Records

Datashred

Digital

Relocation

Technology

2019 Half Year Results

Restore plc

Highlights

£106.2m* +15%
REVENUE (£'M)

£20.1m +17%
ADJUSTED PROFIT BEFORE TAX* (£'M)

£13.1p +10%
ADJUSTED BASIC EARNINGS PER SHARE* (P)

£2.4p (Interim) +20%
DIVIDEND PER SHARE (P)

Financial Highlights*

- Group revenue up 15% to £106.2m
- Group adjusted profit before tax up 17% to £20.1m
- Adjusted operating margins up 60bps to 21%
- Adjusted basic earnings per share up 10% to 13.1p
- Net debt reduced by £16.3m to £95.0m (1.8x)
- Interim dividend per share up 20% to 2.4p

Business Highlights

- Records Management 4% organic growth and net box growth H1
- Rainham build on track for Q1 2020
- All prior acquisitions now fully integrated, excluding the closure of Beckton in Q4 2019
- Datashred stable and new Managing Director appointed
- Digital - major win in public sector
- Harrow Green performance in line with expectations
- Two bolt-on acquisitions completed in Technology (IT Recycling)

* Continuing operations (excludes Printer Cartridge Recycling), before amortisation of intangible assets, exceptional items and share-based payments charge, excludes the effects of the adoption of IFRS16

Financial Review

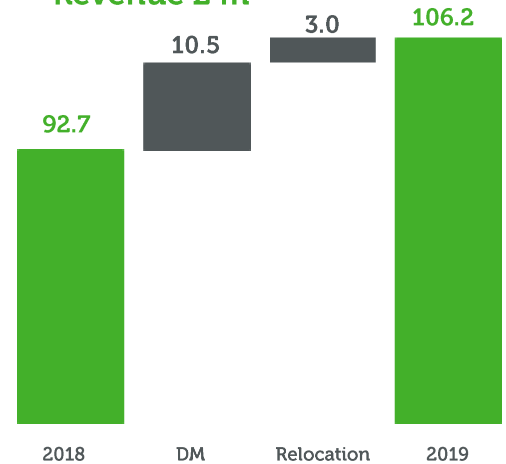
Consolidated Income Statement
(Using consistent accounting policies)

	H1 2019	H1 2018	Change
Revenue (£m)	**106.2**	92.7	15%
Adjusted operating profit (£m) *	**22.2**	18.8	18%
Finance costs (£m)*	**2.1**	1.6	31%
Adjusted PBT (£m) *	**20.1**	17.2	17%
Standard tax charge	**19%**	19%	
Adjusted profit for period (£m) *	**16.3**	13.9	17%
Average number of shares (m)	**124.0**	116.7	6%
Adjusted EPS (p)	**13.1**	11.9	10%

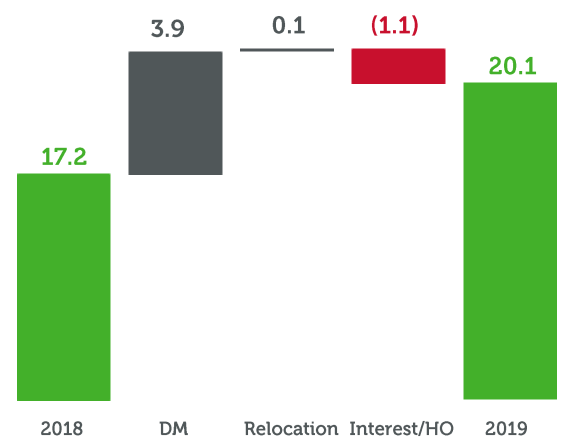
* Continuing operations (excludes Printer Cartridge Recycling), before amortisation of intangible assets, exceptional items, share-based payments charge, excludes the effects of the adoption of IFRS 16

