

# 2012



## SUPPORT SERVICES RESULTS BRIEFING



# INTRODUCTION

## Welcome to the Credo 2012 Support Services Results Briefing.

Each year we analyse the performance of the industry to understand which sectors and companies are doing well, and which are finding things tougher.

We look at 40 companies within six key sectors: Business Services; Construction; Consulting; Facilities Management; Infrastructure; and Multi-sector.

The aggregate revenue of the 40 companies included for the financial year 2011 is £91.7 billion, up £4.6 billion on the previous year. Profit also grew, with aggregate EBITDA up £260 million on the previous year to a total of £7.6bn.

Certain sectors have achieved notable margin and revenue improvements:

- Multi-sector has grown profits ahead of revenue despite tough conditions
- The stand out sub-sector is Infrastructure which grew revenues at 11% and EBITDA at 25%.

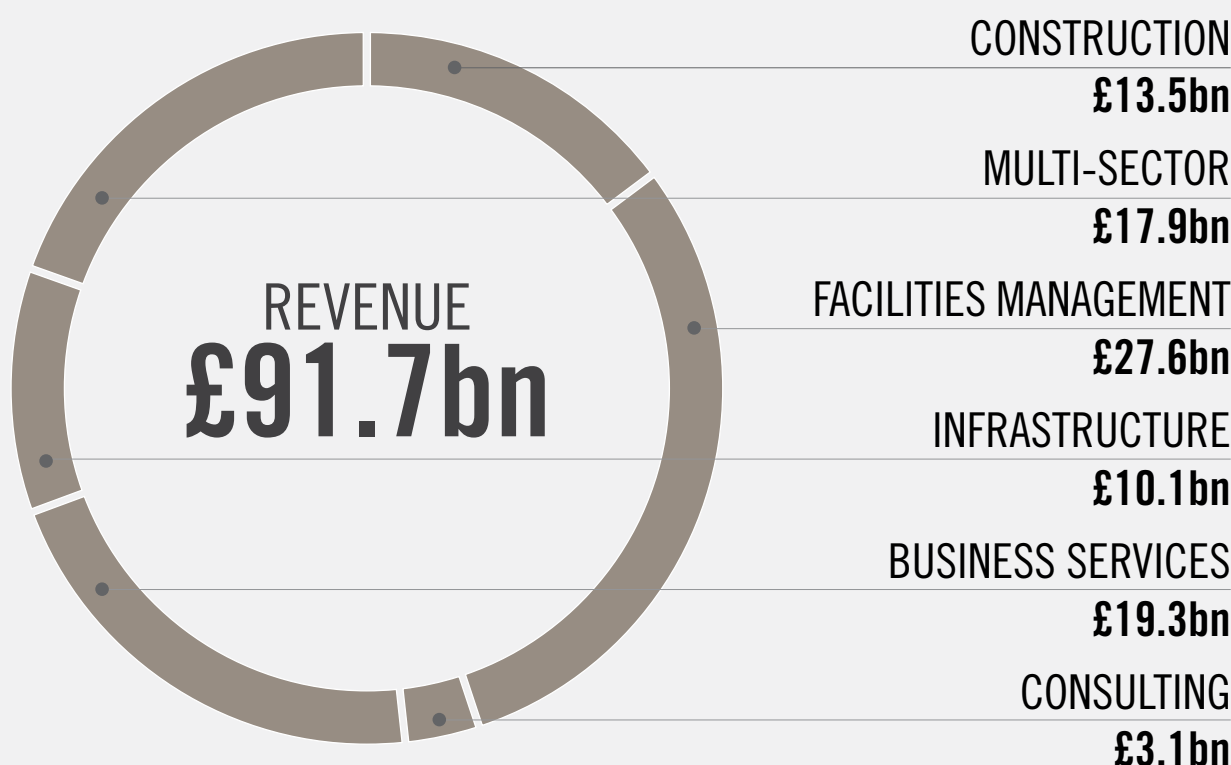
Conversely, some sectors have not fared as well:

- Construction was broadly flat in revenue and EBITDA
- Consulting was flat in revenue but suffered material profit decline
- Facilities Management and Business Services grew revenues in the high single digits but at the cost of margin

