARKETS	Social housing	Social housing Public buildings Industrial and commercial	Private and social housing Public buildings Industrial and commercial	Education Public buildings

EXTENSIVE AND INTEGRATED SERVICES

2400 Number of employees

35 Number of offices

Divisional highlights
Regeneration

- Revenue reflects final year of three large contracts
- Improved margins from selectively bidding and focusing on framework opportunities with smaller, higher margin contracts
- Five key planned maintenance contract wins in the year
- 11 key planned maintenance framework wins in the year
- Successfully mobilised five responsive maintenance contracts
- Regeneration (North) in Scotland - already profitable with strong pipeline
- Changing trends in sector procurement practices

Number of frameworks ↑ **20**

2014	2015
33	53

Value of frameworks ↑ **16%**

2014	2015
£466m	£540m

Regeneration revenue ↓ **6.3%**

2015	£161.7m
2014	£172.6m

Underlying EBITA* ↑ **13.4%**

2015	£10.5m
2014	£9.3m

Underlying margin ↑ **110bps**

2015	6.5%
2014	5.4%

* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

Compliance

- Revenue increase reflective of H2O full year and partial Sure Maintenance contribution
- Contribution from higher margin water and air business and lower impact of mobilisation costs year on year
- Cross-selling success demonstrated in year
- Three key contract wins in the year
- Seven key framework wins in the year
- Acquisition of H2O (water and air), Sure Maintenance and Aaron Services (gas) completed and integration on target
- Critical mass achieved and creating nationwide opportunities

Number of frameworks ↑ 31

2014	2015
25	56

Value of frameworks ↑ 28%

2014	2015
£69m	£88m

Compliance revenue ↑ 13.9%

2015	£36.6m
2014	£32.2m

Underlying EBITA* ↑ 77.0%

2015	£4.5m
2014	£2.5m

Underlying margin ↑ 440bps

2015	12.3%
2014	7.9%

* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

Divisional highlights
Energy Services

- Revenue growth reflects full year of Everwarm and acquisitions of Providor and Orchard
- Improved margins through better labour utilisation, inclusion of Everwarm and Energy (South) turning from loss to profit
- Eight key contract wins in the year
- 10 key framework wins in the year
- Acquisitions of Providor and Orchard broadening our proposition
- Navigating evolving UK energy market – broader base with new products
- Established Energy (South) through cross-selling in London and South East
- HEEPS mobilised and commenced September 2015

Number of frameworks ↑ 22

2014	2015
10	32

Value of frameworks ↑ 1533%

2014	2015
£18m	£294m

Energy Services revenue ↑ 196.6%

2015	£68.1m
2014	£22.9m

Underlying EBITA* ↑ 244.1%

2015	£9.6m
2014	£2.8m

Underlying margin ↑ 200bps

2015	14.1%
2014	12.1%

* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

Divisional highlights
Construction

- Revenue reflects closure of social housing development business but core education business grew by 12%
- Margin improvement demonstrates focus on small to medium-sized education projects
- Five key contract wins in the year
- Five key framework wins in the year
- Large market opportunity with 1 million new school places needed by 2023**

