

Hello, and welcome to team talk live,today we'll be taking a deeper look into the world of business services.

I'm Jason Towse,..... and I can't tell you what a privilege and an honour it is to be the MD and the proud executive sponsor of our CHORD network for culture heritage origin religion and diversity.....

I'm joined by my boss and our leader Phil Bentley,..... and we will be hearing from some of my Bus Services colleagues later in today's session.

- In a moment - Phil will talk to you about our strategic focus and his thoughts around the **"science of service"** as we move on from our successful transformation
- We will then take a look back over what has been an incredible 12 months,..... whilst not forgetting to take a moment in our thoughts to reflect and remember those who are no longer with us.....
- And we will talk to you about our defined proposition and what's new for business services under a more scientific,..... intelligentand technological lens, as we face into what can only be described as a changing world

But first let us take a few moments to recognise you,..... the thousands of frontline heroes, frontline managers, supervisors, our

trainers, our QHSE & HR teams and the Central and Head Office functions.....all playing a major part.

During and unprecedented FY21 we have

- onboarded 10,000 new frontline heroes,
- stood up in excess of 280 regional local and mobile testing units delivering over 10m hours,
- been involved in the standing up of three Nightingale hospitals,
- and that's not to mention the huge amount of additional duties delivered to our core customers and the 1000's of deep assurance cleans

And no matter how much we want to,.... we simply cannot name every single one of you,.... but lets take a few moments to celebrate some of the incredible accolades that you,... our frontline heroes have achieved

In FY21 Mitie

- was awarded lockdown hero of the year,... in recognition of how quickly and unwaveringly our frontline heroes stood up to keep the UK running.... This was delivered through a unified approach across all service lines in BS, TS and Specialist Services – a tremendous “one Mitie” effort.

And following the record breaking year for the Regional British security awards, where our teams achieved over 50% of the total industry awards,.... last week 3 of our regional winners won national awards

- well done **Katelyn Gordon** won the category of “**Best Newcomer**” for her work for Hammerson
- well done **Anthony Chell** won the category of “**Service to the Customer**” for his work with B&Q
- well done **Graham Rouse** won the category of “**Security Manager of the Year**” for his work at CMS, the London law firm

And that’s firm evidence that hard work and perseverance does pay off. Annabel will talk to us about this...

Annabel Video

Congratulations to all of you, and you can read all of the comments in our commemorative book.

And finally to my leadership team, for the late nights, and long weekends and writing complex bids

So I'll be back soon and until then lets hear from our CEO Phil.....

[OVER TO PHIL]

Thanks, Jason, and it's great to be here and to take part in the Business Unit Deep Dive Livestream.

And welcome to the Second Week of Team Talk Live. I've really enjoyed engaging with all our teams. This is the last one of the week, so we are obviously saving the best for the end!

I hope you're all safe and well. During COVID, I've really missed my trips to get out and meet everyone so I'm really looking forward to a few trips with Jason, when all the restrictions are lifted.

And I should start with a big thank you. I'm incredibly proud of how our Frontline Heroes in Business Services have ensured that essential services were delivered throughout COVID. With the covid Testing Centres, Project Amber/ ECHO, HMRC Ports, extra security at

Supermarkets, and more deep cleaning, you literally kept us going financially in Mitie - and kept Britain working.

SLIDE 1

Now, I think many of you know me, but someone suggested I share a bit about myself, so here's my wife and I on holiday last year in Cornwall.

For those who don't know me I joined Mitie 4½ years ago having previously been the CEO of Cable & Wireless where some of you may know I was based in Miami. Before that, I was the boss of British Gas for 7 years. My early career was in finance, starting with BP where I lived and worked around the world as part of BP's Exploration team. I don't know who's idea it was to remind me that I've now been working for over 40 years, but I have to say that wherever I've worked its often been challenging but always a lot of fun. Working alongside great people is what keeps me going.

I've 2 kids, 29 and 27. Well, not really kids anymore, as here's a photo two weeks ago at my daughter's wedding!

SLIDE

So what I want to do first is give some context of where we are in Mitie, what's our strategy going forward, and what it means for Business Services.

And then I'll hand over to Jason who's going to explain how we make it happen.

This first slide, boring but important, is from our Results presentation a few weeks ago.

As it says FY21 was “a defining year of strategic progress and financial resilience” for Mitie.

And it certainly was – thank you for everything you achieved last year.

It was tough for everyone, but Business Services had a great year.

