



INTERIM RESULTS

Six months ended 30 June 2018

Chris Sander
Chief Executive Officer

Yvonne Monaghan
Chief Financial Officer

Peter Egan
Chief Operating Officer



Highlights

Financial Highlights

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

- Revenue up 10.3% to £152.2m; organic growth of 7.2%
- Adjusted operating profit up 7.0% to £19.9m¹
- Adjusted profit before taxation up 8.3% to £18.2m¹
- Adjusted diluted earnings per share up 8.1% to 4.0p¹
- Interim dividend up 11.1% to 1.0p
- Full year results expected to be slightly ahead of current market expectations

Strategic Highlights

Highly focused textile services business with increasing geographical spread

- Acquisition of South West Laundry Ltd; extends our geographical coverage to South West England
- Ongoing evaluation of further acquisition opportunities
- Continued reorganisation and integration of recent acquisitions
- Further strengthening of the senior management team

Investment Highlights

Continuing capital investment to increase production capacity and efficiency

- New bank facilities to support next stages of growth
- Continued investment to drive operational efficiencies and support organic growth
- Further progression with potential development of a new high volume linen laundry

Notes:

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

Revenue
↑ 10.3%

Adj. PBT
↑ 8.3%

Adj. EPS
↑ 8.1%

Income Statement

	2018 H1	2017 H1	Increase
Revenue (£m)	152.2	138.0	10.3%
Adjusted operating profit (£m) ¹	19.9	18.6	7.0%
Adjusted operating margin (%) ¹	13.1	13.5	n/a
Adjusted PBT (£m) ¹	18.2	16.8	8.3%
Adjusted EPS (p) ¹	4.0	3.7	8.1%
Number of shares used in EPS calc ²	369.9	368.6	n/a
Dividend (p)	1.0	0.9	11.1%



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 366.5m for 2018 H1. Shares in issuance at 31/08/2018 was 366.5m.

Cash Flow

£m	2018 H1	2017 H1	2017 FY
Adjusted operating profit	19.9	18.6	43.3
Depreciation and software amortisation	26.5	23.4	49.0
Working capital (excl. exceptionals)	(3.8)	(0.9)	(0.8)
Capital expenditure – fixed assets	(7.2)	(7.0)	(16.5)
– rental stocks (net)	(22.6)	(18.2)	(41.0)
– fixed asset proceeds	-	0.1	0.2
Interest and tax	(5.0)	(5.4)	(9.7)
Dividends	(7.0)	(6.2)	(9.5)
Additional pension contributions	(0.9)	(2.4)	(3.4)
Other	0.3	0.1	(0.5)
Net cash inflow	0.2	2.1	11.1
Equity issue (net)	-	0.3	0.3
Discontinued operations	(0.1)	(0.2)	(0.3)
Acquisitions / Disposals	-	6.0	(4.2)
Net debt decrease	0.1	8.2	6.9
Net debt	91.2	90.0	91.3



Other Financial Information

Interest, Bank Facility & Hedging

- Interest cost (excluding notional pension interest) of £1.6m (2017 H1: £1.6m)
- Reduction in notional pension interest cost to £0.1m (2017 H1: £0.2m) reflects lower pension deficit at the start of 2018
- £135.0m RCF expiring August 2022 plus £15.0m RCF expiring August 2019
- RCF at LIBOR + applicable margin; average margin during 2018 H1 was 1.75% (2017 H1: 1.75%) and will be marginally lower for the remainder of 2018
- Current hedging arrangements:
 - £15.0m at 1.47% to Jan 2019
 - £15.0m at 1.67% to Jan 2020
 - £10.0m at 0.55% to June 2019

Tax

- Effective tax rate on adjusted profit before taxation¹ of 19.5% (2017 H1: 19.4%)

Pensions

- Net deficit of £4.2m (Dec 2017: £8.9m)
- Reduction due to benefit from changes to discount rate, CPI and RPI assumptions offset by asset returns being lower than expected
- Deficit recovery payments of £0.9m (2017 H1: £0.9m)
- 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

- Acquisition of South West Laundry in August 2018
- Ongoing evaluation of further acquisition opportunities
- Continued focus on strong organic growth exploiting market opportunities
- Continued capital investment to support organic growth and drive efficiencies
- Continued successful restructuring and integration of recent acquisitions
- New bank facilities secured to support next stages of growth
- Further strengthening of the senior management team
- First stage of new IT system on track for roll out in first half of 2019
- Final stages of the group wide rebranding programme
- Further progression with potential development of a new high volume linen laundry

