Peter Egan Chief Executive Officer

Yvonne Monaghan Chief Financial Officer

Tim Morris Group Financial Controller

JOHNSON
Service Group PLC

Interim Results

6 months ended 30 June 2019

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Highlights

“Continued organic growth delivers another consistent and strong financial performance. Full year results expected to be slightly ahead of current market expectations.”

Highlights

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Financial Highlights

Continued organic growth delivers another consistent and strong financial performance

- Revenue up 9.8% to £167.1m; organic growth of 7.5%
- Adjusted operating profit up 13.6% to £22.6m[1,2]
- Adjusted profit before taxation up 10.4% to £20.1m[1,3]
- Adjusted diluted earnings per share up 10.0% to 4.4p[1,3]
- Proposed interim dividend up 15% to 1.15p
- Net debt to adjusted EBITDA ratio of 1.47x (2018: 1.57x)[4]
- Full year results expected to be slightly ahead of current market expectations

Operational Highlights

Good momentum in the Group and we have started the second half strongly

- Excellent sales growth and continued high levels of customer retention
- Geographic coverage provides opportunity to acquire further groups of contracts
- Significant capital investment has increased production capacity at selected sites to support demand
- Planned new high volume linen plant in Leeds on track for spring 2020
- Significant progress in developing our new national brand
- Ongoing development and implementation of new IT systems

Revenue up
9.8%

Adj. PBT up
10.4%

Adj. EPS up
10.0%

Notes:
1. Before amortisation of intangible assets (excluding software amortisation), exceptional items but including the impact of IFRS 16 lease accounting and, in the case of earnings per share only, associated taxation
2. Includes £0.6m benefit in relation to the IFRS 16 lease accounting changes
3. Includes £0.2m charge in relation to the IFRS 16 lease accounting changes
4. Calculated, inline with our banking covenants, to exclude the impact of IFRS 16

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Financials

"There is good momentum in the Group and we have started the second half strongly."

Income Statement

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	2019 H1	2018 H1	Increase
Revenue (£m)	**167.1**	152.2	9.8%
Adjusted operating profit (£m)[1,2]	**22.6**	19.9	13.6%
Adjusted operating margin (%)[1,2]	**13.5**	13.1	n/a
Adjusted PBT (£m)[1,3]	**20.1**	18.2	10.4%
Adjusted EPS (p)[1]	**4.4**	4.0	10.0%
Number of shares used in EPS calc[4]	**369.4**	369.9	n/a
Dividend (p)	**1.15**	1.00	15.0%

Notes:
1. Before amortisation of intangible assets (excluding software amortisation), exceptional items but including the impact of IFRS 16 lease accounting and, in the case of earnings per share only, associated taxation
2. 2019 H1 includes £0.6m benefit resulting from IFRS 16 lease accounting changes
3. 2019 H1 includes £0.2m charge resulting from IFRS 16 lease accounting changes
4. Basic number of shares of 368.5m for 2019. Shares in issue at 02/09/2019 was 369.8m

IFRS 16 Impact

JOHNSON Service Group PLC

	Pre IFRS 16 at June 2019	Impact	Post IFRS 16 at June 2019
Revenue (£m)	**167.1**	-	**167.1**
Adjusted operating profit (£m)[1]	**22.0**	0.6	**22.6**
Adjusted operating margin (%)[1]	**13.2**	-	**13.5**
Finance costs (£m)	**(1.7)**	(0.8)	**(2.5)**
Adjusted PBT (£m)[1]	**20.3**	(0.2)	**20.1**
Adjusted EPS (p)[1]	**4.4**	-	**4.4**
Net debt (£m)	**92.6**	37.9	**130.5**

- Operating lease payments replaced with depreciation charge
- Finance cost associated with recognition of lease liabilities
- Right of use asset and lease liabilities recognised on balance sheet at 1 January 2019
- Bank covenants continue to be measured excluding impact of IFRS 16
- FY Adjusted PBT impact expected to be approximately double H1 impact

Note:
1. Before amortisation of intangible assets (excluding software amortisation), exceptional items and, in the case of earnings per share only, associated taxation