Despite the Covid hits in Aviation and Transport, Business Services delivered an extra £ 100m of sales – 10% growth. And in total we broke the £ 1 billion barrier for Sales in Business Service. The only time Jason will be a billionaire! Thanks to you, Mitie Group showed decent resilience, with sales across the Group, down only 1.6% year on year, and up 19% overall when you include Interserve.

Profit in Business Services was up 17% to £49m, making it our most profitable business.

And across the Mitie Group, profits were better than we expected, although still down year on year as the new revenue we won at Testing Centres was at much lower margins than the revenue we lost in Technical Services – as you know, projects and variable works are usually our highest margin work.

We reduced our debt significantly to less than 1 times a year’s profits, and we got a Triple B investment grade rating.

Why is that important? Because it means we can now borrow money from international markets at a much cheaper interest rate.

And finally of course, we bought Interserve – and we are now cracking on with the integration – the Interserve business is trading well, and we've reversed their historical declines, and as you know we're targeting £42m of savings which we are well on our way to achieving, thanks to Darren Andrews and Stuart Bleazard's help. Joining forces with Interserve is great news, and of course now our order book is much bigger, as is the pipeline of opportunities we see, and once we get through all the integration, we'll be in very good shape.

And already we have done a great job integrating the Interserve security customers, adding £146m of revenue - such as Network Rail, BBC Security, Landsec, Deutsche Bank, JLL B&Q and many more.

So as we said, great strategic progress.

We are now the largest FM player in the UK; the largest strategic supplier to the UK Government; and with 78,000 colleagues we are a force to be reckoned with.

And it shows that all the hard work and investment over the past 4½ years in Mitie, fixing the business, has put us in strong position for the future.

SLIDE 2

Which is why I said the other week, we have now closed the chapter on the strategy to transform Mitie – essentially we are saying we've fixed the business – fixed Customer Service; Fixed Employee

Engagement; Fixed Technology; and fixed our Balance Sheet and Costs. And now we are moving on to something new.

That doesn't mean we don't need to think about Customers, People, Technology and Balance Sheet again – of course we do. And it doesn't mean that everything is fixed – it isn't. We've still got issues in Work Place Plus, for example.

But it does mean that we have a plan – a playbook – of how we run the business. And we are clear that what we have built is what is needed to succeed.

Which is why we are now launching a new strategy – a strategy that leverages everything we've achieved, and moves us to the next chapter – a strategy focussed on Growth.

Put simply, the objective for the Group, as it is for Business Services, is to grow; and to improve our margin (as I'll come back to). Done well, we'll generate cash and boost shareholder returns and ROIC.

What do we mean by ROIC? It's return on Invested Capital. We've invested a lot of shareholder capital in fixing the business, and buying Interserve. Now we need to get a return for our shareholders. That's what gets our share price up.

We are targeting a 25% return on capital. Its stretching – but as I've said before, its daunting, but doable. Remember that in Business Services we've still quite a lot of invested capital in goodwill from past

acquisitions (before my time I have to say!), so we have to work hard to get a return.

SLIDE

So how do we grow across Mitie and Business Services?

By using our reputation and market size to our full advantage to win Market Share. We are the largest Security Company and the largest Cleaning company in the UK. We've got to win more share.

And we grow by cross selling more services to our existing client as 'One Mitie'. And already we are picking up Fire and Security work from Interserve. It could be another £100m, this year, as there are some good security opportunities. And we grow by winning the confidence of our customers to be a trusted partner, and by being smarter in how we work, constantly innovating – post Covid cleaning, nano-technology, robotics etc.

And we are now on new UK Government frameworks – New MOD frameworks; Local Authorities, Prison Operators and Renewable Heat - decarbonisation is going to be a particular growth opportunity for Mitie, as is targeting capital works.

But in Business Services, I believe we can grow even faster given our opportunities to win new business and bring new technologies and capabilities to the team. But obviously we can't rely on the Covid work for ever, so we've got to think now how we replace that income.

But overall, we are entering a pretty exciting time over the next 3 years.

SLIDE

Margin enhancement is the second block of our strategy. Our margins in Business Services aren't great, at 4.5%, and when you take into account all the Group overheads – i.e.: People like me – we are left with a margin of 3-4% at the Group level.

That's not enough for our shareholders.

So how do we improve profitability?

Firstly by looking at each contracts' profitability – is there a smarter way of delivering services? Which is our most profitable – and least profitable – contract, and do we understand why.

Do we understand “CPQ” – the cost of poor quality? Where does 'waste' in our processes really arise?

