

# 2016 Results Presentation

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Presented by

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# Highlights

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- Group revenue up 41% to £129.4m (2015: £91.9m)
- Group adjusted\* profit before tax up 41% to £23.0m (2015: £16.3m)
- Adjusted\* earnings per share up 15% to 17.9p (2015: 15.6p)
- Final dividend per share up 21% to 2.67p (2015: 2.2p) making a full year dividend of 4.0p (2015: 3.2p)
- Operating cash flow £18.2m (2015: £11.0m)
- Net debt increased to £72.3m (2015: £60.6m) reflecting the sale of Wincanton Records Management Ireland and the acquisition of PHS Data Solutions
- Restore Shred, rebranded Restore Datashred, transformed by acquisition of PHS Data Solutions
- Restore Scan performance significantly improved
- PHS Data Solutions integration on track

\* before discontinued operations, exceptional items (including exceptional finance costs), amortisation of intangible assets and share based payments charge

# Financial Review

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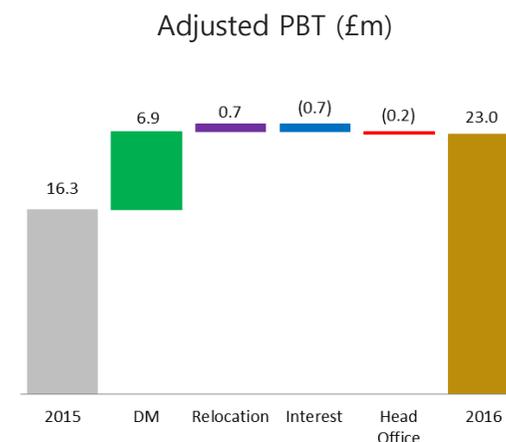
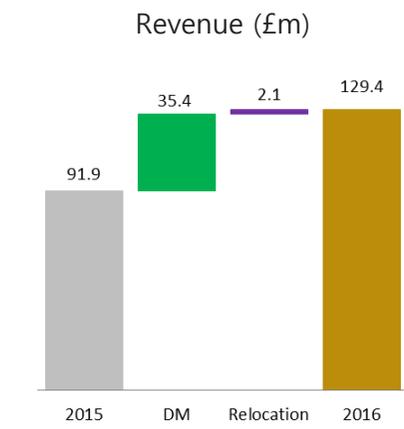
# Consolidated Income Statement (adjusted)



	2016	2015	Change
Revenue (£m)	129.4	91.9	+ 41%
Adjusted operating profit (£m) *	25.0	17.6	+ 42%
Finance costs (£m)	(2.0)	(1.3)	+ 54%
Adjusted PBT (£m) *	23.0	16.3	+ 41%
Standard tax charge	20%	20.25%	
Adjusted profit for period (£m) *	18.4	13.0	+ 42%
Average number of shares (m)	102.7	83.4	+ 23%
Adjusted EPS (p)	17.9	15.6	+ 15%

- Revenue increase driven largely by contribution from WRM and PHS DS acquisitions
- Operating margin steady at 19%
- Adjusted EPS increased 15% reflecting increased average number of shares in issue
- £9.3m profit on discontinued operations reflecting gain on WRM Ireland disposal

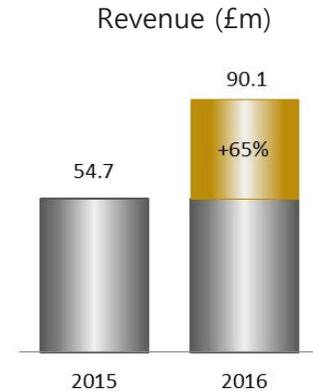
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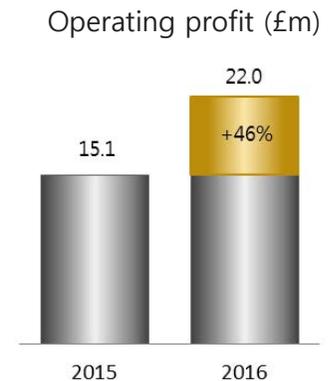
# Document Management



	2016	2015	Change
Revenue (£m)	90.1	54.7	+65%
Operating profit (£m)	22.0	15.1	+46%
Operating margin	24.4%	27.6%	-320 bps



