Restore plc

Strong. Momentum.

2019 Full Year Results

Records

Digital

Datashred

Relocation

Technology

Highlights – Strong momentum and cash generation

Restore plc

+10%
£215.6m
Revenue

+9.5%
27.6p
Adjusted basic earnings per share*

+13%
£42.4m
Adjusted profit before tax*

-0.5x
1.6x
Leverage

Operational highlights

- Smooth executive transition
- Restore Records Management net box growth of 1.5%
- Restore Datashred operating performance strong, largely offsetting paper price headwinds
- Restore Digital contract expansion and new wins
- Restore Harrow Green strong (especially London)
- Restore Technology further development of scale and capability
- Continued improvement in Health & Safety
- 4 small acquisitions

Financial highlights

- Group revenue up 10% to £215.6m
- Group adjusted profit before tax up 13% to £42.4m
- Strong cash generation exceeded expectations with leverage reduced from 2.1x to 1.6x
- Adjusted operating margins increased from 21.1% to 21.5%
- Adjusted basic earnings per share up 9.5% to 27.6p
- Total dividend up 20% to 7.2p per share

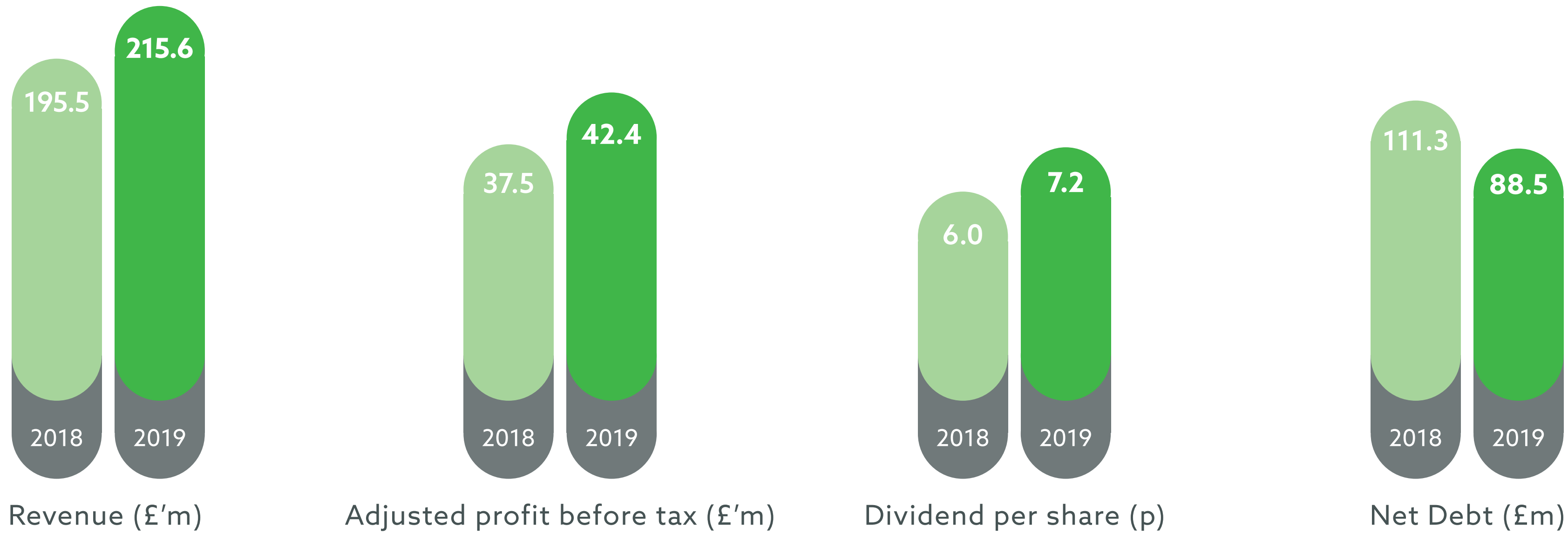
*Before amortisation of intangible assets exceptional items and share-based payment charge

