



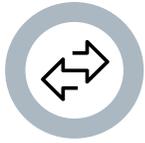
Records



Datashred



Digital



Relocation



Technology

2019 Capital Markets Day  
6<sup>th</sup> November 2019

## Chairman – Martin Towers

- **Welcome**
- **Seamless transition of the executive team**
- **Restore has been built into a leading UK office services platform with genuine scale and capability**
- **We remain on a growth strategy in the UK with significant opportunities**
- **Illustrating today why you should use Restore**

# Agenda

- **Introduction**
- **Group Overview & Strategy**
- **Business Unit Strategy**
- **Financial Overview**
- **Summary**

# Today's Objectives

## Continued profitable growth and cash generation



Illustrate the market opportunities



Show how we intend to take market share



Describe the margin expansion opportunity



Establish the future acquisitions rationale and value creation

# Introduction



**Martin Towers**  
Non-Executive  
Chairman

Martin Towers was appointed Chairman in January 2018.

Martin is a Non-Executive Chairman of Tyman plc, and Norcros plc. Martin was previously Group FD of Kelda Group plc, McCarthy & Stone plc, The Spring Ram Corporation plc and Allied Textile Companies plc.

Martin served as Chief Executive of Spice plc from 2009 until its sale to Cinven in 2010 and was Non-Executive Director of Homestyle Group plc from 2004 to 2006, KCOM Group plc from 2009 to 2015 and was a SID of RPC Group plc from 2009 to 2018.



**Charles Bligh**  
CEO

Charles Bligh was appointed CEO of the Group from April 2019.

Charles was previously Chief Operating Officer and main Board Director at TalkTalk Telecom Group plc, which he joined in 2011. He previously spent 20 years at the IBM Corporation in various countries, culminating in his role as Vice President, Commercial Sector in UK and Ireland.



**Neil Ritchie, FCA**  
CFO

Neil was appointed CFO of the Group in October 2019.

Neil was previously Chief Financial Officer of AIM-listed Mulberry Group plc and prior to this spent 14 years with the technology business Dyson, where he held a variety of commercial and finance roles.



**Neil Clark**  
Managing Director –  
Restore Records  
Management

A records management professional for 35 years. Neil has been with Restore for 20 years the last 10 as Managing Director of the Records Management business.

Prior to joining Restore in 1999 Neil spent 15 years at Hays Information Management (now Iron Mountain) latterly as UK Sales Director



**Duncan Gooding**  
Managing Director –  
Restore Datashred

Duncan Gooding was appointed Managing Director of Datashred in October 2019.

Duncan has worked in the IT services industry for over 25 years, his last role was Managing Director at Infrastructure Services Provider Roc Technologies. Prior to Roc, Duncan held a number of roles within TalkTalk. This included the role of COO, where he was responsible for all client operations and leading a team in excess of 600 people across the UK



**Mark Horrocks**  
Managing Director –  
Restore Digital

Mark joined the business in April 2015 in the role of Operations & IT Director, he was appointed to the role of Managing Director in January 2019.

Previously Mark spent 8½ years at EDM Group Ltd through a period of significant growth holding roles of Sales Manager, Operations & IT Director and then Commercial Director.

Prior to this, Mark had a 15 year career in IT Services



**Nigel Dews**  
Managing Director –  
Restore Harrow Green  
and Technology

Nigel Dews has been MD of Relocations & Technology since February 2012.

Nigel was previously MD of Harrow Green prior to being acquired by Restore plc. Prior to that was Regional Director for Harrow Green with additional responsibility for its furniture and fit-out division.

He has also spent 14 years at Pickford's where he held various senior management positions in the UK.

# Very strong financial position and track record

## H1

	H1 2019	% yoy
Revenue (£m)	£106.2	15%
Adjusted PBT (£m)	£20.1	17%
Margin	21%	60 bps improvement
Debt Ratio	1.8x	Down 0.3x

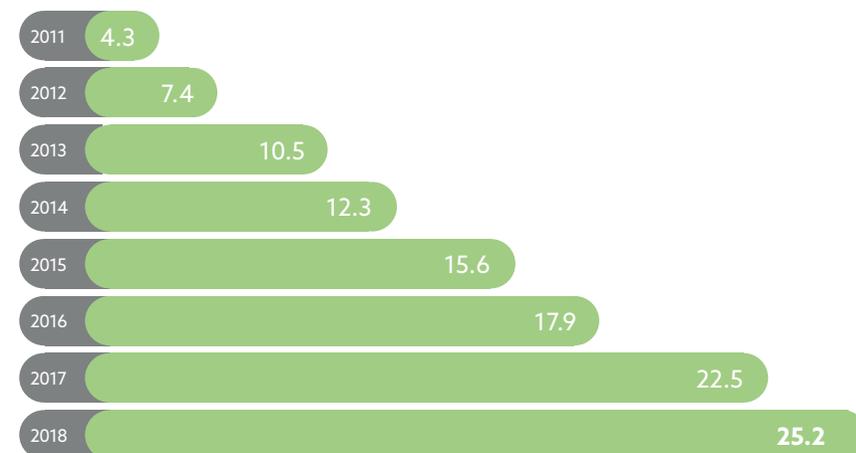
## CEO comment

“We enter this next stage in Restore’s evolution, with each of our businesses performing well and in line with our expectations. This provides a strong platform from which we can continue to deliver on our strategy of generating shareholder value through organic growth, selective acquisitions and margin expansion”

## Share price history (p)



## Adjusted earnings per share (p)



# Strong national presence with scale in each market



## Full National Presence

- o >100 Sites
- o >500 Trucks/Vans



## Deep industry expertise

- o >2,200 employees
- o Longevity of service



## Leading our markets

- o Customer experience
- o Breadth of services
- o Certifications
- o Product innovation

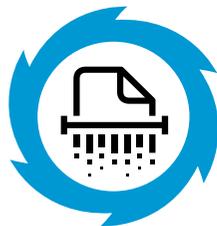
## Strong UK Market Positions



Records

**No.2**

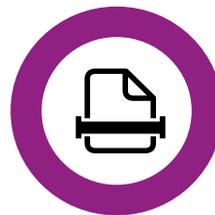
market size  
**c.£450m**



Datashred

**No.2**

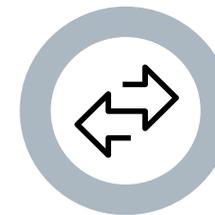
market size  
**c.£220m**



Digital

**No.2**

market size  
**c.£250m**



Relocation

**No.1**

market size  
**c.£350m**



Technology

**No.2**

market size  
**c.£525m**

# Customers are demanding more from us

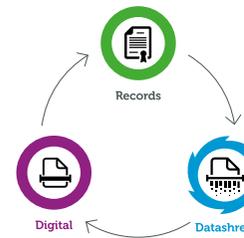
Restore has a unique breadth of capability which is key to meeting customers' evolving needs

## What customers want?

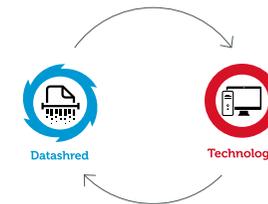
Securely store my past/present  
& help me transition to digital



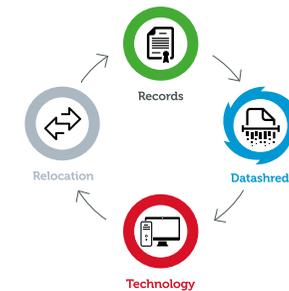
## What we deliver?