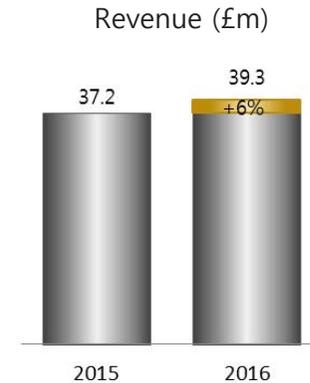
- Revenue increase largely driven by acquisitions, most notably WRM and PHS DS
- Organic growth of 6%
- Operating margin movement driven by:
  - Higher proportions of shredding and scanning revenue which operate at lower margins
  - Weaker initial operating margins on acquired storage businesses



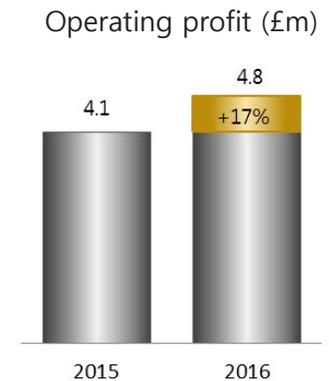
# Relocation



	2016	2015	Change
Revenue (£m)	39.3	37.2	+6%
Operating profit (£m)	4.8	4.1	+17%
Operating margin	12.2%	11.0%	+120 bps



- Organic growth 2% (excluding ITP)
- Harrow Green performed well despite quiet period around Brexit vote
- Harrow Green margins above 10%
- IT Efficient margins up 10%
- Divisional performance pegged back by ITP trading at a loss



# Exceptional Costs



£m	2016	2015		£m	
Restructuring costs	6.2	5.1	→	PHS DS + WRM restructuring cost	5.8
Transaction costs	1.2	0.4		<b>Annual cost savings</b>	<b>7.7</b>
Box relocation and associated costs	0.4	0.1			
Other exceptional costs	2.5	0.8			
Total exceptional costs	10.3	6.4			

- Restructuring cost driven by WRM and PHS DS acquisition
- Transaction costs include £0.5m stamp duty and TSA fees on WRM
- Other exceptional costs include employers National Insurance on share option exercise of £1.7m and £0.8m non-cash write down of Restore Shred assets
- Transfer of boxes from Charlton site well underway and will continue until mid 2017

# Cash Flow



	2016 £m	2015 £m
<b>Adjusted EBITDA</b>	<b>29.3</b>	<b>20.4</b>
Exceptional costs	(10.3)	(6.4)
<b>Adjusted EBITDA after exceptionals</b>	<b>19.0</b>	<b>14.0</b>
Working capital (including Gain/Loss on sale of FA)	(1.0)	(3.0)
Discontinued operations	0.2	-
<b>Net cash from operations</b>	<b>18.2</b>	<b>11.0</b>
Capex	(5.2)	(4.0)
Interest/Tax	(2.4)	(1.9)
Acquisitions	(82.6)	(65.9)
Disposal proceeds	29.9	-
Placing proceeds	34.2	32.9
Other	(3.8)	(1.8)
<b>Net cash flow</b>	<b>(11.7)</b>	<b>(29.7)</b>
Opening net debt	60.6	30.9
Closing net debt	72.3	60.6

- Working capital movement requirements for WRM and PHS DS factored into pricing. This has been offset by a strong performance in the core business
- Disposal proceeds include sale of WRM Ireland and Diamond Relocations property
- Capex includes commencement of development of the final chamber in underground freehold facility in Wiltshire and investment in scanning head office in Manchester

# Balance Sheet and Debt Facilities



	2016 £m		2015 £m	
<b>Non-current assets</b>		<b>240.7</b>		<b>160.3</b>
Trade and other current assets	40.3		30.5	
Cash and cash equivalents	13.4		8.5	
<b>Current Assets</b>		<b>53.7</b>		<b>39.0</b>
Trade and other current liabilities	(36.9)		(25.5)	
Financial liabilities – borrowings	(7.3)		(3.7)	
<b>Current liabilities</b>		<b>(44.2)</b>		<b>(29.2)</b>
Financial liabilities – borrowings	(78.4)		(65.4)	
Deferred tax and provisions	(19.7)		(19.6)	
<b>Non-current liabilities</b>		<b>(98.1)</b>		<b>(85.0)</b>
Assets held for sale	-		19.6	
<b>Net assets</b>		<b>152.1</b>		<b>104.7</b>
<b>Shareholders equity</b>		<b>152.1</b>		<b>104.7</b>

- Current bank facilities £97.5m following acquisition of PHS Data Solutions, including:
  - £30m revolving credit facility
  - £67.5m term loans
- Current bank facilities run until Q4 2020
- Repayments due on term loans of £32.5m between 2017 and 2020