Financial Review

Financial Review

Restore plc

- Strong revenue growth of +10% comprising organic +5% and acquisition related +5%
- Strong growth in adjusted profit before tax of 13%
- Operating performance progress with margin improvement of 40bps to 21.5%
- Strong adjusted EPS growth of 9.5% to 27.6p (2018: 25.2p) reflecting profit expansion and equity issue in 2018
- Excellent free cashflow generation of £42.9m
- In line with guidance, pro-forma EBITDA leverage reduced from 2.1x to 1.6x
- Non cash transitional effects of IFRS 16, with net cost of £3m in the year
- 20% increase in dividend to 7.2p

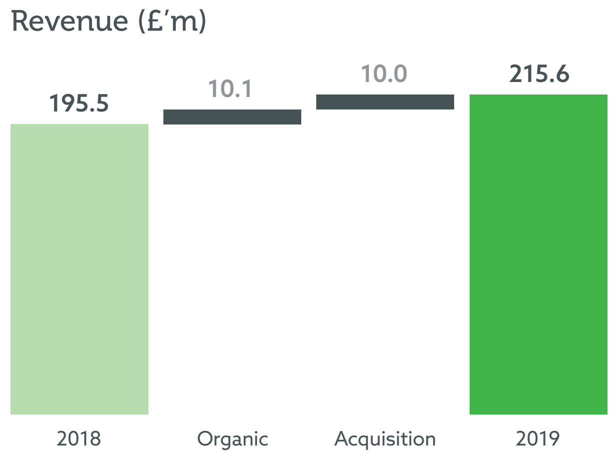


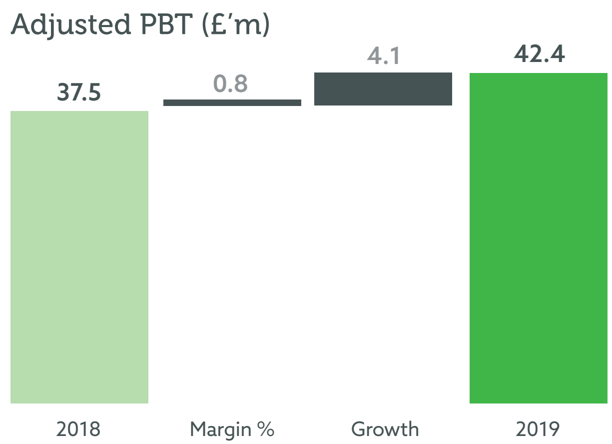
Consolidated Income Statement

	Revised reporting basis	Consistent reporting basis		Change
	2019	2019	2018	
Revenue (£'m)	215.6	215.6	195.5	+10%
Statutory PBT (£'m)	24.8	27.8	21.0	+32%
Adjusted PBT (£'m)*	35.6	42.4	37.5	+13%
EBITDA**	70.0	54.0	48.2	+12%
Average number of shares (m)	124.2	124.2	120.4	+3%
Adjusted EPS (p)	24.7	27.6	25.2	+9.5%

*Adjusted Profit before tax on a consistent reporting basis is stated before amortisation, exceptional items, share based payments and IFRS 16
Adjusted profit before tax on a revised reporting basis is stated before amortisation and exceptional items
** Adjusted EBITDA is stated before IFRS 16 on a consistent reporting basis and after IFRS 16 on a revised basis

- Double digit growth in revenue and adjusted profit
- Revenue growth combination of organic progress and an additional four months benefit of revenue from TNT BS acquisition, acquired May 2018
- Operating margin increase 40bps from 21.1% to 21.5%
- Strong statutory profit growth of 32% after adoption of IFRS 16, 'Leases'
- Non-cash net IFRS 16 impact of £3m in the year with operating expenses reduced by £19.8m, depreciation up by £17.1m and interest up by £5.7m