- **Organic growth in H1 increased to 3% across the Group compared to 2% in FY 2018**
- **Acquisitions continue to complement organic revenue growth:**
  - **Full six month contribution from TNT BS in H1**
  - **Six smaller acquisitions completed in 2018 and SITD completed in H1**
- **Operating margins improved by 60bps to 21%**
- **Adjusted profit before tax £20.1m, up 17%**
- **Adjusted EPS up 10%, reflecting increase in average shares in issue**

Revenue £'m



Adjusted PBT £'m

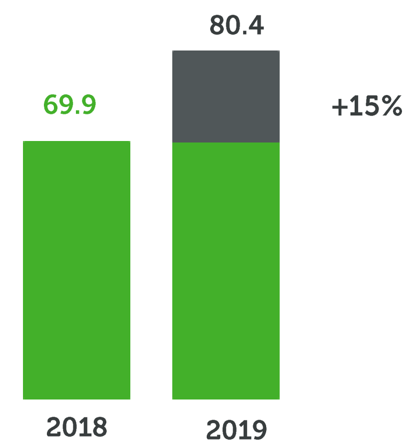


Document Management

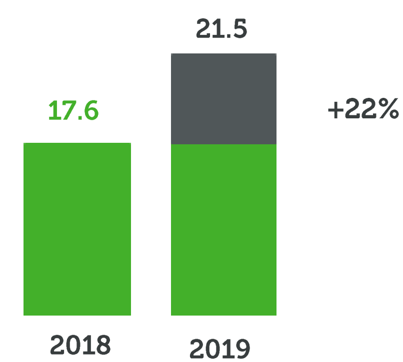
	H1 2019	H1 2018	YOY change
Revenue (£m)	**80.4**	69.9	15%
Operating profit (£m)	**21.5**	17.6	22%
Operating margin	**26.7%**	25.2%	+150 bps

- **Revenue by business stream:**
  - **Restore Records Management £47.8m (2018: £38.8m)**
  - **Restore Datashred £21.0m (2018: £20.8m)**
  - **Restore Digital £11.6m (2018: £10.3m)**
- **Organic growth of 4% in Records Management, driven by both volume and value**
- **Full six month contribution for TNT BS main driver for overall revenue increase of 15%**
- **Datashred stabilised and showing a profit improvement on H2 2018 despite fewer trading days**
- **Digital delivered expected return on exam scanning contract**
- **Operating margins improved to 26.7%**

Revenue £'m



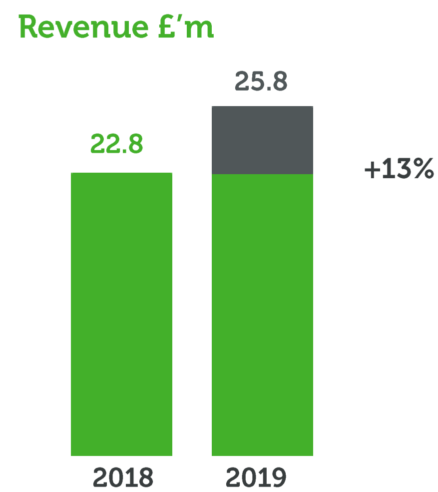
Operating Profit £'m

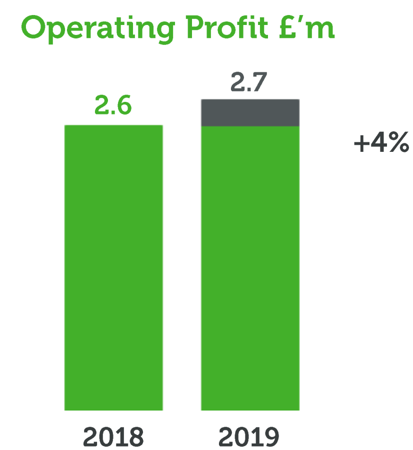


Relocation

	H1 2019	H1 2018	YOY Change
Revenue (£m)	**25.8**	22.8	13%
Operating profit (£m)	**2.7**	2.6	4%
Operating margin	**10.5%**	11.4%	-90 bps

