

# Interim Results 2018/19

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WHITE CHAPEL

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Wilmington plc

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**Introduction and highlights**

**Martin Morgan**

**Operational review and financial highlights**

**Richard Amos**

**Strategy update**

**Martin Morgan**

**Q & A**

**Martin Morgan/  
Richard Amos**



# Introduction and highlights

**Progress in H1 rebuilding growth trajectory**

Good growth in Risk & Compliance division

Professional division stable in period

Improvement in Healthcare performance with UK sales up healthily year-on-year

**Revenue of £58.3m flat on H1 last year**

Organic growth also flat

Compares to 3% organic decline last year in H1 and FY

- A shift in momentum

**Adjusted\* PBT reduced to £6.7m (2017: £9.1m)**

Reduction driven by anticipated cost increases

- New office
- Inflation
- New product investment

**Cash generation strong**

Cash conversion strong at 91% (31 Dec 2017: 77%)

Net debt at period end £43.8m (31 Dec 2017: £45.9m)

Outflow in half reflects seasonal H1 payments

**Progressive dividend policy maintained**

Interim dividend increased 3% to 4.1p (2017: 4.0p)

To be paid 8 April

- (ex-div 7 March)

**Business review completed**

- Positive conclusions to be drawn
- Confirms organic growth opportunity
- Need to accelerate the pace of change

\*Adjusted results exclude adjusting items, profit on disposal of property plant and equipment, gain on sale of subsidiary, impairment of goodwill and intangible assets and amortisation of intangible assets (excluding computer software).

\*\* Organic = at constant currency and excluding impact of acquisitions and disposals

# Operational review

6 mths to 31 Dec	2018 £m	2017 £m	Absolute Variance %	Organic Variance %
Revenue	20.1	19.6	3%	8%
Operating Profit	5.9	5.4	10%	23%
Margin %	29%	27%		

20% organic revenue growth in main Compliance business

- some growth timing related
- strong demand for in-house courses in Europe
- ICA membership up 2,000 to over 14,000
- Online learning up 45% year on year

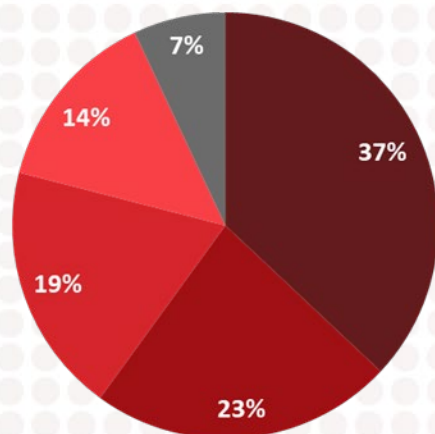
Other Compliance businesses – flat revenue

- Compliance Week moving to new platform in H2
- New online courses launched for wealth management area
- New MD appointed to run wealth management

Risk businesses flat revenue overall

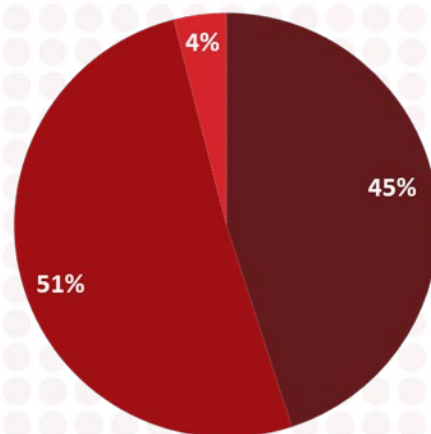
- ICP sold at start of year – impacts absolute variances
- Axco growth in H1 under new management team
  - InsurTech JV launched in period – first sales achieved
- Inese – weak demand for training courses

Revenue by Region



- UK
- Europe (excl UK)
- North America
- Asia
- Rest of World

Revenue by Type



- Information
- Training
- Networking

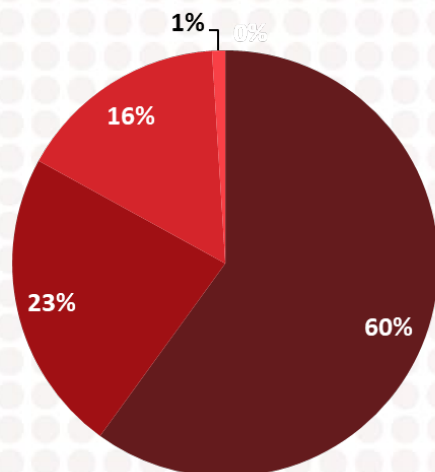
6 mths to 31 Dec	2018 £m	2017 £m	Absolute Variance %	Organic Variance %
Revenue	20.5	20.8	(1%)	(5%)
Operating Profit	1.3	3.7	(66%)	(57%)
Margin %	6%	18%		