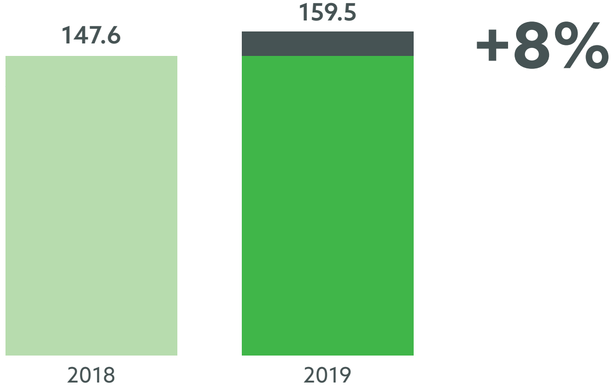
Document Management

Restore plc

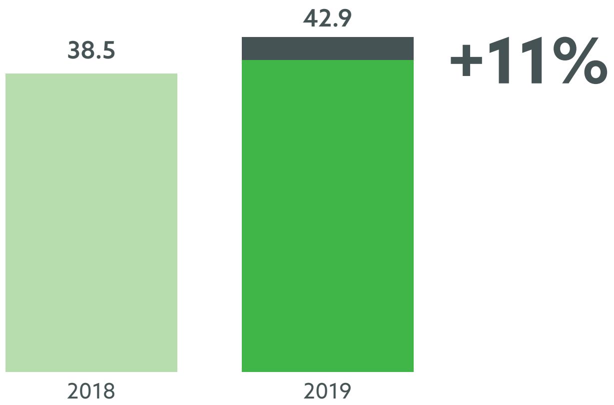
	Revised reporting basis	Consistent reporting basis		Change
Revenue	**2019**	**2019**	**2018**	
Restore Records Management (£'m)	95.9	95.9	86.5	+11%
Restore Datashred (£'m)	41.0	41.0	41.8	-2%
Restore Digital (£'m)	22.6	22.6	19.3	+17%
	159.5	**159.5**	**147.6**	**+8%**
Margin				
Operating Margin	45.1	42.9	38.5	+11%
Operating Margin %	28.3%	26.9%	26.1%	+80 bps

- Restore Records Management achieving net box growth of 1.5% and an additional four months benefit of revenue from TNT BS
- Restore Datashred recycled paper price headwind largely offset by operating efficiency
- Restore Digital growth through expansion of large contracts and new wins
- Operating margin % improved in Records Management and maintained in Datashred despite headwinds

Revenue (£'m)



Operating profit (£'m)



