

2015 Half Year Results

Presented by

Charles Skinner, Chief Executive

Adam Councill, Group Finance Director

15 September 2015



Highlights

- 🕒 Group revenue up 43% to £43.9m (H1 2014: £30.6m)
 - ❖ Document Management revenue up 73%
 - ❖ Relocations revenue up 11%
- 🕒 Group adjusted profit before tax up 43% to £7.7m (H1 2014: £5.4m)
 - ❖ Document Management adjusted operating profit up 40%
 - ❖ Relocations adjusted operating profit up 20%
- 🕒 Adjusted earnings per share up 31% to 6.8p (H1 2014: 5.2p)
- 🕒 Dividend per share up 25% to 1.0p (H1 2014: 0.8p)
- 🕒 Integration and performance of acquisitions, including Cintas UK, on track
- 🕒 Four acquisitions completed year to date



RESTORE
PLC

Financial Review



Consolidated Income Statement (adjusted)

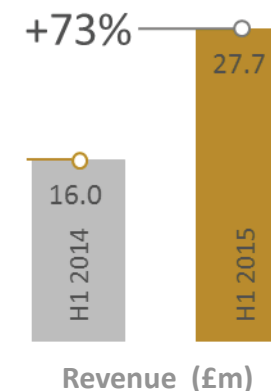
	H1 2015	H1 2014	Change
Revenue (£m)	43.9	30.6	43%
Adjusted operating profit (£m) *	7.7	5.4	43%
Finance costs (£m)	(0.6)	(0.4)	50%
Adjusted PBT (£m) *	7.1	5.0	42%
Standard tax charge	20.5%	21.5%	
Adjusted profit for period (£m) *	5.6	3.9	44%
Average number of shares (m)	82.4	74.9	10%
Adjusted EPS (p)	6.8	5.2	31%

* Before amortisation of intangible assets, exceptional items (including exceptional finance costs), share based payments charge and other finance costs

- Revenue increase driven largely by contribution from 2014 acquisitions
- Operating margin maintained at 18%
- Adjusted EPS increased 31% including increased average number of shares from 2014 placing

Document Management

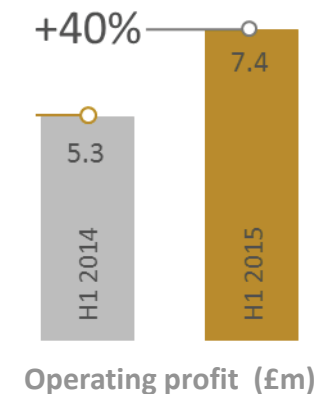
	H1 2015	H1 2014	Change
Revenue (£m)	27.7	16.0	73%
Operating profit (£m)	7.4	5.3	40%
Operating margin	27%	33%	-600bps



Revenue increase largely a result of 2014 acquisitions

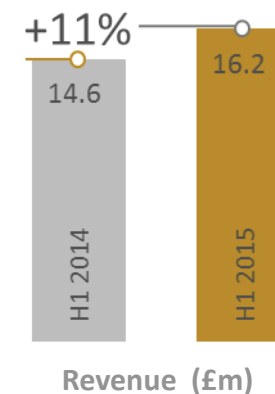
Operating margin movement driven by:

- ❖ Consistent margins in records management of c35%
- ❖ Operational difficulties on seasonal scanning contract
- ❖ Customer delays on new scanning contracts

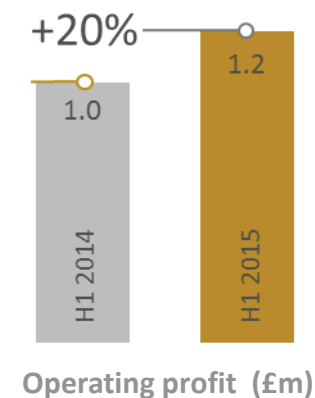


Relocations

	H1 2015	H1 2014	Change
Revenue (£m)	16.2	14.6	11%
Operating profit (£m)	1.2	1.0	20%
Operating margin	7%	7%	0bps



- Results reflect the consolidation of Relocom for the full period
- Harrow Green performed well compared to a strong prior year
- IT Efficient and Relocom showed increased year on year revenue
- Margins remained steady in all businesses in what is Harrow Green's seasonably weaker half of the year



Exceptional Costs

£m	H1 2015	FY 2014	Total
Box relocation and associated costs	0.2	0.4	0.6
Restructuring costs	1.7	2.5	4.2
Transaction costs	0.3	0.4	0.7
Other exceptional costs	0.7	(0.2)	0.5
Total exceptional costs	2.9	3.1	6.0

- 2015 exceptional costs largely driven by the Cintas acquisition
- Restructuring costs for each business broadly in line with expectations at the time of acquisition
- 2015 other exceptional costs include the costs of rectifying the seasonal scanning contract



£m	2014/15
Cintas	2.2
Cannon	0.9
Magnum	0.5
Others	0.6
Total restructuring	4.2



Cash Flow

	H1 2015 £m	H1 2014 £m
Adjusted EBITDA	9.0	6.2
Exceptional costs	(2.9)	(0.5)
Adjusted EBITDA after exceptionals	6.1	5.7
Core working capital	(1.5)	(3.2)
Net cash from operations	4.6	2.5
Capex	(2.5)	(1.4)
Interest/Tax	(0.8)	(0.8)
Acquisitions/Disposals	(0.7)	(6.4)
Proceeds from share issues	0.0	0.0
Other	(0.1)	(0.1)
Net cash flow	0.5	(6.2)
Opening net debt	30.9	16.0
Closing net debt	30.4	22.2

