



FINAL RESULTS

12 months ended 31 December 2017

Chris Sander
Chief Executive Officer

Yvonne Monaghan
Chief Financial Officer

Peter Egan
Managing Director, *Workwear*



Highlights

Financial Highlights

Strong financial performance reflecting organic growth & successful delivery of earnings from acquisitions

- Revenue up 13.3% to £290.9m
- Adjusted operating profit up 14.9% to £43.3m¹
- Adjusted profit before taxation up 17.5% to £39.7m¹
- Adjusted diluted earnings per share up 14.5% to 8.7p¹
- Net debt to adjusted EBITDA ratio of 1.6x (2016: 1.8x)
- Proposed final dividend of 1.9p, making a full year dividend of 2.8p (2016: 2.5p)

Strategic Highlights

Highly focused textile services business with increasing geographical spread

- Disposal of Drycleaning division in January 2017
- PLS acquisition extends high volume linen coverage to Scotland and Northern England
- StarCounty acquisition extends Stalbridge coverage across the North West and West Midlands

Investment Highlights

Continuing capital investment to increase production capacity and efficiency

- Major investments at Afonwen (Chester) and London Linen (Southall) completed
- Continued investment in existing facilities to improve capacity and efficiency
- Accelerated investment for 2017 to ensure the business can support the high level of organic new sales

Notes:

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

Revenue
up 13.3%

Adj. PBT
up 17.5%

Adj. EPS
up 14.5%

Income Statement

	2017	2016	Increase
Revenue (£m)	290.9	256.7	13.3%
Adjusted operating profit (£m) ¹	43.3	37.7	14.9%
Adjusted operating margin (%) ¹	14.9	14.7	n/a
Exceptional items (£m)	(0.5)	(1.0)	n/a
Adjusted PBT (£m) ¹	39.7	33.8	17.5%
Adjusted EPS (p) ¹	8.7	7.6	14.5%
Number of shares used in EPS calc ²	369.0	356.9	n/a
Dividend (p)	2.8	2.5	12.0%



Notes:

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

2) Basic number of shares of 366.2m for 2017. Shares in issuance at 26/02/2018 was 366.5m.

Cash Flow

£m	2017	2016
Adjusted operating profit	43.3	37.7
Depreciation and software amortisation (excl. exceptionals)	49.0	43.3
Working capital (excl. exceptionals)	(0.8)	3.0
Capital expenditure – fixed assets	(16.5)	(14.6)
– rental stocks (net)	(41.0)	(31.8)
– fixed asset proceeds	0.2	0.1
Interest and tax	(9.7)	(8.9)
Exceptional items (cash effect)	-	0.2
Dividends	(9.5)	(7.7)
Additional pension contributions	(3.4)	(1.9)
Other	(0.5)	0.5
Net cash inflow	11.1	19.9
Equity issue (net)	0.3	29.3
Discontinued operations	(0.3)	(1.7)
Acquisitions / Disposals	(4.2)	(74.5)
Net debt decrease / (increase)	6.9	(27.0)
Net debt	91.3	98.2



Investment Expenditure

Key Projects Completed in 2017

Southall (London Linen)	£4.5m
Chester (Afonwen)	£3.5m
Grantham (Stalbridge)	£1.0m
Letchworth (Apparelmaster)	£1.0m
Brighton (Apparelmaster)	£0.7m



Other Financial Information

Interest, Bank Facility & Hedging

- Interest cost (excluding notional pension interest) of £3.2m (2016: £3.3m)
- Reduction in notional pension interest cost to £0.4m (2016: £0.6m) reflects pension deficit at the start of 2017; expected charge for 2018 is £0.3m
- £120.0m RCF expiring April 2020
- RCF at LIBOR + applicable margin; average margin during 2017 was 1.73% (2016: 1.67%) and will be similar for at least Q1 2018
- Hedging arrangements:
 - £15.0m at 1.47% to Jan 2019
 - £15.0m at 1.67% to Jan 2020
 - £10.0m at 0.49% to June 2018
 - £10.0m at 0.55% to June 2019