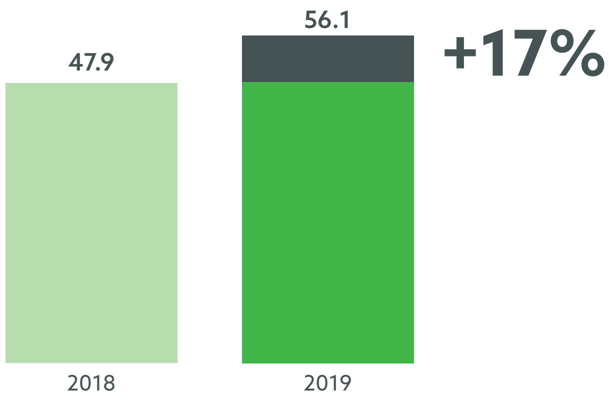
Relocation

Restore plc

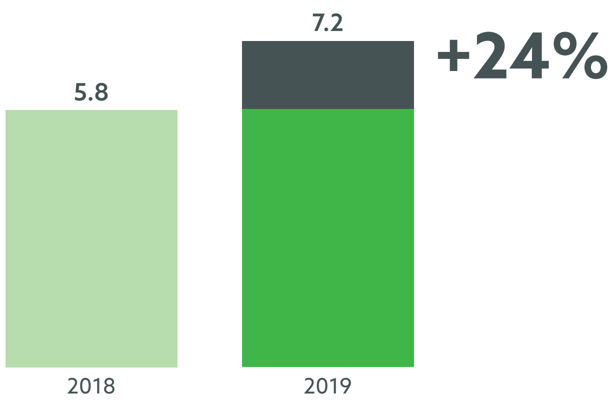
	Revised reporting basis	Consistent reporting basis		Change
Revenue	**2019**	**2019**	**2018**	
Restore Harrow Green (£'m)	41.5	41.5	37.6	+10%
Restore Technology (£'m)	14.6	14.6	10.3	+42%
	56.1	**56.1**	**47.9**	**+17%**
Margin				
Operating Margin	7.7	7.2	5.8	+24%
Operating Margin %	13.7%	12.8%	12.1%	+73 bps

- Strong year in Restore Harrow Green with high levels of activity in London
- Margins improved through strong operating performance in Restore Harrow Green
- Fast growth in Restore Technology with organic and acquisition drivers
- SITD acquired by Restore Technology in June 2019 and extending capability

Revenue (£'m)



Operating profit (£'m)

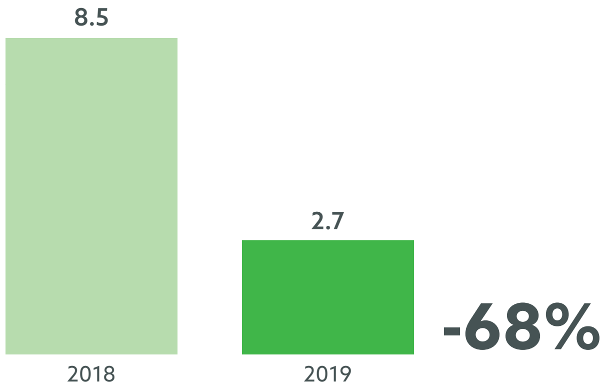


Exceptional Costs

Restore plc

	Revised reporting basis	Consistent reporting basis		Change
	2019	2019	2018	
Transaction costs	0.1	0.1	2.4	-96%
Restructuring costs	2.3	2.3	4.6	-30%
Other exceptional costs	0.3	0.3	1.5	-80%
	2.7	**2.7**	**8.5**	**-68%**

Exceptional costs (£'m)



- Significant reduction in exceptionals as a result of fewer acquisitions
- In a year of relatively low level of acquisition, very low level of exceptional items relating to 2019 at £0.5m
- Disciplined policy maintained on classifications of exceptional items, primarily property and staff costs related
- Majority of restructuring costs in year relate to 2018 acquisition of TNT BS at £2.1m
- In 2019, 4 acquisitions with modest restructuring cost
- Other exceptionals relate to NICs on share-based payments

Cash Flow

Restore plc

	Revised reporting basis	Consistent reporting basis		Change
	2019 £'m	2019 £'m	2018 £'m	
Adjusted EBITDA	70.0	54.0	48.2	+12%
Cash exceptionals	(2.7)	(2.7)	(8.5)	-68%
Interest	(8.7)	(3.1)	(3.6)	-14%
Tax	(5.7)	(5.7)	(3.2)	+78%
Working capital/other	4.0	0.4	(7.1)	-106%
Free cashflow	**56.9**	**42.9**	**25.8**	+67%
Capex	(9.0)	(9.0)	(10.1)	-10%
Acquisitions	(2.8)	(2.8)	(92.5)	-97%
Dividend	(8.0)	(8.0)	(7.0)	+14%
Other/Equity	-	-	50.8	-99%
Finance leases / IFRS 16 leases	(14.3)	(0.3)	(0.1)	
Net cash flow	22.8	22.8	(33.1)	+168%
Opening net debt	111.3	111.3	78.2	
Closing net debt	88.5	88.5	111.3	

- Strong conversion of EBITDA to cash
- IFRS 16 impact on shape of cashflow
- Strong cash collections in year driving positive working capital
- 4 small acquisitions across Restore Records Management and Restore Technology with total consideration of £2.8m
- Leverage reduced from 2.1x to 1.6x