Number of frameworks ↑ 9

2014	2015
31	40

Value of frameworks ↑ 128%

2014	2015
£184m	£420m

Construction underlying revenue ↓ 6.5%

2015	£73.4m
2014	£78.5m

Underlying EBITA* ↑ 90.5%

2015	£4.8m
2014	£2.5m

Underlying margin ↑ 340bps

2015	6.6%
2014	3.2%

* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

** Source: Department for Education

Cross-selling opportunities

Client	Lead business	Domestic Gas	Commercial Gas	Electrical	Fire	Planned fabric	Kitchens and Bathrooms	Energy	Smart metering	Sub meter	Energy efficiency	Water	Responsive repairs	Education (Academy)	Voids	Lifts
Client A	Regeneration		○	○	○	●	●	○	○	○	○	○	○		●	○
Client B	Regeneration	◌	◌	○	●	●	●	○	○	○	○	○			○	●
Client C	Compliance	●	○	○	○	○	○	○	○	○	○	○	○		○	○
Client D	Compliance	○	○	○	●	◉	○	○	○	○	○	○	○		○	○
Client E	Compliance		●	○	○	○	○	○	○	○	○	●	○	○	○	○
Client F	Compliance	●	●	○	○	○	○	○	○	○	○	○	○		○	○
Client G	Compliance	●	●	●	○	●	○	○	○	○	○	○	○	○	○	○
Client H	Compliance	●	○	○	○	○	○	○	○	○	○	○	○		○	○
Client I	Compliance	●	●	○	○	○	○	○	○	○	○	○	○		○	
Client J	Compliance		○	○	○	○	○	○	○	○	○	●	○			
Client K	Energy Services					●		○	○	○	●			●		○
Client L	Energy Services	○	○	●	○	○	●	○	○	○	●	○	○		○	○
Client M	Energy Services		○	○	○			●		○	○	○				○
Client N	Energy Services	○		○				●	○	○	●					
Client O	Construction		○	○	○	○		○	○	○	○	○		●		○

● Current ◉ Current Framework ○ Target ◌ Target / Reserve

Order book and pipeline

Group order book **£595m**

Group pipeline **£2.8bn**

Number of frameworks **↑ 82**

2014	2015
99	181

Value of frameworks **↑ 82%**

2014	2015
£737m	£1.34bn

All divisions have increased both 'Number of frameworks' and 'Value of frameworks' in the year

Results summary

Year to 30 September	2015 £m	2014 £m	change %
Revenue	340.2	302.5	12.5
Underlying revenue	336.6	302.5	11.3
Underlying EBITA	22.2	10.8	105.6
Exceptional and other items	(11.2)	(4.4)	
Amortisation of acquisition intangibles	(6.4)	(5.1)	
Operating profit	**4.6**	**1.3**	**251.4**
Net interest payable**	(1.4)	(1.2)	
Profit/loss on ordinary activities before tax	**3.2**	**0.1**	
Tax on profit on ordinary activities	(0.8)	(0.5)	
Profit/loss on ordinary activities after tax	**2.4**	**(0.4)**	
Underlying profit before tax	**21.6**	**10.1**	
Underlying earnings per share			
Basic	**13.7p**	**11.7p**	
Diluted	12.3p	8.3p	

* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

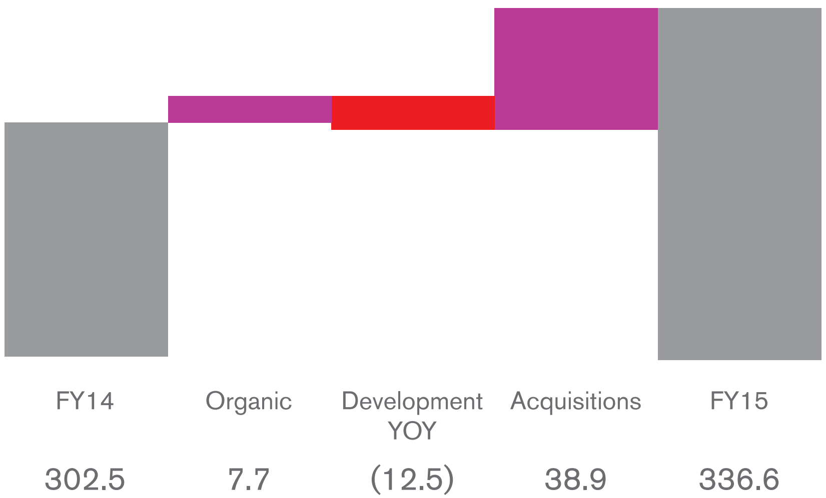
** Net interest payable includes a £0.4m accounting adjustment for unwinding the discount on deferred acquisition consideration and £0.4m of accelerated amortisation of financing costs

Divisional analysis

Revenues

Year to 30 September	2015	2014	Change
Revenue	**£m**	**£m**	**%**
Regeneration	161.7	172.6	(6.3)
Compliance	36.6	32.2	13.9
Energy Services	68.1	22.9	196.6
Construction	73.4	78.5	(6.5)
Total divisional revenue	**339.8**	**306.2**	**11.0**
Interdivisional elimination	(3.2)	(3.7)	
Underlying revenue	**336.6**	**302.5**	**11.3**
Businesses being exited (Construction)	3.6		
Revenue	340.2	302.5	12.5