Cash Flow

£m	2019 H1	2018 H1	2018 FY
Adjusted operating profit	22.6	19.9	46.0
Depreciation and software amortisation	32.6	26.5	55.4
Working capital	0.2	(3.8)	(5.9)
Capital expenditure – fixed assets and software	(9.3)	(7.2)	(18.1)
– rental stocks (net)	(21.6)	(22.6)	(46.7)
– fixed asset proceeds	0.1	-	0.2
Interest	(2.3)	(1.4)	(3.5)
Tax	(4.6)	(3.6)	(7.8)
Dividends	(7.7)	(7.0)	(10.7)
Additional pension contributions	(0.9)	(0.9)	(1.9)
Other	-	0.3	0.6
Net cash inflow	**9.1**	**0.2**	**7.6**
Equity issue (net)	0.6	-	0.7
Discontinued operations	-	(0.1)	(0.1)
Non-cash impact of IFRS 16 lease recognition	(40.4)	-	-
Acquisitions / disposals	(1.4)	-	(15.3)
Net debt (increase) / decrease	**(32.1)**	**0.1**	**(7.1)**
Net debt	**130.5**	**91.2**	**98.4**

Other Financial Information

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Interest, Bank Facility & Hedging

Interest

- Interest cost of £2.5m includes £0.9m relating to lease liabilities (2018 H1: £1.7m includes £0.1m relating to lease liabilities)
- Notional interest cost £0.1m in line with 2018 H1

Bank Facility

- £135.0m RCF expiring August 2023
- RCF at LIBOR + applicable margin; average margin during 2019 H1 was 1.69% (2018 H1: 1.75%)

Hedging

- Hedging arrangements:
  - £15.0m at 1.67% to Jan 2020
  - £15.0m at 1.07% to Jan 2021
  - £15.0m at 1.14% to Jan 2022

Return on Capital Employed (ROCE)

- Marginal increase to 16.9% (June 2018: 16.8%)
- Calculated as rolling 12 month adjusted operating profit divided by the average of opening and closing Shareholders' equity, net debt and post-employment benefit obligations (all excluding impact of IFRS 16)

Taxation

- Effective tax rate on adjusted profit before taxation[1] of 18.9% (2018: 19.5%)

Pensions

- Net pension deficit of £9.8m (Dec 2018: £3.0m)
- Increase due to net impact of increase in discount rate and assumed inflation rate
- Deficit recovery contributions of £0.9m (2018 H1: £0.9m) expected to continue at least until next valuation

Note
1. Based on profit before taxation before amortisation of intangible assets (excluding software amortisation) and exceptional items

Investment Expenditure

£9.3m

Investment in H1

Similar level anticipated in H2, in addition to c£3m at Leeds

Glasgow
Ironing line upgrade

Shaftesbury
Ironing line upgrade

Wrexham
Mezzanine floor

Gateshead
Garment folder upgrades

Basingstoke
Industrial unit upgrade

Southall
Dispatch extension

Manchester
Industrial unit upgrade

Wrexham
Ironing line upgrade

Birmingham
Garment folder upgrades

Sturminster
Ironing line upgrade

Grantham
Soiled sort extension

Leeds Plant

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On plan, to budget and timetable….

- 45,000 sq. feet site in Gildersome, Leeds
- Build ahead of schedule; handover expected late Q3 2019 to enable circa 6 months install, M&E and commissioning
- c300,000 pieces per week of volume from current Leeds distribution hub; c200,000 pieces per week from other sites
- Opportunity to deliver logistics benefits and higher productivity rate over time
- Strengthening sales team on nationwide basis to help build additional sales and backfill other plants
- Encouraging level of interest from existing customers

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Operational Performance

"A strong performance reflecting excellent sales growth, the benefits of recent acquisitions and continued high levels of customer retention across all market sectors."