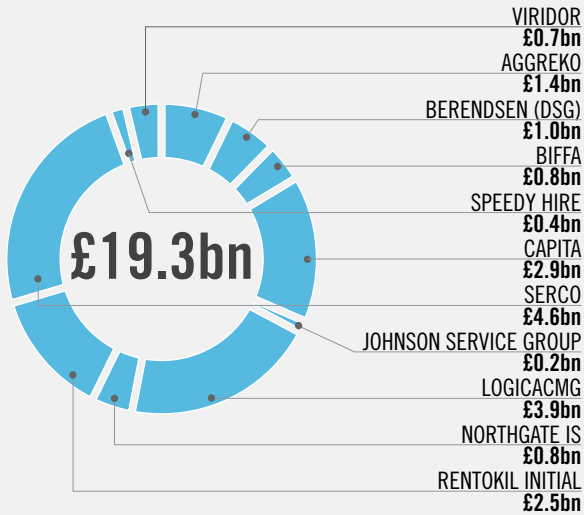
Comparing financial year 2011 to 2010, 14 companies achieved double-digit revenue growth and 13 achieved double-digit profit growth, but only 7 companies achieved both. At the other end of the spectrum, 7 experienced declining revenues and 16 declining profits, but none of the companies posted EBITDA losses.

Consulting and Construction companies show the greatest variation in both revenue and profit growth, pointing to divergent strategies.

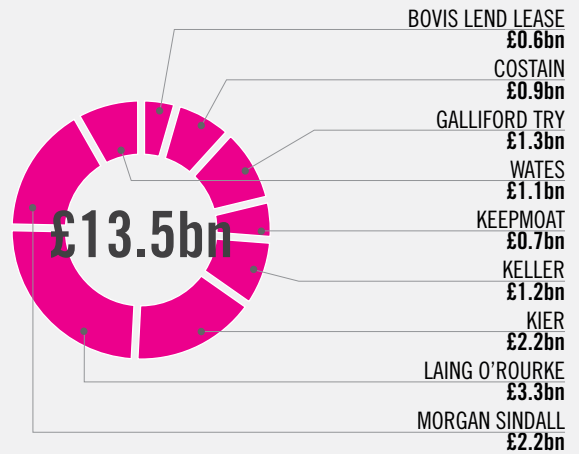
2011 was another tough year for the industry, but many companies continued to manage these conditions and turn in decent results for the year.



