



SureserveGroup



Preliminary results

for the financial year ended 30 September 2021

Chairman's Introduction

- Strong financial performance during FY21 and positive outlook for FY22
- Right foundations to refresh our Corporate Strategy
- Growth Strategy focused on Social Housing Energy Services Sector (UK Social Housing Energy Services Sector value is £1.9bn with current 4.13m social houses)
- Key deliverables are:
 - Bolt-on acquisitions – providing services and earnings accretion in Social Housing Energy Services Sector
 - Building on Group's organic growth profile, with FY21 £417m wins and ongoing momentum in FY22 order book
 - Evaluate options for businesses not serving high growth energy services market
 - Driving internal efficiencies to improve margin performance across the Group
- Board dividend policy driven by best use of capital – investing into growth plans
- Confident outlook for the year ahead

Preliminary results - Group highlights

Key financial KPIs

- Group revenue up 24.7% to £244.0m (2020: £195.7m)
- EBITA¹ up 40.3% to £14.6m (2020: £10.4m)
- Profit before tax up 76.7% to £13.8m (2020: £7.8m)
- Continued strength of Balance Sheet. Net cash of £16.5m excluding lease liabilities (2020: £9.8m, including £6.1m of Deferred VAT)
- Order Book increased by 48% to £527.1m (2020: £355.8m)
- Basic Earnings per Share (EPS) up 77.5% to 7.1p (2020: 4.0p)

Strategic & commercial progress

- Outstanding record of 167 contract wins valued at £417.0m
- New Chairman, CEO and Interim CFO in place to drive new strategic goals
- Carbon reduction in operations of 32.4% (2020: 15.8%)
- ESG targets identified. Strategy development underway
- Acquisition and successful integration of Vinshire Gas Services into Aaron Services
- Acquisition of CorEnergy in December 2021. Integration underway

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

Divisional highlights

Compliance

66% of Group revenues



Largest provider of social housing gas testing.

Significant success across Compliance services with new wins:

- £140.0m gas servicing, repairs and installations with Guinness Partnership
- £36.0m domestic heating, servicing and maintenance works with PA Housing
- £11.0m heating and electrical works with Babergh District Council
- £10.5m replacement of domestic gas appliances and associated works with Sandwell Metropolitan Borough Council
- £8.0m heating servicing and repairs with Richmondshire District Council
- £5.7m gas servicing and heating maintenance services with Cobalt Housing

Further wins with Southern Housing Group, London Borough of Newham, VIVID Housing, Optivo, Saffron Housing Trust, Royal Borough of Kensington and Chelsea, L&Q, Thanet District Council.

Compliance revenue **↑18.4%**

2021 **£162.4m**

2020 **£137.2m**

EBITA¹ **↑ 17.8%**

2021 **£13.9m**

2020 **£11.8m**

EBITA margin **→ 0.0ppts**

2021 **8.6**

2020 **8.6**

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

Divisional highlights

Energy Services

34% of Group revenues



The Group is pleased to report a number of new wins and contract extensions in the period:

- £5.5m award for the supply of solar PV and home battery storage for Pobl Group in Swansea
- £2.5m for energy efficiency measures with North Ayrshire
- £4.7m energy efficiency works with London Borough of Ealing
- £2.3m energy efficiency works with East Lindsey Council
- £2.0m with Doncaster Metropolitan Borough Council
- £2.0m of external wall insulation and other services with Fife Council
- £1.7m kitchen replacement works with Ancho Housing Association
- £1.0m additional works with East Lothian Council

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

Energy Services revenue **↑ 40.1%**

2021	£84.6m
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2020	£60.4m
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EBITA¹ **↑ 325.0%**

2021	£3.4m
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2020	£0.8m
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EBITA margin **↑ 2.7ppts**

2021	4.0
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2020	1.3
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¹ EBITA is defined as operating profit before exceptional items, impairment of goodwill and amortisation of acquisition related intangibles.