Net Debt Reduction

Restore plc

Net debt @ 31 December 2018	Net debt @ 30 June 2019	Net debt @ 31 December 2019
£111.3m	£95.0m	£88.5m
Leverage 2.1x	Leverage 1.8x	Leverage 1.6x

- Low exceptional items and increased EBITDA and strong conversion to free cashflow of £42.9m
- Ordinary run rate in capex £9m and dividend £8m
- Headroom in RCF to £160m and accordion £30m, running to November 2022
- Reduction in leverage in line with expectations to 1.6x

Balance Sheet

Restore plc

	Revised reporting basis	Consistent reporting basis	
	2019 £'m	2019 £'m	2018 £'m
Non-current assets	**449.8**	**334.0**	**335.5**
Trade and other current assets	49.3	49.3	49.8
Cash and cash equivalents	17.0	17.0	11.7
Current Assets	**66.3**	**66.3**	**61.5**
Trade and other current liabilities	(39.4)	(43.3)	(36.8)
Financial liabilities – borrowings	(17.0)	(0.4)	(0.8)
Current liabilities	**(56.4)**	**(43.7)**	**(37.6)**
Financial liabilities – borrowings	(222.8)	(105.1)	(122.2)
Deferred tax and provisions	(18.4)	(21.5)	(22.8)
Non-current liabilities	**(241.2)**	**(126.6)**	**(145.0)**
Assets held for sale	**0.0**	**0.0**	**1.6**
Net assets	**218.5**	**230.0**	**216.0**
Shareholders equity	**218.5**	**230.0**	**216.0**

- Increase in non-current assets on adoption of IFRS 16 with recognition of right of use assets of £115.1m
- Increase in notional borrowings under IFRS 16 recognising lease liability of £134.3m
- Net debt reduced £111.3m to £88.5m
- Disciplined working capital management with current asset to liability, ratio of 1.5 (2018: 1.6)

Financial Summary

Restore plc

- Double digit growth in revenue and profit
- Demonstrated free cashflow quality and high conversion of EBITDA to cash (80%)
- Reduction in pro forma EBITDA leverage from 2.1x to 1.6x
- Strong working capital ratio of 1.5 (2018: 1.6)
- Adjusted EPS growth of 9.5% with high dividend cover of 3.8x (adjusted)
- Dividend growth of 20% to 7.2p

Operational Review

Strong. Momentum.

Restore plc

Predictable Recurring Revenues

- Restore Records Management c.70% of the gross profit

Attractive Operating margins with opportunity to grow

- 21.5% up from 21.1%

Strongly cash generative

- Leverage reduced from 2.1x to 1.6x

Participate in markets of £1.8 bn and growing at c.3%pa and overall we have c.11% share

Strong market position with room to grow

Records	Digital	Datashred	Relocation	Technology
No.2	No.2	No.2	No.1	No.2
market size **c.£450m**	market size **c.£250m**	market size **c.£220m**	market size **c.£350m**	market size **c.£525m**
growth **c.1-2%**	growth **c.3-4%**	growth **c.0-1%**	growth **c.0-1%**	growth **c.5-6%**

Customers are demanding more from us

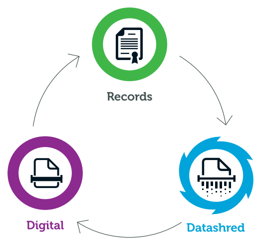
Restore plc

Restore has a unique breadth of capability which is key to meeting customers' evolving needs

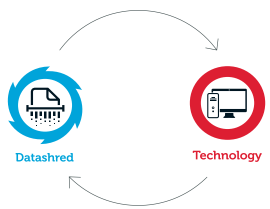
What customers want?

What we deliver?