# Financial Summary

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- Revenue up 41% driven by 2015 and 2016 acquisitions
- Operating margins steady at 19%
- Head office costs remain low at £1.8m
- Total dividend up 25% to 4.0p
- Net debt reduced following WRM Ireland's sale. This created headroom to part fund PHS DS acquisition
- Leverage marginally below 2x EBITDA on a proforma EBITDA at year end

# Operational Review

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# Our Businesses



The majority of Records Management's sales are from the 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 for blue-chip organisations. The business generates additional service income from the reorganisation of customer documents, document restoration, file-tracking services within customers' own buildings, and electronic data back-up



Restore Datashred offers secure shredding and recycling for customers across the UK. Market share hugely increased by acquisition of PHS Data Solutions



Restore Scan is one of the country's leading document conversion and data management specialists. Its main function is the conversion of hardcopy documents into electronic data. As part of its service, it organises and indexes the electronic versions, enabling customers to identify and locate their data more efficiently



Harrow Green is the market leader in UK commercial relocations – the physical movement of office furniture and other physical resources when an organisation moves staff either within a building or to a new site



Relocom is one of the UK's leading technology relocations service providers, helping leading blue-chip organisations during a relocation, reorganisation or period of change. It specialises in server and data centre relocation, desktop IT and trading desk relocation, furniture and IT asset audit and management



IT Efficient is one of the UK's leading providers of secure data destruction and hardware disposal services for computer equipment



ITP Group is the UK's leading collector of empty printing cartridges, from premises across the UK in all business sectors, and makes bulk purchases from waste operators and other recycling businesses

\* UK market position

# Records Management – Operational Review

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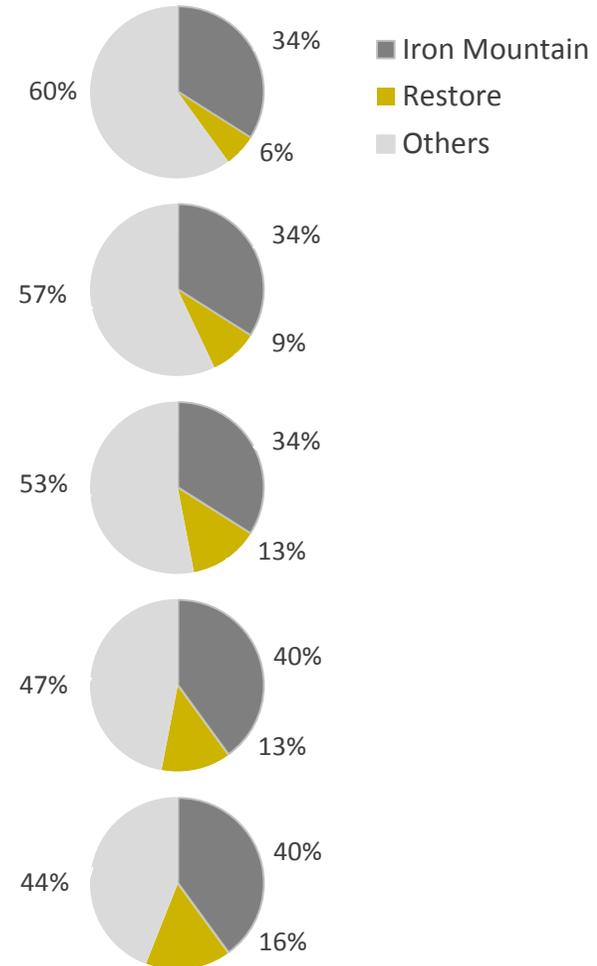
- Performance ahead of management budget
- Operating margins > 30%
- Net box growth positive despite major customer exit
- 5% organic revenue growth
- WRM integration complete excluding IT platform transfer
- PHS Data Solutions integration largely complete excluding IT platform transfer
- New capacity at Monkton Farleigh coming on stream
- Rationalisation of property sites ongoing
- Capacity utilisation c. 90% including PHS Data Solutions

# Records Management – Recent Major Acquisitions



## UK market share estimates

- Pre-Oct 2014
- Oct 2014: Restore acquires Cintas UK
- Dec 2015: Restore acquires Wincanton
- May 2016: Iron Mountain acquires Recall
- Aug 2016: Restore acquires PHS Data Solutions



# Records Management - Outlook

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- Market continues to grow
- Pricing stable with scope for improvement
- Capacity utilisation and operational efficiency drives margins
- Ongoing opportunity to rationalise and improve property portfolio
- Opportunities for add-on acquisitions particularly of multi-discipline Document Management companies