Group underlying revenue (£m)



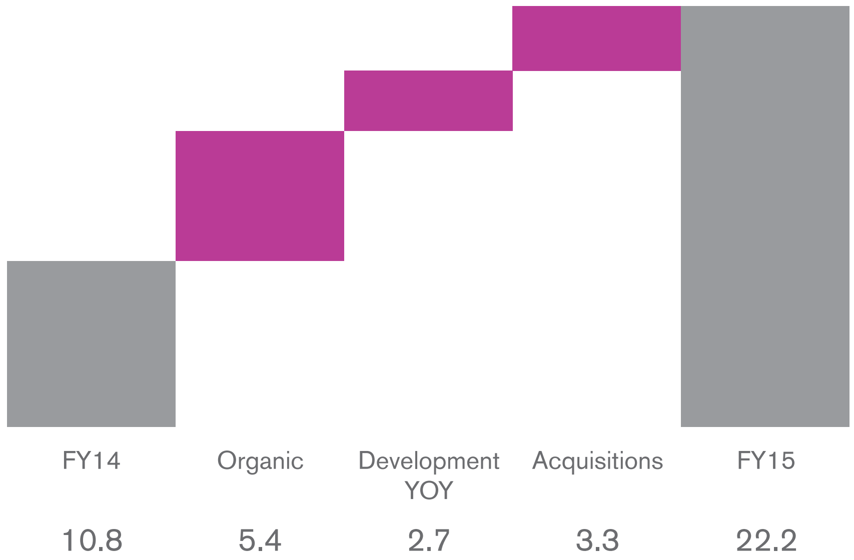
Divisional analysis

Underlying EBITA*

Year to 30 September	2015	2014	Change
Underlying EBITA*	**£m**	**£m**	**%**
Regeneration	10.5	9.3	13.4
Compliance	4.5	2.5	77.0
Energy Services	9.6	2.8	244.1
Construction	4.8	2.5	90.5
Central	(7.2)	(6.3)	13.9
Group underlying EBITA*	**22.2**	**10.8**	**105.6**

Underlying EBITA* margin		
Regeneration	6.5%	5.4%
Compliance	12.3%	7.9%
Energy Services	14.1%	12.1%
Construction	6.6%	3.2%
Central	(2.1)%	(2.1)%
Group underlying EBITA* margin	**6.6%**	**3.6%**

Group underlying EBITA* (£m)



* EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before exceptional and other items

Non-trading and exceptional costs

Year to 30 September	2015 £m	2014 £m
Contract losses on businesses being exited	2.5	–
Exceptional items:		
Acquisition costs	0.8	0.7
Contract costs	2.9	3.0
Disposal of subsidiary business	–	0.1
Restructuring	0.8	–
IPO costs*	4.2	0.6
	8.7	**4.4**
Amortisation of acquisition intangible assets	6.4	5.1
	17.6	**9.5**
Accelerated amortisation of financing costs	0.4	–
Unwinding discount of deferred consideration	0.4	0.5
Loss before tax impact of exceptional or other items	**18.4**	**10.0**

- Contract losses on businesses being exited reflects cessation of social housing development business
- Acquisition costs relate to deal costs on four acquisitions
- Contract costs reflect additional unforeseen work undertaken on legacy contract
- Restructuring relates to reshaping Group structure

* £1.3m IPO costs also taken to reserves

Cash flow

Year to 30 September	2015 £m	2014 £m
Operating profit	4.6	1.3
Depreciation and non-cash items	8.6	6.0
Working capital	5.9	8.0
Cash generated from operations	**19.1**	**15.3**
Interest paid (net)	(0.5)	(0.6)
Taxation	(1.9)	(8.2)
Net cash generated from operating activities	**16.7**	**6.5**
Purchase of operations	(29.7)	(15.3)
Purchase of operating assets	(1.3)	(1.2)
Net cash used from investing activities	**(31.0)**	**(16.5)**
Proceeds from issue of new shares	31.0	–
Proceeds from / (repayment of) bank borrowings	(14.0)	5.4
Net cash generated from financing activities	**17.0**	**5.4**
Net increase/(decrease) in cash	**2.7**	**(4.6)**
Cash generated from operations	19.1	15.3
Exceptional cash costs	6.5	0.2
Underlying operating cash	25.6	15.5
Underlying operating cash conversion*	115%	143%