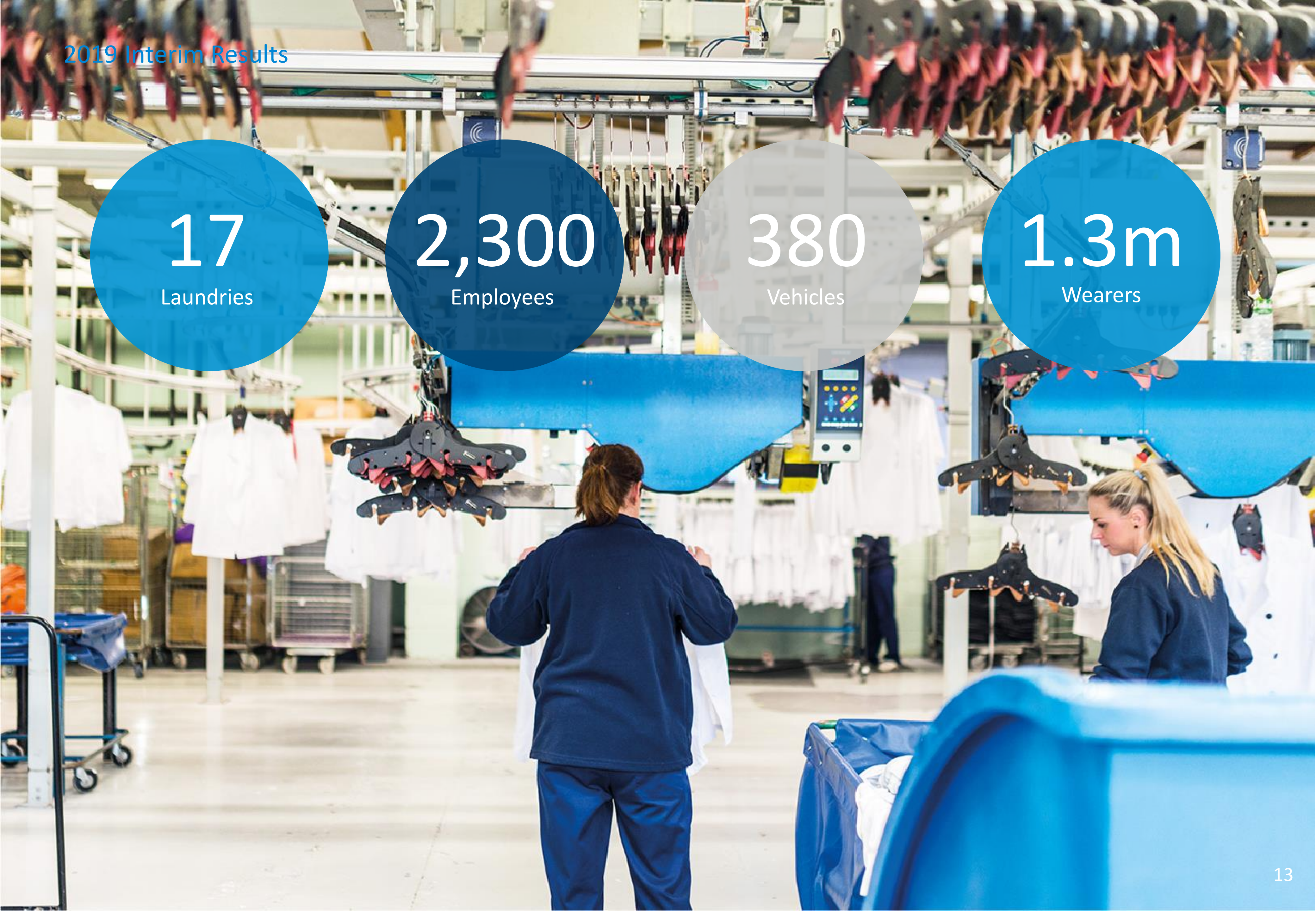
Operational Performance

Workwear

JOHNSONS Workwear

	2019 H1	2018 H1	Increase
Revenue (£m)	**67.5**	63.2	6.8%
Adjusted operating profit (£m)[1,2]	**12.1**	10.8	12.0%
Margin (%)	**17.9**	17.1	n/a