# Datashred – Operational Review

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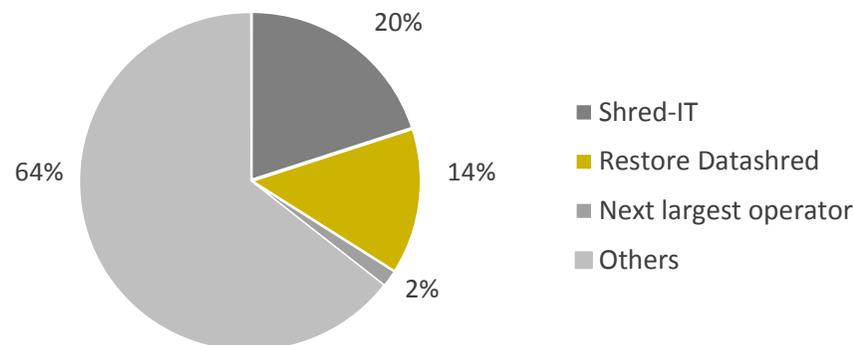


- Restore Shred achieved organic growth but still loss-making pre-Datashred
- Post-Datashred, good operating profit and margins achieved
- Restore Datashred absorption and rebranding of Restore Shred completed with significant cost savings
- Transfer from PHS IT systems completed on schedule
- Reisswolf acquisitions integrated

# Datashred – Outlook



- 13 well-invested UK sites give full national coverage
- Strong management team and sales capability
- Advanced IT systems
- Organic growth expected with substantial opportunity in unvended customers
- Major opportunity for earnings-enhancing market consolidation through acquisition
- Excellent fit with other Group operations
- Attractive market position



- Significant benefits for larger scale operators as route density is key determinant of profitability

# Scan – Operational Review

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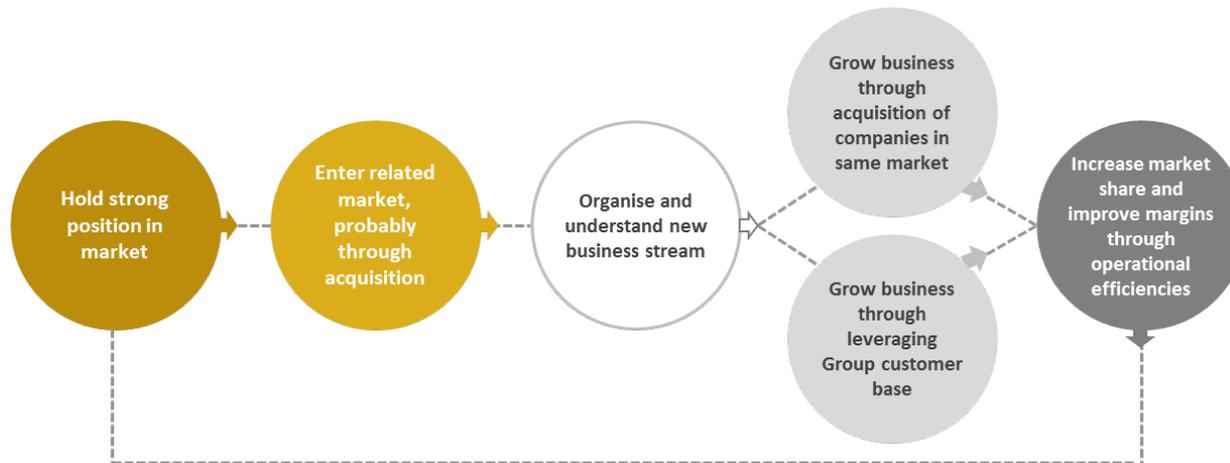


- Meaningful profit contribution
- Major seasonal contract executed successfully
- NDA contract progressing well
- Major NHS contracts operating profitably
- Ongoing improvement in gross margin (largely direct labour as % of revenue)
- Additional services in on-site capability and consultancy through PHS Data Solutions acquisition
- Good contribution from hosting services
- Major investment completed in Manchester Head Office and bureau
- New management team driving performance

# Scan – Acquired Businesses



	Transaction	Revenue acquired
2013	Existing revenues	£1.0m
2014	Cintas	£6.4m
2015	Data Imaging & Archiving	£0.6m
	Crimson	£1.4m
	Wincanton	£1.5m
2016	Capital Capture	£5.9m



