

SureserveGroup



Interim results

for the six months ended 31 March 2021

Introduction

Revenue **+4.6% to £114.6m**

EBITA¹ **+22.1% to £4.8m**

Well positioned for substantial growth

- Focused business model: Compliance and Energy Services
- Regular, recurring revenues drive further growth
- Regulatory drivers provide resilience by underpinning demand
- Continued strong cash generation
- Solid framework for growth supported by £371.6m order book providing visibility of earnings
- Fragmented market provides opportunities for both organic and further acquisitive growth

¹ EBITA is defined as operating profit before amortisation of acquisition intangibles.

Interim results - Group highlights

Key financial KPIs delivered

- Group revenue up 4.6% to £114.6m (H1 2020: £109.6m)
- EBITA¹ up 22.1% to £4.8m (H1 2020: £3.9m)
- Profit before tax on continuing operations up 72% to £4.4m (H1 2020: £2.6m)
- Much improved balance sheet with net cash of £9.7m (excluding lease liabilities) (H1 2020 net debt: £3.5m)
- Order book of £371.6m (H1 2020: £323.7m)
- Earnings per Share (EPS) from continuing operations up 71% to 2.2p (H1 2020: 1.3p)

Strategic & commercial progress

- New contract wins of £112.1m, supported by £371.6m order book, providing strong visibility of future earnings
- Continued reputation for delivery of quality services and market-leading positions in the highly-regulated public sector gas testing and energy services sectors

¹ EBITA is defined as operating profit before amortisation of acquisition intangibles.

Divisional highlights

Compliance

67.9% of Group revenues

Sureserve
Fire & Electrical,
Part of the Sureserve Group



Largest provider of public sector gas testing.

Despite pandemic, significant success across Compliance with new wins:

- £8.0m Heating servicing and repairs with Richmondshire District Council
- £4.8m Heating appliance services with Saffron Housing Trust
- £4.0m Heating maintenance contract with Royal Borough of Kensington and Chelsea
- £2.5m Electrical works with L&Q
- £2.0m Fire door repairs with London Borough of Newham
- £2.0m Fire alarm service and maintenance with VIVID Housing
- £1.6m Lift refurbishment works with Thanet District Council
- £1.2m Water hygiene and risk assessments with Southern Housing Group

New and extended contracts with Southend-on-Sea Borough Council, Transform Housing & Support, Rotherham Metropolitan Borough Council, Lancashire County Council and Home Group.

Compliance revenue **↑ 7.6%**

2021 **£78.9m**

2020 **£73.4m**

EBITA¹ **↑ 57.8%**

2021 **£5.8m**

2020 **£3.7m**

EBITA margin **↑ 2.4ppts**

2021 **7.4**

2020 **5.0**

¹ EBITA is defined as operating profit before amortisation of acquisition intangibles.

Divisional highlights

Energy Services

32.1% of Group revenues



Despite impacts from Covid-19 restrictions, a number of new wins and contract extensions:

- £4.7m Energy efficiency measures with London Borough of Ealing
- £2.3m Energy efficiency measures with East Lindsey Council
- £2.0m Energy efficiency works with Doncaster Metropolitan Borough Council
- £2.0m External wall insulation and other services with Fife Council
- £1.7m Kitchen replacement works with Ancho Housing Association
- New contracts with Paragon Housing Association, Scottish Borders Council, Aberdeenshire Council, Edinburgh City Council, Perth & Kinross Council, East Lothian Council

Two-year extension of existing smart metering contract with Scottish Power.

Continued focus on mobilisation of significant smart metering contracts in line with Government deadline of June 2025.

Energy Services revenue **↑ 0.2%**

2021 **£37.3m**

2020 **£37.3m**

EBITA¹ **↓ 60.6%**

2021 **£0.8m**

2020 **£1.9m**

EBITA margin **↓ 3.2ppts**

2021 **2.0**

2020 **5.2**

¹ EBITA is defined as operating profit before amortisation of acquisition intangibles.

