

SureserveGroup



Preliminary results

for the financial year ended 30 September 2018

Contents

03	Presentation team
04	Introduction
05	Group overview
06	Divisional highlights
08	Results summary
13	Order book and pipeline
14	Growth drivers
15	Summary and outlook



Bob Holt, OBE

Executive Chairman



Michael McMahon

Chief Operating Officer

Revenue **+5.1% to £190.8m**

Operating profit before
exceptional items and
amortisation of acquisition
intangibles **+8.7% to £8.0m**

- Compliance and Energy Services are well established, excellent businesses with a clear vision
- Outstanding record of contract wins, including appointment to the Arbed 3 programme that extends Everwarm's reach into Wales
- Sale of Lakehouse Contracts and Foster Property Maintenance businesses enables focus on highly cash-generative growth markets
- Full year dividend of 0.25p recognises shareholder needs and expectations while retaining sufficient capital to drive future growth
- Group rebrand delivered and rolled out
- The Group has started the year positively and ahead of management expectations

THE BOARD BELIEVES THAT THE GROUP'S BUSINESS FUNDAMENTALS REMAIN STRONG

1,990 Number of employees

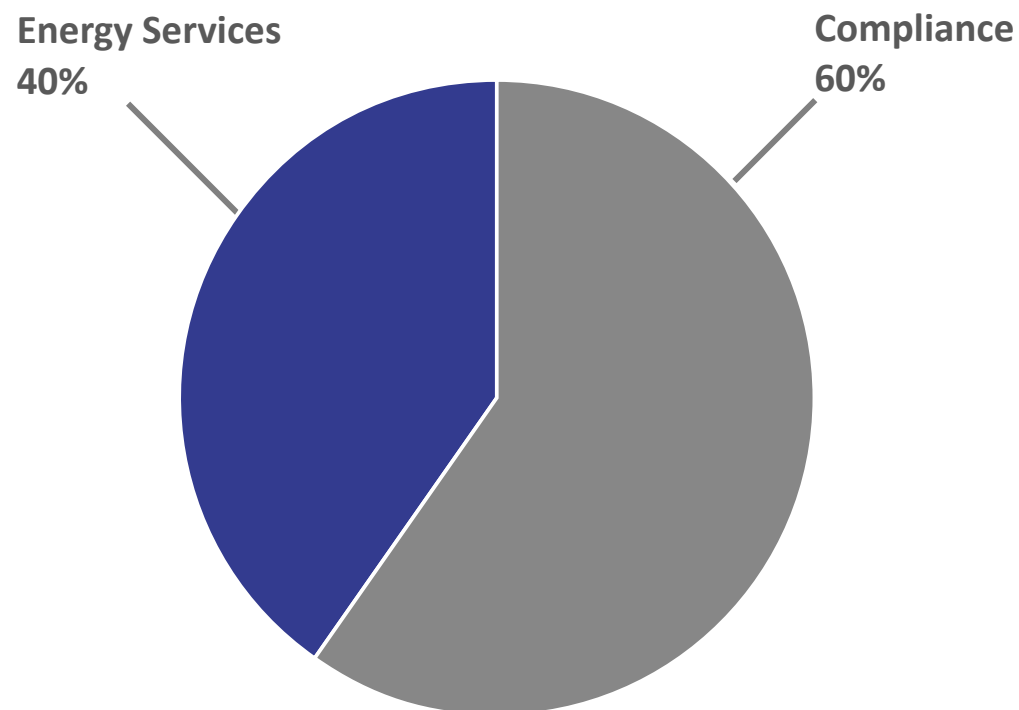
23 Number of offices

Group overview

Key highlights: Financial

Sureserve Group plc
Preliminary results to 30 September 2018

05



Group

Revenue **↑ 5.1%**

2018 £190.8m

2017 £181.5m

Operating profit before
exceptional items and
amortisation of acquisition
intangibles **↑ 8.7%**

2018 £8.0m

2017 £7.4m

Order book¹ **£385m ↓ 16%**

¹ Figures reflect exiting Construction and Property
Services businesses this year.

STRONG GROWTH FROM CORE BUSINESSES

No. 1 in social housing Gas compliance

Strong local brand presence

Divisional highlights

Compliance

Sureserve Group plc
Preliminary results to 30 September 2018

06

Significant success across Compliance services with new wins:-

- £13.5m (3 yr) Gas contract with Sandwell Metropolitan Borough Council
- £9m (3 yr) Gas contract with London Borough of Havering
- £8.4m (10 yr) Lift contract with Royal Borough of Greenwich
- £4.3m (5 yr) Gas contract with Guildford Borough Council
- Fire remediation frameworks with Paragon HA and the South East Consortium
- Margins reflect costs of mobilising a major national contract during H1
- Demands for Fire services post-Grenfell look positive
- Acquisition of Just Energy Solutions a low cost route into private sector Gas and renewables

Compliance revenue	↑ 11.5%	EBITA ¹	↓ 23.6%	EBITA margin	↓ 2.5ppt
2018	£116.3	2018	£6.1m	2018	5.2%
2017	£104.3	2017	£8.0m	2017	7.7%