- Underlying operating cash conversion reflects operating cash, plus exceptional cash costs versus adjusted EBITA
- Cash impact of contract loses on businesses being exited and the balance of exceptional cash costs will be felt in FY16

* Underlying operating cash conversion is operating cash flow, plus exceptional and other items, as a percentage of underlying EBITA

Statement of financial position

As at 30 September	2015	2014
	£m	£m
Goodwill and intangibles	83.5	60.3
Tangible and other	4.2	3.4
Fixed assets	**87.7**	**63.7**
Current assets	85.9	81.5
Cash	6.5	0.7
Current liabilities	(84.2)	(75.8)
Net current assets/(liabilities)	**8.2**	**6.4**
Non-current liabilities	**(10.4)**	**(21.3)**
Net assets	**85.5**	**48.8**
Net cash / (debt)	6.6	(7.2)

- Refinanced £11.2m term loan with four year £30m revolving credit facility in December 2014
- Revolving credit facility extended to £45m in December 2015 to fund further M&A activity
- £5m overdraft facility and £3.5m finance lease basket available

The future

Opportunities for growth

	Regeneration	Compliance	Energy Services	Construction
ORGANIC GROWTH	Market share growth Geographic spread: North / Scotland and Central Self-delivery	Cross-selling to existing customers Market share growth Geographic spread: National Air and water Gas Lifts	Cross-selling to existing customers Geographic spread: National Building services engineering Smart metering Energy procurement / advisory	Education frameworks 'Pupil Places' Geographic spread: Central
CORPORATE DEVELOPMENT	Responsive maintenance	Commercial gas	Building energy management systems	

EXTENSIVE AND INTEGRATED SERVICES

Summary and outlook

- Good maiden results delivered for the year
- £638m of new contract wins in the year
- Excellent cash performance
- Robust balance sheet – resources to continue acquisition strategy
- Four acquisitions in the year with integration underway – plus two since the year end
- Successful implementation of our strategy – helping to mitigate headwinds in evolving markets
- Final dividend proposed of 1.9p per share
- Board remains confident of its expectations for the current year and the future

Appendix

Group overview

Investment rationale

What makes us different:

- Strong, experienced and aligned management team
- Successful organic and acquisitive growth
- Robust order book and sales pipeline provide good visibility
- Growing margins underpin the business
- Good track record of cash generation
- Significant addressable market
- Cross-selling opportunities
- Pipeline of complementary acquisitions

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Cross-selling

Case study 1

Brent Housing Partnership

Brent Housing Partnership first contracted the Group in 2012 and is responsible for managing and maintaining approximately 12,000 council homes made up of 9,000 tenanted and 3,000 leasehold properties.

Construction	Regeneration (South)	Energy Services
Five week contract to expand classroom facilities at Stonebridge Primary School	Roofing and associated works to various buildings	Five year ECO Framework to fit external wall insulation to traditional housing stock
Contract worth £0.5m awarded in 2012	Five contracts worth £0.8m in total, awarded in 2014	Contract worth £0.3m awarded in 2015

Cross-selling

Case study 2

Peabody

Peabody has been a client since 1999 and owns and manages more than 27,000 homes across the capital for more than 80,000 residents.

Compliance (Gas)	**Regeneration (South)**	**Compliance (Fire and Electric)**
Servicing, maintenance and planned replacements of domestic and communal heating since 1999	10 year Framework providing major refurbishment, kitchens and bathrooms, doors and windows, roofing	FRA works for electrical services including testing, certification, maintenance and planned replacements
Last three year contract awarded in 2012 with an average value of £3.4m p.a.	Contract worth £75.0m awarded in 2012, within one year of K&T Heating acquisition	Contract worth £3.0m awarded in 2014

