

As many of you on this session will know, we provide waste management solutions of all types and complexities, for over 500 customers. Our sectors range across property management, retail, healthcare and manufacturing. And soon, following our recent success, we'll also be working in Defence.

The environment we work in is a highly competitive one. We need to show a competitive edge and exceptional service to win, or renew, those all-important contracts.

And global change means that our customers don't just want us to provide basic waste services – like bin collections and skip deliveries - they're looking for more. And they want us to be smarter and more sustainable in how we do it.

So, we have a big role to play in driving sustainable operations, and to improve waste management practices and strategies at their sites.

Today, I'm really pleased that Simon Venn, Mitie's Chief Government and Strategy Officer, will join us to give an overview of Mitie's overall performance, and talk a little about his aspirations for us in Waste.

Afterwards, I'll talk to you in more detail about how we're doing, and our plans for the future. Then, you'll have an

opportunity to ask us questions via the chat function! If we don't get the chance to answer them all today, I promise I'll respond to you over the next few days.

Whatever role you do, you do a tough job – whether you're working outside in all weather conditions or supporting demanding customers – or bosses – you do an amazing job. And for those of you who kept our clients operational during the pandemic, what you did this year was especially humbling – you were exceptional - so thank you.

Simon, over to you.

Slide 5: Title Slide: Simon Venn

Simon Venn

Thanks, Mike.

It's great to be here, and to take part in the Waste Live Steam where I can talk to you all, and hopefully answer any questions you may have.

I want to start by thanking you all though... for your hard work and the massive contribution you've made to Mitie and to the country during this pandemic... Thank you

Slide 6: A bit about Simon

To kick us off, I've been asked to share a little bit about myself. If you saw my lunch session at Team Talk Live last week, you may already know some of this... But for those who didn't, here's a snapshot...

Born in Exeter but now live in the Midlands

Happily married to Naomi with 3 children... Liberty 8,
Monty 10 & Seb 12

Prior to Mitie, I worked for large companies like Cable & Wireless and Royal Dutch Shell before setting up my own company... Source8, which I sold to Mitie in 2014. Setting up Source8 was a defining moment for me because I had always wanted to build something.

Source8 was a niche company that delivered infrastructure on behalf of global businesses and the UK government in hostile parts of the world... so whilst my mates were travelling around in business class to places like NY... I was usually on a military aircraft flying into a war zone or running around in convoys in pretty inhospitable places around the world.... but I thoroughly enjoyed it.

- People (loyal, professional, dedicated)

- Challenge of the job
- Whilst I was a Small cog in a much bigger machine....
“making a real difference”

Having sold the business to Mitie, I'm now the Group's Chief Government and Strategy Officer, where I'm responsible for our CG&D business managed by Brian Talbot and the Waste business managed by Mike as well as Mitie's Central Sales and Marketing functions...

The great thing about my job is that I still feel like I am making a difference... whether it was setting up Nightingale Hospitals or Testing Centres during the pandemic or dealing with the NHS Clinical Waste crisis with Mike about 3 years ago.... We are making a real contribution to this country... and I can say my overriding emotion is one of immense pride... pride in the company... pride in our front-line heroes... pride in the way we have responded and collectively done our bit to keep this country up and running.

So now you know a little bit about me, and my role.

And now I want to provide you with some context of how we're doing in Mitie, our strategy going forward, and what it means for you in our Waste business.

And then I'll hand back to Mike, who'll go into more detail to explain how we are going to do this.

Slide 7: A defining year

The first slide, which you may recognise from our Results presentation a few weeks ago.

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

And it certainly was – and that is, in no small part, thanks to you.... so thank you.

It was a tough year for everyone because of COVID, but the Waste business weathered the storm, and we were only down 8.3% on sales compared to last year. Given we saw a massive decline from corporate customers as lock downs kicked in and the transport and hospitality sectors practically ground to a

halt... I think you did a great job and proved just how resilient the Waste business is... so Well done.

You can see the same resilience at the Group level, with like for like sales in Mitie down only 1.6% and up 19% overall when you include Interserve.

Underlying profit in Waste was down by 6.4%, and across the Group we were also down. For Group, this was because much of the new revenue we gained - as part of our Covid Testing Centres in the UK - was won at much lower margins than the revenue we lost in Technical Services. As you probably know, projects and variable works in Technical Services deliver some of our highest margins so any decline in this area has a material impact.

We also reduced our debt significantly to less than 1 x 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 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're targeting £42m of savings.

Joining forces with Interserve is good 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 changes, we'll be in great shape.

So, thank you for the help you are giving to support our Interserve contracts in both schools and hospitals... and I'm really excited about the cross-selling opportunities we can realise in Waste over the next year.

So 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 4 years in Mitie, has placed us in a very strong position to face the future.

Slide 8: A new strategy

Which is why we're now closing the chapter on Mitie's transformation strategy – essentially, we're 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. But it does mean that we have a plan – a playbook – of how we continue to run the business. And we have built what is needed to succeed.