- **Revenue by business stream:**
  - **Restore Harrow Green £19.7m (2018: £17.6m)**
  - **Restore Technology £6.1m (2018: £5.2m)**
- **Printer Cartridge Recycling disposed of in February 2019 and treated as a discontinued operation**
- **2018 comparator year very strong (operating profit increased 30% to £2.6m)**
- **Revenue and margins in Restore Harrow Green impacted by high levels of pass through turnover**
- **Restore Technology cost base higher vs H1 2018 due to new site in Bedford. Margins are expected to improve as utilisation increases**





Exceptional Costs

£'m	H1 2019	H1 2018
Restructuring costs	**1.8**	2.0
Transaction costs	**0.0**	1.7
Other exceptional costs	**0.2**	0.6
Total exceptional costs	**2.0**	4.3

- **Significant reduction in exceptional costs, as anticipated**
- **Restructuring costs reflect**
  - **Completion of the following integration milestones on TNT BS:**
    - **Transfer of scanning operation into Restore's operations**
    - **Closure of Nottingham site**
    - **Transfer of IT and customer systems**
  - **Completion of integration of smaller 2018 acquisitions**
- **Final integration milestone on TNT BS, closure of the Beckton site, to complete in Q4 2019**
- **Other exceptional costs relate to NI on exercise of legacy EIP share options**

Cash Flow

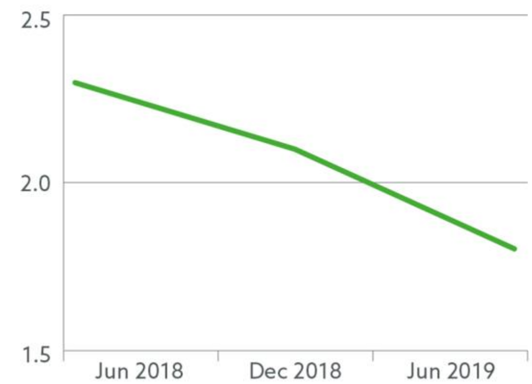
	H1 2019 £m	H1 2018 £m
Adjusted EBITDA	**25.9**	22.1
Exceptional costs	**(2.0)**	(4.3)
Adjusted EBITDA after exceptionals	**23.9**	**17.8**
Working capital	**3.7**	(7.2)
Net cash from operations	**27.6**	**10.6**
Capex	**(4.8)**	(5.2)
Interest	**(1.4)**	(0.9)
Tax	**(3.3)**	(2.0)
Acquisitions	**(1.9)**	(89.7)
Equity proceeds	**-**	50.0
Other	**0.1**	-
Net cash flow	**16.3**	**(37.2)**
Opening net debt	**111.3**	78.2
Closing net debt	**95.0**	115.4

- **Operational cash conversion of 115%**
- **H1 working capital movement reflects:**
  - **Improvement in working capital cycles**
  - **Some short term timing benefits on creditors which will unwind in H2 2019**
  - **Movement on property provisions**
- **Capex includes costs for the commencement of the Rainham extension**
- **H2 cash flows include 2018 final dividend and interim 2019 dividend**

Balance Sheet and Debt Facilities

	H1 2019 Inc IFRS 16	**H1 2019 Ex IFRS 16**	H1 2018
Non-current assets	452.7	**336.3**	331.9
Trade and other current assets	52.5	**52.5**	55.3
Cash and cash equivalents	20.0	**20.0**	15.7
Current Assets	72.5	**72.5**	71.0
Trade and other current liabilities	49.4	**49.4**	43.8
Financial Liabilities – borrowings	0.7	**0.7**	-
IFRS 16 Liabilities	15.7	**-**	
Current liabilities	65.8	**50.1**	43.8
Financial liabilities – borrowings	114.3	**114.3**	131.1
IFRS 16 Liabilities	116.8	**-**	
Deferred tax and provisions	17.4	**21.5**	19.1
Non-current liabilities	248.5	**135.8**	150.2
Net assets	210.9	**222.9**	208.9
Shareholders equity	210.9	**222.9**	208.9

Leverage (ex leases)



