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FRANCHISE BRANDS: AT A GLANCE









Drainage and plumbing

Car paintwork repairs

Domestic oven cleaning

Dog home boarding

Franchisees

40

£2.5m

Franchisees

201

EBITDA

£1.9m

Franchisees

106

EBITDA

£0.3m

Franchisees

80

EBITDA

£0.2m



A STRONG PERFORMANCE: AHEAD OF EXPECTATIONS

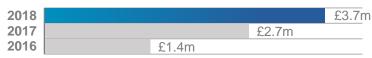
FINANCIAL HIGHLIGHTS





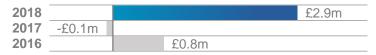
Adjusted EBITDA

£3.7m +37%



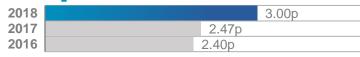
Profit/(loss) before tax

£2.9m



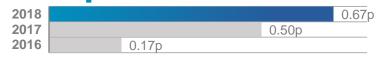
Adjusted earnings per share





Dividend per share

0.67p +34%



(Net debt)/Cash

£(5.0)m -21%

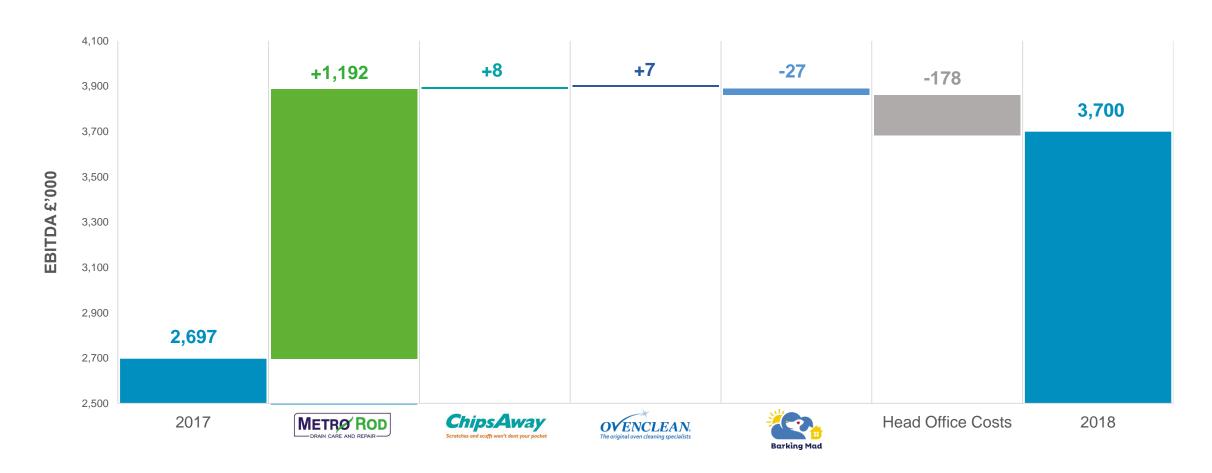


OPERATIONAL HIGHLIGHTS

- Metro Rod's "Vision 2023" strategy has been greeted with real engagement from the franchise network.
- Double-digit like-for-like sales growth for half the Metro Rod network.
- Development of new business systems is progressing well.
- Metro Plumb grew rapidly with system sales up 27%.
- ChipsAway continues to improve the quality of income.



THE 2018 RESULTS: AT A GLANCE





METRO ROD VISION 2023: ON TRACK





Vision 2023: engagement from a re-invigorated franchise community.

Implementation of most strategic and operational changes. Vision 2023 principles:

- Return the franchisee to front and centre of the business.
- Help them grow local sales.
- Decrease franchisee reliance on over complicated manual systems.
- Reduce the intervention of the Support Centre.

Vision 2023 required creating new systems and new ways of working.