### Progress in European Healthcare

Revenue decreased 2% organically versus an 8% reduction last year

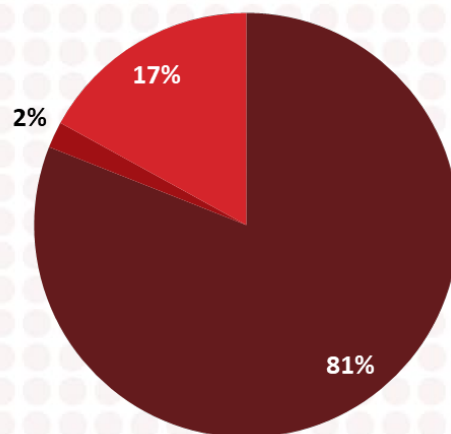
- European Healthcare businesses reporting directly to Executive Chairman
- French business good growth including launch of APMi service
- UK business new sales bookings up materially on H1 last year – helps revenue growth in H2
- New versions of Quantis and Investigator products launched in period
- IM platform integrated into data solutions
- Consulting offering gaining traction with new clients

Revenue by Region



- UK
- Europe (excl UK)
- North America
- Rest of World
- Asia

Revenue by Type



- Information
- Training
- Networking

### US Healthcare – traditionally quiet first half

- Revenue down due mainly to programme rationalisation
- Extra sales resource hired to action leads
- RISE Nashville sales looking promising

Profit impacted by infrastructure investments, APMi costs and IM acquisition



6 mths to 31 Dec	2018 £m	2017 £m	Absolute Variance %	Organic Variance %
Revenue	17.7	17.9	(1%)	(2%)
Operating Profit	2.9	3.2	(9%)	(8%)
Margin %	17%	18%		

Accountancy – slow start to year

- Impacted by Brexit hiatus
- Integration of brands completed
- New CRM platform adoption in progress - due live by 30 June
- Prepared for H2 Brexit related opportunities once outcome is known

Legal – good H1

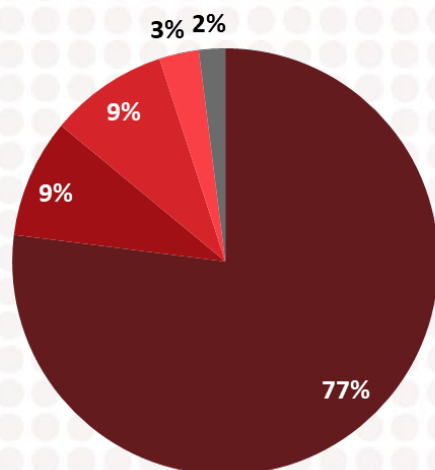
- Good growth driven by Bond Solon
- Success with Witness Familiarisation and new areas including employment law
- Framework contract won with major Government agency
- Law for Lawyers online courses launched

Investment Banking – making progress

- New MD in place
- Good peak summer training season
- New online learning platform being launched for summer 2019

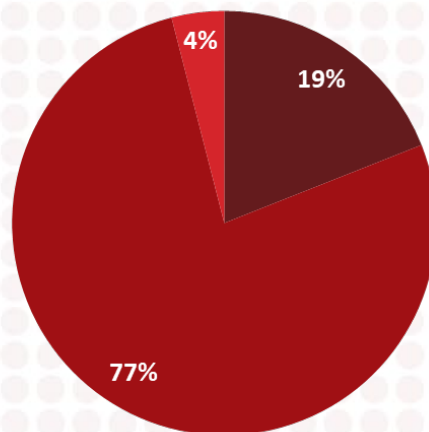
Overall digital training now c.30% of total group training revenue