- Exceptional costs higher due to high levels of integration activity on Cintas acquisition
- Working capital movement in 2015 driven by timing on seasonal scanning contract
- Increased levels of capex to continue to increase storage capacity and prepare for large scanning contracts

Balance Sheet and Debt Facilities

	H1 2015 £m		H1 2014 £m	
Non-current assets		106.7		71.8
Trade and other current assets	30.4		22.6	
Cash and cash equivalents	12.3		4.2	
Current Assets		42.7		26.8
Trade and other current liabilities	(23.0)		(16.4)	
Financial liabilities – borrowings	(2.9)		(0.4)	
Current liabilities		(25.9)		(16.8)
Financial liabilities – borrowings	(39.8)		(26.0)	
Deferred tax and provisions	(15.4)		(6.6)	
Non-current liabilities		(55.2)		(32.6)
Net assets		68.3		49.2
Shareholders equity		68.3		49.2

- Current bank facilities £43.4m, comprising £30m RCF and £13.4m term loan
- Headroom £13m at half year with £7.5m accordion facility still available

Financial Summary

- Revenue up 43% driven by 2014 acquisitions
- Operating margins maintained in records management and Harrow Green
- Head office costs unchanged at £0.9m
- Group operating margins remain robust despite operational issues in scanning
- Net debt reduced slightly since YE 2014
- Leverage reduced to 1.7x adjusted EBITDA



RESTORE
PLC

Operational Review





Our Businesses



provides storage and retrieval of hard copy documents, typically stored in cardboard boxes. It manages millions of archive boxes of document files, magnetic data, film and other materials. It also provides cloud computing storage, allowing immediate access to indexed records



harrowgreen
moving professionals

is the market leader in UK commercial relocations. It serves a diverse range of customers including large corporates, local businesses and a wide range of public sector bodies, such as libraries, universities and health trusts



offers on-site and off-site secure shredding and recycling for customers across the UK



relocom
it relocations specialists

is an IT relocations service provider specialising in server and data centre relocation, desktop IT and trading desk relocation, asset audit and management



is a leading document conversion and data management specialist. Its main function is the conversion of hard-copy documents into electronic data



itefficient
it equipment recycling & reuse

provides on-site and off-site secure destruction services and recycling, refurbishment and resale of IT assets



itpgroup
it consumables recycling

provides recycling of toner and printer cartridges

Operational Review – Records Management

- Performance in line with budget
- Operating margins maintained
- Strong net box growth in core business
- Limited net box growth in ex-Cintas business
- Ex-Cintas business integrated apart from completion of transfer of IT systems
- Closure of three sites, now operating at in excess of 90 per cent of capacity
- New space expected to be developed in Monkton Farleigh

Operational Review - Shred

- Performance in line with budget
- Cannon Confidential integration complete
- Appropriate operational structure for national coverage
- New IT system installed
- Focus on increasing revenues

Operational Review - Scan

- 🕒 Performance below budget
- 🕒 Significant issue with major contract leading to cost over-runs and knock-on effects to rest of business
- 🕒 Postponement of other major contracted work
- 🕒 Cost base now sharply reduced
- 🕒 Significant contract with NDA Archives signed
- 🕒 New management team and structure in place

Operational Review - Relocations

- Performance in line with budget
- Operating margins increasing to above long-term target
- Successful operation of new MoD contract
- Relocom benefitting from closer integration
- Restore IT Efficient performance steadily improving
- ITP Group is logical broadening of service offering
- H2 has started well

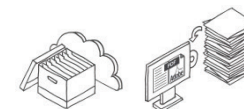
Cintas Integration Overview

- 🕒 Head Office rationalisation complete
- 🕒 Records Management capacity merger complete, bar Charlton (2017)
- 🕒 Records Management operational merger complete
- 🕒 Records Management IT integration near completion
- 🕒 Cintas Scan fully integrated and new management structure now effected
- 🕒 Cost saving of £4.5m per annum, in excess of expectations
- 🕒 Integration and restructuring costs of £2.3m to date, in line with forecast

2015 Acquisitions

- January Ancora for £0.5m
- July ITP Group for £3.2m plus c. £0.8m deferred
- August Crimson for £1.0m plus up to £0.7m deferred

Data Imaging and Archiving for £1.45m



Business Stream Overview



- 
Records Management
 - UK no. 2 in increasingly consolidated market
 - consistent high operating margins
 - strong earnings visibility
 - favourable trend in net box growth
- 
Shred
 - established national operator with scope for organic growth
- 
Scan
 - major UK operator with significant capability and capacity



- 
Harrow Green
 - market leader growing revenues and margins
- 
Relocom
 - growing strongly through closer integration
- 
IT Efficient
 - stable operation with significant organic growth opportunities
- 
ITP Group
 - market leader in profitable niche expected to benefit from being part of Group

Summary and Outlook

- Strong year-on-year performance
- Effective integration of earnings-enhancing acquisitions
- Key records management business strategically well-positioned
- Scan restructured following disappointing performance
- Relocations division trading well
- Continuing opportunities for further profitable growth
- Confident of further progress in H2 2015 to deliver a FY performance in line with current market expectations