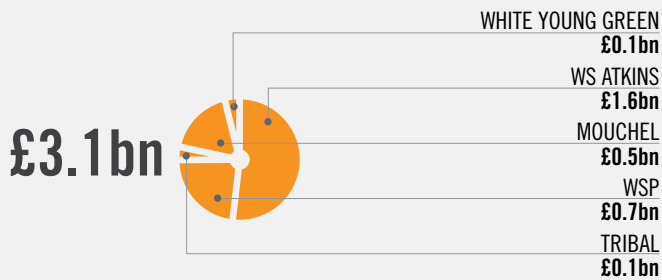
## BUSINESS SERVICES



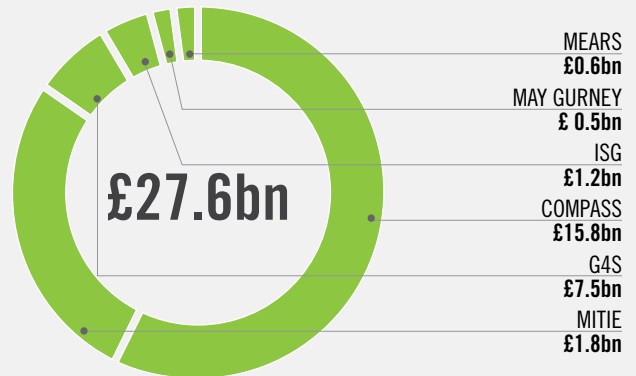
## CONSTRUCTION



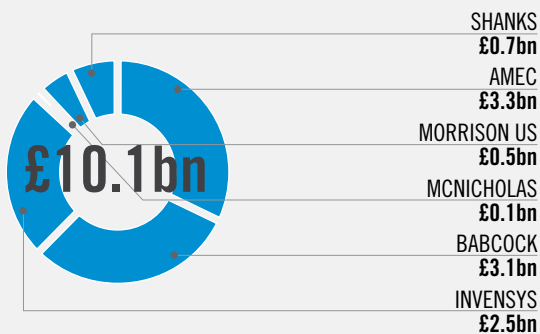
## CONSULTING



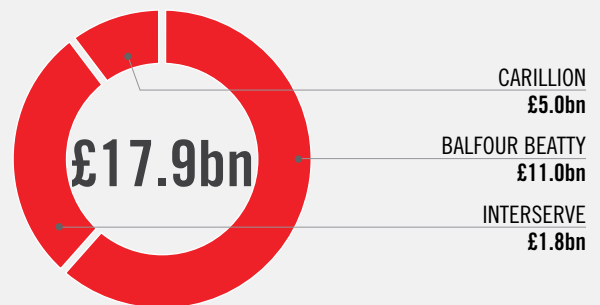
## FACILITIES MANAGEMENT



## INFRASTRUCTURE



## MULTI-SECTOR



# SECTOR PERFORMANCE

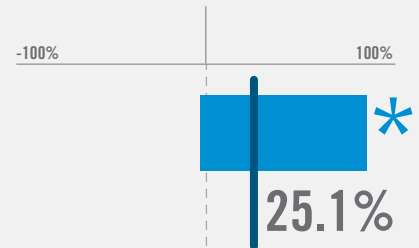
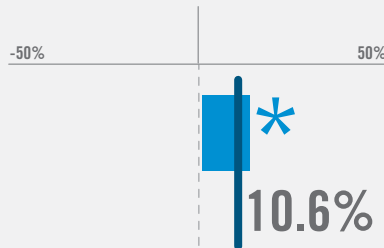
RANGE  
WEIGHTED  
AVERAGE

## REVENUE '11 VS '10

## EBITDA '11 VS '10

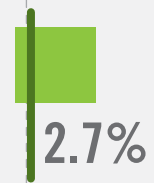
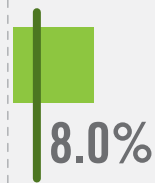
### INFRASTRUCTURE

REVENUE RANK 1 EBITDA RANK 1



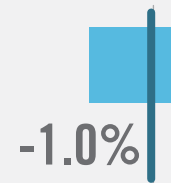
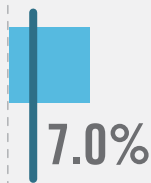
### FACILITIES MANAGEMENT

REVENUE RANK 2 EBITDA RANK 3



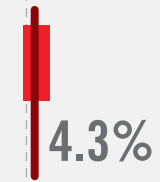
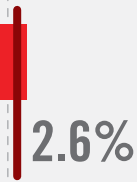
### BUSINESS SERVICES

REVENUE RANK 3 EBITDA RANK 5



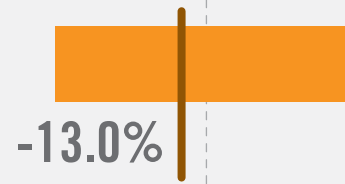
### MULTI-SECTOR

REVENUE RANK 4 EBITDA RANK 2



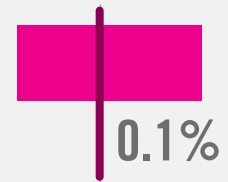
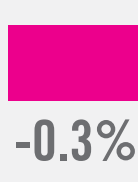
### CONSULTING

REVENUE RANK 5 EBITDA RANK 6

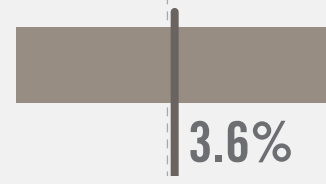
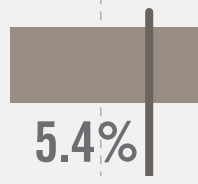