Is everything automated and standard now, or are we still incurring routine admin costs on work that a computer could do?

Are we using 3rd party suppliers for work that Mitie could do itself?

Are we working with our own supply chain to drive procurement innovation and savings?

If the answer is no to those questions – and it is probably half and half in Business Services today – then that's what we need to fix, focussing on Operational Excellence.

And we've got to look at margins when we bid. Too often – especially on renewals – we have cut our prices, reducing our margins, but offering more to our clients, for less. But as we build our technical skills and improve Net Promoter Score, we need to reverse this dynamic and price more confidently.

Across the Mitie group, we need to lift our margins by at least 1.5% - and that includes Business Services.

SLIDE 3

So how do we get both growth and margin enhancement?

By centring all we do on The Science of Service – showing why Mitie is different; why we are more innovative; and more efficient.

There's greater appreciation in a post COVID world for improved hygiene, remote monitoring, and real time data analytics. There's a real science behind how we do this and how we deploy our people efficiently.

And we are also demonstrating our "Science" credentials in the UK by showing clients our TSOC/GSOC/CCE.

There's a huge opportunity here in Business Services. As people get back to offices, monitoring the quality of the cleaning, the level of occupancy and availability of work spaces, will become more important. And it all requires the Science of Service to make it happen.

SLIDE

So let me end, firstly by thanking everyone on this call. You've had a great year, you've been resilient and flexible. I couldn't have asked for more.

So what are the challenges for Business Services over the next 3 years.

Jason will tell you, that we plan to grow the business. And the chart on the right shows the growth in profits that our shareholders are already expecting – so we have to do better than that.

And in Business Services, to offset declining covid work we need to win new business - with transformational contract wins, and new income areas – such a Risk and Assurance data analytics.

We've got to hang onto our existing business – Sainsbury's, Tesco, AWE, Sellafield – we can't afford to lose any of them.

We must drive further efficiency in Mitie first, ensuring we self-deliver as much as the service as we can – and in optimising workforce deployment.

We need to keep improving our NPS – it was up 18 points last year to +47 points, which was great. Cleaning in particular, did a great job improving by 41 points. But keep going. The Mitie average is +50 points.

We need to maintain Employee Engagement, which at +57 points is good and slightly better than the Mitie average of 55%. Jason will touch on this a bit more.

And improving engagement further means rewarding our people better.

Pay is undoubtedly an issue, but as I always say, pay is set by what our clients are prepared to pay – we can't afford to price ourselves out compared to competitors.

What we can do though is increase benefits. If you haven't watched it, look at the Team Talk Live fireside chat last week on benefits. We've got some great deals – free share, life assurance, salary finance, virtual GP, cycle to work and many discount schemes – and yet only half of our people are taking up these great offers. So please, please look at the financial support that is out there. It really can make a difference.

And, we've got to think deeply about our Social Value contribution. Are we supporting the greater good for society? Are we creating employment for apprentices, veterans, minorities. Are we helping clients to reach their net zero contribution, as we are doing in Mitie? We must do even more in this space.

Finally, in Jason, you have a great leader. He wasn't awarded Security Leader of the year for the third year in a row for nothing. Jason has deep experience. He is passionate about his role. He cares about you, and he cares about what we do. And as an ex Rugby league man, he's a team player, someone who doesn't like losing and a fighter! He is undoubtedly the best in the industry, and he continues to enhance Mitie's reputation as the Industry leader.

So thank you, Jason – Business Services are our Crown Jewels. But I need everyone on this call to make them ‘sparkle’.

So in short, in Business Services we’ve got the vision; we’ve got the leaders; we’ve got the capabilities.

Let’s go out there and make it happen and make us all proud to be MITIE.

[Alex’s video]

Thank you Phil,.... so who are BS and what do we do?