Secure my data when not needed



Help me when my business changes



# We have significant opportunity to grow

## We have an outstanding client list

- #1 or #2 in the markets we serve across multiple market segments

## Our customers include

FTSE 100 companies



Top 50 UK accountancy companies



Top 100 UK legal practices



Local authorities in England, Wales and Scotland



UK National Health Trusts



## We have enormous room to grow

- We participate in markets of £1.8bn in value and overall have 11% share



# Our Strategy

Profitable growth and cash generation



# Restore Records Management



Records



# What we do in Records Management

- Offering a blend of 'active' and 'deferred' storage providing a one stop shop for large UK companies
- Secure storage boxes/records
- Secure vaults for magnetic media/records
- Heritage service (Museum storage and collections of historical importance)
- Active file services
- Digital services



**£86.5m**  
Revenue



**No 2**  
Market position



**>800**  
Staff



**c.5.2m**  
Transactions per month



**22m**  
Records



**c.5,800**  
Active customers



**170+**  
Vehicles



**Accreditations**  
Cyber Essentials  
ISO 9001,  
14001, 27001



**55**  
Sites UK wide  
(including 3 mines)

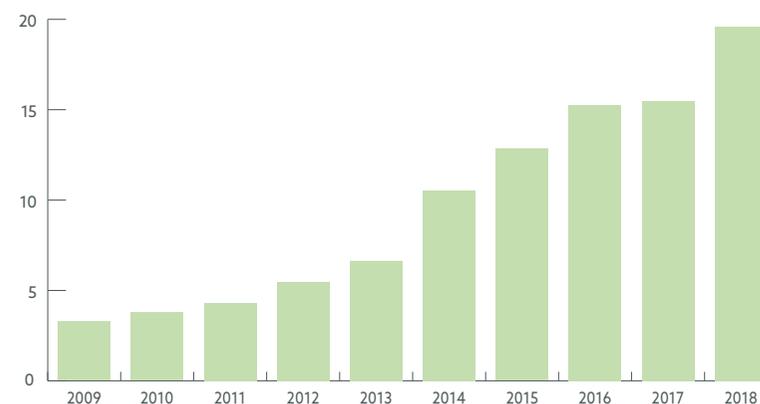


**2.7m**  
Tapes

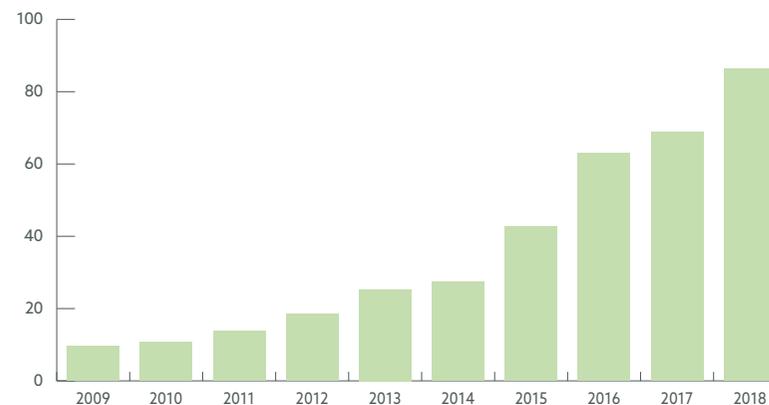
# We have grown consistently, both organically and through acquisition

- 23 acquisitions to date – fully integrated with synergies realised
- Margin expansion with scale
- Organic growth
- Fully integrated IT enabled operating platform
- Low capital intensity business with predictable investment requirements
- Flexible footprint with majority of sites leasehold
- 4 freehold sites

**Number of boxes stored (m)**



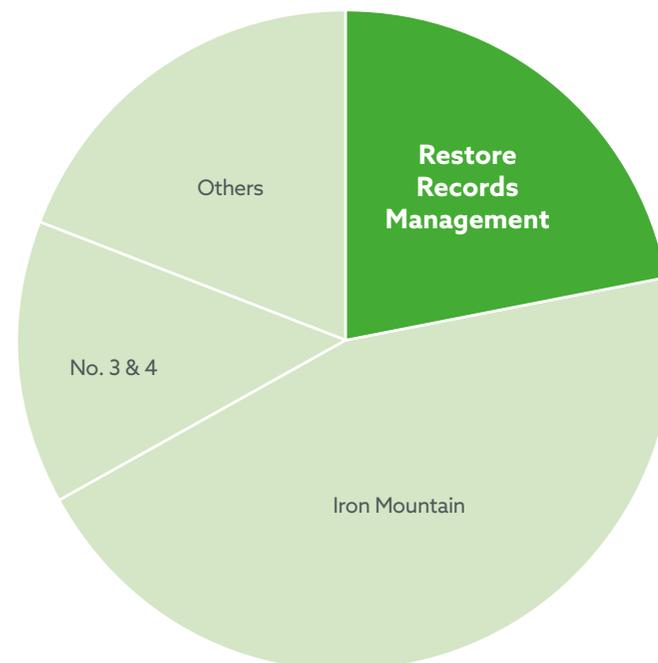
**Revenue £(m)**



# Records Management market

- The UK vended market place £400-£450m
- Unvended (still with customers) market opportunity
- Market growth of 1-2% per annum
- Competitive but rational market
- Transforming to more added value services integrating physical and digital processes

## Market Structure



# Our customers

- c.5,800 Customers
- Segments:
  - 65% corporate
  - 35% public sector
- 125 NHS hospitals are customers
- 200 legal customers
- Specialist NHS managed services key target area for growth
- Key channels
  - Managed partners
  - Facilities management companies

## Case study: A leading NHS Trust

### What we do

- Store over 1m customer records, fully indexed
- Onsite staff at Hospital - outsourcing of core in-house NHS functions
- 24/7/365 service, including emergency deliveries
- 4 hour turnaround to 4 London Hospitals
- Integrated into Hospital Patient Management System

### Customer Benefits

- Significant cost saving
- Release of significant space
- Service standardised and compliant
- High accurate service levels
- Combines physical and digital



# Strategy & Opportunity

## Growth from existing and new customers

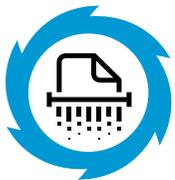
- Development of the Pan Government Records Management Contract
- Maximise opportunity in our market leading position as supplier to the NHS
- Sizeable corporate opportunity

## Improve margins

- Property rationalisation plan as we grow over 10 years
- Investment in technology to drive productivity

## Potential further smaller rollup acquisitions

# Restore Datashred



Datashred

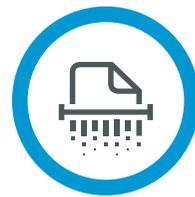


# What we do

- National service
- Onsite shredding for regulated industries
- Offsite shredding
- Hard drive destruction
- Product destruction