Notes:
1. Before amortisation of intangible assets (excluding software amortisation) and exceptional items
2. 2019 H1 includes the benefit of £0.3m resulting from IFRS 16 lease accounting changes



17
Laundries

2,300
Employees

380
Vehicles

1.3m
Wearers

Operational Performance

Workwear

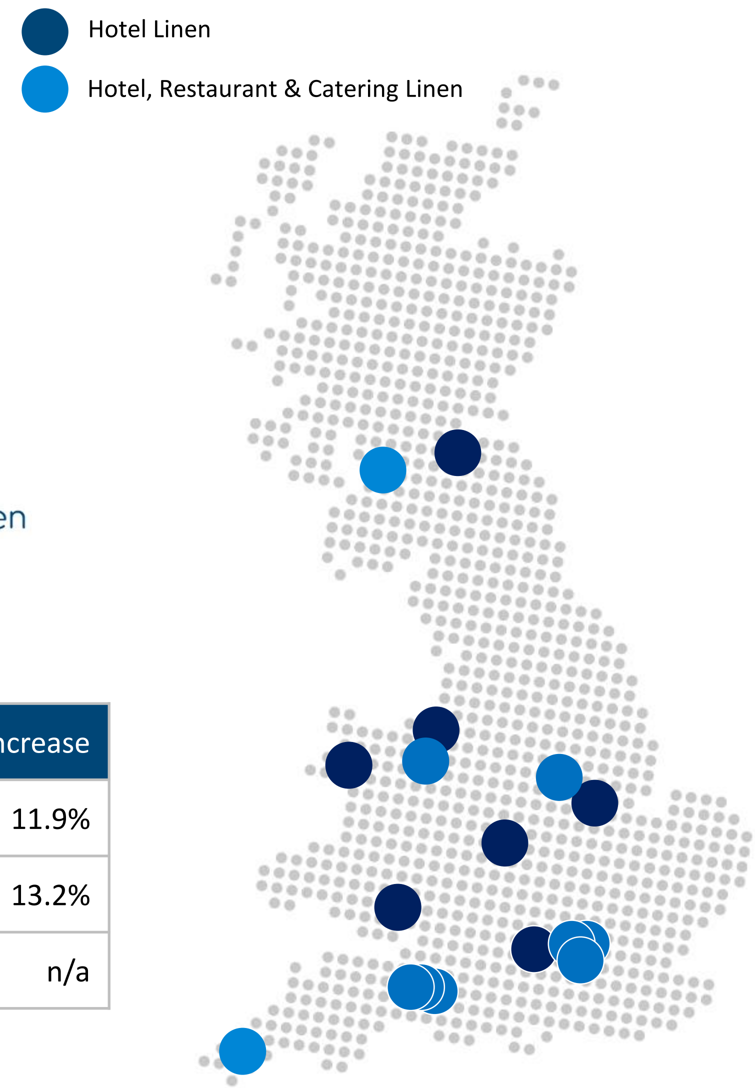
- Organic revenue growth of 6.8% to £67.5m
- Increased sales to existing customers
- 19% of new business from “new to rental” customers
- Customer retention maintained at 95%
- Continued focus on efficiency improved margin to 17.9% (H1 2018: 17.1%)
- Modest benefit from IFRS 16 of £0.3m
- Encouraging level of Direct Sales of £2.3m in line with prior year
- Improved tablet based dynamic catalogue to enhance customer service
- New garment lead times accelerated for both new and existing customers
- Focus on employee health and safety and product knowledge training
- Continued capital investment across the estate to increase capacity and efficiencies

Operational Performance

HORECA

JOHNSONS Hotel Linen

JOHNSONS Hotel, Restaurant & Catering Linen



	2019 H1	2018 H1	Increase
Revenue (£m)	**99.6**	89.0	11.9%
Adjusted operating profit (£m)[1,2]	**12.9**	11.4	13.2%
Margin (%)	**13.0**	12.8	n/a

Notes:
1. Before amortisation of intangible assets (excluding software amortisation) and exceptional items
2. 2019 H1 includes the benefit of £0.3m resulting from IFRS 16 lease accounting changes