Tax

- Effective tax rate on adjusted profit before taxation¹ of 19.1% (2016: 19.8%)
- Benefits from prior year adjustments and changes in UK tax rates offset by the impact of expenses not deductible for tax

Pensions

- Net deficit of £8.9m (Dec 2016: £13.8m)
- Reduction due to combination of asset returns being greater than expected and experience gains on liabilities
- Deficit recovery payments of £1.9m (2016: £1.9m)
- Additional, one-off, payment of £1.5m in April 2017

Note 1: Based on profit before tax before amortisation of intangible assets (excl. software amortisation) and exceptional items

Delivery of Strategic Plan

- Disposal of Drycleaning activities
- Development of core markets
- Delivery of operational efficiencies
- Continuity of margin
- Further investment in divisional operational teams
- Continued capital investment to increase production capacity & efficiency
- Development of a group-wide brand recognition programme
- Development of a coordinated purchasing strategy for HORECA
- Development of bespoke IT platforms
- New processing facilities under review given continued high levels of customer demand



Acquisition of PLS

- Modern and well equipped facility, located south of Edinburgh
- Predominantly serves the high volume hotel linen market throughout much of Scotland and North East England
- Processes some 350,000 pieces per week
- 120 employees
- Complements existing Afonwen and Bourne businesses
- £4.9m revenue and £0.5m adjusted EBIT in the year to August 2016
- Terms of acquisition: £6.6m on a debt free, cash free basis plus freehold property used by the business purchased for additional £1.25m
- Further £0.8m investment in a new fully integrated soiled linen sorting and automatic bagging system to support ongoing expansion



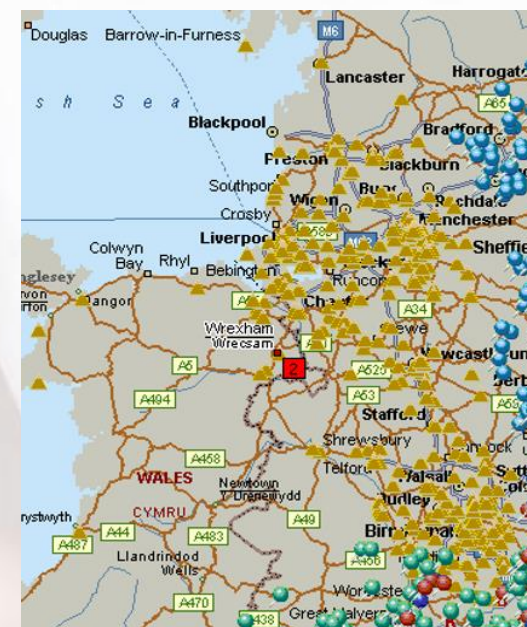
Units 1 & 2 Sherwood Industrial Estate



Internal view of Link Building

Acquisition of StarCounty

- Well invested 22,000 sq. ft. facility based in Wrexham
- Processing of both restaurant & catering work and high volume hotel linen for customers throughout the North West and the Midlands
- Processes some 350,000 pieces per week
- 110 employees
- Complements and extends the geographic coverage of our existing Stalbridge businesses
- Over 500 existing Stalbridge customers to be transferred to Wrexham
- £4.3m revenue and £0.4m adjusted EBIT in the year to June 2017
- Terms of acquisition: £3.9m on a debt free, cash free basis including a freehold property used by the business valued at £0.9m
- Further £0.5m investment to increase production efficiency and capacity and to enhance employee welfare facilities



Operational Performance - Workwear

	2017	2016	Increase
Revenue (£m)	122.4	117.7	4.0%
Adjusted operating profit (£m) ¹	21.1	19.9	6.0%
Margin (%)	17.2	16.9	n/a

17
Laundries

2,200
Employees

370
Vehicles

1.3m
Wearers



Notes:

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

Operational Performance - Workwear

- Underlying revenue growth of 4.0%
- Strong and successful year; new sales well ahead of expectations
- Customer retention in excess of 95%
- Production efficiencies and strong cost control led to an increased margin of 17.2%
- Successful renewal of a large number of key national contracts
- Introduction of new food trade and leisurewear ranges
- Continued high levels of capital investment throughout the estate to increase capacity and efficiencies
- Customer experience and responsiveness improved through roll out of enhancements to our computer tablet software