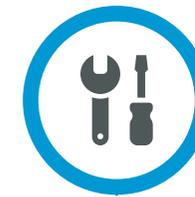
**£41.8m**  
Revenue



**No 2**  
Market position



**>430**  
Staff



**c.500k**  
Service visits pa



**c.100k**  
Paper tonnage pa



**c.14,500**  
Active customers



**200+**  
Vehicles



**Accreditations**  
EN15713  
CPNI Approved  
BS7858 Staff Vetting  
ISO 9001, 14001, 27001



**12**  
Destruction centres nationwide



**4.5 out of 5 stars**  
Trustpilot

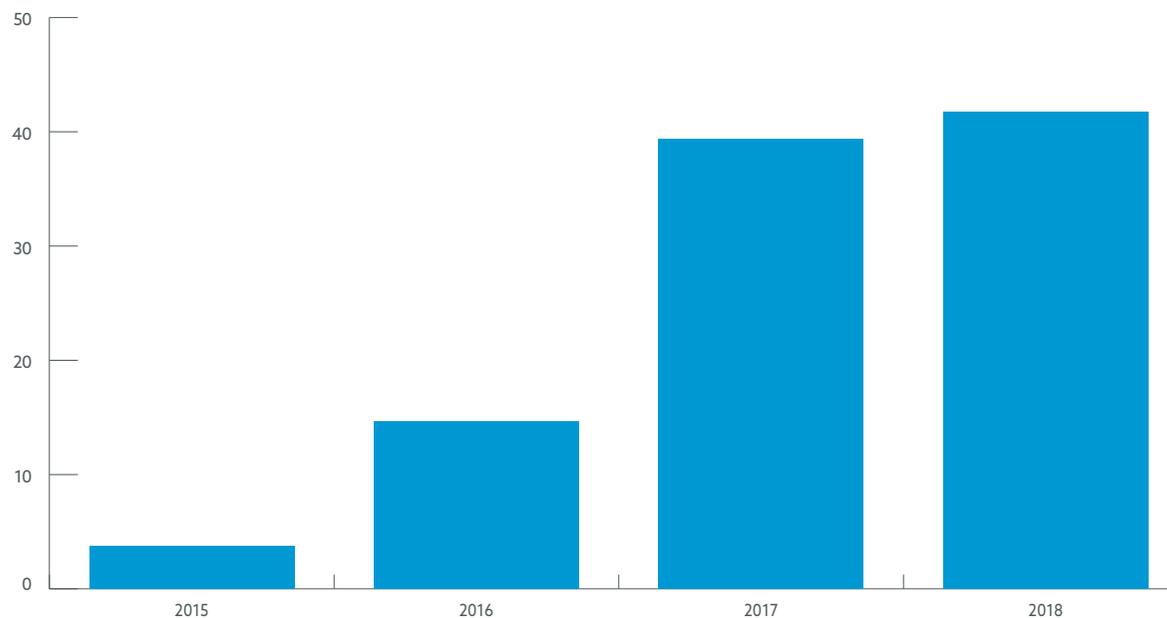


**CSR**  
1.3m Trees saved annually

# Significant market position supported by key acquisitions

- Acquired PHS Datashred in 2016
- Five further acquisitions including one in 2018
- Opened a new shredding facility in Crayford serving London in 2018
- Opened a new shredding facility in Newbridge, Scotland in 2018
- Margin reflects significant capacity to grow
- Well integrated operating platform

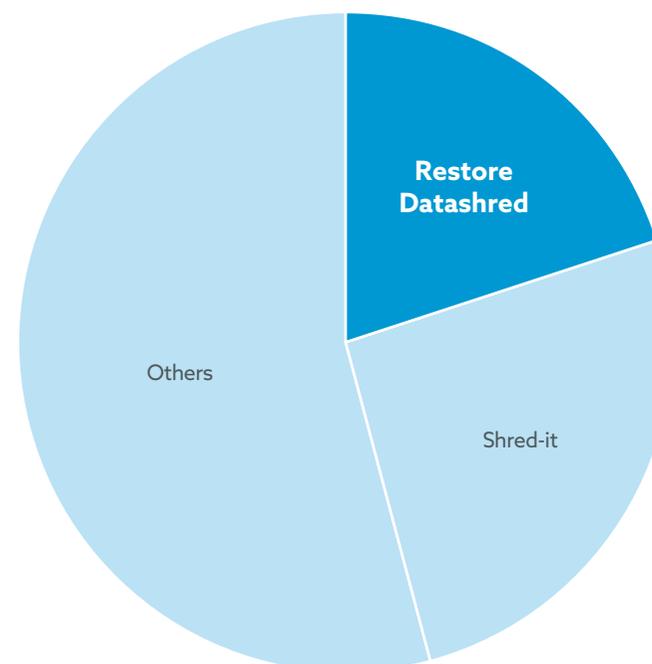
Revenue (£m)



## Secure shredding market

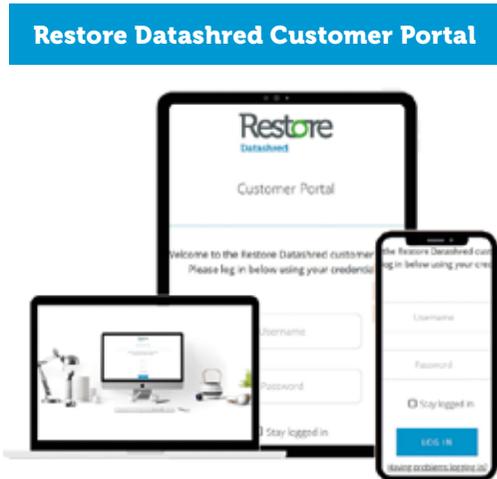
- Market size £200-£220m
- Market growth of 0-1% per annum
- One of two national operators
- Rest of the market remains fragmented
- Revenue is a mixture of service and paper sales
- Data regulation and financial penalties driving improved customer behaviour

### Market Structure



# Our customers

- Direct to customers (SME, corporate, public sector) – 70%
- Sell through (Facilities Management) – 30%
- Margin reflects customer segments
- Key verticals:
  - Legal
  - Financial
  - Insurance
  - Health
  - Public Sector



## Strategy & Opportunity

### **Grow market share organically**

- Cross-selling into Records Management, Harrow Green and Technology customers

### **Improve margins**

- Available capacity for profitable growth
- Invest in technology to drive productivity and ease of doing business with

### **Significant scope for acquisitions in a fragmented market**

# Restore Digital



Digital



# What we do

- Secure, large scale document conversion
- Digital Mailroom
- Cloud hosted document management & information processing
- Digital workflow
- Records preservation
- Research data capture
- Digital transformation consultancy



**£19.3m**  
Revenue



**No 2**  
Market position



**>360**  
Staff



**c.300m**  
Images processed pa



**>700**  
Customers



## Certifications

**Current Certifications:**  
 ISO 9001:2015 - QMS  
 ISO 27001:2013 - ISMS  
 ISO 45001:2018 - OHSMS  
 Cyber Essentials+  
**Working Towards:**  
 ISO 14001:2015 - EMS  
 BS 10008:2014