17 Laundries

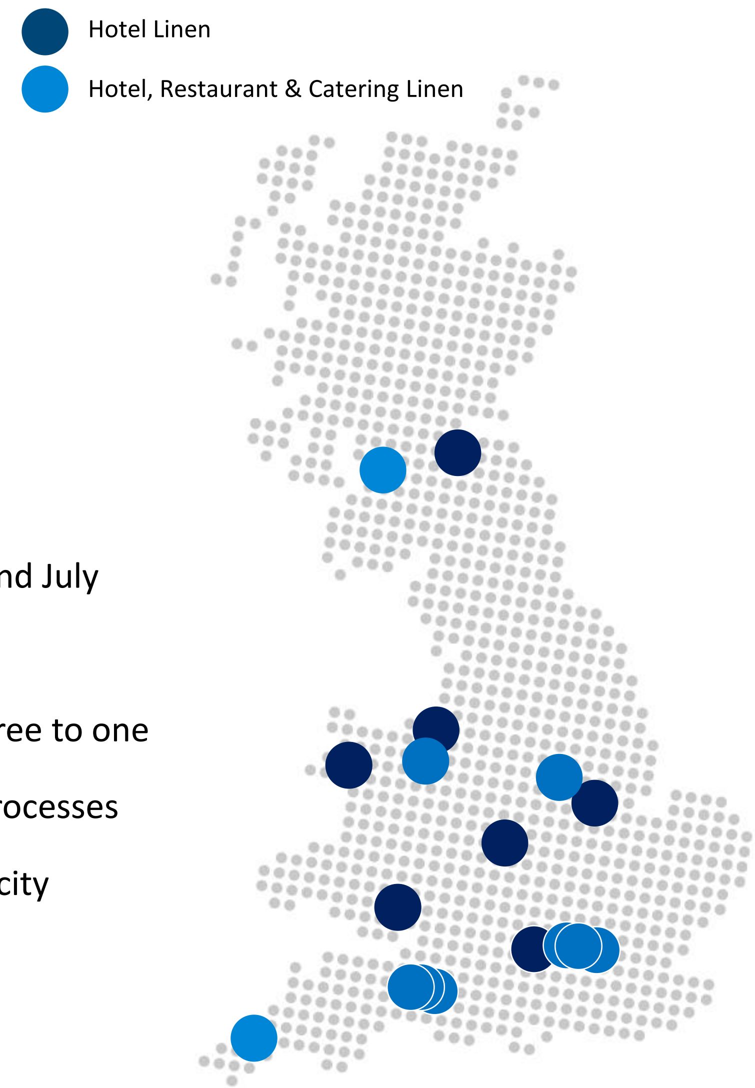
3,500 Employees

415 Vehicles

500m items

Operational Performance

HORECA



- Headline revenue growth of 11.9%
- Strong organic revenue growth of 8.0%
- Modest benefit from IFRS 16 of £0.3m
- Growth at Hotel Linen through new hotel signings and bolt-on hotels
- Stalbridge continues with strong new sales
- Number of customer contracts acquired from 2 small laundries in January and July
- Continued focus on delivering excellent service and quality
- Consolidation of Hotel Linen finance function and financial systems from three to one
- London Linen and Stalbridge have begun to combine sales and marketing processes
- Major capital investment in H1 realised efficiency gains and additional capacity
- Construction of new laundry in Leeds is on time and on budget

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Our Customers

"Our continual investment in the business allows us to provide an excellent service to our customer base."

Our Customers

JOHNSON
Service Group PLC

JOHNSON
Service Group PLC

Rebranding

"A universal signature across all JSG businesses that unites our brands together."

Rebranding

- New Group-wide corporate brand will link together our local brands and extend national brand recognition
- Create a more recognisable, more memorable, and more approachable brand
- Rebranding of vehicle livery, sites and stationery underway
- Brand rollout will take some years to fully implement and will be at a modest cost

JOHNSONS Workwear

JOHNSONS Hotel Linen

JOHNSONS Hotel, Restaurant & Catering Linen

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Service Group PLC

Our Success Factors

"Our people are fundamental to us being able to deliver our market-leading customer service standards."