### CONSTRUCTION

REVENUE RANK 6 EBITDA RANK 4

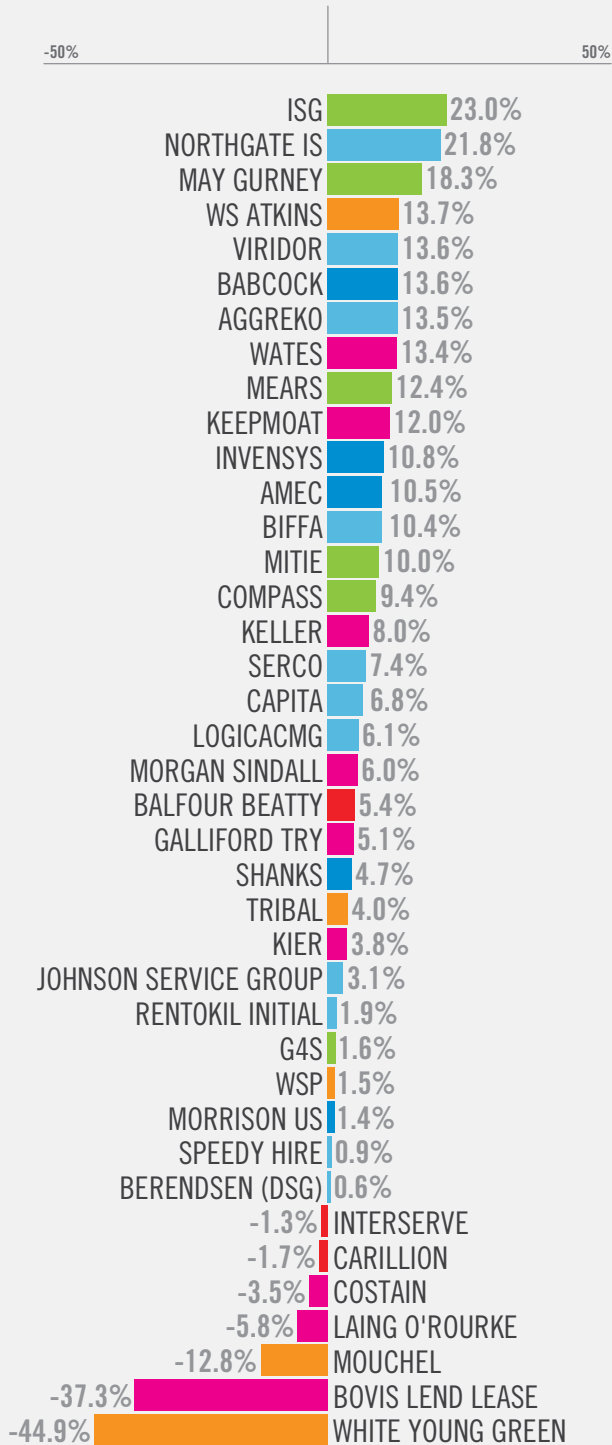


### OVERALL

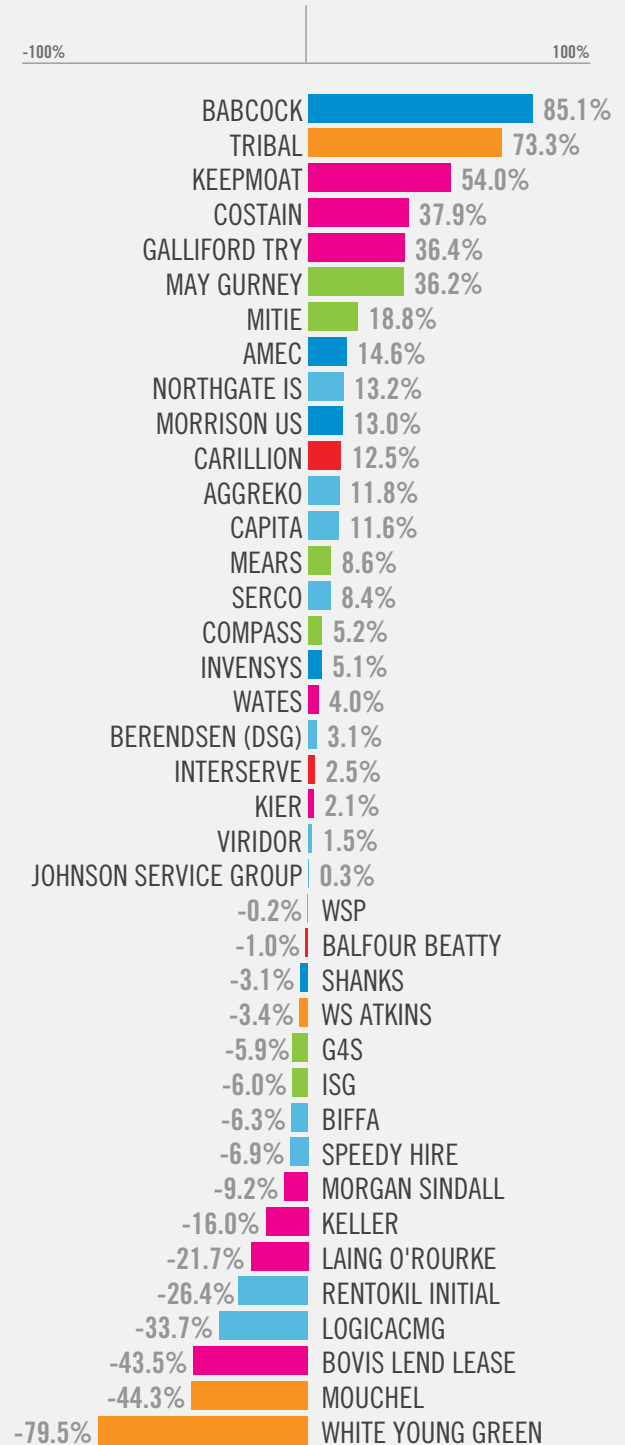


# COMPANY PERFORMANCE

## REVENUE '11 VS '10



## EBITDA '11 VS '10



# ENTERPRISE VALUE

In addition to looking at their basic financial performance, we also look at the drivers of Enterprise Value for the 30 quoted companies in our survey. Enterprise Value, comprising the sum of both the net debt held by a company and its equity value, is in our view the best measure of a company's performance (see next page for detailed explanation).