**10**  
Processing sites  
 8 UK  
 1 ROI  
 1 US

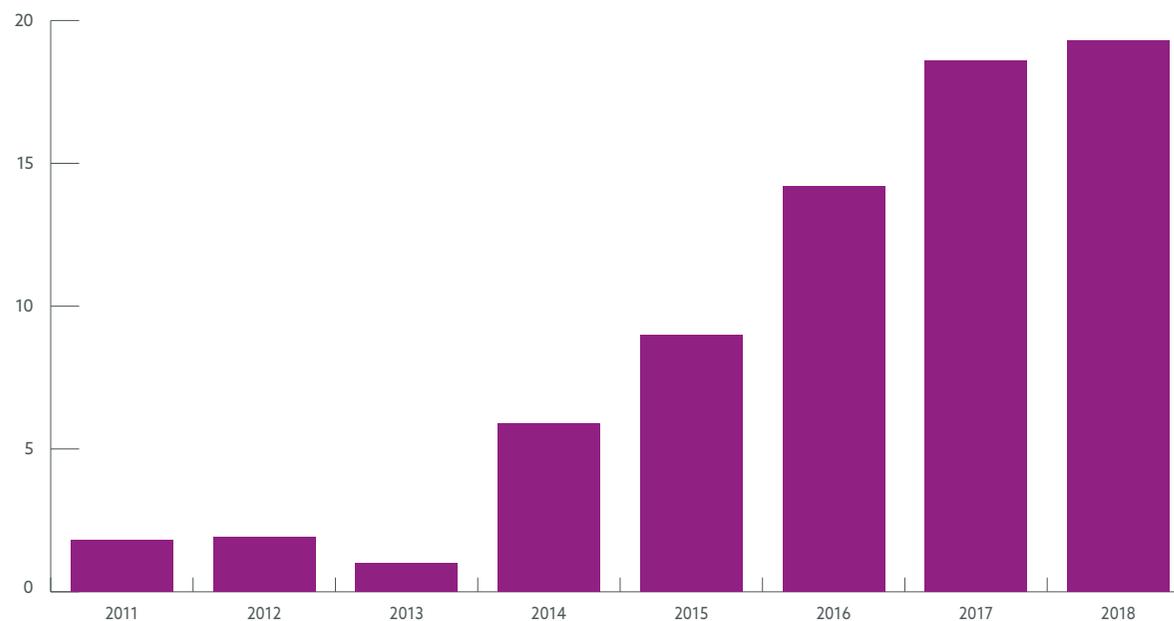


**c.50m**  
Private cloud hosted documents

# Significant platform established since 2014

- Consistent organic growth supplemented by bolt-on acquisitions
- Cintas acquisition in 2014/15
- Six further acquisitions
- Recurring revenue (consisting of regular recurring business and long term secured contracts)
- Evolved from standard scanning to specialised digital services

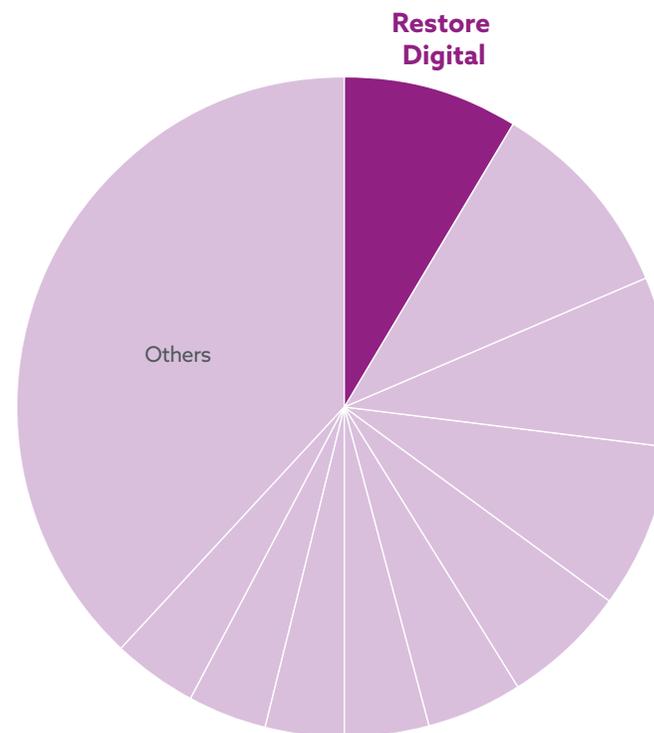
Revenue (£'m)



# The market

- The UK vended market is approximately £250m
- Fragmented market
- Further market opportunity with organisations outsourcing in-house activities
- Growth of 3-4% per annum
- Customers are looking for a more consultative led approach
- Digitisation to support operational efficiency and data analytics of physical records
- Records conversion as part of significant public sector digital initiatives (GP and general NHS records)

## Market Structure



# Our customers

- Direct to customers
- Sell through key partners (BPO and ISV's)
- Utilise public sector frameworks – CCS, PGRMC, ESPO
- Key verticals:
  - Health
  - Public Sector
  - Education
  - Energy
  - Financial Services
  - Insurance
  - Legal

## Case study: Education sector customer

### What we do

- Examination script scanning
- Eight awarding bodies
- 90 million images in 10 weeks, over 4,000 SLA targets
- Secure delivery to marking system

### Customer Benefits

- Significant cost reduction and process efficiency
- Removes complex distribution logistics
- Fully verified and accessible records
- Facilitates the use of a flexible workforce



# Strategy

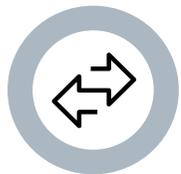
## Grow organic share

- Work with existing Records Management customers to deliver a physical/digital solution as appropriate
- Focus on sectors requiring security and scale.

## Product mix drives margin improvement

## Selective acquisitions for capability

# Restore Harrow Green



Relocation

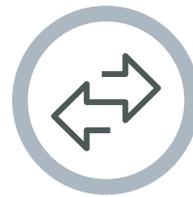


# What we do

- Business relocation
- IT moves and changes
- Furniture storage
- Project management
- Recycling & reuse
- Specialist Moves – Life Sciences, Heritage
- Transport for the rest of the Group



**£37.6m**  
Revenue



**No 1**  
Market position



**>360**  
Staff



**c.500,000**  
Desks moved every year



**>1,000**  
Customers



**c.200**  
Tonnes of furniture recycled each year



**115+**  
Fleet of trucks



**Certifications**  
BS8572  
CSE certificated  
ISO 9001, 14001, 45001

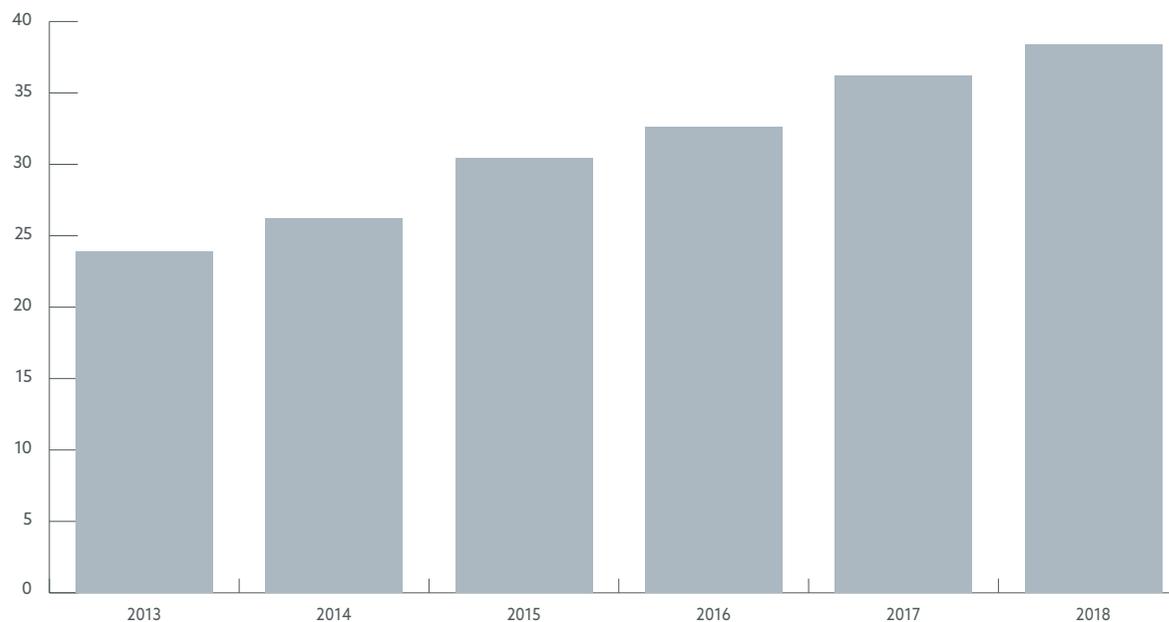


**23**  
Service delivery centres nationwide

# Consistent and managed growth

- Restore acquired Harrow Green in 2012
- Three further acquisitions
- Secured MoD Contract in 2014
- Strong organic growth
- London and Regional presence delivers consistency of growth