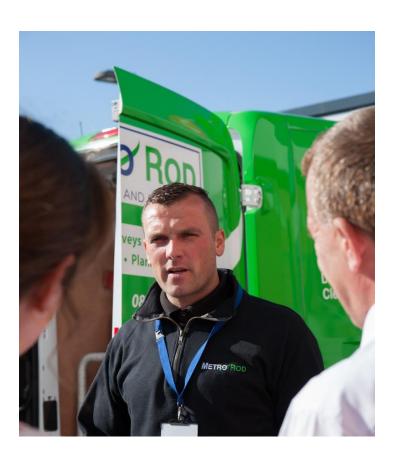


Our faith in the franchisees has been rewarded. In 2018 20 franchisees recorded double-digit like-for-like sales growth, 14 had sales of over £1m and seven grew at over 30%.



GOOD PROGRESS AGAINST KEY STRATEGIC OBJECTIVES





Good progress made against two key elements of Vision 2023: technology and sales & marketing.

- Development of new business systems is progressing well and several new systems have been rolled out to the franchisees.
- Most important system to be updated is the Works Management System ("WMS") and a linked CRM.
- Launch of the National Advertising Fund ("NAF") has allowed creation of new marketing team and strategy.
- Introduction of sales-based incentive schemes to encourage and reward growth.



Growth in job numbers

14%

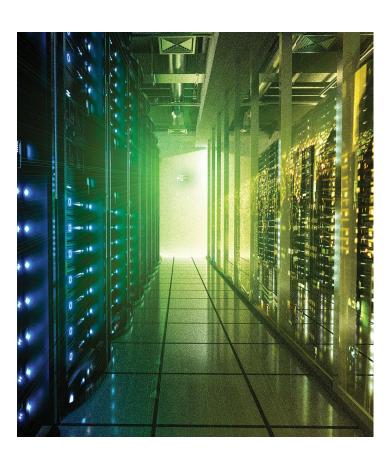
Growth in franchisees' local sales

14%



OUR INVESTMENT IN TECHNOLOGY: STARTING TO DELIVER





Digitally-enabling our business:

- Automating manual, repetitive, tasks using robotics:
 - 40% of all jobs are now logged automatically.
 - 95% of jobs that are logged via a customer portal are monitored and tracked using robotics.
- Rolled-out new digital management information and reporting dashboard for franchisees and the Support Centre.
- Launch of quotations system for franchisees in Q1 2019.

- WMS being developed in close cooperation with our franchisees:
 - Currently on trial.
 - Expect to start rolling it out to a wider group of franchisees in 2H 2019.
- Technology investment centred on Metro Rod, however:
 - Systems and functionality have Group-wide applications.
 - Will benefit future acquisitions.

% of jobs logged automatically

40%

Total Group IT spend 2018

£1.5m



KEMAC AND METRO PLUMB: A YEAR OF ACHIEVEMENT





A positive year for both Kemac and Metro Plumb:

- Excellent performance at Kemac due to a number of large one-off jobs.
- Kemac business placed onto a more sustainable and predictable footing to assist in the development of Metro Plumb.
- Launch of our first Metro Plumb franchise (London South East).

- Anticipate many independent Metro Plumb franchises going forward.
- Metro Plumb has continued to grow rapidly with sales up 27% on 2017.

Growth in Metro Plumb sales

27%

Total plumbing jobs carried out in 2018

35,990



METRO ROD: PROGRESS ON MANY FRONTS



FOCUSED ON GROWTH

Progress in 2018

- Appointment of Sales & Marketing Director, implementation of new marketing strategy.
- Roll-out of field-based marketing training.
- Launch of sales-based incentive scheme.

Focus for 2019

- Implementation of sales recruitment, training and support.
- Launch of new website to improve commercial customer acquisition.
- Launch of PR initiatives.

