

HUNTSWORTH

PRELIMINARY RESULTS

YEAR ENDED 31 DECEMBER 2015

15 MARCH 2016

Overview 2015

- Group revenues £168.4m; PBT £13.3m → Ahead of market expectations
- Like for like revenue growth of 1.5% → First growth since 2011
- New Executive team → Paul Taaffe joined as CEO in April '15
Neil Jones as CFO Feb '16
- Strategic review completed → Implementation substantially completed
- Huntsworth Health revenue grew by 13.7% → Group's largest division by revenue and OP
- Dividend held at 1.75p per share → Confidence in the future

All results are stated before highlighted items

HUNTSWORTH

FINANCIAL RESULTS

Financial Results - year ended 31 December 2015

Highlights

	2015	2014	
Revenue £m	168.4	164.7	<ul style="list-style-type: none">• L4L growth of 1.5%
Headline Operating profit £m	15.3	18.2	<ul style="list-style-type: none">• OP margin pre central costs 13.1%, 2014 15.0%
Margin %	9.1%	11.1%	
Headline Profit before tax £m	13.3	16.0	
Tax and tax rate (27%, 25%)	(3.6)	(4.0)	<ul style="list-style-type: none">• ETR increasing as US profits rise
Diluted EPS (pence)	3.0	3.7	

Financial Results 2015

Divisional Results Summary



GRAYLING

| Citigate



Total
Operations

Revenue £m	72.3	63.2	20.0	12.8	168.4
L4L Revenue Growth %	13.7%	(7.4%)	(7.1%)	4.2%	1.5%
Operating Profit £m *	13.8	2.6	3.1	2.6	22.1
Operating Margin %	19.1%	4.2%	15.3%	20.3%	13.1%

* Operating profit pre central costs and highlighted items

Financial Results 2015

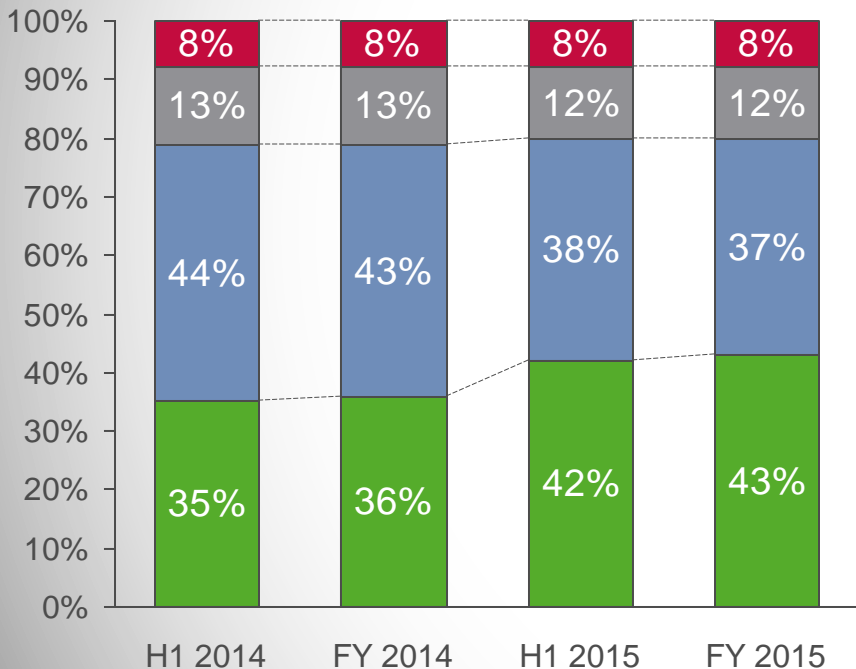
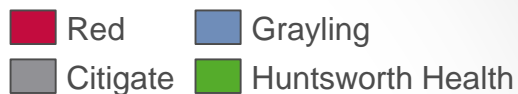
Revenue bridge 2014 to 2015