Operational Performance - HORECA

	2017	2016	Increase
Revenue (£m)	168.5	139.0	21.2%
Adjusted operating profit (£m) ¹	26.8	21.8	22.9%
Margin (%) ²	15.9	15.7	n/a

16
Laundries

3,100
Employees

370
Vehicles

8.5m
Items

HORECA includes five recognised brands



Premium
Linen &
Chefsware



Restaurant
& Catering
Linen



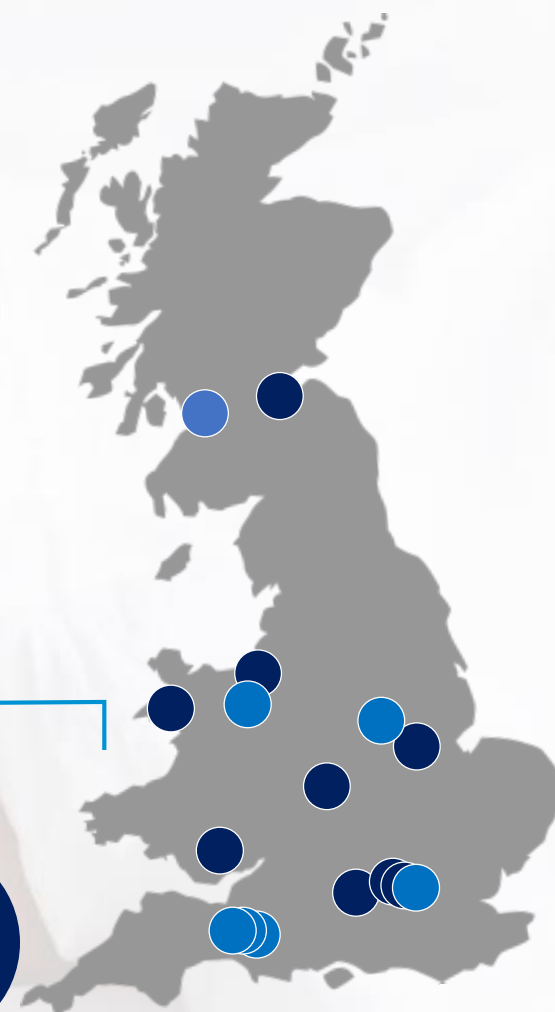
High
Volume
Hotel Linen



High
Volume
Hotel Linen



High
Volume
Hotel Linen



Notes:

- 1) Before amortisation of intangible assets (excluding software amortisation), exceptional items and, in the case of earnings per share only, associated taxation
- 2) The margin in 2017 excluding the benefit from the work processed on behalf of a private laundry was 15.2%, still ahead of our expectations

Operational Performance - HORECA

- Overall revenue growth of 21.2% with all brands trading ahead of 2016
- Underlying revenue growth of 6.0%
- Stalbridge new sales significantly ahead of expectations
- Trading benefitted from synergies across HORECA operations as well as from £2.6m of one-off, subcontracted work
- Successful renewal of a large number of key national contracts
- Successful relocation of Afonwen finance office from Pwllheli to Cheshire
- Continued high levels of capital investment throughout the estate to increase capacity and efficiency