Results summary

6 months to 31 March	2021	2020	change
	£m	£m	%
Revenue	114.6	109.6	4.6
EBITA¹	4.8	3.9	22.1
Amortisation of acquisition intangibles	–	(0.8)	
Operating profit	4.8	3.1	
Net interest payable	(0.4)	(0.5)	
Profit on ordinary activities before tax	4.4	2.6	
Tax on profit on ordinary activities	(0.9)	(0.5)	
Profit on ordinary activities after tax	3.5	2.1	
Discontinued operations	–	0.1	
Earnings per share²	2.2p	1.3p	

¹ EBITA is defined as operating profit before amortisation of acquisition intangibles.

² Earnings per share (EPS) from continuing operations.

Divisional analysis

6 months to 31 March	2021	2020	Change
Revenue	£m	£m	%
Compliance	78.9	73.4	7.6 ↑
Energy Services	37.3	37.3	0.2 ↑
Total divisional revenue	116.3	110.6	5.1 ↑
Inter segmental elimination	(1.7)	(1.1)	
Total revenue	114.6	109.6	4.6 ↑

6 months to 31 March	2021	2020	Change
EBITA¹	£m	£m	%
Compliance	5.8	3.7	57.8 ↑
Energy Services	0.8	1.9	60.6 ↓
Central	(1.8)	(1.7)	
Group EBITA¹	4.8	3.9	22.1 ↑

EBITA¹ margin	%	%
Compliance	7.4	5.0
Energy Services	2.0	5.2
Group EBITA¹ margin	4.2	3.6

¹ EBITA is defined as operating profit before amortisation of acquisition intangibles.

Statement of financial position

	As at 31 March 2021	As at 31 March 2020	As at 30 Sept 2020
	£m	£m	£m
Goodwill and intangibles	43.6	43.8	43.1
Tangible and other	14.5	8.8	9.0
Non-current assets	58.1	52.6	52.1
Current assets	45.6	48.3	43.1
Net cash and equivalents	9.7	6.3	9.7
Current liabilities	(49.3)	(44.5)	(47.8)
Net current assets	6.0	10.1	4.9
Non-current liabilities	(10.2)	(6.4)	(6.9)
Debt	–	(9.8)	–
Net assets	53.9	46.5	50.1
Net cash/(debt) ¹	9.7	(3.5)	9.7

- Net cash of £9.7m (excluding lease liabilities) (2020 net debt: £3.5m)
- Deferred VAT of £6.1m paid on 31 March, in line with original Government guidance

Cash flow

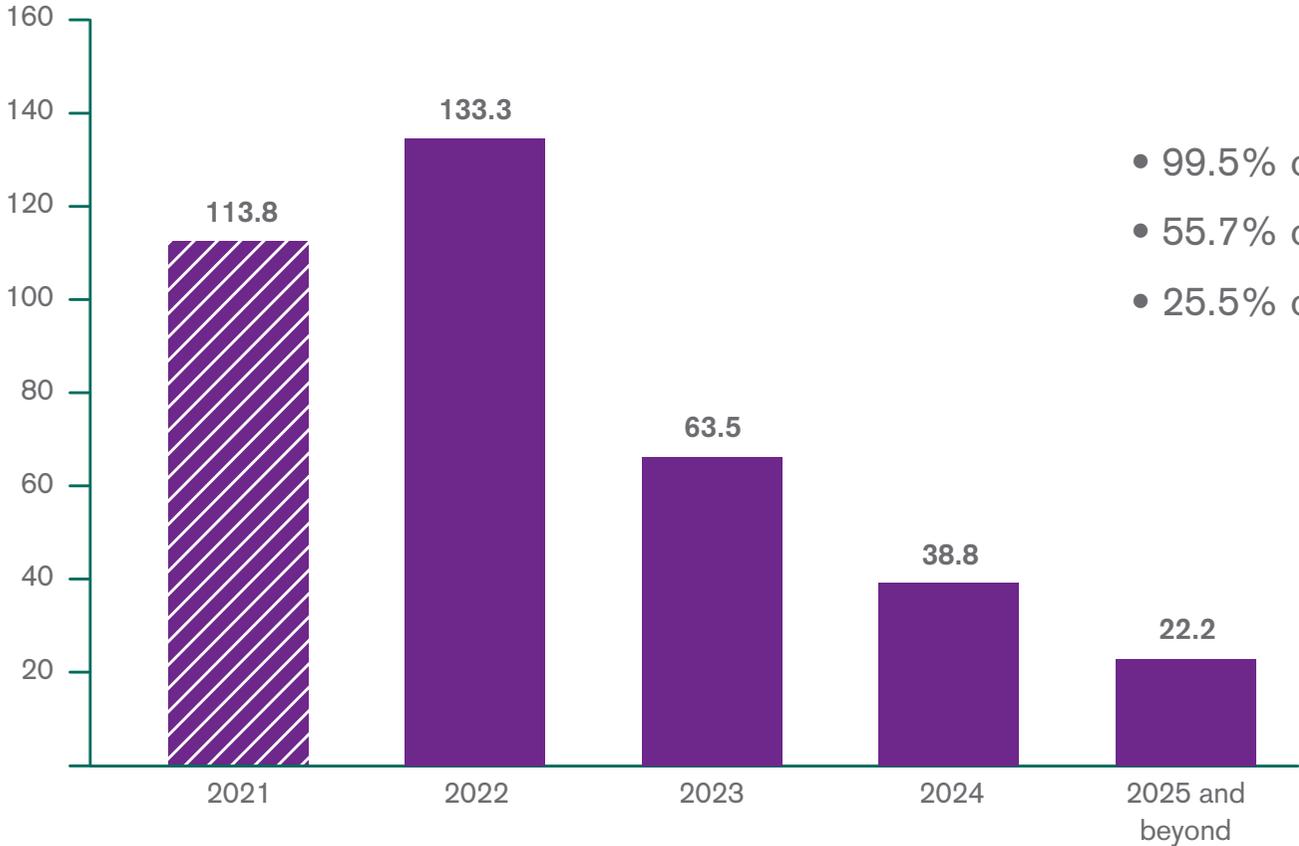
6 months to 31 March	2021	2020
	£m	£m
Operating profit	4.8	3.1
Depreciation and other items	2.6	3.6
Working capital	(3.0)	(0.4)
Cash generated from operations	4.4	6.3