Across the industry, Enterprise Value of these 30 quoted firms has grown at 16% per annum on average since the low point of 2008, though much of this came through a sharp recovery in 2009.

We look at the drivers of Enterprise Value to understand whether movements are driven by Sales, Margin or Trading Multiple (or a combination of the three). In

2011, Enterprise Value grew at a respectable 6%. This was largely driven by Revenue growth, with a small decline in EBITDA Margin being offset by a small increase in Trading Multiples.

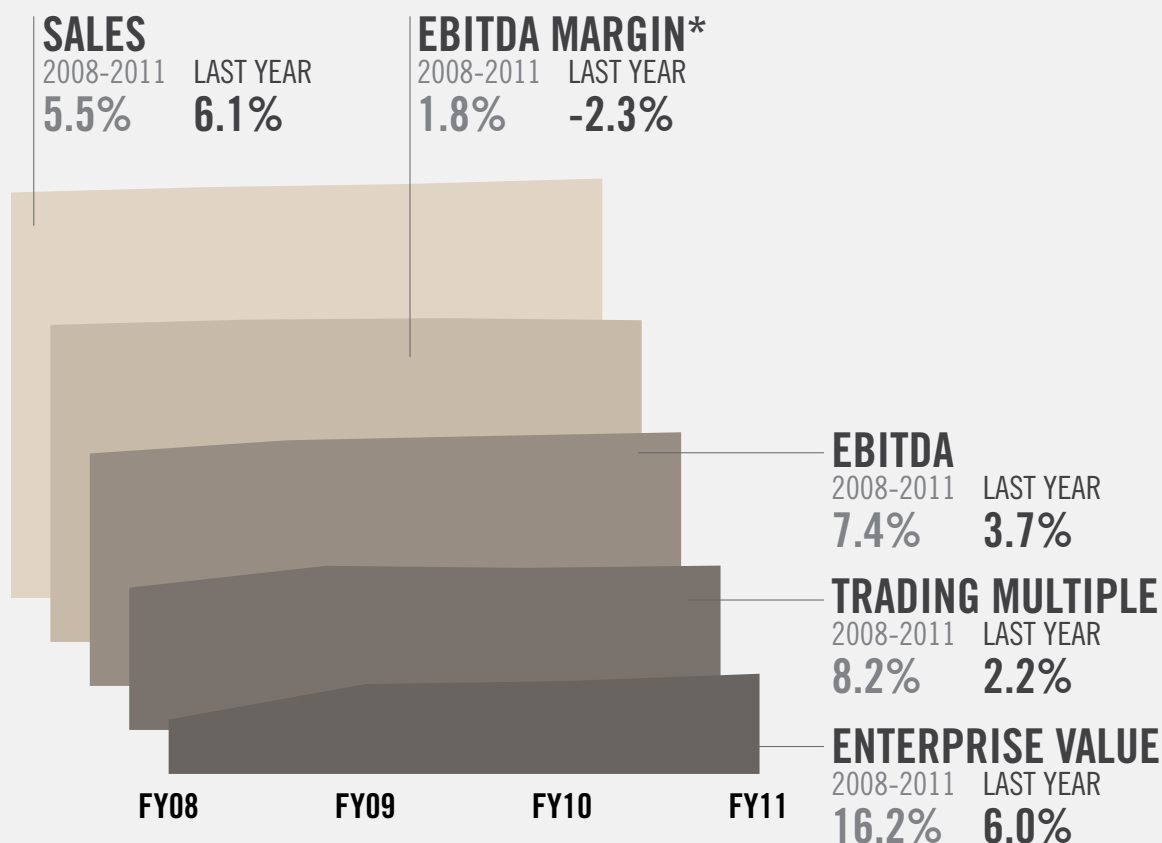
Within the sub-sectors, comparing Enterprise Value changes from financial year 2011 to 2010 shows marked differences in both Enterprise Value performance and the underlying drivers.