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

So the objective for Group, as it is for Waste, 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.

We are targeting a 25% return on capital. That's quite stretching – but it's doable. In Waste, we don't traditionally have large amounts of capex, [but](#) what we can improve, is the speed in which we bill and collect cash from our customers.

Slide 9: How we grow

So how do we grow?

Nos I... By using our reputation and market size to our full advantage; By Cross selling more services to our existing clients; and By winning the confidence of our customers to be a trusted partner who not only delivers the basics effectively but delivers true innovation. Collectively, we're raising the standards of our industry, which will make us the 'go to' provider for Facilities Management.

And we're now on a number of new UK Government frameworks – Prison Operators, Local Authorities and Renewable Heat - so decarbonisation is going to be a real growth opportunity for us in Mitie.

So that's Growth – and we need Waste to grow the top line by at least 5% per annum.

Slide 10: Margin enhancement

Margin enhancement is the second block of our strategy. Our margins in Waste are good, but when you take into account all the Group overheads – i.e.: People like me – we're left with a margin of 4.7%.

So how do we improve profitability?

Commented [NC1]: Not sure if this a reference to Group EBIT or Landscapes? If Landscapes we need to use Waste number

Firstly, by looking at each contracts' profitability – Is there a smarter way of delivering our services?

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, then that's what we need to fix.

And we've got to look at margins when we bid. Too often - particularly on renewals – we've had to cut our prices, offering more, for less. We need to reverse this dynamic and price more confidently.

Overall, we need to lift our margins by at least 1.5% - and that includes Waste.

Slide 11: Science of Service

As a group, 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 use our people more efficiently.

And we're also demonstrating our "Science" credentials in the UK at facilities like our Technical Services Operations Centre in Manchester...or our Global Security Operations Centre in Northamptonshire and the new Cleaning Centre of Excellence being built in Birmingham... these are cutting edge facilities that really place us at the forefront of our industry.

As a waste business, we have to communicate effectively how we add more value than our competitors. We may often be more expensive, but we need to clearly demonstrate why and how we offer far more than just a wheelie bin emptying service. We must highlight our sustainability credentials and our push towards circular economy solutions – more on that from Mike later.

Slide 12: Key challenges for Waste

So let me end, firstly by thanking everyone on this call. You've had a challenging year, but you've shown resilience and flexibility, and consequently we have emerged in good shape, which is why we expect to grow 10% this year.

What are the challenges for Waste over the next 3 years? As Mike will tell you, we want to *increase* the size of our Waste business.

Firstly we need to grow market share – starting by winning more cross-sell business from Interserve and other parts of Mitie.

We have to retain our existing customers – Unilever, BMW and the NHS in particular.

And we need to leverage our Sustainability/Plan Zero/Green City credentials. In a post COVID world, all our clients will be prioritising their decarbonisation and sustainability agendas.

M&A, *Acquisitions can play a part, but to get a return in the next 3 years, we really need to get these deals closed this year.*

We've done a great job on Employee Engagement, which at 59% is fantastic, coming in above the Mitie average of 55%. Mike will touch on this a bit more. Pay is undoubtedly an issue, but as Phil always say, pay is determined by what our clients

are prepared to pay... **What we can do though** is increase the benefits we offer our people. 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 shares, life insurance, salary finance, virtual GP services, 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 support that is already available to you and take advantage of it.

And finally, NPS – Net Promoter Score – what our customers think of us – is improving. It's now at +40 points, compared with last year which was +26... So really positive progress but I think the average across Mitie now stands at +50 so we need to maintain our focus in this area.

So... some great, but achievable, challenges for us in the coming year.

In Mike, you have a great leader. I've worked with Mike for a long time now and I respect him enormously... he is passionate about Waste and the whole sustainability agenda and he cares about the business and his people... So...we've got the vision; we've got the leaders; we've got the capabilities. So, let's go out there and make it happen.

Slide 13: Sting

Slide 14: Mike Taylor title slide

Slide 16: Simon covered, figures, key successes

Slide 17: resource not waste, award winning team, contracts EA

Slide 18: key player in plan zero, carbon reporting and savings, science of service

Slide 19: amazing people next slides will show

Slide 20: frontline heroes (sorry not a picture of everyone, apart but a team united

Slide 21: caring, response rate, engagement of 59% time to absorb and then react

Slide 22: back of simons comments about growth

Slide 23: some great new wins

Slide 24: cant grow if you cant retain so proud long standing client retentions

Slide 25: some big names in the pipeline 50M

Slide 26: so we have covered the past and the present, what about the future, what's the strategy !!

Slide 27: 6 tablets of success, NPS, new wins, acquisition, development contracts, retention and innovation

Slide 28 : key markets sectors

Slide 29: back to the future

Slide 30: done the future way Deposit return schemes, resource not waste, video

Slide 32 : resource not waste, consultancy not just collections

Slide 33: questions