¹ EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before Exceptional and Other Items

Divisional highlights Energy Services

Sureserve Group plc
Preliminary results to 30 September 2018

07



- Flagship £55m Arbed 3 fuel poverty programme with Welsh Government an important strategic win
- Revenues reflect a quiet period for EWI, weather related
- Metering remains reliant on timing of Government's smart meter roll-out – subject to continued delays
- Good period for new wins, Including Renfrewshire (£10m), Fife (£6m), Perth and Kinross Council (£5.6m), HEEPS 2018-19 wins for Aberdeenshire Council (c£7.0m) and West Lothian Council (£2.5m), North Lanarkshire Council (£2.6m), ANCHO (£1.6m) and Berwickshire (£1.4m)

Energy Services revenue		↓ 1.6%
2018	£77.7m	
2017	£79.0m	

EBITA ¹		↑ 0.2%
2018	£4.0m	
2017	£4.0m	



EBITA margin		↑ 0.1ppt
2018	5.2%	
2017	5.1%	

¹ EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before Exceptional and Other Items

12 months to 30 September	2018	2017	change
	£m	£m	%
Revenue	190.8	181.5	5.1
Operating profit before exceptional items and amortisation of acquisition intangibles	8.0	7.4	8.7
Exceptional and other items	(0.3)	(0.5)	
Amortisation of acquisition intangibles	(4.3)	(10.5)	
Operating profit/(loss)	3.4	(3.6)	
Net interest payable	(1.5)	(1.9)	
Profit/(loss) on ordinary activities before tax	1.9	(5.5)	
Tax on profit on ordinary activities	(0.8)	0.9	
Profit after tax from continuing operations	1.1	(4.6)	
Discontinued operations	(11.5)	4.6	
Profit/(loss) on ordinary activities after tax	(10.4)	0.0	
Adjusted continuing earnings per share	3.4p	2.8p	
Basic loss per share	(6.6)p	0.0p	

Divisional analysis

Revenues and EBITA

12 months to 30 September	2018	2017	Change
Revenue	£m	£m	%
Compliance	116.3	104.3	11.5 
Energy Services	77.7	79.0	(1.6) 
Total divisional revenue	194.0	183.3	
Inter segmental elimination	(3.2)	(1.8)	
Total revenue	190.8	181.5	5.1

- Compliance showed strong growth, boosted by contract wins and procurement
- Energy efficiency performed well, but margin pressures continue.

EBITA ¹	£m	£m	Change %
Compliance	6.1	8.0	(23.6)
Energy Services	4.0	4.0	0.2
Central	(2.1)	(4.6)	54.6
Group EBITA¹	8.0	7.4	

EBITA ¹ margin	%	%
Compliance	5.2	7.7
Energy Services	5.2	5.1
Group EBITA¹ margin	4.2	4.1

¹EBITA is earnings before interest, tax and amortisation of acquisition intangibles. Underlying EBITA is stated before Exceptional and Other Items

Exceptional items

12 months to 30 September	2018	2017
	£m	£m
Amortisation of acquisition intangibles	(4.3)	(10.5)
Exceptional costs	(1.0)	(2.1)
Exceptional income	0.8	1.6
Net exceptional items	(4.5)	(11.0)

12 months to 30 September	2018	2017
	£m	£m
Operating profit / loss	3.4	(3.6)
Depreciation and other items	5.5	12.5
Working capital	(14.6)	4.5
Cash used in operations	(5.7)	13.4
Interest paid (net)	(1.0)	(1.4)
Taxation	(0.2)	0.6
Net cash used in operations	(6.9)	12.6
Sale/(Purchase) of operations	(1.2)	9.5
Purchase of operating assets	(0.8)	(1.2)
Net cash used from investing activities	(2.0)	8.3
Dividends paid	(0.8)	(0.8)
Proceeds from / (repayment of) revolving credit facility / bank borrowings	(14.7)	6.1
Net cash generated from financing activities	(15.5)	5.3
Net increase / (decrease) in cash	(24.4)	26.2
Cash generated from operations	(5.7)	13.4
Exceptional cash costs	2.5	1.9
Cash from discontinued activities	8.0	(2.2)
Underlying operating cash	4.8	13.1
Operating cash conversion	60%	177%

- Underlying operating cash conversion reflects operating cash from continuing operations, plus the cash impact of exceptional and other items, versus underlying EBITA from continuing operations
- Cash is seasonal, compounded by strong end to FY17

¹ Underlying operating cash conversion is operating cash flow, plus the cash impact of Exceptional and Other Items, as a percentage of underlying EBITA

