Records Digital Datashred Relocation Technology

Restore plc

2018 Half Year Results

Highlights

- Group revenue up 9% to £95.1m (H1 2017: £86.9m)
    - Document Management revenue up 8%
    - Relocation revenue up 14%

- Group adjusted profit before tax up 13% to £17.3m (H1 2017: £15.3m)
    - Document Management adjusted operating profit up 11%
    - Relocation adjusted operating profit up 35%

- Adjusted earnings per share up 10% to 12.0p (H1 2017: 10.9p) (N.B. H1 2016: 7.9p)

- Interim dividend per share up 20% to 2.0p (H1 2017: 1.67p)

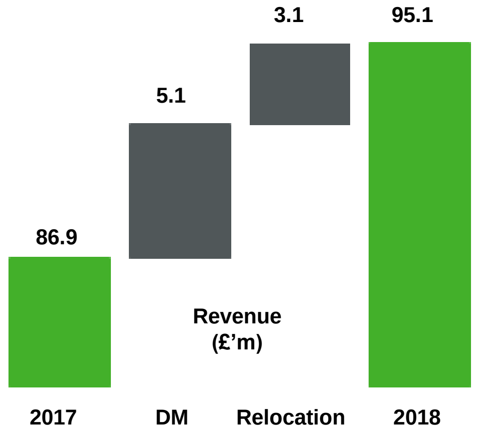
FINANCIAL REVIEW

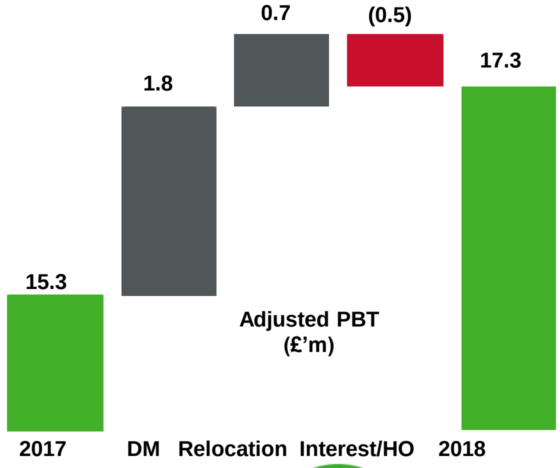
Consolidated Income Statement

	H1 2018	H1 2017	Change
Revenue (£m)	95.1	86.9	9%
Adjusted operating profit (£m) *	18.9	16.5	15%
Finance costs (£m)	1.6	1.2	33%
Adjusted PBT (£m) *	17.3	15.3	13%
Standard tax charge	19%	19.5%	
Adjusted profit for period (£m) *	14.0	12.3	14%
Average number of shares (m)	116.7	112.4	4%
Adjusted EPS (p)	12.0	10.9	10%

* before amortisation of intangible assets, exceptional items and share based payments charge

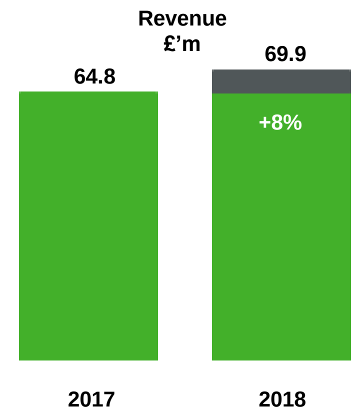
- Acquisitions continue to drive revenue growth:
  - TNT Business Solutions (TNT BS) in May 2018
  - Impact of 2017 acquisitions
- Organic growth supressed by strong 2017 in Digital and higher levels of box destructions due to GDPR
- Operating margins improving to 20%
- Adjusted profit before tax £17.3m up 13%
- Adjusted EPS up 10% reflecting placing of shares in May 2018



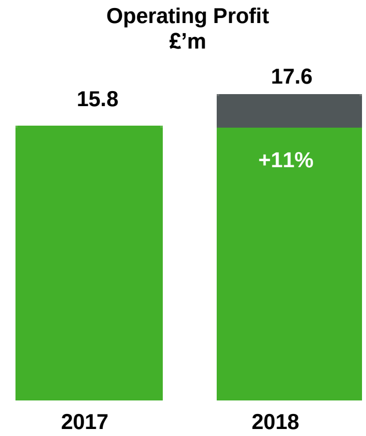


Document Management

	H1 2018	H1 2017	YOY change
Revenue (£m)	69.9	64.8	8%
Operating profit (£m)	17.6	15.8	11%
Operating margin	25.2%	24.4%	+80 bps