¹ Net cash/debt is calculated before the effect of lease liabilities

Order Book

Group Order Book **£371.6m**
(2020: £323.7m)

Group Order Book £m



- 99.5% of FY21 revenue secured
- 55.7% of FY22 revenue secured
- 25.5% of FY23 revenue secured

ESG

Environmental

- Working towards carbon neutral status via PAS 2060 accreditation with the Carbon Trust
- First 30 zero emissions electrical vans ordered – part of ongoing commitment to upgrade commercial fleet
- Commenced roll out of zero emissions company cars to our leadership team

Social

- Social Value section launched on website
- Fuel voucher and Hardship Funds delivered to UK households via Sureserve Foundation
- 5 year Equality, Diversity & Inclusion strategy in place
- Group now accredited to:



Corporate Governance

- Updated Group's Health & Safety Strategy published externally and distributed to all staff

Current ISO Accreditations:

- | | | | |
|-------------|--------------------------|-------------|----------------------------|
| • ISO 9001 | Quality Management | • ISO 45001 | Health & Safety Management |
| • ISO 14001 | Environmental Management | • ISO 50001 | Energy Management |

Summary and outlook

Successful period of profitable growth

- The Group is a well established, profitable, focused company with two core areas of expertise: Compliance and Energy Services
- Experienced senior team committed and rewarded for driving continued growth
- Continued strong cash generation
- New contract wins of £112.1m supported by £371.6m order book, providing visibility of forward earnings
- Acquisitive growth opportunities building on recent Vinshire acquisition and integration
- Strong performance in H1 2021 above management expectations
- Well placed to be at the forefront of the energy transition in the UK

Appendix

Board members

- Robert Legget, Interim Chairman and Senior Independent Director
- Peter Smith, Interim Chief Operating Officer and Chief Financial Officer
- Derek Zissman, Non-Executive Director
- Christopher H.B. Mills, Non-Executive Director
- John Charlton, Group Company Secretary

Key Shareholders¹

- | | |
|-------------------------------|--------|
| • Harwood Capital LLP | 18.78% |
| • Slater Investments | 13.73% |
| • Estate of Steve Rawlings | 10.83% |
| • Chelverton Asset Management | 4.45% |
| • Downing LLP | 4.33% |
| • Carol King | 3.07% |

¹ As at 15 April 2021

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