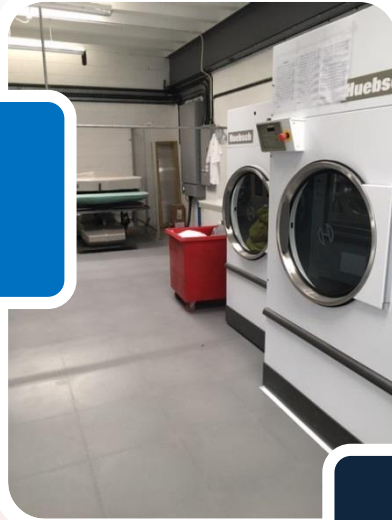


Acquisition of South West Laundry

- Cornwall's leading specialist for laundry and linen hire solutions
- Modern and well equipped 18,000 square foot leasehold facility
- Following a fire in early 2017, the laundry has been completely rebuilt, redesigned and reconfigured to improve efficiency and fitted out with state-of-the-art processing equipment
- Complements existing Stalbridge Linen business in a geographical area where we were not previously represented
- Processes some 340,000 pieces per week
- 100+ employees
- £5.1m revenue in the year to February 2018
- Terms of acquisition: £15.5m on a debt free, cash free basis



Acquisition of South West Laundry



Integration of PLS

- Major investment in plant, machinery and fleet to improve quality, efficiency and capacity:
 - Kannegiesser small piece ironer to increase capacity by 50%
 - Kannegiesser XFM towel folders (x2) to increase capacity by 30%
 - 50% of commercial fleet to be replaced in 2018
- Significant new business gained; peak production in 2017 of some 425,000 pieces per week increased over 20% to nearly 520,000 pieces in 2018
- Management team strengthened via recruitment of Transport Manager, Engineering Manager & Account Manager
- New build employee canteen & welfare facilities underway
- Back office and rest room refurbishments to commence in 2018 Q4



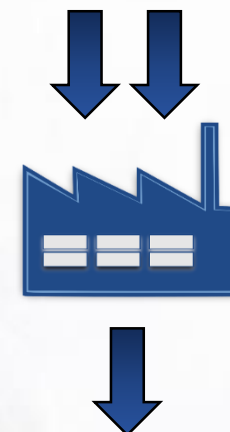
Integration of StarCounty

- Fully rebranded to Stalbridge
- Employees retrained to Stalbridge procedures & quality standards
- Discontinued retail drycleaning operation
- Replacement of obsolete & non-standard linen stock
- Construction of new dispatch facility
- Installation of 6 lane ironer line to improve quality, efficiency and capacity
- All IT systems transferred to Stalbridge model

Work Transferred In

£86k WIV transferred in

- £34k Grantham
- £32k Dorset
- £10k Chester
- £10k Pwllheli



Work Transferred Out

£50k WIV transferred out

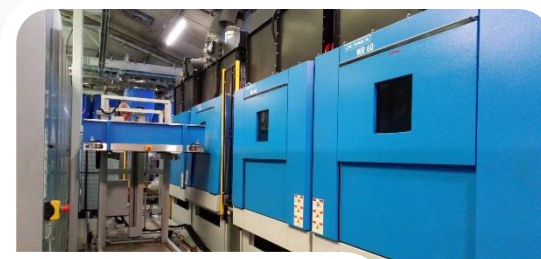
- £45k Chester
- £5k Pwllheli



Investment Expenditure

Key Projects in 2018

Southall Unit 3 (Stalbridge)*	£3.3m
Edinburgh (PLS)*	£1.1m
Wrexham (Stalbridge)*	£0.9m
Shaftesbury (Stalbridge)	£0.6m
Birmingham (Bourne)	£0.5m
Hinckley (Apparelmaster)	£0.5m



* Due for completion in H2 2018

Operational Performance – Workwear

	2018 H1	2017 H1	Increase
Revenue (£m)	63.2	60.4	4.6%
Adjusted operating profit (£m) ¹	10.8	10.2	5.9%
Margin (%)	17.1	16.9	n/a