Cross-selling

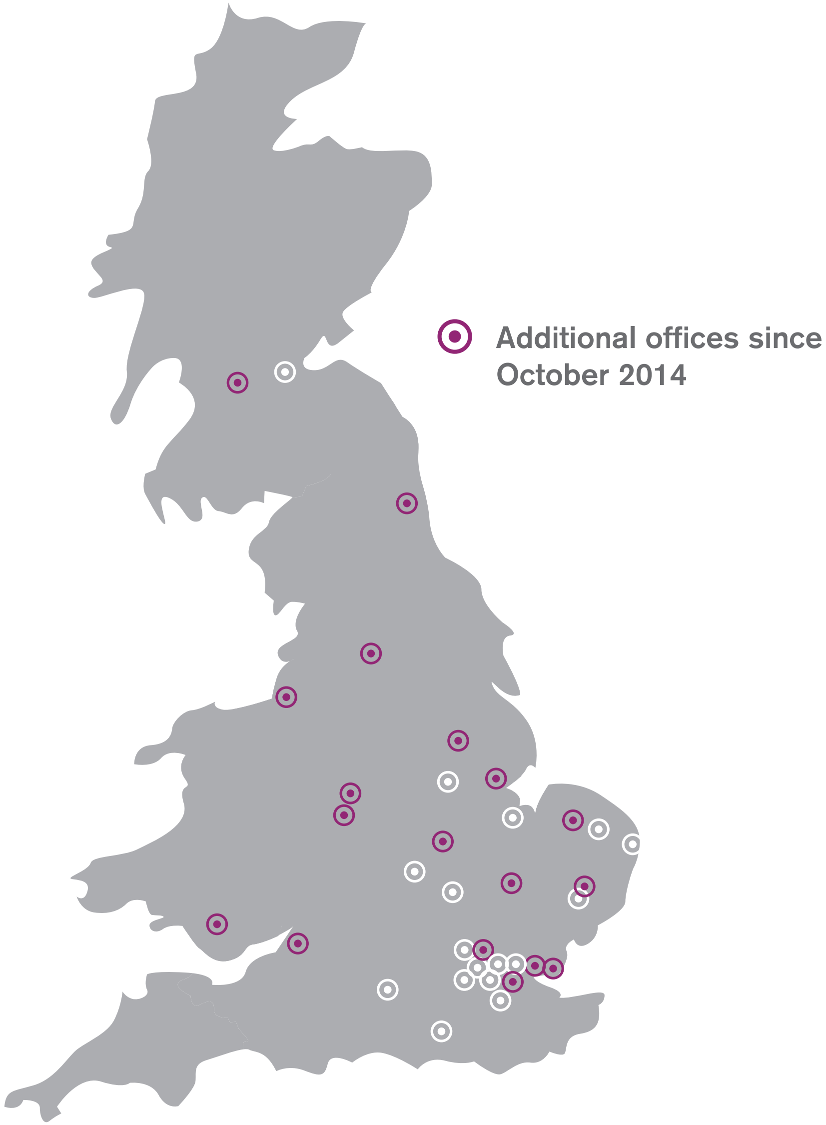
Case study 3

Notting Hill Housing Association

Notting Hill Housing Association has been a client since 1997 and is one of the largest providers of affordable housing in the UK and currently manages approximately 19,000 in London and the surrounding areas.

Compliance (Fire and Electric)	**Compliance (Gas)**	**Regeneration (South)**
Awarded a contract in 1997 to provide preventative planned maintenance to 100 sites	Four year direct delivery contract for gas servicing and repairs	Four year Framework of planned maintenance work
Successfully retendered twice, with number of sites rising to 400 and contract values increasing to £150k	Contract with an average value of £1.74m per annum awarded in 2013 - within one year of Allied acquisition	Contract awarded in 2014 worth £1.0m to date

Expanding national coverage



We now operate from 35 offices across the UK

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Basildon
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Brentwood
Bridgend
Bristol
Cambridgeshire
Camden
Charlton
Corby
Dereham
Elland
Enfield
Gateshead
Glasgow
Grantham
Hackney
Hampshire
Ipswich
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Lincoln
Liverpool
Newmarket
Norfolk
Northampton
Norwich
Southend
Suffolk
Sutton
Upminster
West Midlands
West Sussex

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Numbers have been rounded in order for presentation tables to cast financially.

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