Our Success Factors

- Market leading position within Workwear & HORECA
- National coverage; local service
- Dedicated to providing first class customer service
- Contracted customer base
- High customer retention; long customer relationships
- Representation across many industries / sectors
- Specialised plants; operational efficiencies
- Experienced and dedicated workforce
- Investment in the training and development of our employees
- Well invested production facilities; continuing capital investment to increase production capacity & efficiency
- Identification of further acquisitions in complementary geographies

The Future

"We anticipate that the results for the year will be slightly ahead of current expectations."

The Future

JOHNSON
Service Group PLC

"There is good momentum in the Group and we have started the second half strongly. In view of the encouraging performance over the summer months we anticipate that the results for the year will be slightly ahead of current expectations."

Organic Growth Opportunities

- Strong new sales and customer retention
- Boosted by:
  - increased geographic coverage
  - increased capacity
  - high customer satisfaction scores

Investment Programme

- Prudent investment programme to create a market-leading, best in class, modern estate to support:
  - further operational efficiencies
  - increased throughput
  - high customer service levels
- New Leeds site to open in Spring 2020

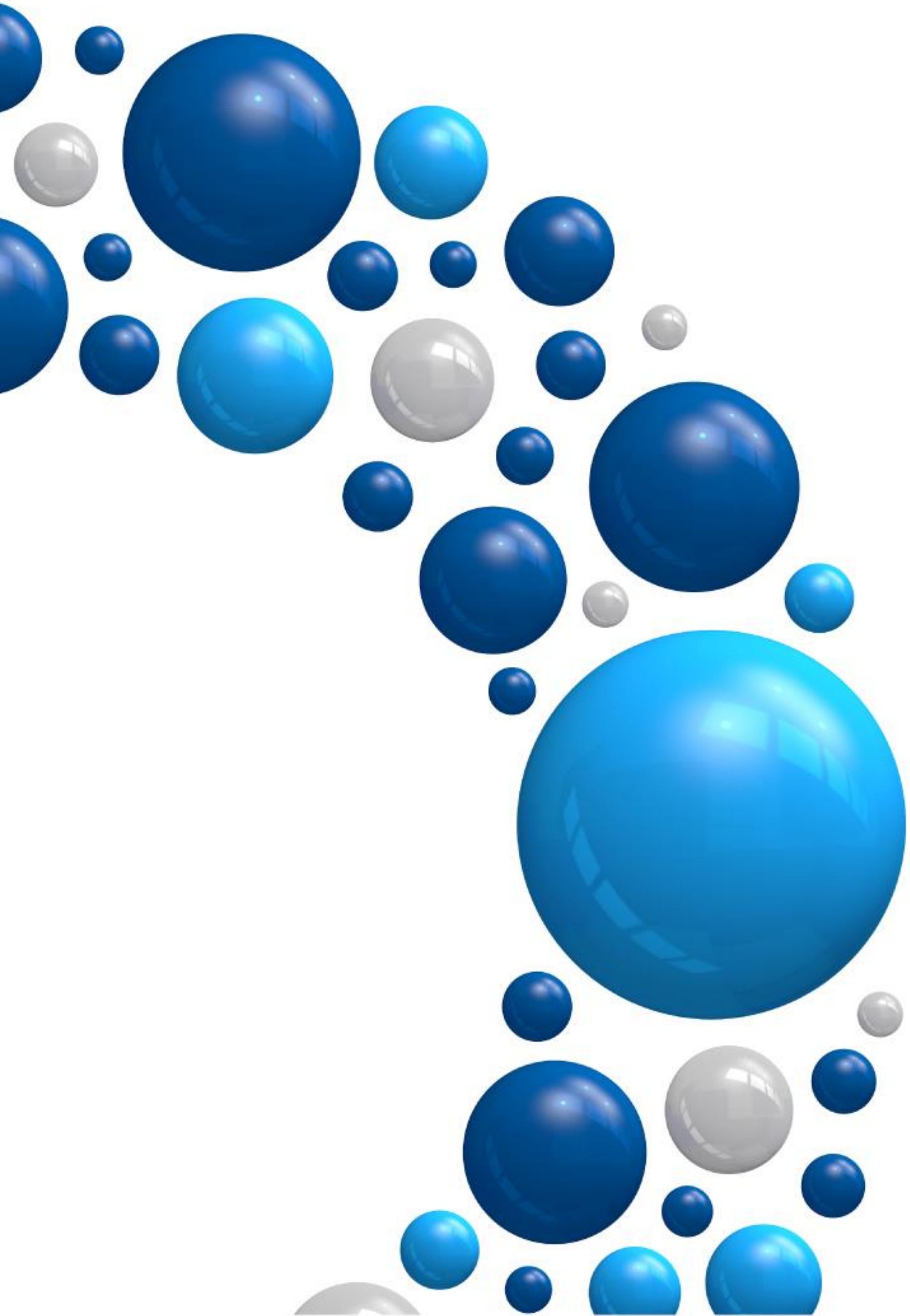
Acquisitions

- Ongoing expansion of geographic footprint in under-represented regions
- Fragmented market provides attractive acquisition opportunities
- Geographic coverage provides the opportunity to acquire further groups of contracts

Continued strong financial performance

Strategic objective to build a fully nationwide business

Balance sheet supports growth strategy



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Appendix 1 - Segmental Analysis

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	2019 H1		2018 H1	
	Revenue £m	Adjusted Operating Profit[1,2] £m	Revenue £m	Adjusted Operating Profit[1] £m
Workwear	67.5	12.1	63.2	10.8
HORECA	99.6	12.9	89.0	11.4
Textile Rental	167.1	25.0	152.2	22.2
Group Costs	-	(2.4)	-	(2.3)
TOTAL	167.1	22.6	152.2	19.9

Note
1. Before amortisation of intangible assets (excluding software amortisation) and exceptional items
2. Includes £0.6m benefit as a result of IFRS 16 lease accounting changes (£0.3m Workwear and £0.3m HORECA)

Appendix 2 - Five Year History

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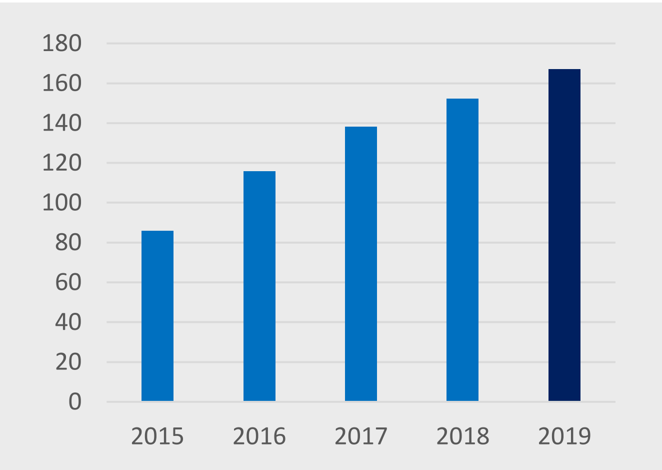
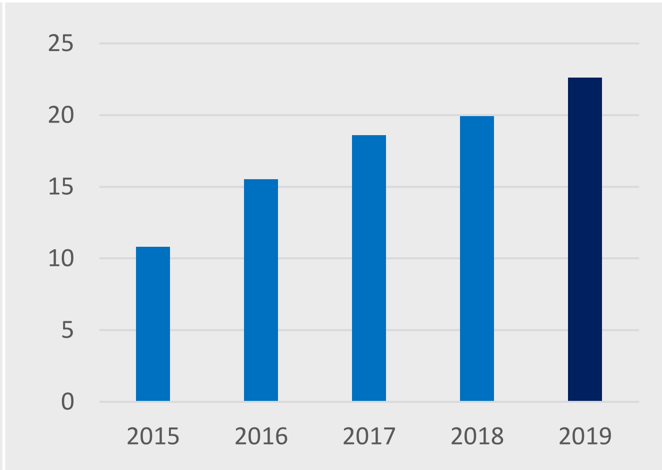
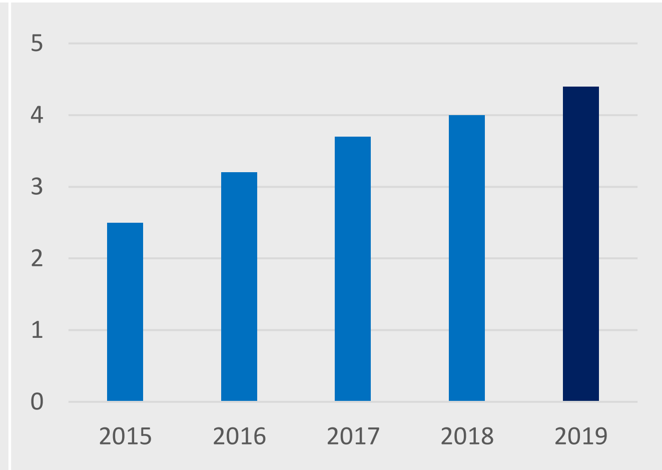
H1 Revenue (£m) [1]