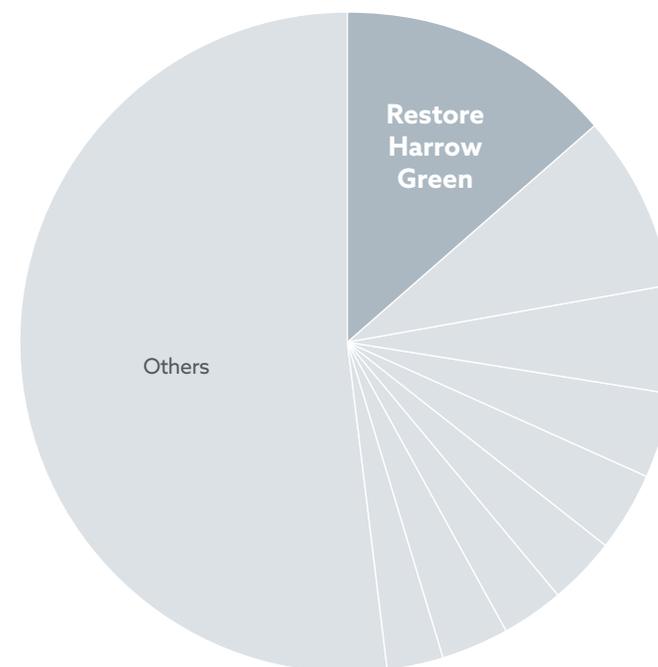
**Revenue (£m)**



# The market

- Commercial moving market size £350m
- Market growth of 0-1% per annum
- Demand for high level corporate & specialist workplace relocation in the UK continues to remain buoyant
- High barriers to entry where we operate. Success requires sophisticated logistics for a mission critical service
- Changing landscape with flexible co-working an opportunity
- Key trends of customer demand are:
  - Lease events
  - Expansion
  - Consolidation
  - Corporate activity
  - Contraction
  - Talent availability

## Market Structure



# Our customers

- 2/3 of our business direct to customers
- 1/3 through key channels
  - Facilities Management
  - Real Estate management
  - Growing trend of flexible and co-working
- Over half of revenue is driven by repeat customers who have a constant requirement for our services
- We are on all of the major public sector frameworks
- We handle the moves of over 1,000 customers per annum and over 10,000 employees per week
- Growing penetration in specialist markets
- Growing trend of flexible working



# Strategy & Opportunity

**Continue to lead market and grow share**

**Drive new opportunities for other business units from our customer base**

**Service mix and productivity focus to maintain margins**

# Restore Technology



Technology



# What we do

- Target is zero landfill
- Asset deployment
- Asset tracking
- IT relocation
- IT asset disposal
- Secure destruction
- Hardware remarketing



**£10.3m**  
Revenue



**No 2**  
Market position



**>260**  
Staff



**c.600,000**  
Assets processed  
every year



**>500**  
Customers



**c.15,000**  
Technicians days  
deployed each year



**35+**  
Fleet of trucks



**Certifications**  
ADISA certified  
ISO 9001, 14001, 27001,  
45001  
R2 Environmental Standard

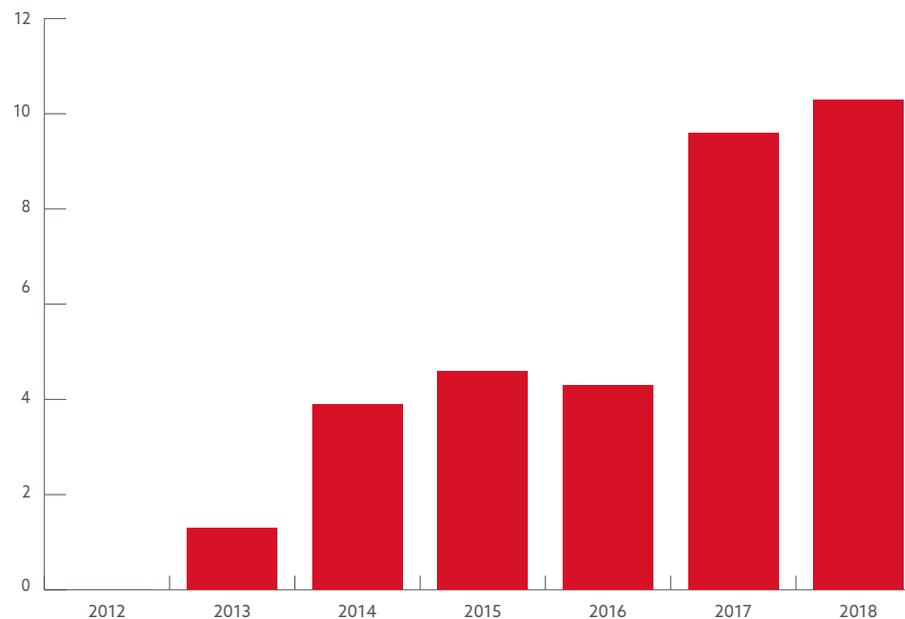


**4**  
Processing centres  
nationwide

# Rapid growth with acquisitions

- Started the business in 2013 with acquisition of IT Efficient
- Secured next generation Amazon contract in 2016
- Growth from four acquisitions with a further two this year
- The new state of the art 37,000 sq. processing centre in Bedford, more than doubled total capacity in 2018
- Investing in IT to automate repetitive tasks
- Customer self-service portal to improve customer experience
- Current margin reflects capacity to expand

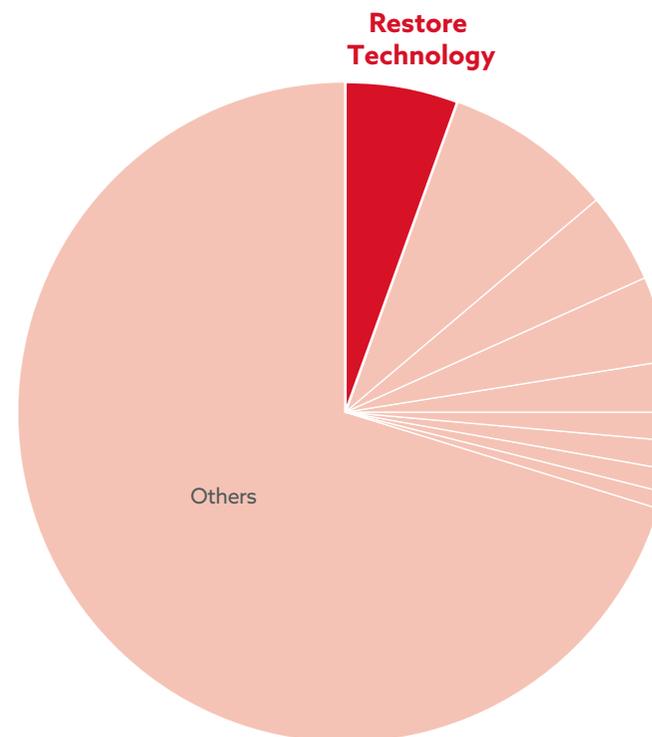
Revenue (£m)