Facilities Management has enjoyed growth of 14.2% in Enterprise Value following two flat years, underpinned by modest EBITDA growth and a strong uplift in the Multiple. Construction Enterprise Value has rebounded, getting back to 2009 levels, again driven by an improvement in the Multiple.

Multi-sector (which has a mix of Construction and Services revenue) has declined despite consistent improvements in EBITDA, driven by a deterioration in the Multiple. In the same vein, Infrastructure, which has shown sustained, robust growth in both Revenue and EBITDA, has experienced a decline in the Multiple which has muted its Enterprise Value growth.

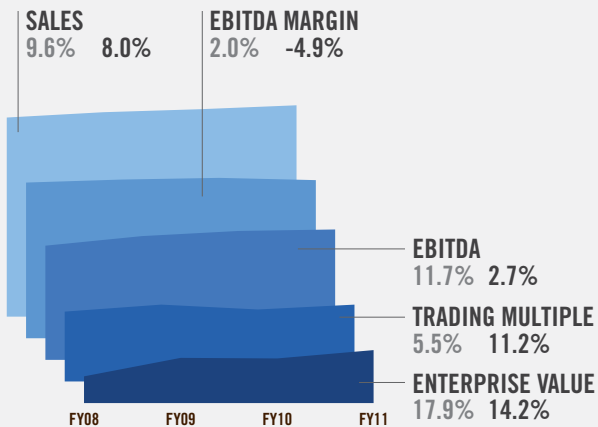
Business Services has been flat over the last year, with Revenue increase more than offset by Margin erosion.

Consulting has experienced the biggest decline in Enterprise Value at -10.1%, following two years of flat Revenue and declining Margins as well as a decline in the Multiple over the last year.