- **Lending syndicate includes 5 banks and expires in Q4 2022. Facilities include:**
  - **Single £160m RCF structure**
  - **Optional uncommitted £30m accordion facility**
- **£115.3m drawn on facilities at 30 June 2019**
- **Leverage reduced to 1.8x adjusted EBITDA (excluding leases) from 2.3x at June 2018**
- **Banking covenants unaffected by IFRS 16**

Financial Summary

- Revenue up 15%, with improvement in organic growth to 3%
- Operating margins improved to 21%
- Interim dividend up 20% to 2.4p
- Significant step forward in operational cash generation assisted by material reduction in exceptional costs
- Adjusted leverage 1.8x EBITDA at 30 June 2019
- Banking facilities appropriate and with significant headroom to support growth strategy

Business Review

CEO's initial impressions

- Strong market position
- Known for delivering high customer satisfaction with consistent repeat business
- Well invested and highly integrated
- Culture is 'can do' and 'cost conscious'
- Strong balance sheet and cash generation

Restore plc

Customers are demanding more from us

CUSTOMERS WANT?	WE DELIVER
Securely store our past/present & Help me transition to digital	Restore Records Management; Restore Datashred; Restore Digital
Secure my data when not needed	Restore Datashred; Restore Technology IT Lifecycle Services
Help me when my business changes	Restore Records Management; Restore Datashred; Restore Technology IT Lifecycle Services; Restore Harrow Green Moving Professionals

Going forward

- All businesses can grow market share organically
- Improve customer experience from 'good to great' with increasing digital and data analytics investments
- There is room to be more efficient across the Group
- Acquisition opportunities for scale & capability particularly in four of the markets we currently serve

Restore plc

Restore Records Management

- Revenue growth 23%
- Organic growth of 4%
- Net box growth in H1
- All prior acquisitions now fully integrated
- Operating margins improving in line with expectations
- Rainham build on track for new boxes in Q1 2020
- Property rationalisation continues in South East
- Capacity utilisation 96%

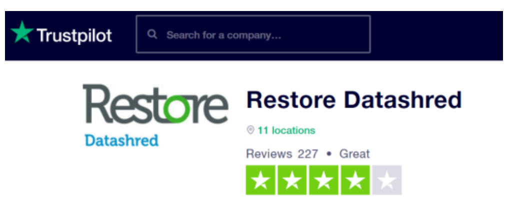
Records

* annualised box growth

Restore Datashred

- Revenue growth of 1% and sequential profit improvement vs H2 2018
- Customer satisfaction levels remain high
- New managing director appointed
- Growing demand in line with increased focus on data security
- Paper prices softening towards end of H1
- Well invested business with spare capacity
- Significant scope for further consolidation of UK shredding market

Datashred



Restore Digital

- Strong revenue growth of 13% yoy
- Key exam contract successfully executed
- Major win in the public sector £9m+ over 3 years
- GP scanning contract extension
- Well invested business with 9 sites to provide national coverage
- Improving sales pipeline

Digital

Restore Harrow Green

- Strong revenue growth 12% (6% net of pass through yoy)
- Market leader with a national presence
- London market performing well, regions performed in-line
- Investment in new vehicles to meet new London ULEZ
- Customer base wanting more services from us – storage, shredding, recycling

Relocation

Restore Technology

- Strong revenue growth 17%
- Extra cost of new Bedford facility opened in H2 2018
- Well invested with capacity to grow margins as volume grows
- Completed two small acquisitions to add extra certifications, customers and capability to sell parts*
- More pressure on companies to demonstrate secure and responsible disposal
- Large and growing market with fragmented suppliers
- Opportunity to expand in new channels as an independent

Technology

* One acquisition closed in June and another in early July

Summary and Outlook

- Good first half performance
- Strong cash generation and net debt reduction
- Consistent service delivery for customers
- All prior acquisitions integrated
- Excellent platform for continued growth, both organically and through acquisitions;
  - Strong market positions
  - Market knowledge
  - Well invested operating sites
  - Strong recurring revenue and cash generative
- The Board's expectations for the full year remain unchanged

Restore in numbers

OUR CUSTOMERS INCLUDE

94% Top 100 UK **legal practices**

81% UK **NHS Trusts**

67% **Local authorities** in England, Wales and Scotland

86% Top 50 UK **accountancy companies**

88% **FTSE 100** companies

HIGHLIGHTS

Another year of progress with a ninth successive year of double-digit revenue growth."