# The ITAD market

- The Market
  - Pre-life and mid-life £200m
  - End of life £300-£350m
- Focussed on the end of life – market growth of 5-6% per annum
- Established and fragmented market
- Customer switching is low
- Customer data regulation and potential fines driving increased scrutiny of the supply chain of firms' supply chains
- Environmental considerations for customers increasing

Market Structure (End of Life)



# Our customers

- Majority of revenue is direct to customers
- Significant opportunity to grow our channel business
- Customers are becoming far more security conscious with a move to on site data destruction
- Customers require more reporting, compliance and audit increases cost of doing business therefore scale matters
- Supporting customers CSR strategies

## Case study: Leading Telecommunications Company

### What we do

- End of life management of over 400,000 IT assets
- On and off site data destruction
- Dedicated help desk
- Home working collection and delivery service
- Equipment repair and refurbishment

### Customer Benefits

- Ease of use
- Fully integrated system
- Secure and flexible logistics solution
- Cost savings
- Detailed activity analysis and management information



## Strategy & Opportunity

- Significantly increase the channel mix
- Continue to move revenue to a service model
- Margin improvement using existing capacity
- Strong focus on inorganic growth through acquisitions

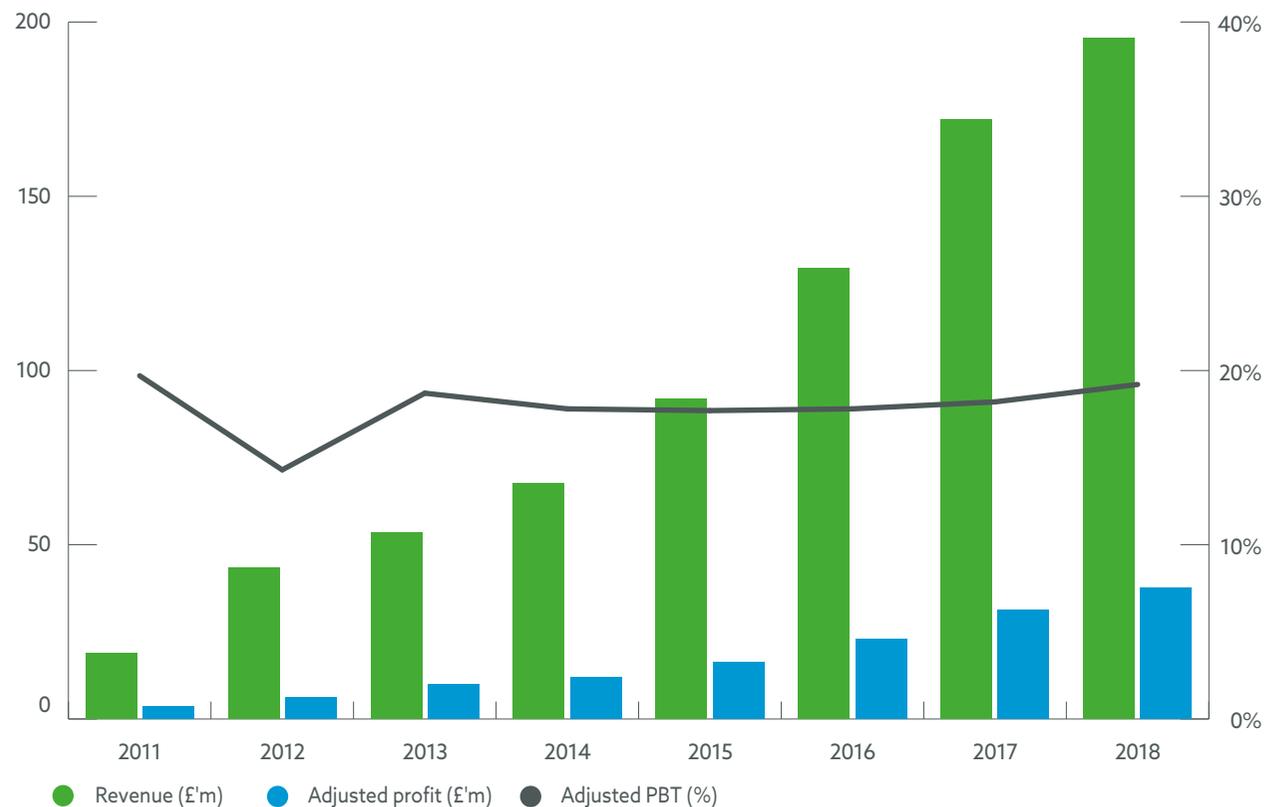


**Financial overview**  
a high quality business

# Consistent record of profitable growth

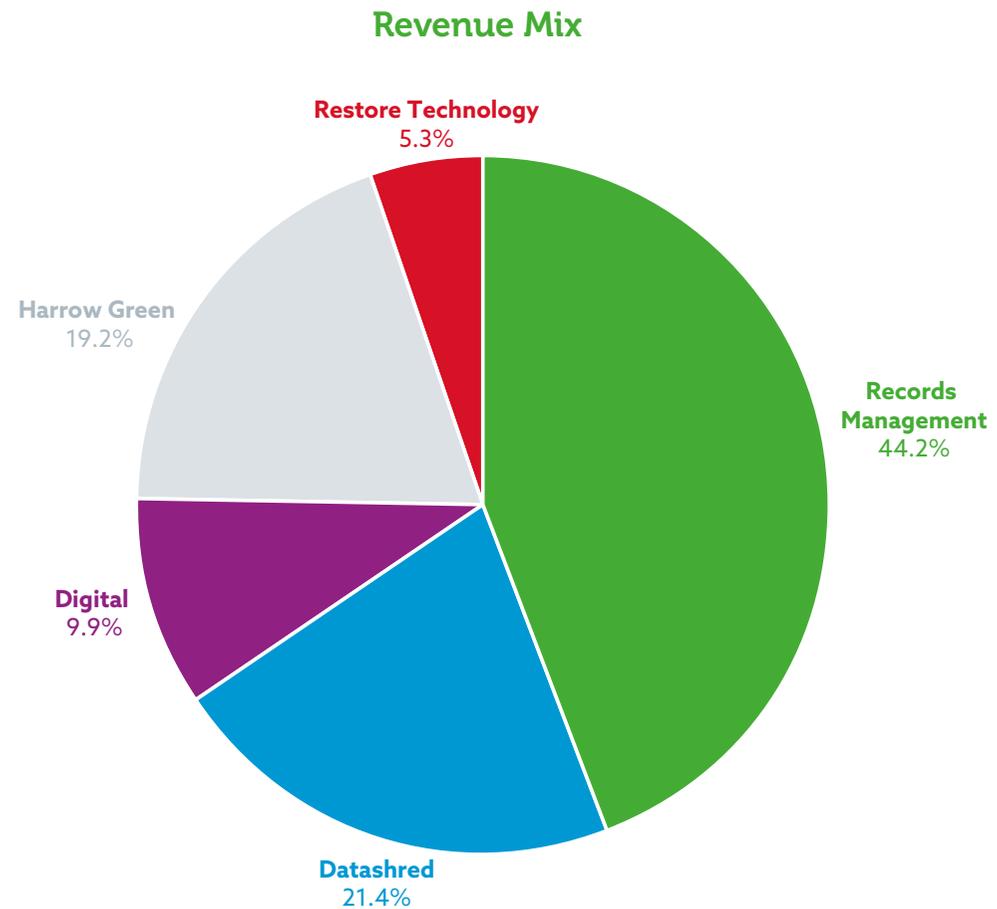
- Consistent organic growth
- Strong margin profile - well managed as mix has evolved
- Successful integration of acquired businesses
- Well invested to support future growth
- Return on capital well in excess of Group cost of capital