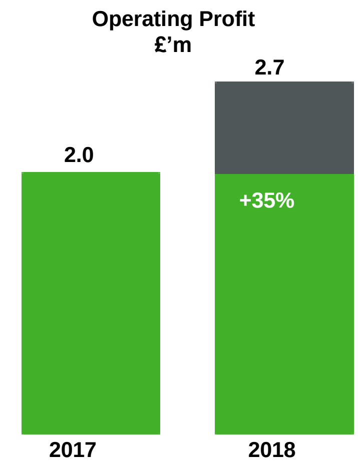
- Revenue by business stream:
  - Restore Records Management £38.8m (2017: £34.3m)
  - Restore Datashred £20.8m (2017: £19.6m)
  - Restore Digital £10.3m (2017: £10.9m)
- TNT BS contribution main driver for revenue increase
- Organic growth hampered by:
  - Increased level of box destructions and perm outs due to GDPR
  - A strong comparator in 2017 in Digital due to a significant one off project
- Operating margins improved to 25.2%



Relocation

	H1 2018	H2 2017	YOY Change
Revenue (£m)	25.2	22.1	14%
Operating profit (£m)	2.7	2.0	35%
Operating margin	10.7%	9.0%	+170 bps

- Revenue by business stream:
  - Restore Harrow Green £17.6m (2017: £15.8m)
  - Restore Technology £7.6m (2017: £6.3m)
- Revenue increase driven by strong organic growth
- Full contribution from ITAD Works acquisition in H1 2017
- Restore Harrow Green performed particularly well in a traditionally quiet Q1
- Margin improvement to 10.7%
- Printer Cartridge Recycling still struggling



Exceptional Costs

£m	H1 2018	H1 2017
Restructuring costs	2.0	3.7
Transaction costs	1.7	0.1
Box relocation and associated costs	0.0	0.3
Other exceptional costs	0.6	7.8
Total exceptional costs	4.3	11.9

- Restructuring costs reflect
  - Smaller acquisitions in 2017/18
  - Initial TNT BS double running costs
  - Final PHS DS costs primarily related to Leyton closure
- Transaction costs largely TNT BS and include £1.0m SDLT payment
- Other exceptional costs represent Employers NI on exercise of share options

Cash Flow

	H1 2018 £m	H1 2017 £m
Adjusted EBITDA	22.1	19.5
Exceptional costs*	(4.3)	(12.7)
Adjusted EBITDA after exceptionals	17.8	6.8
Working capital (including Gain/Loss on sale of FA)	(7.2)	(3.7)
Net cash from operations	10.6	3.1
Capex	(5.2)	(2.3)
Interest	(0.9)	(1.1)
Tax	(2.0)	(1.4)
Acquisitions	(89.7)	(2.8)
Equity proceeds	50.0	-
Other	-	(0.1)
Net cash flow	(37.2)	(4.6)
Opening net debt	78.2	72.3
Closing net debt	115.4	76.9

* 2017 excludes non-cash EIP credit

- Significant improvement in net cash from operations driven by lower exceptional costs
- H1 working capital movement reflects
  - TNT BS working capital requirements
  - Seasonal impact of trading days in June 18 vs December 17
  - Movement on property provisions
- Net debt increase due to TNT BS acquisition, partially offset by placing proceeds

Balance Sheet and Debt Facilities

	H1 2018		H1 2017	
Non-current assets		**331.9**		**240.8**
Trade and other current assets	55.3		45.6	
Cash and cash equivalents	15.7		15.4	
Current Assets		**71.0**		**61.0**
Trade and other current liabilities	(43.8)		(40.9)	
Financial Liabilities – borrowings	-		(6.9)	
Current liabilities		**(43.8)**		**(47.8)**
Financial liabilities – borrowings	(131.1)		(85.4)	
Deferred tax and provisions	(19.1)		(20.1)	
Non-current liabilities		**(150.2)**		**(105.5)**
Net assets		**208.9**		**148.5**
Shareholders equity		**208.9**		**148.5**

- Two freehold properties acquired with TNT BS acquisition
- Banking facilities restructured as part of TNT BS deal
  - Single £160m RCF structure
  - Two banks added to club, increased to 4
- £30m accordion facility to complement future growth
- £132m drawn on facilities at 30 June 2018

Financial Summary

- Revenue up 9%
- Operating margins improved to 20%
- Interim dividend up 20% to 2.0 p
- Pro forma leverage 2.3x at 30 June 2018
- Banking facilities extended and restructured
- TNT BS to be integrated in H2 2018

OPERATIONAL REVIEW

Business Stream Overview

Document Management

Restore Records Management

- UK no. 2 in consolidated, steadily growing market
- consistent high operating margins with scope for improvement
- Strong earnings visibility

Restore Datashred

- One of two major national operators in growing, fragmented market

Restore Digital

- Achieved critical mass with strong customer base and enhanced offering in interesting market