Revenue by Region



- UK
- Europe (excl UK)
- North America
- Asia
- Rest of World

Revenue by Type



- Information
- Training
- Networking

# Financial highlights

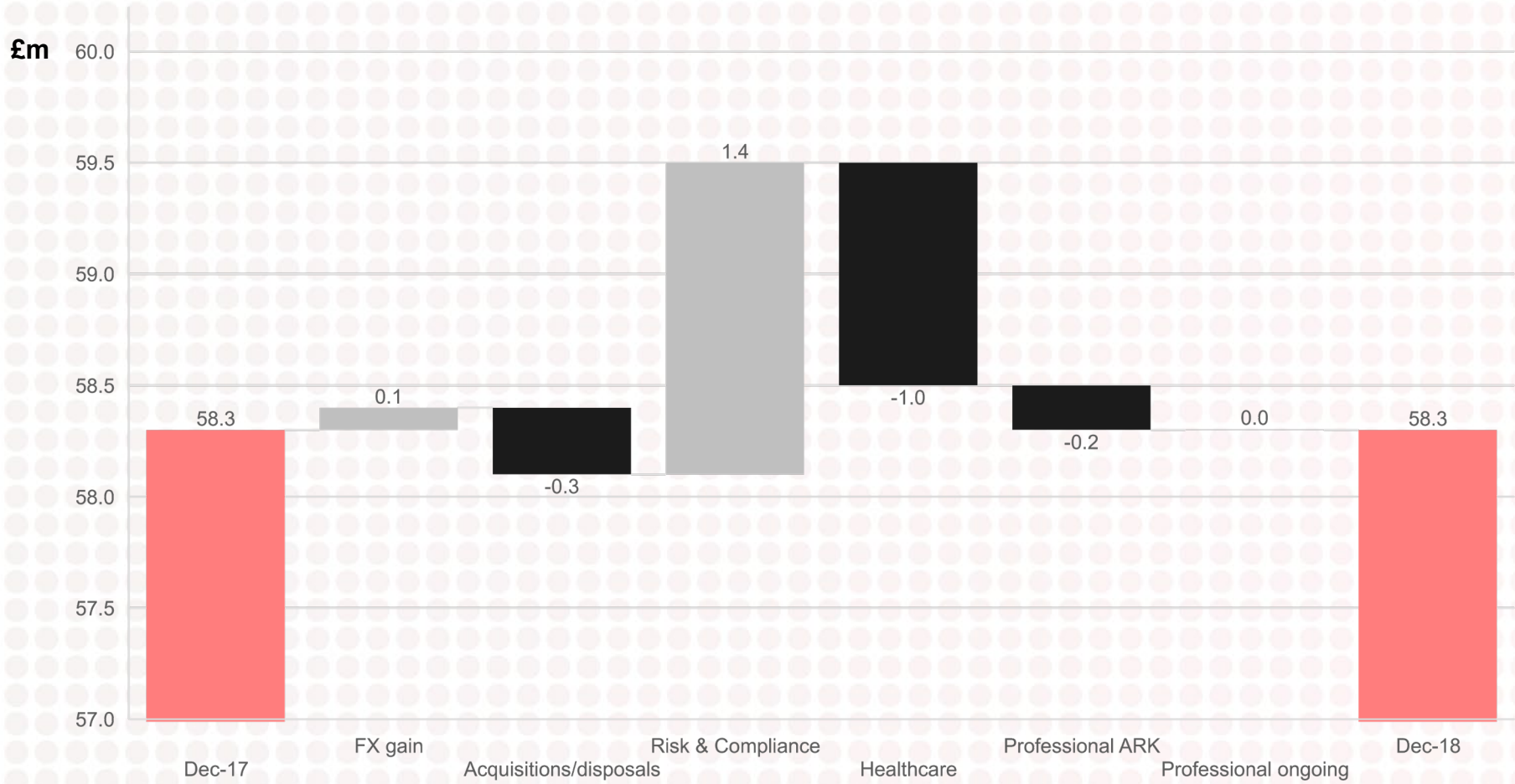
	6 mths to 31 Dec 2018 £m	6 mths to 31 Dec 2017* £m	Absolute variance %	Organic variance %
<b>Revenue</b>				
Compliance	13.8	12.1	14%	13%
Risk	6.3	7.5	(16%)	-
<b>Total Risk &amp; Compliance</b>	<b>20.1</b>	<b>19.6</b>	<b>3%</b>	<b>8%</b>
European Healthcare	14.6	14.2	3%	(2%)
US Healthcare	2.5	3.1	(19%)	(21%)
Other Information Businesses	3.4	3.5	(4%)	(4%)
<b>Total Healthcare</b>	<b>20.5</b>	<b>20.8</b>	<b>(1%)</b>	<b>(5%)</b>
Continuing businesses	17.7	17.7	-	-
Ark business closed	-	0.2		
<b>Total Professional</b>	<b>17.7</b>	<b>17.9</b>	<b>(1%)</b>	<b>(2%)</b>
<b>Total Group Revenue</b>	<b>58.3</b>	<b>58.3</b>	<b>+0.0%</b>	<b>+0.5%</b>