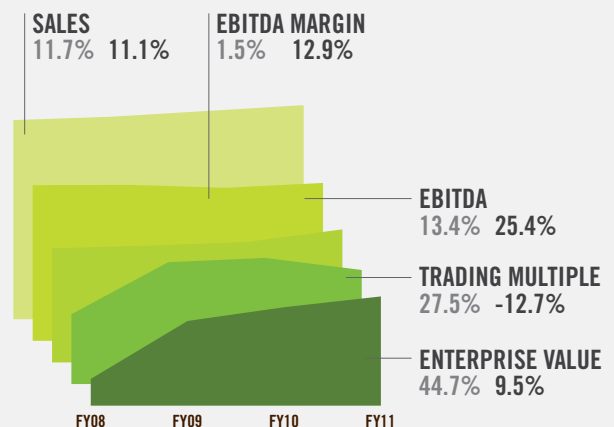
# FACILITIES MANAGEMENT

E.V. RANK: 1 KEY DRIVER: MULTIPLE



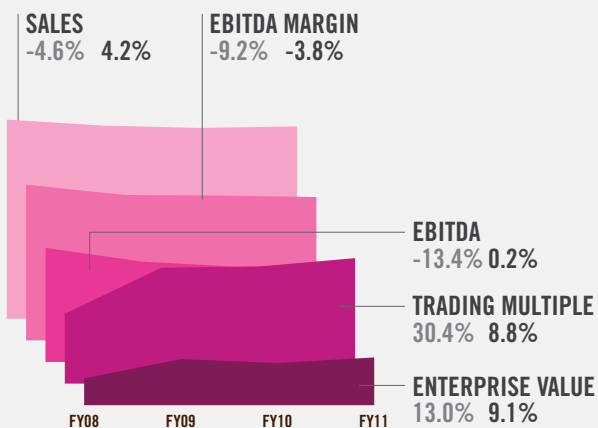
# INFRASTRUCTURE

E.V. RANK: 2 KEY DRIVER: EBITDA



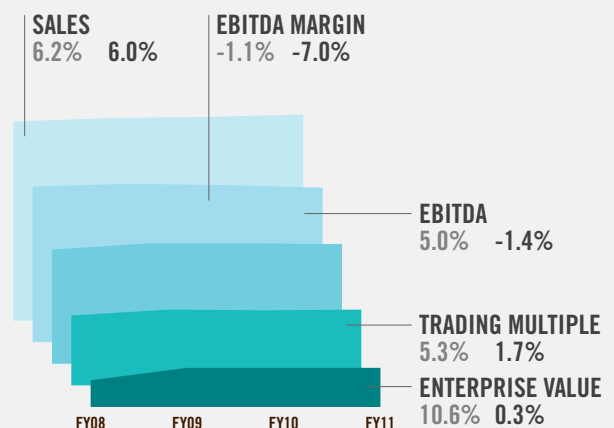
# CONSTRUCTION

E.V. RANK: 3 KEY DRIVER: MULTIPLE



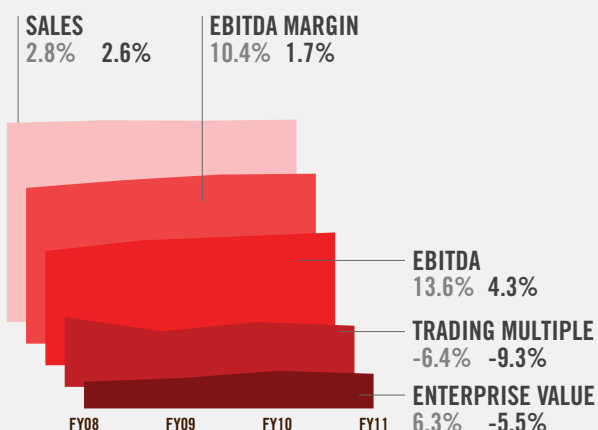
# BUSINESS SERVICES

E.V. RANK: 4 KEY DRIVER: SALES



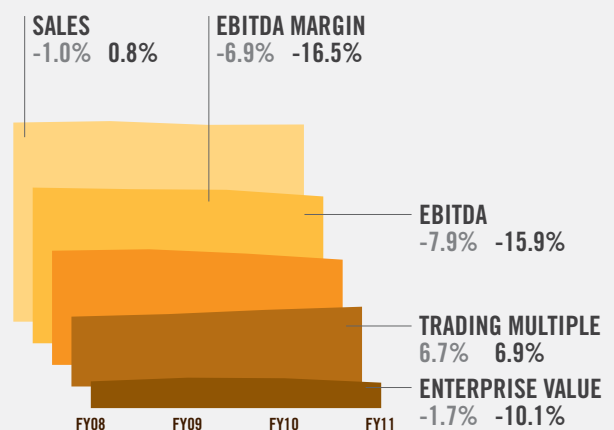
# MULTI-SECTOR

E.V. RANK: 5 KEY DRIVER: MULTIPLE



# CONSULTING

E.V. RANK: 6 KEY DRIVER: EBITDA



## APPROACH TO ENTERPRISE VALUE

Enterprise Value over time is, in our view, one of the most objective and consistent measures of corporate performance. As such, we have been tracking and recording this measure over the last four years for the key quoted support services companies.

Our Enterprise Value analysis is based on four main components:

1. Headline sales growth, including growth from acquisitions
2. Change in EBITDA margin, demonstrating the ability to turn revenue growth into cash profit
3. EBITDA calculated from revenue growth and change in EBITDA margin
4. Trading multiple ascribed by markets, in this case the multiple of Enterprise Value to historic EBITDA

This analysis can only be applied to the subset of companies in the briefing who are quoted. In this year's briefing we have included 30 of the 40 companies.

## APPROACH TO AGGREGATE RESULTS

Where we have set out aggregate results, such as the revenue and EBITDA change year on year for sub-sectors, we use the weighted average of the revenue and EBITDA change of component companies.



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