Results summary

12 months to 30 September	2021	2020	change
	£m	£m	%
Revenue	244.0	195.7	24.7
EBITA¹	14.6	10.4	40.3
Exceptional and other items	0.2	–	
Amortisation of acquisition related intangibles	–	(1.6)	
Operating profit	14.8	8.8	
Net interest payable	(0.5)	(0.7)	
Interest on lease liabilities	(0.5)	(0.3)	
Profit before tax	13.8	7.8	
Taxation	(2.4)	(1.5)	
Profit for the year attributable to the equity holders of the Group	11.4	6.3	
Earnings per share²	7.1p	4.0p	

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

² Earnings per share (EPS).

Divisional analysis

12 months to 30 September	2021	2020	Change
Revenue	£m	£m	%
Compliance	162.4	137.2	18.4 ↑
Energy Services	84.6	60.4	40.1 ↑
Total divisional revenue	247.0	197.5	25.0 ↑
Inter segmental elimination	(3.0)	(1.8)	
Total revenue	244.0	195.7	24.7 ↑

12 months to 30 September	2021	2020	Change
EBITA ¹	£m	£m	%
Compliance	13.9	11.8	17.8 ↑
Energy Services	3.4	0.8	325.0 ↑
Central	(2.7)	(2.2)	
Group EBITA¹	14.6	10.4	40.3 ↑

EBITA ¹ margin	%	%
Compliance	8.6	8.6
Energy Services	4.0	1.3
Group EBITA¹ margin	6.0	5.3

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

Cash flow and Statement of financial position

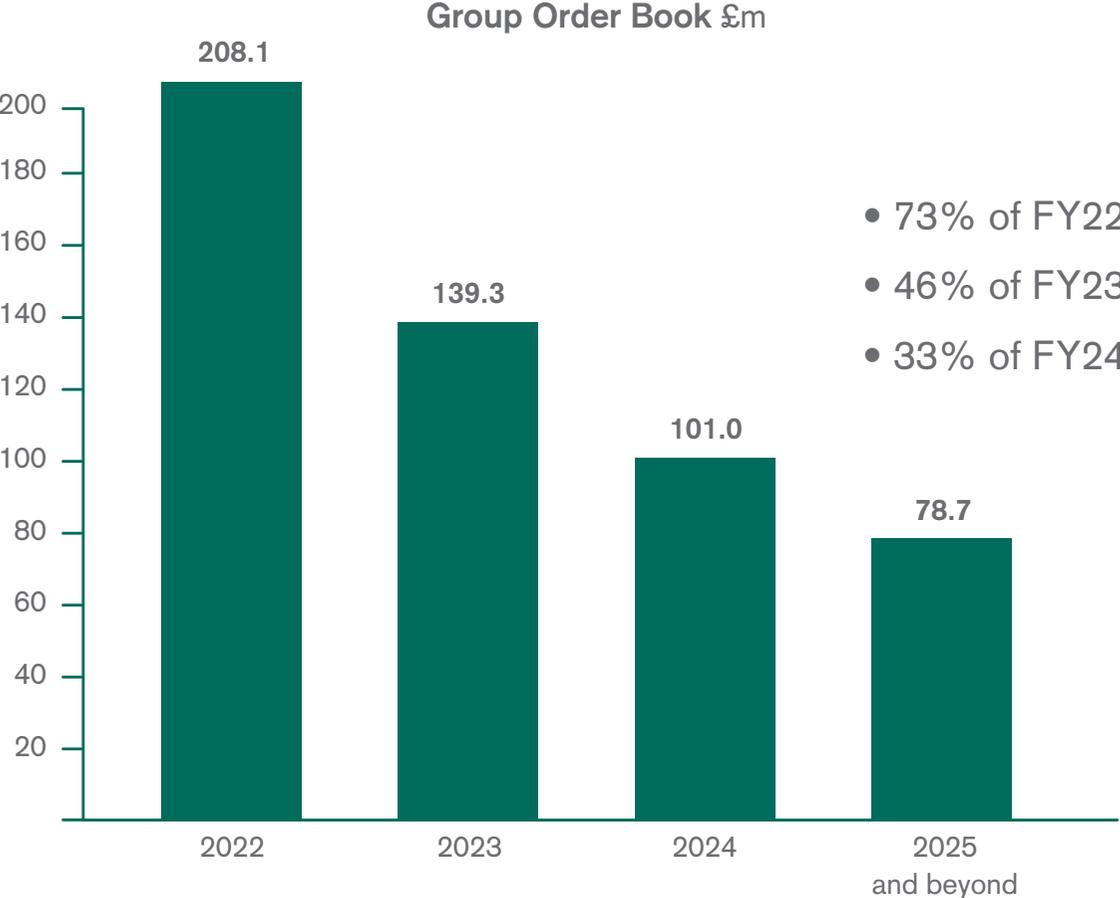
12 months to 30 September	2021	2020
	£m	£m
Operating profit	14.8	8.8
Depreciation and other items	5.8	6.9
Working capital	(3.1)	8.2
Cash generated	17.5	23.9