Relocation

Restore Harrow Green Moving Professionals

- Market leader growing revenues and margins

Restore Technology IT Lifecycle Services

- Growing strongly in an exciting market

Restore Technology IT Relocation

- Growing through closer integration with Restore IT Lifecycle Services

Restore Technology Printer Cartridge Recycling

- UK market leader in tricky global market

Operational Review

Restore Records Management

- Revenue growth on flat volumes as GDPR triggers destruction purges and projects
- Operating margins stable and likely to rise
- Long-term property rationalisation continues including Motherwell exit and Rainham build
- Capacity utilisation 93%
- Recent new business wins
- TNT acquisition going well and opens excellent channel to public sector

Operational Review

Restore Datashred

- Adequate trading performance
- Operational changes to drive margins
  - Move Winchester
  - Close Telford
  - Changes to management team
  - Better reporting systems
- Major investment in new London and Scotland sites
- Healthy, growing market
- Significant scope for further consolidation of UK Shredding market

Operational Review
Restore Digital

- Profit and operating margin growth
- Major seasonal contract successfully executed
- 3 acquisitions including ORS in Southampton
- Eventual integration of TNT BS scanning activities
- Attractive market for well-invested business

Operational Review

Restore Harrow Green

- Continues to grow revenues and operating margins
- New facility in East London
- Strong market leader with stable blue-chip customer base

Operational Review
Restore Technology

Restore plc

IT Lifecycle Services

- Increasingly important Group activity
- Attractive returns on investment in growth market
- Major investment in new flagship facility in Bedford
- Recent acquisition of Spinnaker in Portsmouth brings WEEE capability
- Significant scope for consolidation of UK IT recycling market

IT Relocation

- Steady performer
- Integration with IT Lifecycle Services to drive revenues

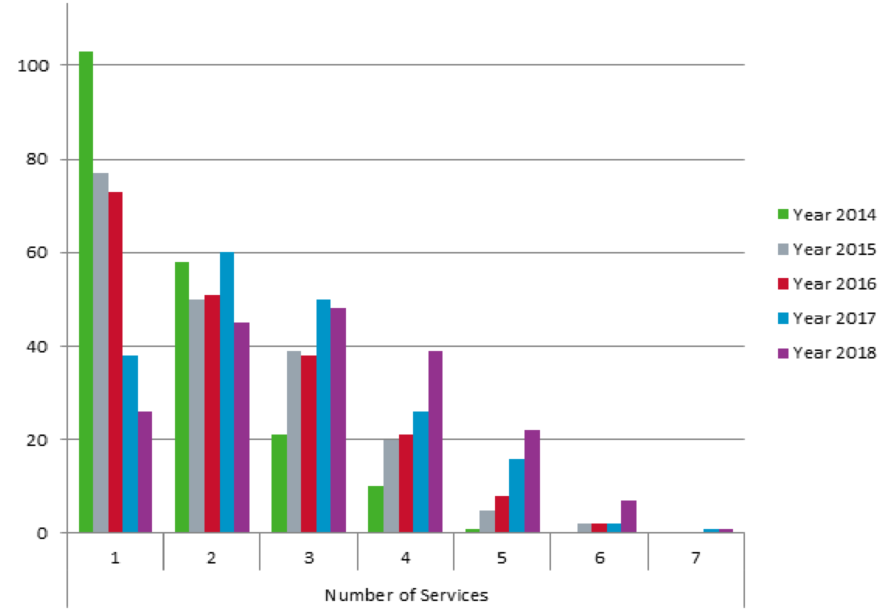
ITP

- Attractive offering for Group customers but underperforming

Group Cross-Selling

- One CRM system across Group
- Compliance with Group CRM mandatory
- In place for 7+ years
- Comprehensive database of UK offices
- Makes new business from existing customers far easier
- More services increases stickiness
- Tight customer relationships make it easy to adapt to changing customer needs
- B2B services are all about channel to market
- Group re-branding facilitates cross-selling
- It works!

		Number of Services						
		1	2	3	4	5	6	7
Year	2014	103	58	21	10	1	0	0
	2015	77	50	39	20	5	2	0
	2016	73	51	38	21	8	2	0
	2017	38	60	50	26	16	2	1
	2018	26	45	48	39	22	7	1



TNT Business Solutions Integration

- Integration delayed by CMA investigation but now taking place
- Smooth transfer of largely public sector customer base
- 3 excellent facilities with 2 smaller sites being exited
- Development scope at 2 freehold properties
- Trading well with high margins reflecting freehold ownership
- Main London site integration to generate significant cost savings
- Loss-making scanning business easy to turn around
- Strong platform to develop public sector market

Summary and Outlook

- Strong performance against tough comparator period
- Second half comparator much gentler
- Well-invested with best-in-class facilities
- Scope to drive up operating margins across the Group
- Healthy markets
- Latest major acquisition performing well
- Excellent platform for continued growth, both organically and through acquisition