17
Laundries

2,250
Employees

380
Vehicles

1.3m
Wearers

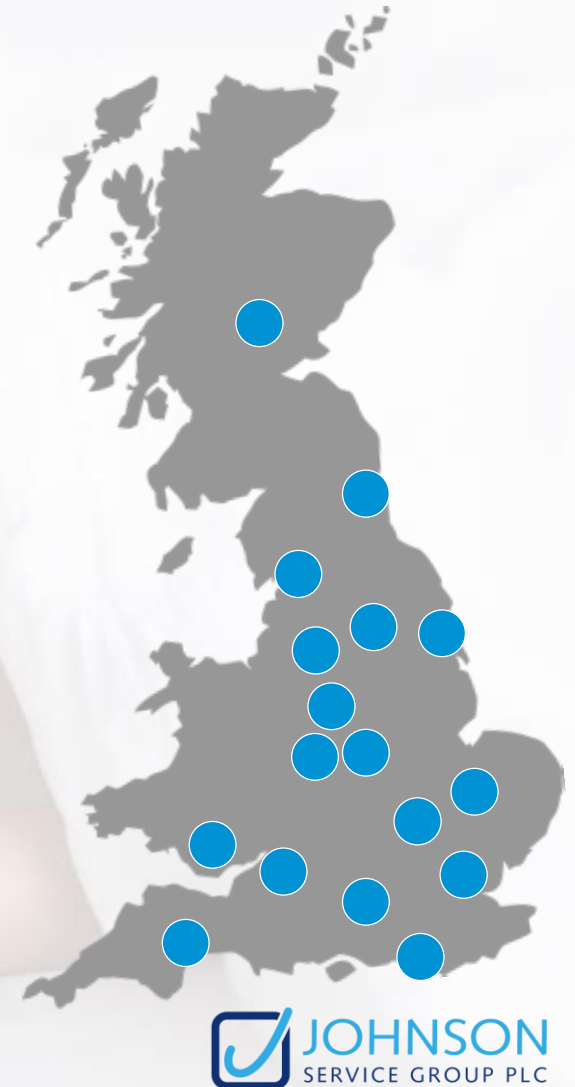


Notes:

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

Operational Performance – Workwear

- Underlying revenue growth of 4.6%
- Growth reflects our continuing investment in sales and marketing
- Production efficiencies and strong cost control led to an increased margin of 17.1%
- Strong sales and some large customers returning to our service
- Customer retention remains in excess of 95%
- Continued high levels of capital investment throughout the estate to increase capacity and efficiencies
- Investment in training and development with the expansion of our Academy and apprenticeship schemes



Operational Performance – HORECA

	2018 H1	2017 H1	Increase
Revenue (£m)	89.0	77.6	14.7%
Adjusted operating profit (£m) ¹	11.4	10.5	8.6%
Margin (%) ²	12.8	13.5	n/a

17
Laundries

3,350
Employees

400
Vehicles

8.9m
Items

HORECA includes six recognised brands



Premium
Linen &
Chefswear



Premium
Linen &
Chefswear



Restaurant
& Catering
Linen



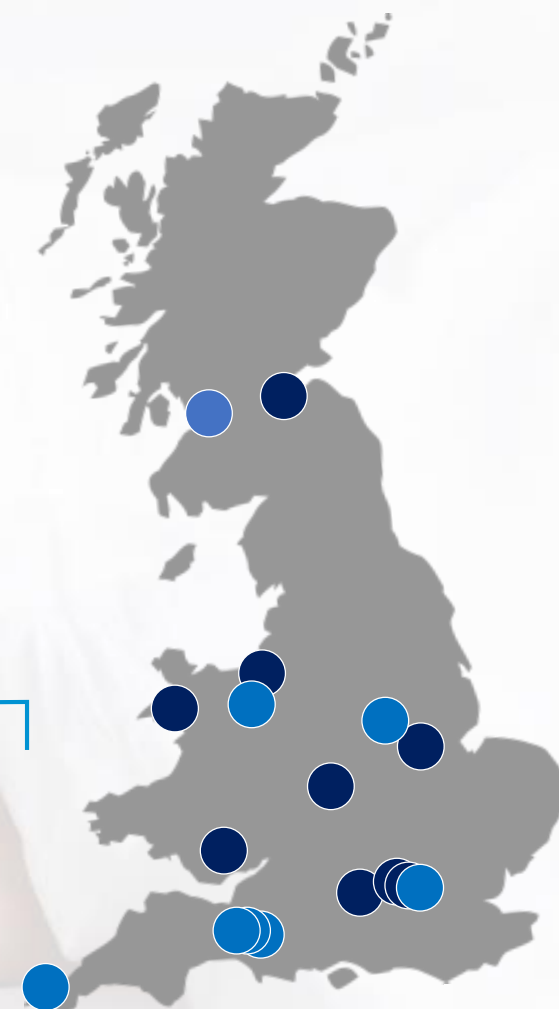
High
Volume
Hotel Linen



High
Volume
Hotel Linen



High
Volume
Hotel Linen



Notes:

- 1) Before amortisation of intangible assets (excluding software amortisation) and exceptional items
- 2) The margin in 2017 excluding the benefit from the work processed on behalf of a private laundry was 12.8%

Operational Performance – HORECA

- Overall revenue growth of 14.7% with all brands trading ahead of 2017
- Underlying revenue growth of 9.0%
- 2017 benefitted from £1.1m of one-off, high margin subcontracted work
- High volume hotel linen business now recognised as a national provider
- Wrexham acquisition rebranded as Stalbridge and work successfully relocated
- Stalbridge laundry in Southall, London to be completed in 2018
- Continued high levels of capital investment in existing facilities and review of potential new high volume laundry underway

HORECA includes six recognised brands



Premium
Linen &
Chefsware



Premium
Linen &
Chefsware



Restaurant
& Catering
Linen



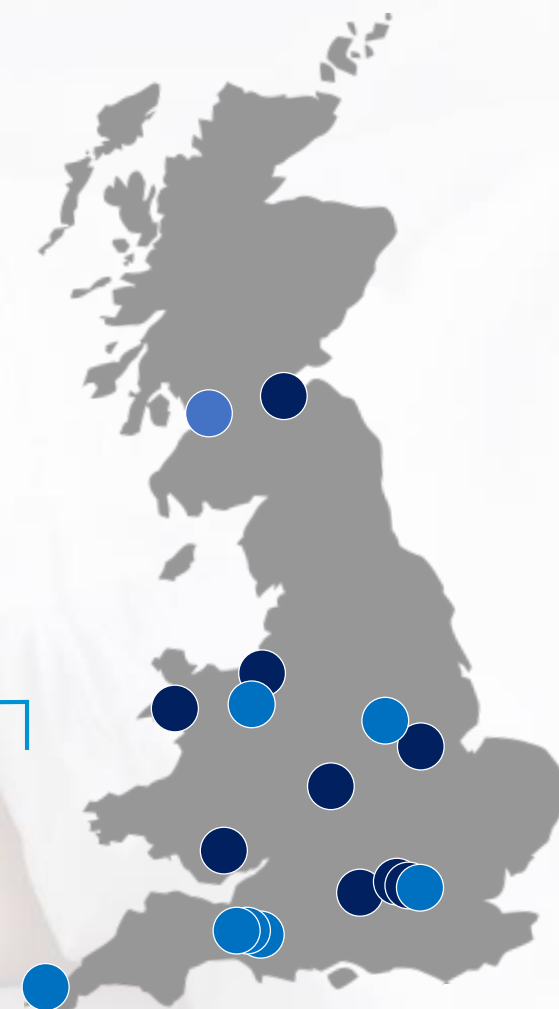
High
Volume
Hotel Linen



High
Volume
Hotel Linen



High
Volume
Hotel Linen

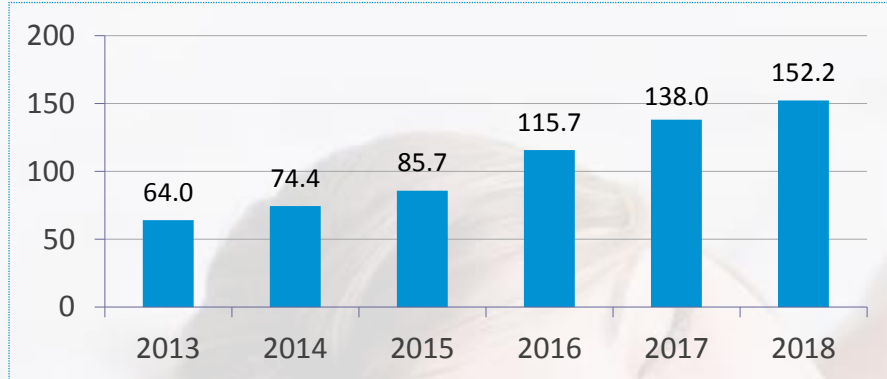