Statement of financial position

Sureserve Group plc
Preliminary results to 30 September 2018

12

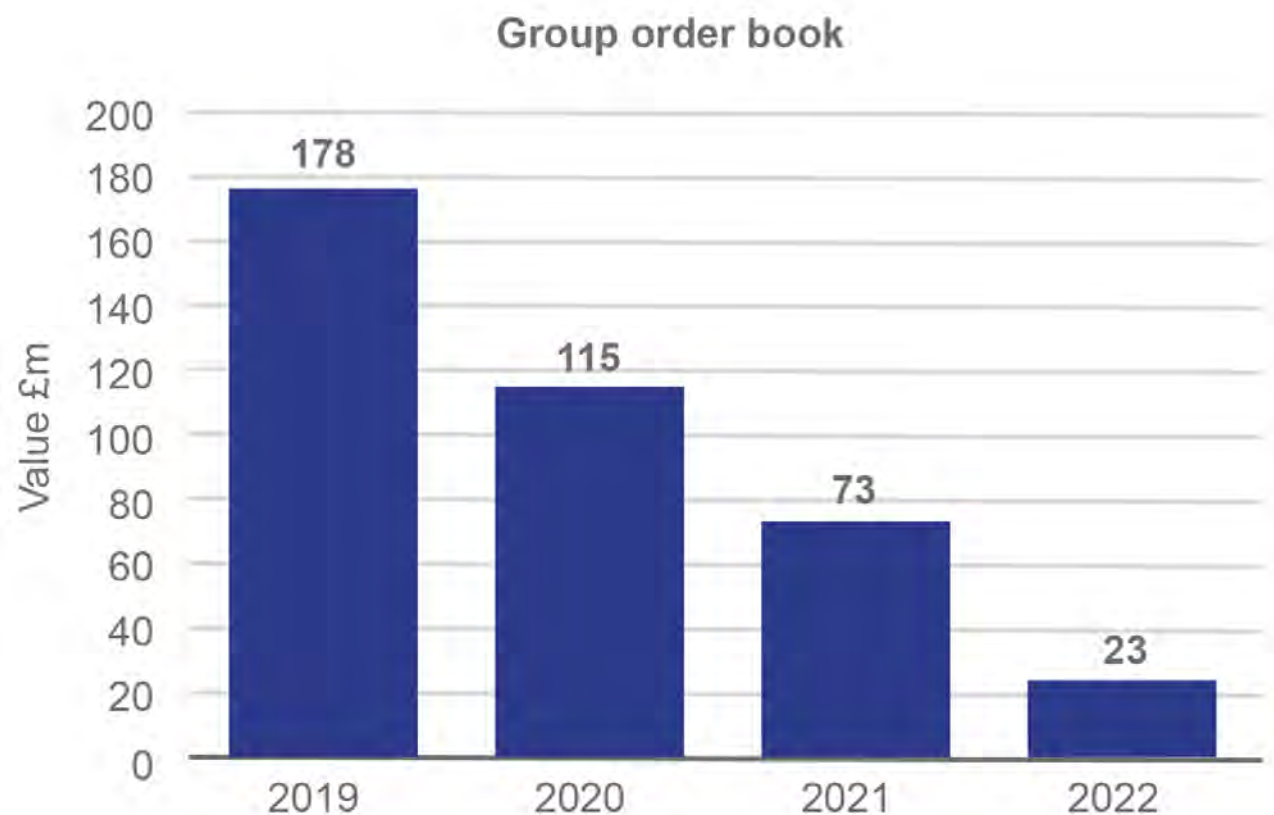
12 months to 30 September	2018	2017
	£m	£m
Goodwill and intangibles	47.9	51.4
Tangible and other	2.3	5.6
Fixed assets	50.2	57.0
Current assets	47.6	70.4
Net cash and equivalents	(11.2)	25.9
Current liabilities	(44.5)	(71.8)
Net current (liabilities)/assets	(8.1)	24.5
Non-current liabilities	(3.0)	(4.1)
Debt	(12.9)	(27.2)
Net assets	39.1	50.2
Net current assets/(liabilities) (excluding cash)	3.1	(1.4)
Net (debt)	(11.2)	(1.3)

- Net debt £11.2m (2017: £1.3m)
- RCF secured for 3 years at £25m
- Outstanding deferred consideration £0.3m at period en (2017: £2.5m)

Order book and pipeline

Sureserve Group plc
Preliminary results to 30 September 2018

13



Group order book **£385m**

Value of frameworks **£633.4m**

Number of frameworks **108**

Delivery on strategy in 2018	Compliance	Energy Services	Group
Operational excellence	Ongoing: Common operating platform		
Geographic expansion	✓ New wins	✓ Arbed win takes us into Wales	
Service breadth	✓ JES acquisition expands private sector: Reviewing sprinkler opportunities	Ongoing: Review business model for opportunities such as meter ownership	
Focused divisions			✓ Exit from Property Services and Construction
Working together	Ongoing: Review structure and Group model for continuing operations		

- Exit from Construction and Property Services a positive step, marking a new chapter for the Group
- Compliance and Energy Services are sector specialists operating in markets driven by legislation, with more predictable, profitable and cash generative revenue streams
- A simpler Group will allow us to focus on improving performance, including a new operating platform
- Another good period for new wins, with Arbed 3 secured
- Group well poised for growth



Sureserve Group plc

50 Liverpool Street
London
EC2M 7PY

Tel: 020 3713 7325

www.sureservegroup.co.uk