H1 Adjusted Operating Profit (£m) [1]

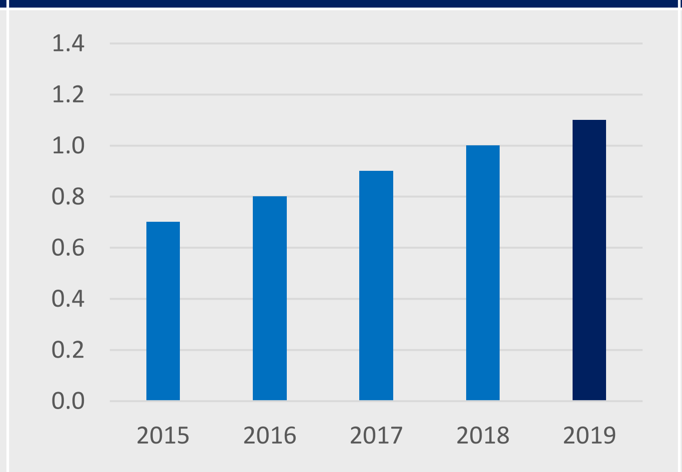


H1 Adjusted Diluted EPS (p) [1]

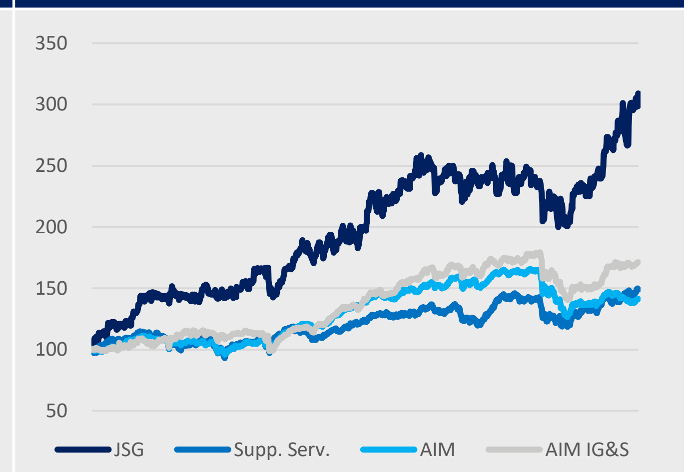


Share Price (p)

Dividend per Share (p)



Relative TSR



Note 1: Continuing Basis

Appendix 3 - Our Executive Team

Peter Egan
Chief Executive Officer

Industry Experience: 26 Years

Yvonne Monaghan
Chief Financial Officer

Industry Experience: 34 Years

Mark Woolfenden
MD, HORECA

Industry Experience: 15 Years

Donald Smith
MD, HORECA

Industry Experience: 32 Years

Helen Wood
MD, Workwear

Industry Experience: 28 Years

Tim Morris
Group Financial Controller

Industry Experience: 14 Years

Gary Collis
Group IT Director

Industry Experience: 24 Years

A combined industry experience of over 170 years.