- Absolute variance in Risk reflects disposal of ICP business
- European Healthcare absolute variance impacted by acquisition of IM last H2.
- US Healthcare organic reduction includes rationalisation of event programme conducted last year
- Healthcare 5% organic revenue reduction versus an 8% reduction last year

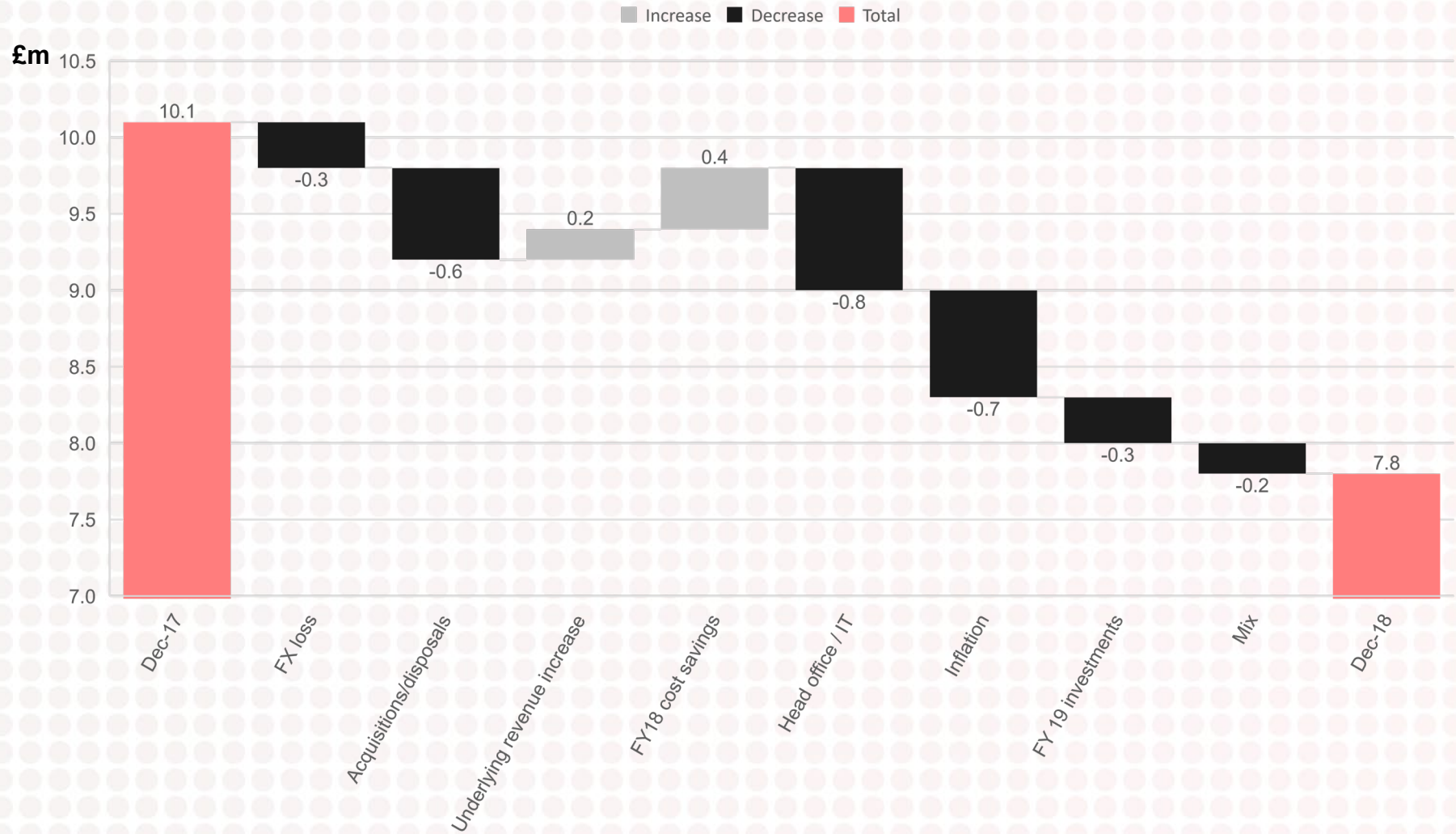
\* 2017 comparatives restated to reflect adoption of IFRS 15 and to reallocate US events revenue from Professional to Healthcare – see page 32 for detail.