HORECA includes five recognised brands



Premium
Linen &
Chefsware



Restaurant
& Catering
Linen



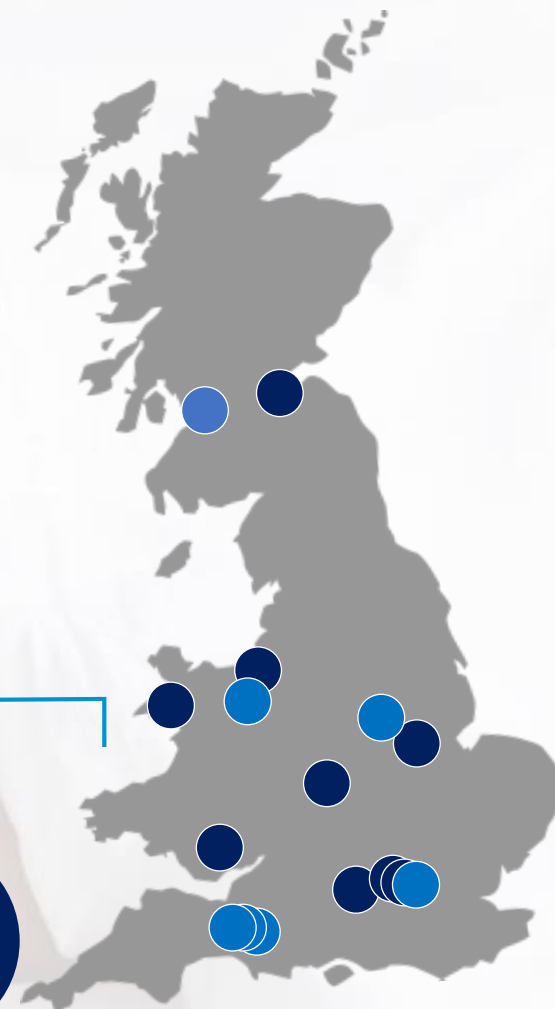
High
Volume
Hotel Linen



High
Volume
Hotel Linen



High
Volume
Hotel Linen

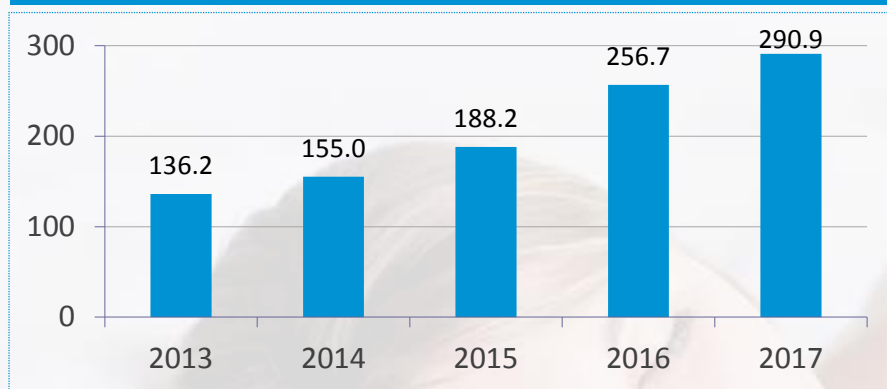


Our Customers

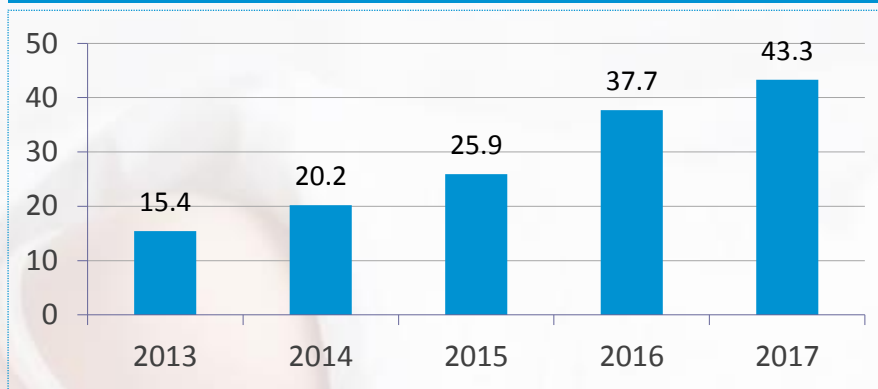


Five Year History

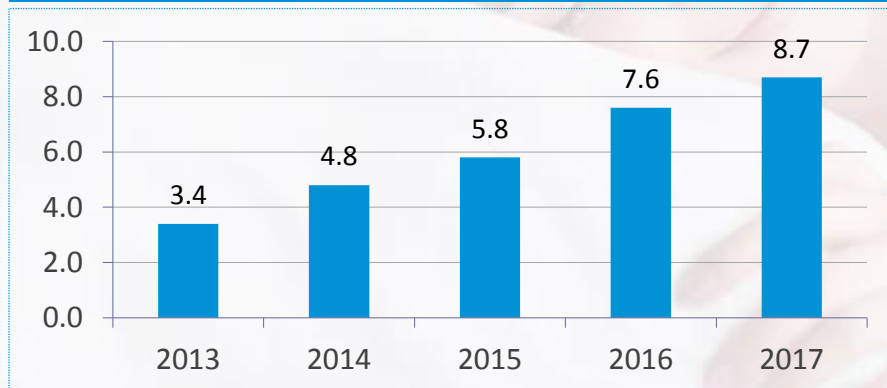
Revenue (£m)



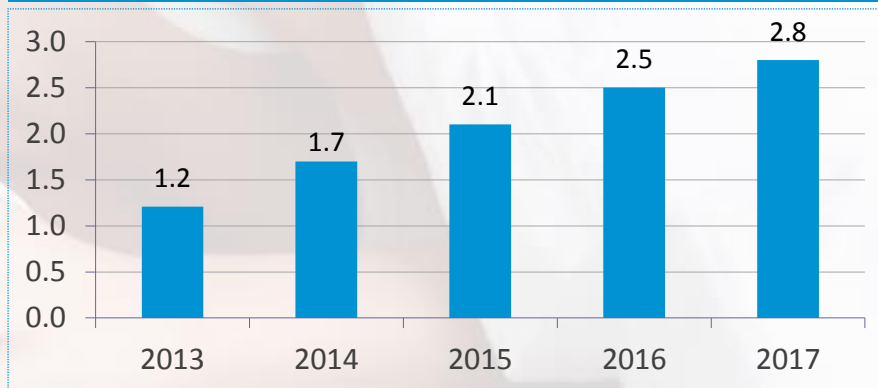
Adjusted Operating Profit (£m)



Adjusted Fully Diluted EPS (p)



Dividend per Share (p)



Our Executive Team



**Yvonne
Monaghan**

Chief Financial Officer

Industry Experience: 34 Years



**Chris
Sander**

Chief Executive Officer

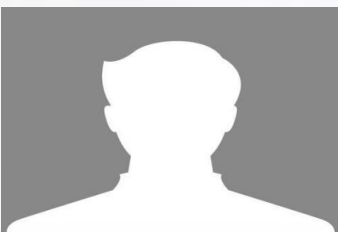
Industry Experience: 42 Years



**Peter
Egan**

Chief Operating Officer¹

Industry Experience: 26 Years



TBA

Managing Director,
Workwear



**Mark
Woolfenden**

Managing Director,
High Volume Linen

Industry Experience: 14 Years



**Donald
Smith**

Managing Director,
Stalbridge Linen

Industry Experience: 31 Years



**Gary
Collis**

Group IT Director

Industry Experience: 23 Years



**Tim
Morris**

Company Secretary &
Group Financial Controller

Industry Experience: 13 Years

Notes:

1) With effect 1 April 2018

The Future

Shareholder Value

Organic Growth Opportunities

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

Investment Programme

- To create a market-leading, best in class, modern estate to support:
 - further operational efficiencies
 - increased throughput
 - high customer service levels

Acquisitions

- Further synergy gains, including scale efficiencies, anticipated from recent acquisitions
- Ongoing expansion of geographic footprint in under-represented regions
- Additional complementary opportunities

Continued strong
financial performance

Strategic objective to build
a fully nationwide business

Balance sheet
supports growth strategy



THANK YOU

Appendix 1 – Segmental Analysis

	2017		2016	
	Revenue £m	Adjusted Operating Profit ¹ £m	Revenue £m	Adjusted Operating Profit ¹ £m
Workwear	122.4	21.1	117.7	19.9
HORECA	168.5	26.8	139.0	21.8
Textile Rental	290.9	47.9	256.7	41.7
Group Costs	-	(4.6)	-	(4.0)
TOTAL	290.9	43.3	256.7	37.7

Note 1: Before amortisation of intangible assets (excluding software amortisation) and exceptional items