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- Development of ITOL-accredited apprenticeship scheme to develop new engineering talent.
- Roll-out of ITOL-accredited training programme.
- Establishment of company-owned franchise in Exeter.
- Launch of apprenticeship scheme and recruitment of first apprentices.
- Development of Brighton & Gatwick companyowned franchise.
- Open first Vision 2023 depot.

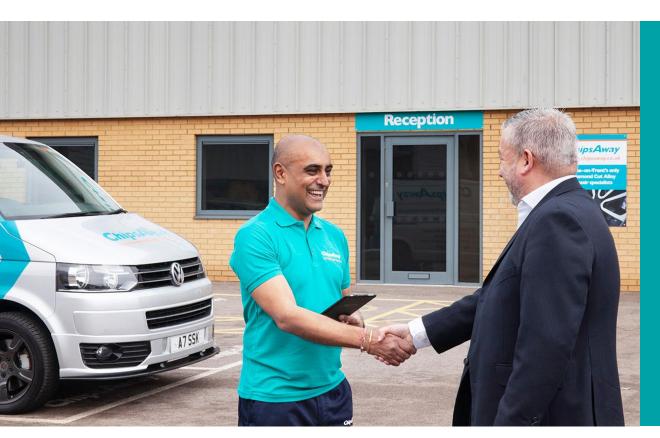
FOCUSED ON SUPPORT

- Launch of new finance scheme to assist franchisees in buying additional equipment.
- Supported franchisees in the production, and analysis of, monthly management accounts.
- Establish franchise recruitment process and attract new franchisees.
- Leverage the new telephone system and technology to improve the customer experience.



CHIPSAWAY: A BRAND IN TRANSITION





The automotive aftermarket will experience significant disruption:

- Autonomous vehicles: introduction of Advanced Driver Assist Systems.
- Growth of electric and hybrid vehicles.
- · Connected vehicles.
- Strategic shift for ChipsAway from a van-based operation to Car Care Centres.
- Corresponding transition to turnoverrelated as opposed to fixed fees.



Car Care Centres have additional capacity and advanced equipment and are able to complete larger and more specialist repairs.



CHIPSAWAY: A BRAND IN TRANSITION





- Lower numbers of franchisees recruited due to challenging external environment.
- Encouragingly, some shortfall was made up through existing franchisees buying additional territories to expand their businesses.
- 33 franchisees now have Car Care Centres:
 - Franchisees pay turnoverrelated MSF of 10%.
 - Average turnover £200k.
- 30% of MSF income is now turnover-related as opposed to fixed fees.

- Our model Car Care Centre will open shortly at the Kidderminster Head Office:
 - Test new specialist equipment.
 - Train our franchisees.
 - Demonstrate viability of concept and return on investment.

% of network paying turnover-related, as opposed to fixed fees

30%

MSF as a % total income

62%



OVENCLEAN: STEADY PROGRESS





Ovenclean franchisees continue to trade well in a business that is predominantly one man, one van.

- "Milk round" of 400-500 customers and six-monthly cleans.
- Fixed monthly fee increases with inflation and time in the franchise system, approximating to 10% of their turnover.
- Lower levels of franchisees recruited than in previous years.
- 7% increase in consumer leads provided to franchisees.

Number of jobs carried out in 2018

76,000

Trustpilot ranking

9.8/10



BARKING MAD: SLOWER FRANCHISE RECRUITMENT





2018 progress against strategic objectives:

- Franchise recruitment was affected by high levels of employment.
- Income generated from a 10%
 MSF on system sales which grew 6%.
- Barking Mad franchise network grew from 77 to 80.
- Barking Mad has benefited from the adoption of additional Group systems and practices in 2018.