GROUP REVENUE BRIDGE

■ Increase ■ Decrease ■ Total



GROUP ADJUSTED EBITA BRIDGE



	6 months to Dec 2018 £m	6 months to Dec 2017 Restated £m	Variance £m	Absolute variance %	Organic variance %
<b>Revenue</b>	<b>58.3</b>	<b>58.3</b>	-	-	-
Adjusted EBITA	7.8	10.1	(2.3)	(23%)	(13%)
<i>EBITA margin</i>	13%	17%			
Finance costs	(1.0)	(1.0)			
Share of profit of JV	(0.1)	-			
<b>Adjusted profit before tax</b>	<b>6.7</b>	<b>9.1</b>	<b>(2.4)</b>	<b>(26%)</b>	
Adjusting items	(0.1)	(3.5)	3.4		
Gain on sale of ICP	1.9	-	1.9		
Amortisation of acquired intangible assets	(2.6)	(3.4)	0.8		
<b>Statutory profit before tax</b>	<b>5.8</b>	<b>2.2</b>	<b>3.6</b>		
Taxation	(0.8)	(0.8)	-		
<b>Statutory profit after tax</b>	<b>5.0</b>	<b>1.4</b>	<b>3.6</b>		
<b>Underlying tax rate</b>	20%	22%			
<b>Adjusted basic EPS</b>	6.16p	8.08p		(24%)	
<b>Dividend per share</b>	4.1p	4.0p		3%	

	6 months to Dec 2018	6 months to Dec 2017 Restated	Variance	
	£m	£m	£m	%
Adjusted EBITDA	9.0	11.1	(2.1)	(19%)
SBP	-	0.3	(0.3)	
Movement in WC	(1.9)	(3.7)	1.8	
<b>Cash inflow from operations</b>	<b>7.1</b>	<b>7.7</b>	<b>(0.6)</b>	<b>(8%)</b>
Interest paid	(1.0)	(1.0)	-	
Tax paid	(2.3)	(2.5)	0.2	
Net capital expenditure	(1.3)	(3.9)	2.6	
<b>Free cash flow before dividends</b>	<b>2.5</b>	<b>0.3</b>	<b>2.2</b>	<b>733%</b>
Equity dividends	(4.2)	(4.1)	(0.1)	
Cash on SBP	-	(0.1)	0.1	
Acquisition spend	(0.1)	-	(0.1)	
Deferred consideration	(1.5)	(0.5)	(1.0)	
Disposal of subsidiary	0.1	-	0.1	
Adjusting and other items	(0.5)	(2.0)	1.5	
<b>Change in net debt during the year</b>	<b>(3.7)</b>	<b>(6.4)</b>	<b>2.7</b>	<b>(42%)</b>
Brought forward net debt	(39.6)	(40.0)	0.4	
FX	(0.5)	0.5	(1.0)	
<b>Carried forward net debt</b>	<b>(43.8)</b>	<b>(45.9)</b>	<b>2.1</b>	<b>(5%)</b>

- Cash conversion strong at 91% versus 77% last year
  - Led by improved working capital management
- Capex returned to normal levels after one-offs from last year
  - £2.5-3.0m guidance for full year still remains
- Deferred consideration primarily reflects SWAT payment

	31 Dec 2018 £m	31 Dec 2017 Restated £m
<b>Fixed assets</b>		
Goodwill/intangibles	102.6	113.3
Property and P&E	6.4	6.4
Other fixed assets	0.8	1.2
<b>Working capital</b>		
Deferred revenue	(26.6)	(27.6)
Other working capital	2.7	3.4
<b>Cash/Debt</b>		
Net debt	(43.8)	(45.9)
Capitalised bank fees	0.2	0.4
Deferred consideration payable	(1.3)	(2.4)
Deferred consideration receivable	2.2	-
Financial instruments	(0.5)	(0.5)
<b>Other</b>		
Tax assets/(liabilities)	0.5	(0.7)
Deferred tax	(2.8)	(3.2)
<b>Net Assets</b>	<b>40.4</b>	<b>44.4</b>