REVENUE (£'M)

£195.5 MILLION

14% Increase on £172m in 2017

DEBT LEVELS

Financially strong with Dec 2018 leverage of 2.1 (and dropping)

Profit (Ebitda)

Debt

COMPOUND ANNUAL GROWTH RATE

+28% Compound annual Growth rate since **2011 in revenues**

+29% Compound annual Growth rate since **2011 in earnings per share**

WHAT OUR CUSTOMERS ARE SAYING

Trustpilot

Restore Datashred is rated **Great**

4.0

EMPLOYEES

2,209 TOTAL EMPLOYEES AT DECEMBER 2018

71% DOCUMENT MANAGEMENT

29% RELOCATION

SME

25,000 SME customers

FULL UK COVERAGE

75 **Full UK coverage** with over 75 storage and processing centres UK wide

RESTORE PLC HAS 2 DIVISIONS

The 75 storage and processing centres are split across 2 divisions

DOCUMENT MANAGEMENT

64 DOCUMENT MANAGEMENT

11 RELOCATION

RELOCATION

DIVISIONS: DOCUMENT MANAGEMENT

TOTAL REVENUE

£147.6m (2017: £126.9m)

17% **Increase** on 2017

PAPER SHREDDED ANNUALLY

100,000 Tonnes

8,000 Equivalent to nearly 8,000 London buses

OUR THREE DOCUMENT MANAGEMENT DIVISIONS:

RESTORE RECORDS MANAGEMENT

RESTORE DATASHRED

RESTORE DIGITAL

UK MARKET POSITION

NO.2

NO.2

NO.2

2018 REVENUE

£86.5M

£41.8M

£19.3M

DIVISIONS: RELOCATION DIVISION

TOTAL REVENUE

£47.9m (2017: £45.1m)

6% **Increase** on 2017

RELOCATIONS

350,000 Desk moves

More than the number of people who work in the City of London

OUR RELOCATION DIVISIONS

RESTORE HARROW GREEN

RESTORE TECHNOLOGY

UK MARKET POSITION

NO.1

NO.10

2018 REVENUE

£37.6M

£10.3M

*numbers taken from the Annual Report, year ending 31 December 2018.

Appendix
Summary of changes to accounting policies

- **IFRS 16 has been adopted from 1 January 2019. Lease payments which were treated as opex in the income statement have been replaced by assets and liabilities/debt on the statement of financial position which generate interest and depreciation charges in the income statement.**
- **At 1 January 2019 the following changes we made to the statement of financial position**
  - **£119m of right of use assets were recognised (£109m of property)**
  - **£136m of lease liabilities were recognised**
- **The new standard does not require prior years to be restated so 2019 has been presented using 2018 accounting policies to allow comparison**
- **In addition the Board have decided that share-based payment charges are no longer an adjusting item from 1 January 2019**

H1 2019 £'m	PBT	Operating profit	EBITDA
Adjusted results under consistent accounting policies	20.1	22.2	25.9
Exclusion of rental charges on IFRS16 leases	9.4	9.4	9.4
Depreciation on IFRS16 leased assets	(8.2)	(8.2)	-
Interest charges on IFRS16 leased assets	(2.7)	-	-
Share-based payment charge	(0.6)	(0.6)	(0.6)
Adjusted results under revised accounting policies	18.0	22.8	34.7
Amortisation of intangible assets	(4.0)	(4.0)	-
Exceptional costs	(2.0)	(2.0)	(2.0)
Statutory profit	12.0	16.8	32.7

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