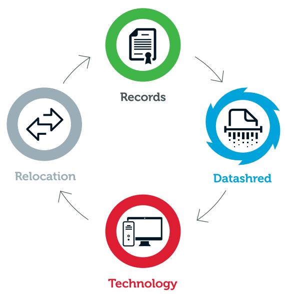
Securely store my past/present
& help me transition to digital



Secure my data when not needed



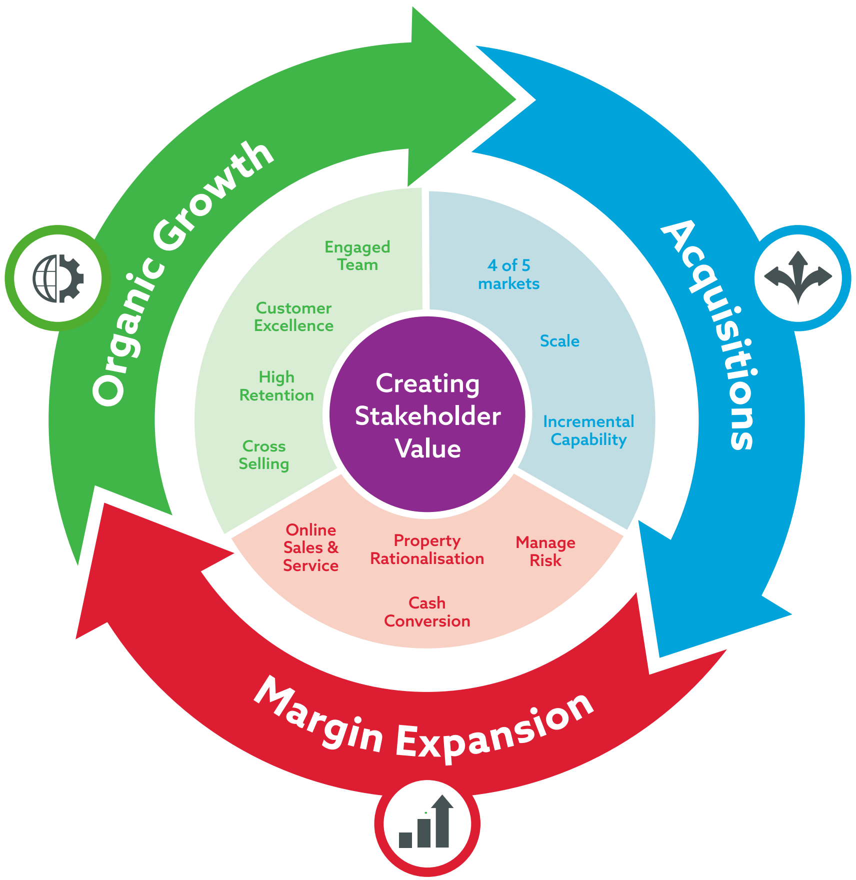
Help me when my business changes



Clear Strategy to grow

Restore plc

Profitable growth and cash generation



Restore Records Management

Restore plc

- 2% organic growth
- Increased operating margins
- 1.5 % net box growth
- More normalised perm outs/ destructions
- Optimal occupancy rate at 95%
- TNT BS integration complete
- 2 Small acquisitions

Growth Strategy

- Growth from Existing + New Customers
- Improve Margin
- Potential further small acquisitions

Records

Restore Datashred

Restore plc

- Stable profit performance
- Reduction in costs year-on-year
- New Managing Director in role – Q4 2019
- Paper prices decline from Q2 2019
    - But with only 29% revenue reliant on paper sales we are more resilient than our competition
- Market fragmented and feeling pressure

Growth Strategy

- Growth share organically
- Improve margin
- Acquisitions in a fragmented market

Datashred

Restore Digital

- Good revenue growth of 17%
- Profit up slightly despite extra cost with new project wins
- Improving sales outlook
- Significant wins
  - NHS GP surgery digitisation
  - Nuclear sector
  - Education sector
- No 2 Market Position (9%)