- IFRS 15 changes
  - £1.5m netting off debtors and deferred revenue
  - £2.8m opening adjustment to deferred revenue offset by opening reserves
  - £0.4m deferred tax benefit which will flow through over the next 18 months
- Deferred revenue excludes £2m of confirmed orders still to be invoiced at 31 December 2018
- Debt at £43.8m represents 58% of available facility (Dec 2017: 61%)
- IFRS 16 comes into force from 1 July 2019
  - Guidance on impact will be given at Prelims



## Outlook in line with September guidance

- Second half weighting expected to continue this year
- Risk & Compliance continued growth from H1
- Healthcare sales performance to drive expected H2 revenue uplift
- Professional stable with opportunity for H2 growth once Brexit path known
- Costs in line with previous guidance other than £0.5m extra for CEO departure/replacement - this will be treated as an adjusting item
- New product development funded through existing capex guidance

## On-track to achieve full year expectations



# Strategy update

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The review reached generally positive conclusions:

- Core businesses operating in healthy markets with growth prospects - others generally in stable markets
- We have a portfolio of well recognised and respected brands with leading market shares
- Pace of market change is fast but no imminent material threat from disruptors, but we do operate in competitive markets
- Opportunities to evolve business models
- Decision to focus on organic growth and deprioritise acquisitions validated
- Shift in focus away from building a pan-European healthcare information business, concentrating on strong existing positions in UK and France

- New CEO to focus on refinement and implementation of the strategy, not on another strategic review
- New 3 year planning exercise to create detailed plans, including identifying investment opportunities
- Complete roll-out of software platforms in digital learning, marketing and customer relationship management
- Work on improving sales and marketing execution, including a review of pricing models
- Sustain cross-group sharing of expertise, e.g. in digital learning
- Build further on senior management incentive changes to align with organic growth objective
- Streamline organisation to ensure the major growth opportunities are effectively grasped



Brand Proposition	Education, marketing and compliance services to SME accountancy practices in the UK and Ireland
Market Opportunity	Stable market conditions – growth 0-3%
Brand Position	Number one player, further strengthened with acquisition of strong regional provider (previous number two)
Growth Opportunity	Leverage leading position by cross-selling existing and new digital value-add products

# Wilmington Healthcare

Brand Proposition	Intelligence on UK and French healthcare markets and providing decision-makers to suppliers into those markets
Market Opportunity	Changing demographics and positive growth trends in NHS and French Healthcare Service spending – growth c.5%
Brand Position	One of top 3 UK players; niche player in France
Growth Opportunity	Build on existing components of the business to become the leading information gateway to the UK and French Healthcare markets



Brand Proposition	Education, events and insights to enable financial institutions to manage compliance
Market Opportunity	Growing international regulatory environment – growth 5%+
Brand Position	Leading player in Europe, Middle East and other parts of Asia
Growth Opportunity	Evolve the business model at an enterprise level, coupled with geographic expansion

## Summary

- Entering key period in the second half of the year
- Business review has confirmed strategy and priorities
- Opportunities for growth and performance improvements identified
- On track to meet full year expectations