- Net cash of £16.5m excluding lease liabilities (2020: £9.8m including £6.1m of Deferred VAT)
- Bank refinancing complete. Three years from January 2022

Balance at 30 September	2021	2020
	£m	£m
Goodwill and intangibles	43.3	43.0
Tangible and other	15.6	9.0
Non-current assets	58.9	52.1
Current assets	47.5	43.1
Net cash and equivalents	16.4	9.7
Current liabilities	(52.9)	(47.9)
Net current assets	11.0	4.9
Non-current liabilities	(9.6)	(6.9)
Net assets	60.3	50.1
Net cash	16.5	9.8

Order Book

Group Order Book **£527.1m**
(2020: £355.8m)



- 73% of FY22 revenue secured as at September 2021
- 46% of FY23 revenue secured as at September 2021
- 33% of FY24 revenue secured as at September 2021

ESG

Sustainability pillars

The Group has identified four sustainability pillars through which we will understand and measure our social value impact. Within each pillar we have identified key targets for the future, against which we can consistently measure our performance and drive improvements across our operations, and also support a wider ESG strategy.



Our Communities

£87,329

Funds raised for the Sureserve Foundation to fight fuel poverty

172,405

Households receiving energy efficiency advice & guidance

1,400

Number of households receiving help to combat fuel poverty



Our People

40.2%

Employee engagement response rate

13.6%

Employees undertaking training in the year

32.7%

Employees with Long Service Awards (more than 5 years)



Our Customers

83.8%

Customer Excellence

26

Housing Associations worked with to deliver fuel poverty action for their residents