Growth Strategy

- Increase market share organically
- Margin expansion through change to product mix and operational improvement
- Acquisitions to improve scale and product mix

Digital

Restore Harrow Green

Restore plc

- 10% organic growth
- Very strong London performance
- Increased margin with highly optimised resourcing
- Winner of prestigious partner in relocation award with PFM

pfm awards 2019
PROMOTING THE BEST OF THE OUTSOURCED SERVICE MODEL

- High quality customer base
- Market leader

Relocation

Growth Strategy

- Maintain market leadership and grow share organically
- Product mix & productivity to maintain margins
- Deliver leads for other business units

Restore Technology

Restore plc

- Strong revenue growth of 42%
  - 15% organic growth
- Number two with <10% share
  - Growing + Fragmented market
  - Significant scope for consolidation
- Regulation on business will force re-think on supply chain to work with larger ITAD supplier
- 2 small acquisitions

Growth Strategy

- Significantly increase channel mix
- Continue to move to a service model
- Margin improvement using existing capacity
- Acquisitions in a fragmented market

Technology

Leveraging the Scale & Costs of the whole company

Restore plc

- A focus of the strategy is to deliver margin expansion. Each business unit has a plan to improve efficiency, product profitability and cost advantage with scale.
- AND In addition to this we are driving a whole of company focus in four specific areas

1. Continued focus on cross selling
2. Property portfolio rationalisation as we grow to reduce overall property costs
3. Cross company costs – leverage the buying power and scale of the company
4. Infrastructure foundations to enable a more digital and collaboration culture

   – ONE Collaboration IT System (NEW)

   – ONE Data Network (NEW)

   – ONE HR System (NEW)

   – ONE CRM (further enhancements)

Acquisition Strategy

Restore plc

- In 2019 we deliberately reduced acquisitions to ensure we focussed on;
  - integrating the prior year TNT BS acquisition
  - demonstrate the cash generation of the company
  - effect a smooth executive handover
- We did however complete 4 small acquisitions for consideration of £2.8m which generated significant ROIC, were easily integrated and strategically aligned.
- Our strategy going forward is to grow significantly with acquisitions in most of the markets we participate in to increase scale/cost advantage and use this to create synergies to generate good ROIC for shareholders

2019 Acquisitions

Restore Technology

Technology

- **Secure IT Destruction Ltd June 2019**
  IT Recycling business focusing on high security Technology disposal
- **Team Recycling Ltd – October 2019**
  IT Recycling Business

Restore Records Management

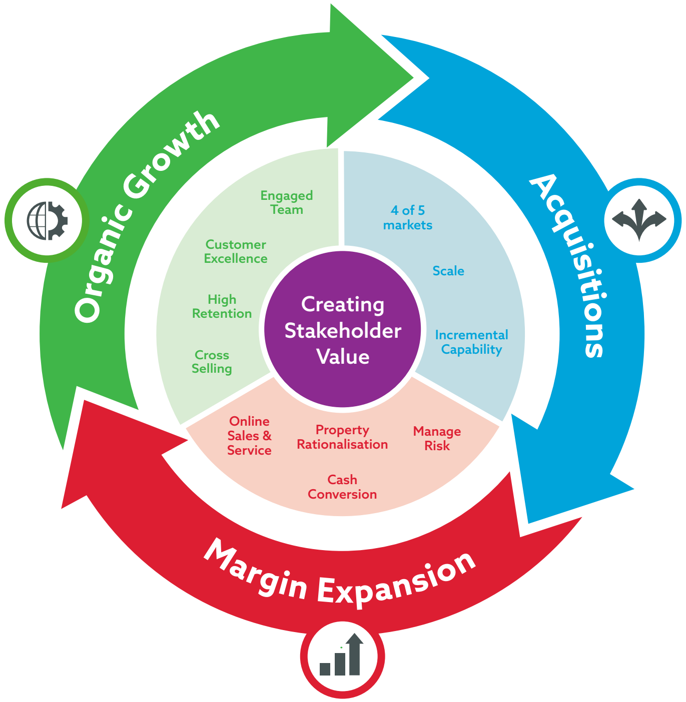
Records

- **Records Management business of FDA Ltd – October 2019**
  Records management business in Chichester
  With 24,000 boxes absorbed into existing estate
- **Archive Ltd – December 2019**
  Records management business in Manchester
  With 34,000 boxes absorbed into existing estate