Revenue and profit growth (£m)



## High quality and diverse revenue base

- Broad customer base with low levels of concentration
- High level of recurring revenue – both contracted and through repeat business
- All business units are profitable



# Strong cash generation

Debt reduction of £20M  
over past 12 months

Net debt @ 30/06/18

£115m

Leverage 2.3x

Net debt @ 31/12/18

£111m

2.1x

Net debt @ 30/06/19

£95m

1.8x

- ⬇️ Exceptional items reducing
- ⬇️ Post acquisition capex falling
- ⬆️ Margin increasing



- ⬆️ Strong cash generation
- ⬆️ Sustained deleveraging which accelerates without acquisition
- ⬆️ Interest reducing

# Shareholder value growth in capital and dividend

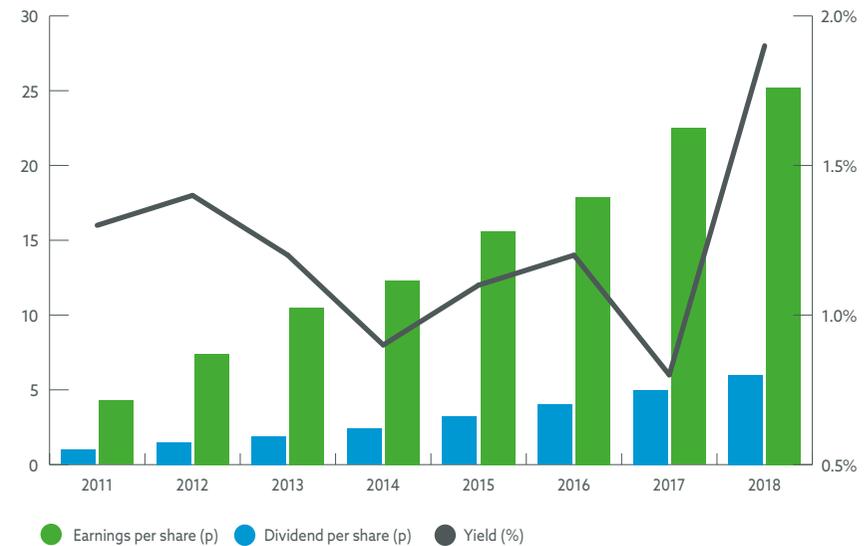
## Strong share performance

- Significant capital growth
- Consistent outperformance against key indices
- Broad shareholder register
- IHT benefits of AIM listing



## Progressive Dividend Policy

- Consistent EPS growth
- Strong cover



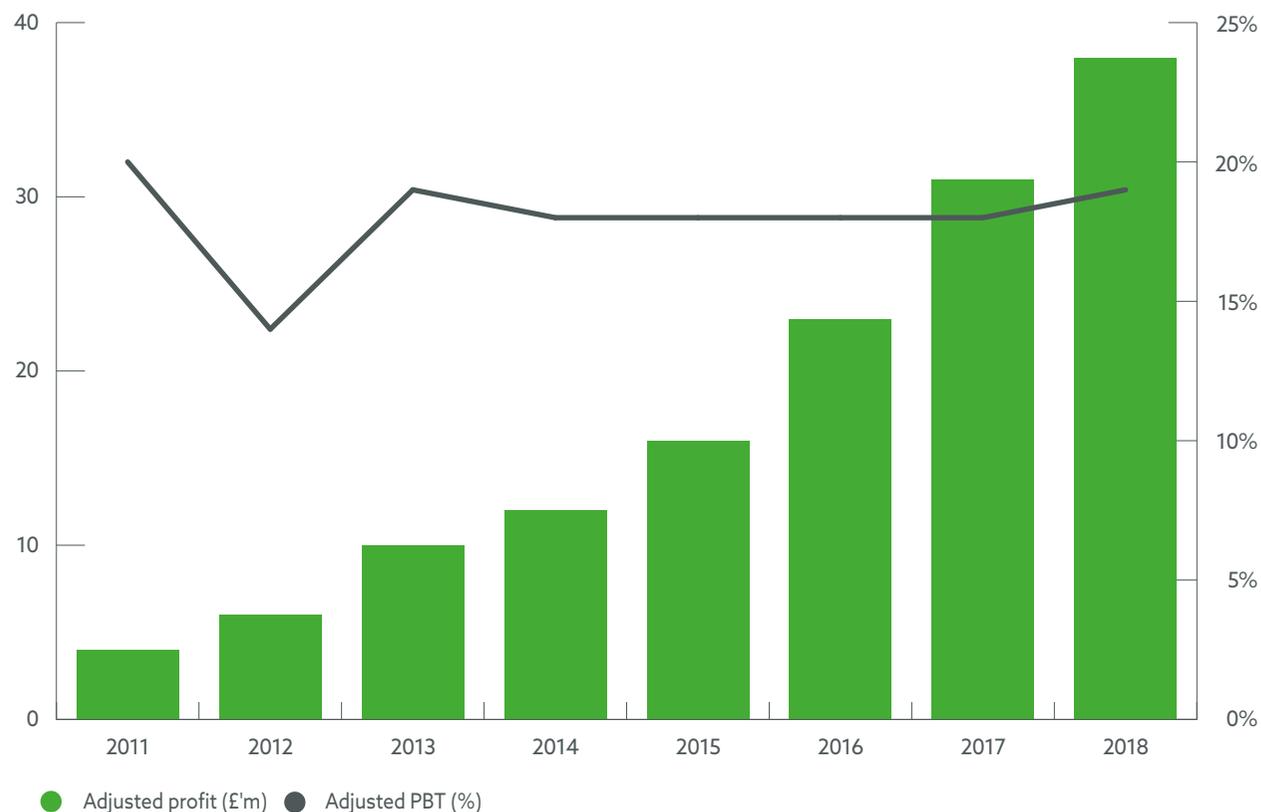


**Investment case**  
opportunities to grow

## Looking forward: key profit drivers

- ↑ Absolute margin growth from organic & acquisition
- ↑ Significant optimisation opportunity from property rationalisation
- ↑ Efficiency improvements from greater sharing of resources (fleet, space)
- ↑ Increased performance & yield potential from Datashred and Technology facilities
- ↓ Offsetting margin pressure from revenue mix effects
- ↓ Rising employee costs