Business services represents 3 key work flows,

- the UK’s number 1 intelligence and technology lead security business, with annual revenues in excess of 700 million that's twice the size of our nearest competitor G4S and we occupy around 18% of the addressable market
- we operate the UK's largest cleaning and hygiene business with almost half a billion in revenues
- and we are exceptional in our offices service workflows... comprising of front of house,... document management,... and our vetting business

So lets take a look back the last year and what our business unit delivered

- We delivered the incredible 1.1 billion in revenue
- We achieved plus 47 in Net Promoter score that's a + 18 on prior year
- We invested an extra £3.1 million in benefits across our 50,000 strong frontline heroes
- we successfully renewed over 800 million pounds in total contract value, with an enviable list of clients like, Linklaters Lloyds of London Sainsbury's Facebook Bank of New York Mellon and the London Stock Exchange, all great clients and wonderful places to work
- and in what has been a challenging year for many reasons we've continued to win impressive new contracts... with associated British ports.. coop and Westfield shopping centres,

and whilst we're on the theme of winning let's hear from Kevin Tyrell our commercial director

Kevin Video

Thank you Kevin

The key to the future growth of our security business is to continue to develop through transformational contracts and what is today a clearly defined proposition of intelligence... technology... and people

And applying a multi layered approach to security in what we call the science of service will help us maintain our number one position and stay ahead of the competition.

We will continue to invest in areas that can complement these three pillars and those areas will include risk management, assurance, analytics, and data capture delivering intelligence through meaningful insights helping our clients deploy resources to risk through our newly created “cause and affect” model.

And we will continue to develop our workforce management systems as we focus on workforce optimisation providing better futures and we will attract the best people to come and work for Mitie across the frontline, supervision and management.

And I am encouraged that our teams continue to focus on the world of connected security by combining CCTV, incident management through our unique Merlin 24/7 protect system, intelligence teams and our convergence centre in Craigavon Northern Ireland.

Dan Webb, our Director of Intelligence Services can tell us a little more about this

Thank you Dan

Now the Cleaning and hygiene business is currently undergoing a major overhaul and I'm so pleased to say that we are developing at pace our revised value proposition built around excellence innovation and assurance.

The pandemic has given us the breathing space to redesign what a workplace should be and the humble yet essential mop and bucket cannot be the only answer

After a socially starved year, clients offices will be more collaborative and social in the future, adopting measures similar to that of a hotel environment and none dedicated desk allocation - these new work styles will require a whole new level of hygiene and assurance. The demand from individuals has very much changed and I think there's a huge responsibility on businesses to provide and evidence minimum standards to their people.

To achieve the levels of assurance, we have begun investing in smarter cleaning technology which has become more technologically advanced over the last 12 months, these are in the form of natural products such as CitroX, robotic trials and UVC technology through our friends in TS.

We will though have to be mindful of the rising costs associated with technology however, we are developing case studies resulting from trials and detailing cost benefit analysis for our clients.

So as we aim to improve our reputation, our growth will again come from winning large transformational contracts, robotics and technology. We will be working to install more sensor technology to digitalise the cleaning the hygiene space helping us to collect data and deliver a more cost effective demand led service for our clients in a more sustainable way for us as an organisation and the environment.

Over the last few months we have reorganised our leadership team across the cleaning and hygiene business and to support our growth agenda just over a month ago we welcomed Lorraine Davis to the business. Lorraine joins us with a wealth of experience for G4S and OCS across multiple sectors in the cleaning and hygiene sector where she is focused on training, standards and differentiation – why don't we hear from Lorraine?

Video

Thank you Lorraine and best of luck

So as we move to towards our Q&A section, I'd like to spend a short while talking about our Office Services. Our Doc management, FoH and Vetting Businesses have all been hit hard by the pandemic, through building closures and lack of air travel but they will recover.

One area where we have been focussing on post-acquisition is integrating the ISV Front of House business Perception.... and Mities Signature,.... and I am delighted to say that Liz Cummins who ran the London Markets for ISV is not only leading the London Regional Security Business but will also be bringing these 2 FoH businesses together to form what will be the largest stand alone FoH business in the UK.

Lets hear from Liz

Video

Thank you Liz.

So looking ahead... I want to share with you my key focus areas for growth

- 1. Growing & evolving our technologies** in addition to Merlin 24/7 protect to stay ahead of our competition in collecting and aggregating data and providing rich insights
- 2. Investing in areas of high margin concentration** such as office services, Risk Management, Training & Assurance and Intelligence Services through our world GSOC offering
- 3. Workforce optimisation** via WP+ and Intouch and the development of the “Online Virtual Manager” negating needless travel for our managers supporting their health and wellbeing and maintaining our focus on decarbonisation and commitment to zero carbon omissions by 2025
- 4. Attracting and developing the best talent** through the many networks channels and affiliations to help us run our business and deliver a world class service to our customers, and to retain our top and inclusive employee status.

So that just leads me to say thank you for listening and we're here to take any questions.

[Q&A]

Right guys, that's all we've got time for today. If you have any questions we didn't get a chance to answer, please drop me an email.

Stay safe!