System sales

£3.8m

Number of franchisees

80



SUMMARY OF GROUP RESULTS

	2018	2017	Change	
Year ended 31 December	£'000	£'000	£'000	%
Statutory revenue	35,470	24,867	10,603	43%
Franchise payments	-17,604	-12,166	-5,438	45%
Fee income	17,866	12,701	5,165	41%
Other cost of sales	-4,737	-2,986	-1,751	59%
Gross profit	13,129	9,715	3,414	35%
Administrative expenses	-9,429	-7,018	-2,411	34%
Adjusted EBITDA	3,700	2,697	1,003	37%
Depreciation	-131	-96	-35	36%
Amortisation of goodwill	-253	-156	-97	62%
Share based payment	-138	-58	-80	138%
Finance expense	-310	-277	-33	12%
Adjusted profit before tax	2,868	2,110	758	36%
Tax expense	-536	-389	-147	38%
Adjusted profit after tax	2,332	1,721	611	36%

- Statutory revenue increased by 43% to £35.5m. Metro Rod included for a full year (2017: nine months).
- Fee income, which reflects our income as franchisor, increased by 41% to £17.9m.
- Adjusted EBITDA increased by 37% to £3.7m.
- Depreciation and amortisation costs increased to £0.4m:
 - Full year's amortisation of the acquired intangible assets.
 - Acquisition of new equipment at Exeter corporate franchise.
 - New software at the Metro Rod Support Centre.
- Share based payment charge increased by 138% to £0.1m reflecting the full year effect of new options granted at the end of 2017.
- Finance charge of £0.3m increased 12% benefit of lower average debt more than offset by the full year effect of debt facilities taken out in April 2017 and the base rate increase.
- Overall, earnings increased by 36% to £2.3m.



FEE AND DIRECT LABOUR INCOME

2018





2017



MSF income	65%
Area sales	14%
Product sales	7%
Direct labour	13%

- Strategically important MSF income increased by 32% to £10.9m:
 - Comprises 61% of Group income.
- 62% of ChipsAway's income now MSF (2017: 57%).
- Area sales to new franchisees disappointing at 59 (2017: 82).
- Direct labour income increased:
 - Strong trading at Kemac (although at a lower margin than other income streams).
 - Addition of corporate-owned Exeter franchise.



INDIVIDUAL BUSINESS RESULTS

EBITDA by business

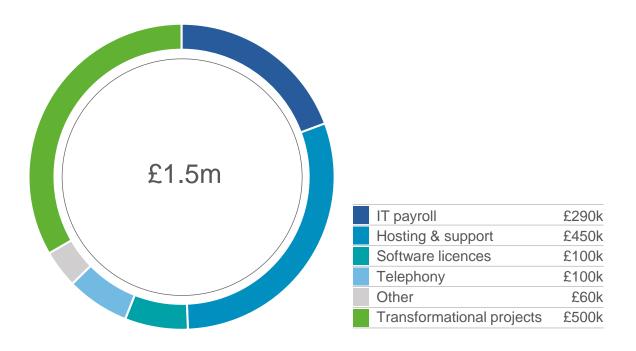
Year ended 31 December	2018 £'000	2017 £'000	Change £'000	%
Metro Rod	2,498	1,306	1,192	91%
ChipsAway	1,920	1,912	8	0%
Ovenclean	304	297	7	3%
Barking Mad	160	187	-27	-14%
Head Office	-1,182	-1,004	-178	-18%
Group EBITDA	3,700	2,697	1,002	37%

- Metro Rod delivered an EBITDA contribution of £2.5m in the period, with implied organic growth of 38%:
 - System sales growth of 10.2% from re-invigorated franchise network.
 - Strong performance of Kemac, with the DLOs producing £0.3m of profit.
 - Total IT investment of £1.5m, with £0.5m being capitalised.
- ChipsAway transitioning from a recruitment-driven business to an MSF-driven business – strategic development of Car Care Centres.
- Ovenclean produced another solid performance.
- Barking Mad's performance was disappointing underlined by the difficult external recruitment market, and lower % of MSF income.