Our Environment

3.4%

Zero emissions vehicles in fleet

0.13t

Reduction of office-based CO₂ per employee through green office improvements

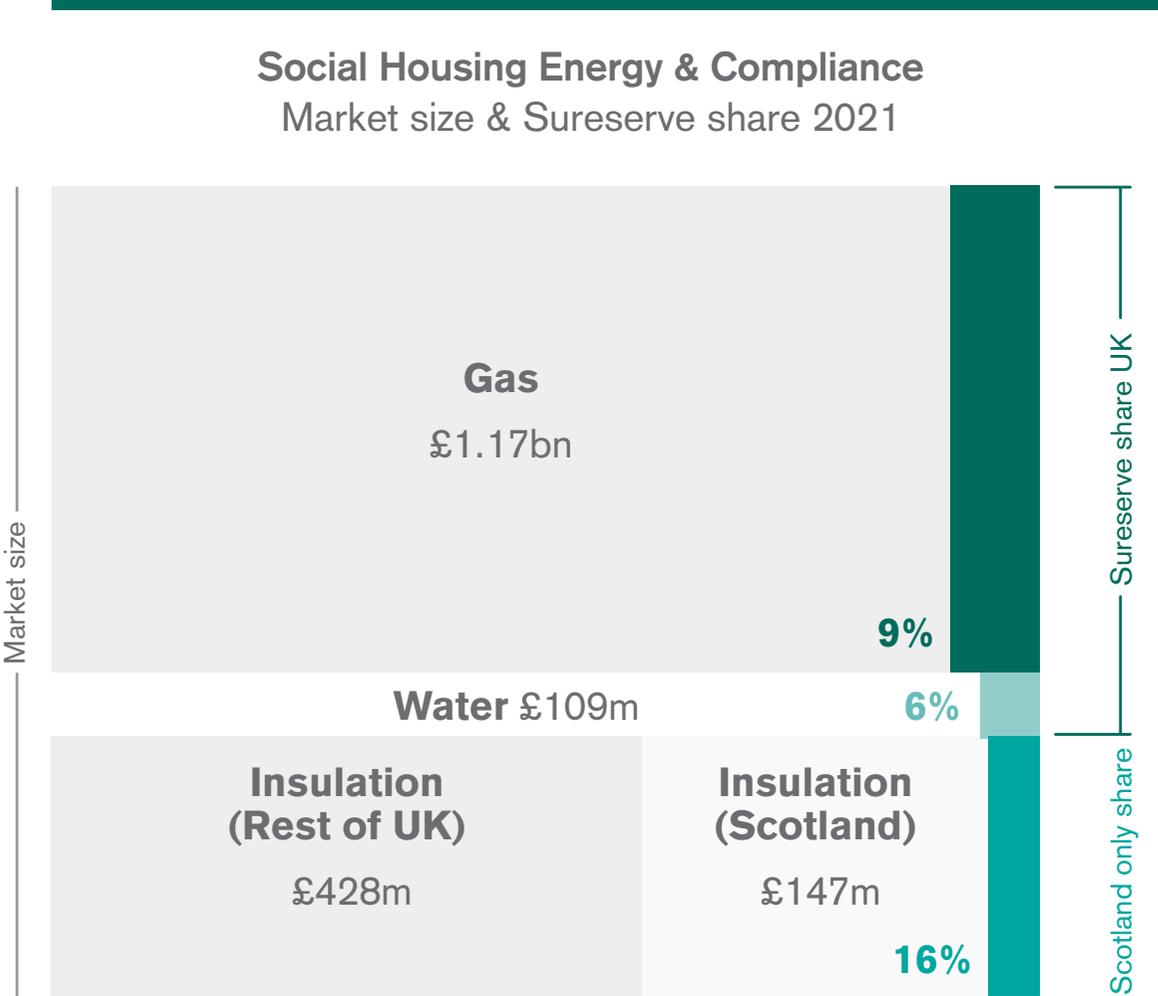


Strategic context

Social Housing Energy Services has significant head room for growth and presents an attractive opportunity

We have significant headroom for growth

In an attractive market where we are a proven player



-  Long-term and sizeable contracts
-  Healthy client finances
-  Clearly defined and accessible customer base
-  Strong Sureserve track record
-  Opportunity for share growth (fragmented market)

Summary and outlook

Successful year of profitable growth

- Strong financial performance in line with management expectations for FY21
- Debt free on back of continued strong cash generation and bank refinancing complete
- Acquisition and successful integration of Vinshire Gas Services
- New contract wins of £417.0m augmenting £527.1m Order Book, providing visibility of forward earnings

- Clear growth strategy focused on Social Housing Energy Services
- CorEnergy acquisition completed in December 2021
- Encouraging start to the current financial year with 73% sales visibility
- ESG targets identified and delivery strategy underway
- Well-placed to be at the forefront of the energy transition in the UK

Appendix

Board members

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

Key Shareholders

- | | |
|------------------------------------|--------|
| • Harwood Capital Management Group | 18.35% |
| • Slater Investments | 15.05% |
| • Estate of Steve Rawlings | 10.38% |
| • Chelverton Asset Management | 5.30% |
| • Octopus Investments Limited | 4.32% |

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