# Scan – Opportunity

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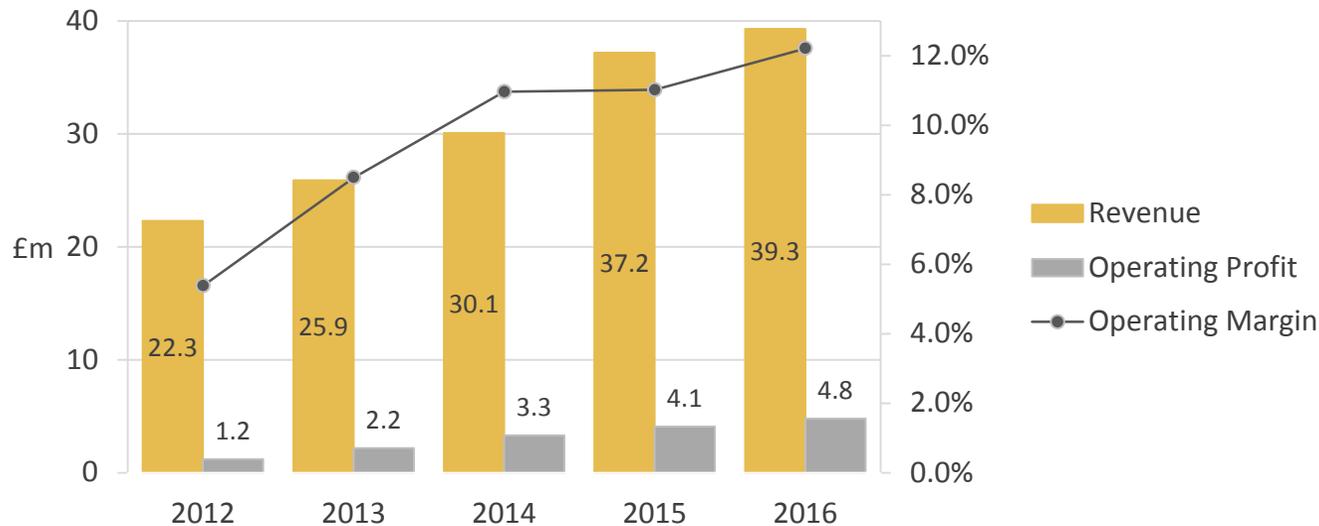


- One of two major UK scanning businesses
- Has scale to accommodate overhead now required in IT-driven business
- Developed expertise in on-site scanning
- Major long-term contracts in place
- Increasing volumes of NHS work
- Opportunity to increase market share both organically and through acquisition

# Relocation – Operational Review



- Year-on-year growth in revenues and operating margins at Harrow Green
- Relocom steady
- Sharp improvement in IT Efficient margins
- Poor performance from ITP



# Relocation – Outlook

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## Harrow Green and Relocom

- Excellent and constant customer base
- Revenue growth despite slower MoD contract
- Margins improving, especially in London – now above original long-term target
- Relocom minority stake acquired, raising Restore's ownership to 100%

## IT Efficient

- Strong return on investment from original cost
- Operating margins sharply ahead
- Size doubled by acquisition of The ITAD Works

## ITP

- Operating loss against healthy profit in 2015
- Key area is re-selling – whole global market is weak
- Management changed to focus business on re-selling
- Logical service for Restore to offer

# PHS Data Solutions Integration

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## Datashred

- Restore Shred wholly absorbed with cost base removed
- Moved off PHS IT systems on schedule
- Rebranding as Restore Datashred underway
- Strong cultural fit with the Group, especially on CRM application

## Records Management

- Operational integration complete
- IT platform transfer in 2017
- Property rationalisation underway

## Scan

- Capital Capture integration ongoing including IT merger
- Birmingham bureau merged with Redditch, Leyton moving
- Additional services, notably FM and consultancy, added to Scan offering

# Restore Group Customer Base



- All businesses on one CRM system
- Latest acquisitions increase market penetration
- Commitment to cross-selling across Group
- Advantage of UK focus
- Valuable customer database will enable Restore to move with customers' needs

## Group customer base 2016

Sector	2017	2016	2015
Top 100 UK legal practices	90%	72%	58%
Top 50 UK accountancy companies	78%	66%	48%
FTSE 100 companies	74%	60%	43%
UK National Health Trusts	73%	41%	26%
Local authorities in England, Wales and Scotland	54%	41%	23%

# Summary and Outlook

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- M&A strategy continuing to deliver
- An operator of scale in a coherent market space
- 4 market-leading business streams in very attractive markets
- Much opportunity for profitable growth, particularly for add-on acquisitions in all three Document Management business streams
- The current year has started well and we look forward to delivering another year of strong progress in 2017