# Q&A

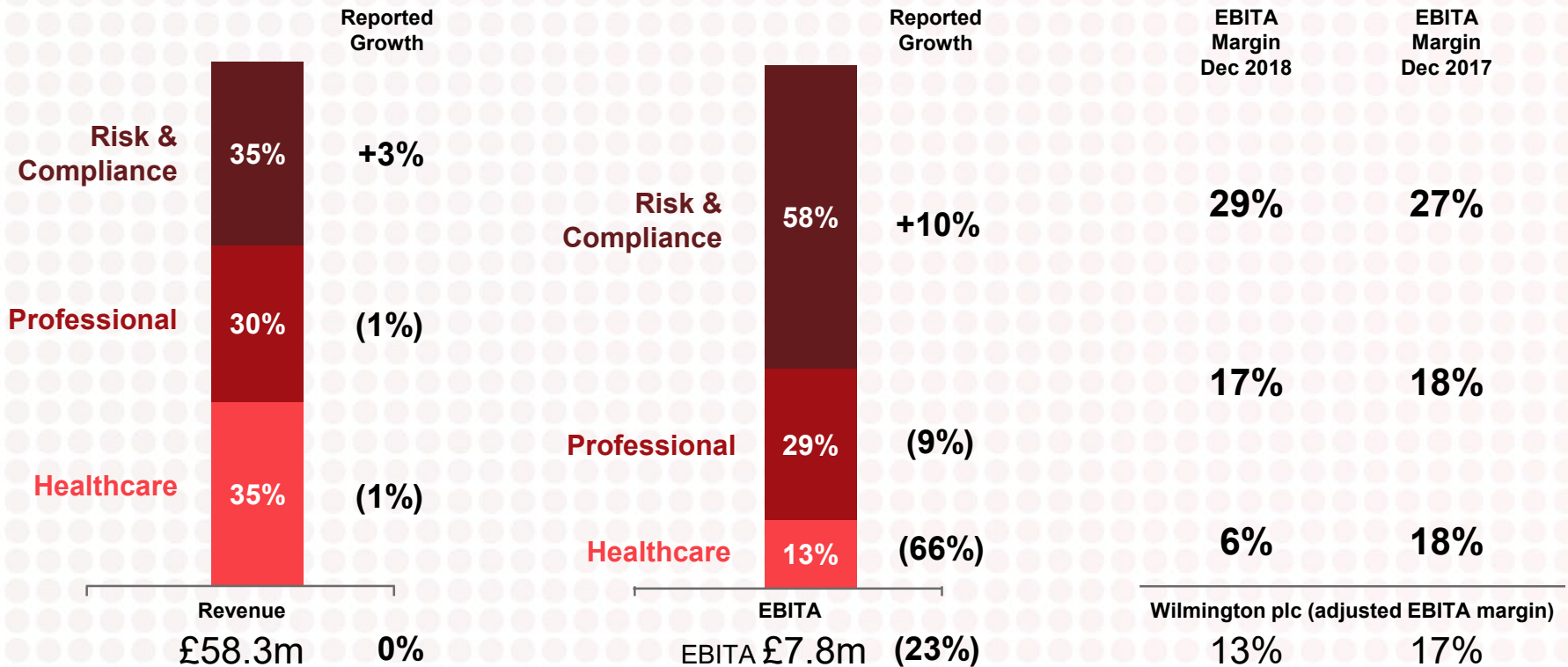
# Appendices

APMi	New product being developed by APM International, French based healthcare company
CRM	Customer relationship management software
ICA	International Compliance Association – Wilmington owned compliance industry body
ICP	International Company Profile – credit referencing business sold in July 2018
IM	Interactive Medica – Acquired Feb 2018
Investigator	Most granular online library of UK healthcare data which includes over 450,000 healthcare personnel
Quantis	A platform, both online and offline to display UK healthcare data
WHC	Wilmington Healthcare Limited

