

## Mitie posts full year results, announces share buyback programme and new acquisition

3 years ago



Mitie has posted its full year results for the period ending 31st March 2022, demonstrating a strong financial performance and the reinstatement of the final dividend.

As part of the strategic review, Group Chief Executive, Phil Bentley, said that Mitie had reached an inflection point earlier than anticipated, with good underlying growth culminating in the delivery of a strong financial performance in FY22.

Mitie has also announced that it intends to commence a share buyback programme in respect of its ordinary shares of 2.5 pence each ("Ordinary Shares") up to a maximum consideration of £50 million, from the date of this announcement (the "Share Buyback Programme").

As highlighted in the Group's Full Year statement for the 12 months to 31 March 2022, published this morning (which disclosed the Share Buyback Programme), the Group delivered a robust financial performance, with strong underlying growth, delivering a record £4bn of revenue in FY22, operating profit of £167m and free cash flow of £133m.

Following the refinancing in the first half of FY22 and the cash flow generated during the year, the Group now has a balance sheet which is strong, stable and flexible, to support future growth opportunities and increase returns to shareholders.

Consistent with the Group's capital allocation strategy and reflecting the strong cash flow generation, robust balance sheet and the positive outlook for the business, the Board is today launching an initial

£50m share buyback programme over the next 12 months.

#### Mitie Full Year Results

- Revenue of £3,997m, growth of 58% (FY21: £2,529m)
- Strong underlying performance with revenue growth of 14% underpinned by £2bn of new contract wins
- Operating profit of £167m, up 184% (FY21: £59m) with higher operating profit margin of 4.2% (FY21: 2.3%)
- New contract wins, renewals/extensions and projects of approximately £3.8bn total contract value, with renewal rates of 90%.
- Average daily net debt for the year ended 31 March 2022 fell to £25m (FY21: £47m); net cash of £27m at year end
- Acquisitions of £27m in fast growing, high return businesses; disposal of Mitie Document Management for £40m
- Final dividend recommended of 1.4 pence per share, taking total dividend for FY22 to 1.8 pence per share (FY21: nil)
- £50m share buyback programme launched as part of strategy to increase returns to shareholders

Commenting on the FY22 results, Phil Bentley, Group Chief Executive, said: “Through our investment-led strategy, Mitie has reached an inflection point earlier than anticipated. We delivered a strong financial performance in FY22, with good underlying growth. The Group is now able to leverage its capital base to focus on long-term value creation, accelerating investment in growth and delivering enhanced shareholder returns.

“Thanks to the hard work of our 72,000 colleagues, Mitie has recovered strongly from the pandemic, delivering a record £4bn of revenue in FY22, operating profit of £167m and free cash flow of £133m. The Interserve business is performing strongly under our stewardship and our ability to rapidly mobilise flexible contracts led to robust COVID-related business. Our underlying business performed well in the year, growing 14%.

“Our strategy – focused on accelerating growth, enhancing margins and improving cash generation – is creating a strong platform to further improve earnings. Our robust balance sheet and significant free cash flow allowed for continued investment in high return acquisitions across decarbonisation (Rock Power Connections and Biotecture), telecoms maintenance (DAEL Ventures UK), and intelligent security (Esoteric). Two further telecoms maintenance businesses (P2ML and 8point8) were acquired early in FY23 and today we announce we have entered into a Sale & Purchase Agreement (SPA) for Custom Solar, a solar power solutions company.

## Mitie strengthens decarbonisation solution offering with the acquisition of Custom Solar

Mitie Group plc (‘Mitie’ or the ‘Group’) has announced that it has entered into a sale and purchase agreement (‘SPA’) to acquire the entire issued share capital of Custom Solar Ltd (‘Custom Solar’), a solar power solutions company specialising in the development, design, installation and maintenance of solar power systems for public and private sector clients.

Custom Solar's design and installation expertise, combined with Mitie's industry leading project management and mobile engineering offering, will support Mitie's ambition to be a leading provider of end-to-end green energy solutions.

The transaction consideration comprises an initial payment of £8m, with deferred payments in aggregate of up to £4.4m by the end of FY25, linked to performance targets. Custom Solar will be acquired cash free, debt free, with a normalised level of working capital. The transaction is expected to complete on 30 June and will be funded through existing facilities. For the 12 months ended 31 March 2022, Custom Solar generated revenues of £15m and profit before tax of £2m and had gross assets of £7m. Custom Solar is expected to be accretive to earnings in the first 12 months of ownership.

With the demand for sustainable energy solutions set to increase significantly, UK solar power generation is targeted to reach 40GW in 2030, up from current levels of 14GW<sup>1</sup>. Mitie's strategy is to fill a gap in the market for truly integrated solar solutions, building on its expertise in upgrading the electrical infrastructure and providing grid connections to support the UK's decarbonisation agenda. This follows Mitie's recent acquisition of Rock Power Connections which specialises in high voltage electricity grid connections, electrical infrastructure upgrades and EV charging installations.

The staff and senior management team of Custom Solar, including Managing Director, Matthew Brailsford, will join Mitie to help drive the business forward.

Simon Venn, Managing Director, Technical Services, Mitie, said: "The acquisition of Custom Solar continues Mitie's strategy of investing in high growth, high return businesses within the energy and decarbonisation market to help our customers accelerate their path to Net Zero.

"Custom Solar's expertise in large scale commercial solar deployments, combined with Mitie's high voltage connection and project management expertise, will enable us to offer end-to-end renewable power generation at scale. With our client base including national brands, public sector organisations and critical infrastructure providers, this is yet another element of our support to help decarbonise Britain."