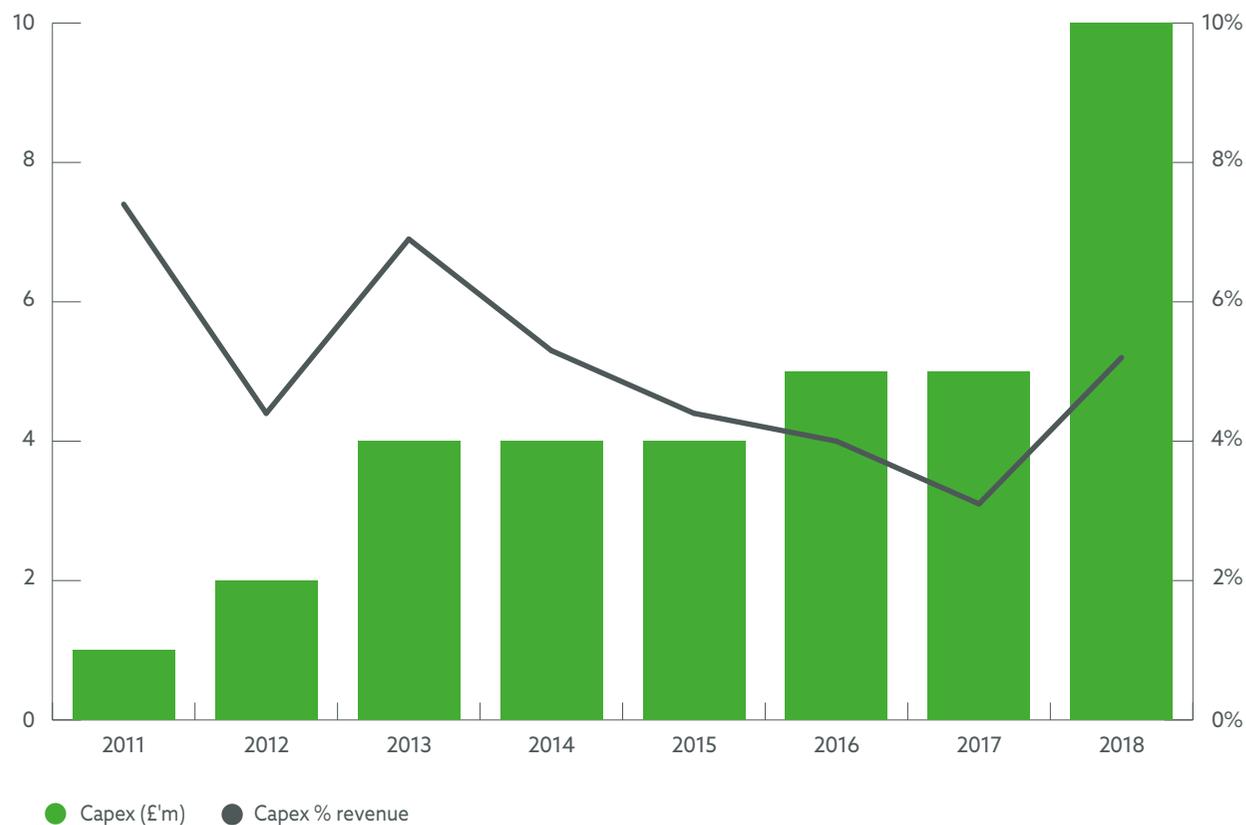
Operating margin (£m)



## Investment needs: relatively low capex

- Whilst owning some freeholds, majority of asset base is leased
- Historic capex requirements relatively low (4-5% of revenue)
- Current business is well invested and assets have long life, e.g. racking
- Maintenance capex anticipated to remain stable

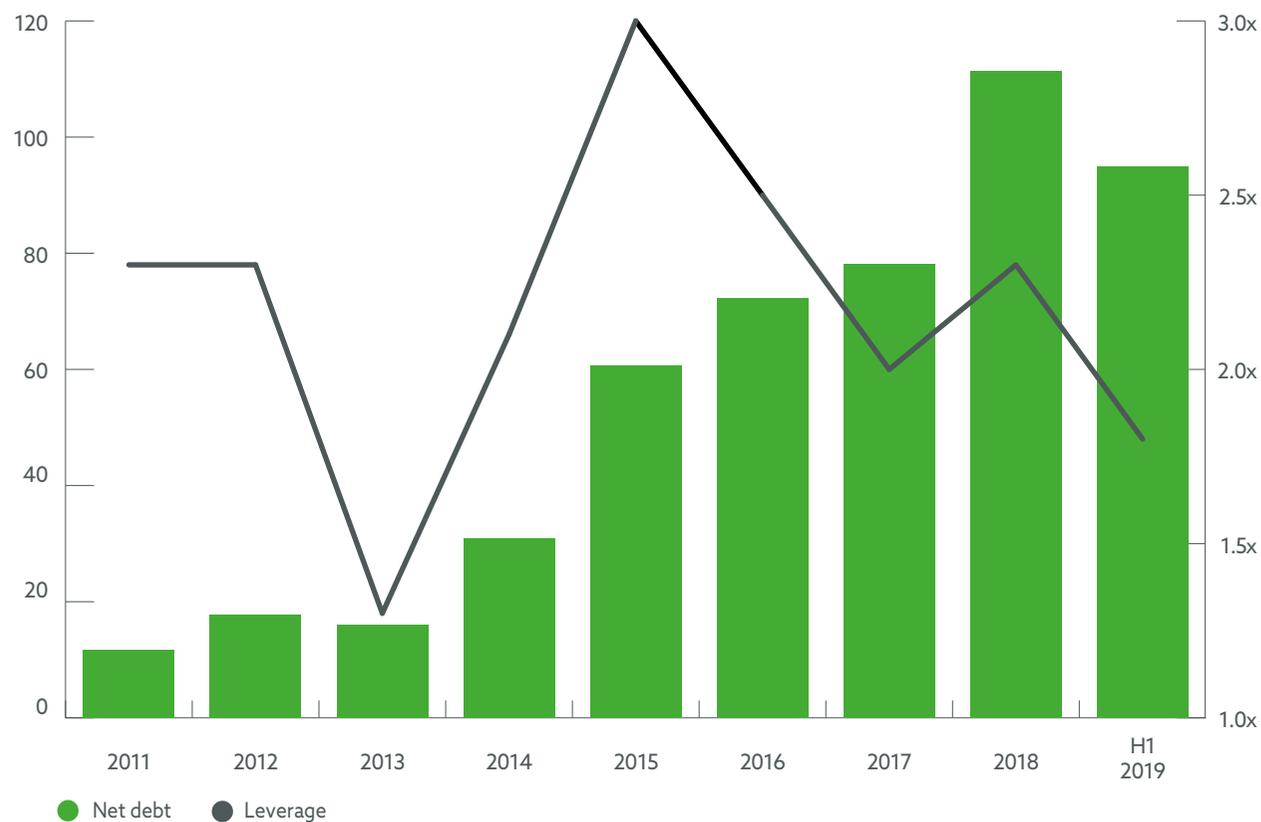
Capex (£m)



## Capital structure: sensible borrowing

- Historic leverage at 1.3x to 3x EBITDA
- Board comfortable at 1.5x to 2.0x EBITDA
- Capacity to flex as strategic acquisitions are presented
- Debt/equity ratio c.43%

### Net debt (£m)



## Summary: Investment case

### A high quality business

- Predictable, recurring revenue streams
- Attractive operating margins
- Strong cash generation
- Well invested
- Consistent shareholder return
- Excellent customer delivery
- Management team with strong track record of delivering

### Clear strategy with growth potential

- Organic growth
- Acquisition potential in 4 of 5 markets
- Margin expansion





# Forward looking statements and disclaimer

## **Forward looking statements:**

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