BREAKDOWN OF IT EXPENDITURE

IT expenditure, 2018 (£'000)



- 2018 is the first year we have fully supported the IT infrastructure of the business.
- Total cash IT costs in 2018 of £1.5m:
 - "Grow" and "Run" the general running costs of IT are approximately £1m (P&L).
 - "Transform": we invested a further £0.5m for transformational projects (capitalised).





Growth in EPS and dividend (p)



Dividend

- Adjusted EPS increased by 21% to 3.00p from 2.47p:
 - Earnings growth of 36%.
 - Offset by dilution from 12% increase in the weighted average number of shares (as a result of April 2017 Metro Rod fundraise).
 - Dilutive effect of share options mitigated by the repurchase of 200,000 shares (2017: nil).
- Total dividend increased 34% to 0.67p per share.
- Progressive dividend policy, with dividend cover falling from 4.9 to 4.4 times. Scope to reduce this further depending on acquisition financing.



MOVEMENT IN NET DEBT

Movement in net debt (£'000)



- Net debt fell by £1.3m to £5.0m (2017: £6.3m).
- Gross debt fell by £1.6m to £7.9m (2017: £9.5m):
 - £600k of scheduled term loan payments.
 - £1m reduction of the RCF.
- EBITDA of £3.7m offset by:
 - £0.9m investment in working capital as Metro Rod system sales grew.
 - £0.6m investment in PPE.
 - £0.4m of dividends paid.
 - £0.2m investment in Treasury shares to mitigate dilutive effect of share options.





At 31 December	2018 £'000	2017 £'000	Change £'000	%
Property, plant and equipment	382	162	220	136%
Intangible assets	27,232	27,025		
Deferred tax liability	-702	-374		
Accounting Assets	26,530	26,651	-121	0%
Inventories	1,065	863		
Trade and other receivables	10,228	7,532		
Trade and other payables	-8,596	-6,406		
Current tax liability	-196	0		
Net Working Capital	2,501	1,989	512	26%
Gross Debt	-7,911	-9,505		
Cash	2,940	3,245		
Net Debt	-4,971	-6,260	1289	-21%
Net Assets	24,442	22,543	1900	8%

- PPE increased to £0.4m as we invested in IT and also equipped our Exeter corporate franchise.
- Net working capital investment of £512k, as Metro Rod system sales growth accelerated during the year, with Q4-Q4 growth being 17%.
- Net debt decreased by £1.3m.
- Gross debt repayable over next 3 years.
- £5m revolving credit facility in place until April 2023: £2.5m drawn down at the year end (2017: £3.5m).
- Cash and unused facilities of £5.4m (2017: £4.7m), allows for acquisitions.



ACQUISITIONS UPDATE



- With the integration of Metro Rod now complete we are focusing again on acquisitions.
- We evaluated several opportunities in 2H 2018 which were rejected due to valuation.
- In scope are:
 - Reasonably valued and earnings enhancing franchise businesses that can leverage our core functions.
 - Complementary drainage and plumbing businesses which expand our scope of works.



SUMMARY





- A strong performance in 2018 as we start to unlock Metro Rod's significant potential.
- Benefits of the Metro Rod investment to be increasingly more visible in the current year and beyond.
- Potential to transition ChipsAway from a mobile-based operation to Car Care Centres.
- Acquisitions back in focus now Metro Rod has been integrated.
- Reduction of debt and progressive dividend policy.
- 2019 has started encouragingly, with a good trading performance across the Group's businesses.
- We look forward to the year ahead with confidence.



APPENDIX



FRANCHISE SYSTEM AS AT 31 DECEMBER 2018

	Network size 31 December, 2017	New franchisees recruited in 2018	Franchisees leaving the system in 2018	Network size 31 December, 2018
ChipsAway	214	23	36	201
Ovenclean	106	19	19	106
Barking Mad	77	15	12	80
Metro Rod	41	1	2	40
Metro Plumb*	0	1	0	1
Total:	438	59	69	428

^{*} Independent franchisees



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