Our Customers

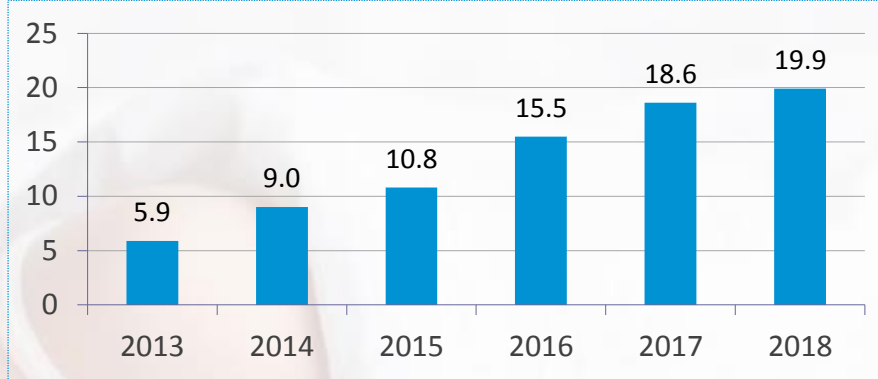


Six Year History

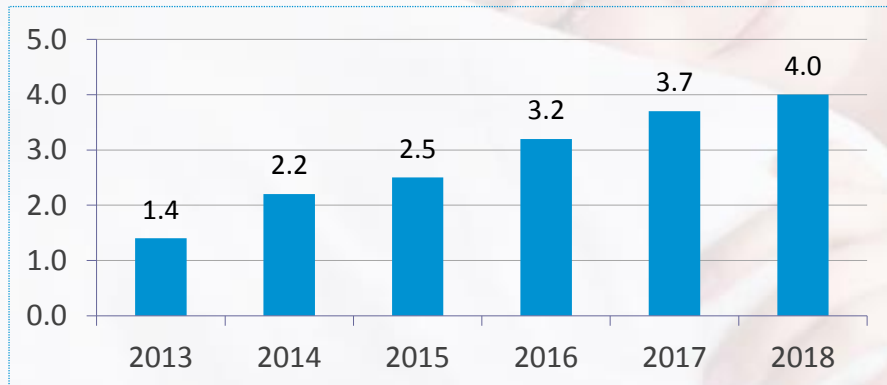
H1 Revenue (£m)



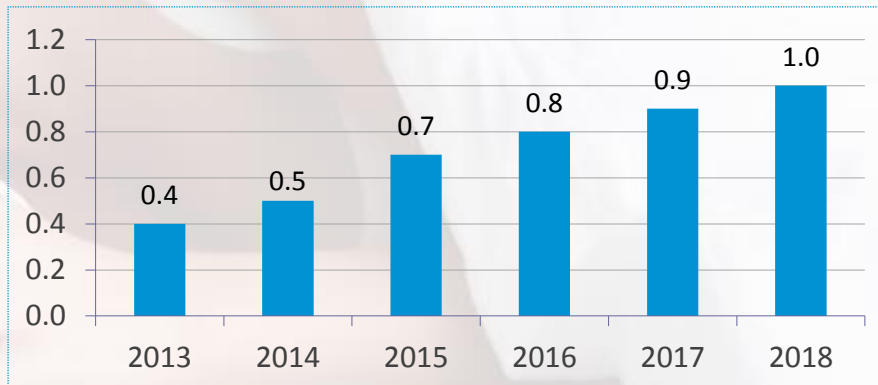
H1 Adjusted Operating Profit (£m)



H1 Adjusted Diluted EPS (pence)



H1 Dividend per Share (pence)



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 Officer

Industry Experience: 26 Years



**Gerry
Moore**

Managing Director,
Workwear

Industry Experience: 25 Years



**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

A combined industry experience of over 200 years.

The Future

Shareholder Value

Organic Growth Opportunities

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

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

	2018 H1		2017 H1	
	Revenue £m	Adjusted Operating Profit ¹ £m	Revenue £m	Adjusted Operating Profit ¹ £m
Workwear	63.2	10.8	60.4	10.2
HORECA	89.0	11.4	77.6	10.5
Textile Rental	152.2	22.2	138.0	20.7
Group Costs	-	(2.3)	-	(2.1)
TOTAL	152.2	19.9	138.0	18.6

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