Summary and Outlook

Restore plc

- Another strong performance in 2019
- Excellent cash generation
- A clear strategy for growth
- Strong Market position with substantial room to grow



- **Restore Records Management** – Delivering growth
- **Restore Datashred** – Stable performance with acquisition opportunity
- **Restore Digital** – Good growth and new wins
- **Restore Harrow Green** – Very strong year and good momentum
- **Restore Technology** – Substantially grow opportunities with acquisitions

Outlook

Looking ahead the business has a clear strategy for growth. We have a high quality business model and an experienced team to expand our market share and grow earnings over the medium term.

Whilst the macro-environment remains uncertain, in particular the effects of COVID-19, Restore's high proportion of contracted and recurring revenues together with its strong financial base means the business is both well prepared and well placed for the headwinds ahead.

The Company has strong positions in all of its markets and has significant growth opportunities and trading since the start of the year has been in line with the Board's expectation.

Appendix

IFRS 16

Restore plc

IFRS 16 'Leases' was issued in January 2016. The Group has applied the standard from 1 January 2019 using the modified retrospective approach and as such prior year figures will not be adjusted.

The adoption of the standard has a material impact on Group's Financial Statements. The changes at 31 December 2019 can be summarised as follows:

- Right of use assets increase by £115.1m primarily reflecting the sizeable leasehold property portfolio of the Group.
- Liabilities increase by £134.3m reflecting the valuation of future lease payments.
- Profit Before Tax is decreased by £3.0m reflecting the following adjustments.
  - Credit to the P&L in relation to operating lease payments, primarily property rental, of £19.8m.
  - Increase in depreciation charge relating to capitalisation of leases (£17.1m).
  - Increase in non-cash interest charges relating to the notional finance costs of the assets in use of [£5.7m].

As a result of these changes, the Group has reported an adjusted statement of EBITDA in order to calculate an adjusted proforma EBITDA debt leverage. This excludes the effects of IFRS 16 as the Directors believe this is a more useful measure to the readers of the accounts and more closely represents a cash based gearing assessment.

The debt covenants on the Group's borrowing facilities will be unaffected by the application of IFRS 16 as the covenant calculation are based on the accounting principles in place at the date the agreement was entered into and exclude IFRS16.

The cash-flows of the Group remain unaltered as a result of adoption of this new standard.

Alternative Performance Measuring

	Revised reporting basis	Consistent reporting basis	
	2019 £'m	**2019 £'m**	2018 £'m
Operating profit – continuing operations	34.4	31.7	24.8
Adjustments for:			
Amortisation of intangible assets	8.1	8.1	7.0
Exceptional items	2.7	2.7	8.5
Share-based payments charge	–	3.8	1.0
Adjustments	10.8	12.4	16.5
Adjusted operating profit	45.2	46.3	41.3
Depreciation of property, plant and equipment	24.8	7.7	6.9
Earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDA)	70.0	54.0	48.2
Profit before tax	24.8	27.8	21.0
Adjustments (as stated above)	10.8	14.6	16.5
Adjusted profit before tax	35.6	42.4	37.5

- Transition year with adoption of IFRS 16, 'Leases', impact of £3m on PBT
- Change in treatment of share-based payments which will no longer be an adjusting item moving forwards
- 2020 adjusted PBT is after IFRS 16, amortisation and exceptionals, not share-based payments

Restore
plc

15/19 Cavendish Place
London, W1G 0QE
T: 020 7409 2420
E: info@restoreplc.com
W: www.restoreplc.com