**Revenue up**  
(% of Group Revenue)

**EBITA anticipated reduction**  
(% of Group EBITA)

**Overall margins**

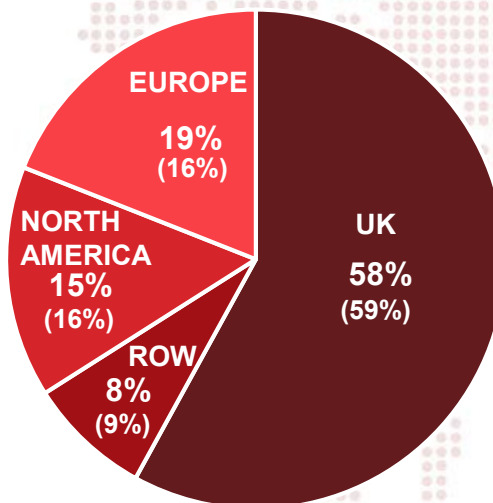


# Turning knowledge to advantage

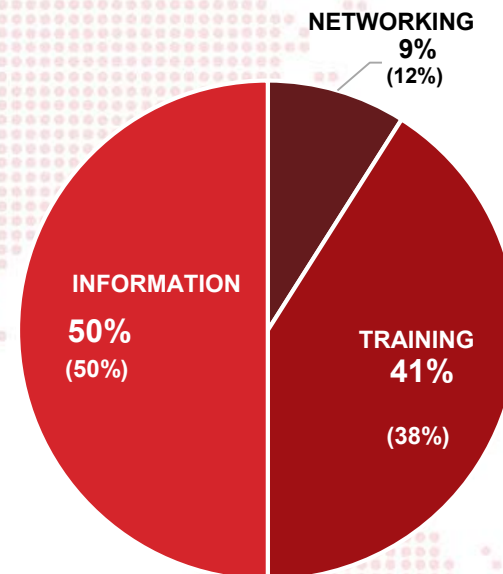
REVENUE BY AREAS OF KNOWLEDGE



REVENUE BY REGIONS



REVENUE BY TYPE



( ) Dec 2017 figures

	6 months to Dec 18	6 months to Dec 17 Restated	Absolute variance	Organic variance
	£m	£m	%	%
<b>Adjusted EBITA</b>				
Risk & Compliance	5.9	5.4	10%	23%
Healthcare	1.3	3.7	(66%)	(57%)
Professional	2.9	3.2	(9%)	(7%)
Group overheads	(2.3)	(1.9)		
Share based payments	-	(0.3)		
<b>Total</b>	<b>7.8</b>	<b>10.1</b>	<b>(23%)</b>	<b>(13%)</b>

	Previously reported	IFRS 15 adjustment – revenue recognition	IFRS 15 adjustment – net down of balance sheet	Restated
	£'000	£'000	£'000	£'000
Non current assets: Deferred tax assets	590	366	-	956
Other non-current assets	119,817	-	-	119,817
Current assets: Trade and other receivables	28,233	-	(1,483)	26,750
Other current assets	12,143	-	-	12,143
<b>Total assets</b>	<b>160,783</b>	<b>366</b>	<b>(1,483)</b>	<b>159,666</b>
Current liabilities: Trade and Other Payables	(23,270)	-	-	(23,270)
Current liabilities: Deferred revenue	(26,342)	(2,768)	1,483	(27,627)
Other current liabilities	(3,888)	-	-	(3,888)
Other non-current liabilities	(60,518)	-	-	(60,518)
<b>Total liabilities</b>	<b>(114,018)</b>	<b>(2,768)</b>	<b>1,483</b>	<b>(115,303)</b>
<b>Net assets</b>	<b>46,765</b>	<b>(2,402)</b>	<b>-</b>	<b>44,363</b>

	Previously reported	IFRS 15 adjustment – revenue recognition	Restated
	£'000	£'000	£'000
Non current assets: Deferred tax assets	458	479	937
Other non-current assets	110,984	-	110,984
Current assets: Trade and other receivables	28,233	-	28,233
Other current assets	11,106	-	11,106
<b>Total assets</b>	<b>150,781</b>	<b>479</b>	<b>151,260</b>
Current liabilities: Trade and Other Payables	(26,368)	-	(26,368)
Current liabilities: Deferred revenue	(24,746)	(3,365)	(28,111)
Other current liabilities	(2,042)	-	(2,042)
Other non-current liabilities	(55,109)	-	(55,109)
<b>Total liabilities</b>	<b>(108,265)</b>	<b>(3,365)</b>	<b>(111,630)</b>
<b>Net assets</b>	<b>42,516</b>	<b>(2,886)</b>	<b>39,630</b>



Half Year to 31 Dec 2017

Full Year to 30 June 2018

	Dec 2017 Reported	Segmental Restatement	IFRS 15 Restatement	Dec 2017 Restated	Jun 2018 Reported	IFRS 15 Restatement	Jun 2018 Restated
<b>Revenue</b>							
Risk & Compliance	19,596	(147)	97	19,546	42,860	(539)	42,321
Healthcare	20,083	748	-	20,831	44,681	-	44,681
Professional	18,480	(601)	23	17,902	34,551	61	34,612
<b>Revenue</b>	<b>58,159</b>	<b>-</b>	<b>120</b>	<b>58,279</b>	<b>122,092</b>	<b>(478)</b>	<b>121,614</b>
<b>Adjusted EBITA</b>							
Risk & Compliance	5,249	9	97	5,355	12,899	(538)	12,361
Healthcare	3,921	(203)	-	3,718	9,899	-	9,899
Professional	2,986	194	23	3,203	6,230	60	6,290
	<b>12,156</b>	<b>-</b>	<b>120</b>	<b>12,276</b>	<b>29,028</b>	<b>(478)</b>	<b>28,550</b>
Unallocated Central Overheads	(1,860)	-	-	(1,860)	(3,827)	-	(3,827)
Share Based Payments	(338)	-	-	(338)	(641)	-	(641)
<b>Adjusted EBITA</b>	<b>9,958</b>	<b>-</b>	<b>120</b>	<b>10,078</b>	<b>24,560</b>	<b>(478)</b>	<b>24,082</b>

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**Thank you.**

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