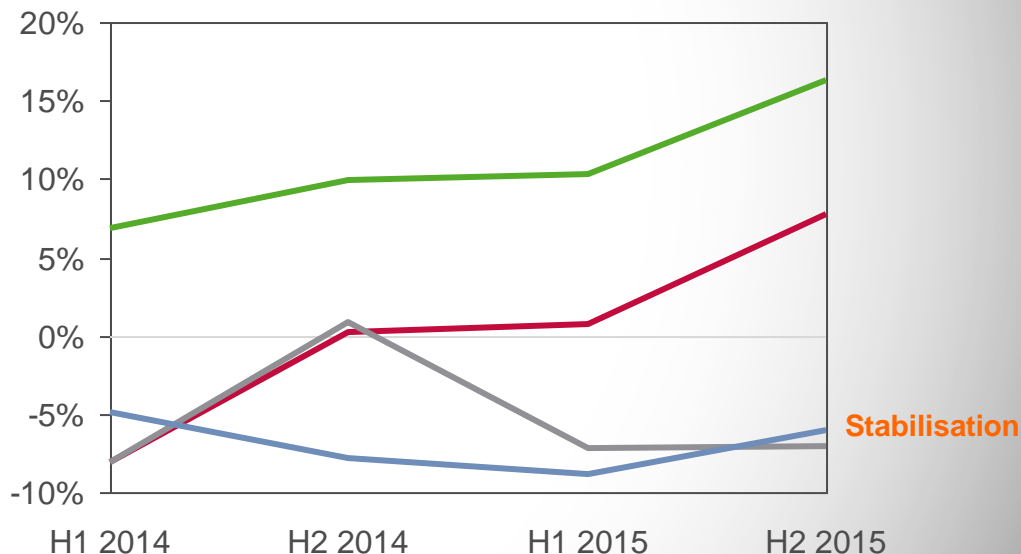
Financial Results 2015

Revenue by Division

Proportion of Group Revenue

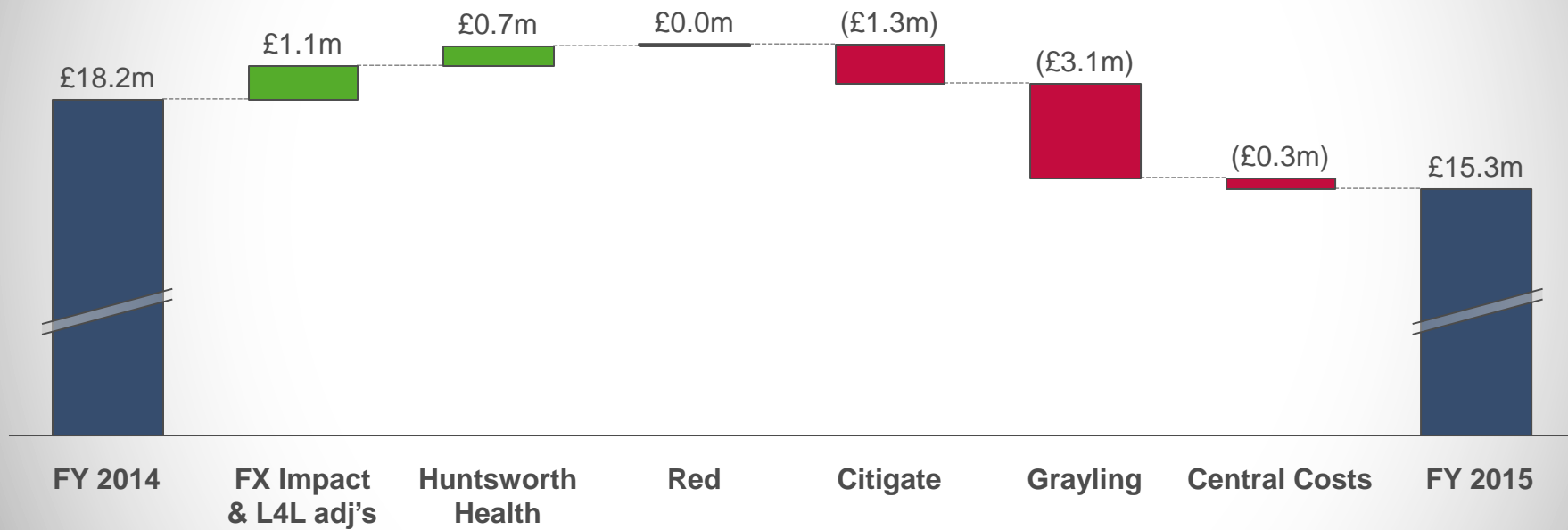


L4L Revenue Growth



Financial Results 2015

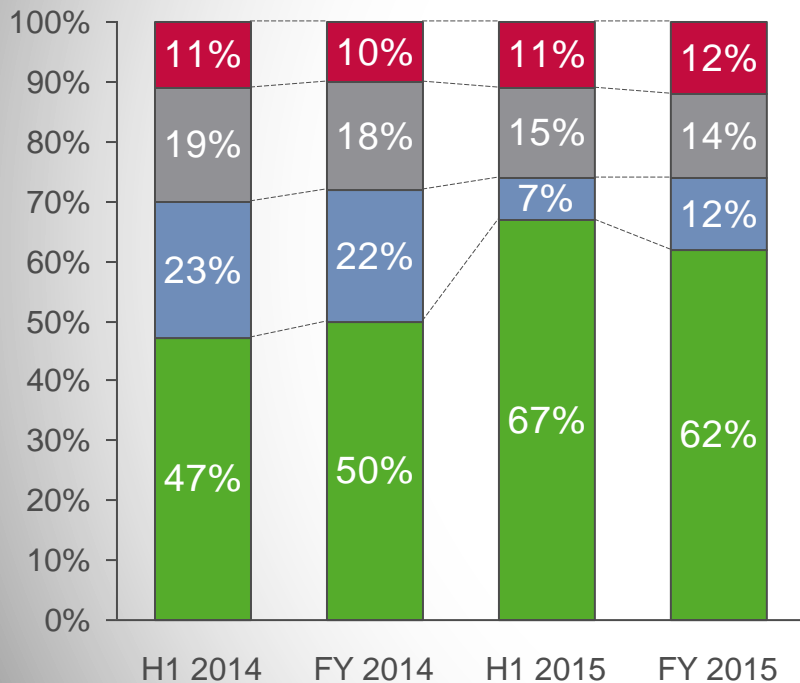
Operating Profit bridge 2014 to 2015



Note: Figures exclude highlighted items

Financial Results 2015

Operating Profit by Division Proportion of Group OP



OP Margin %



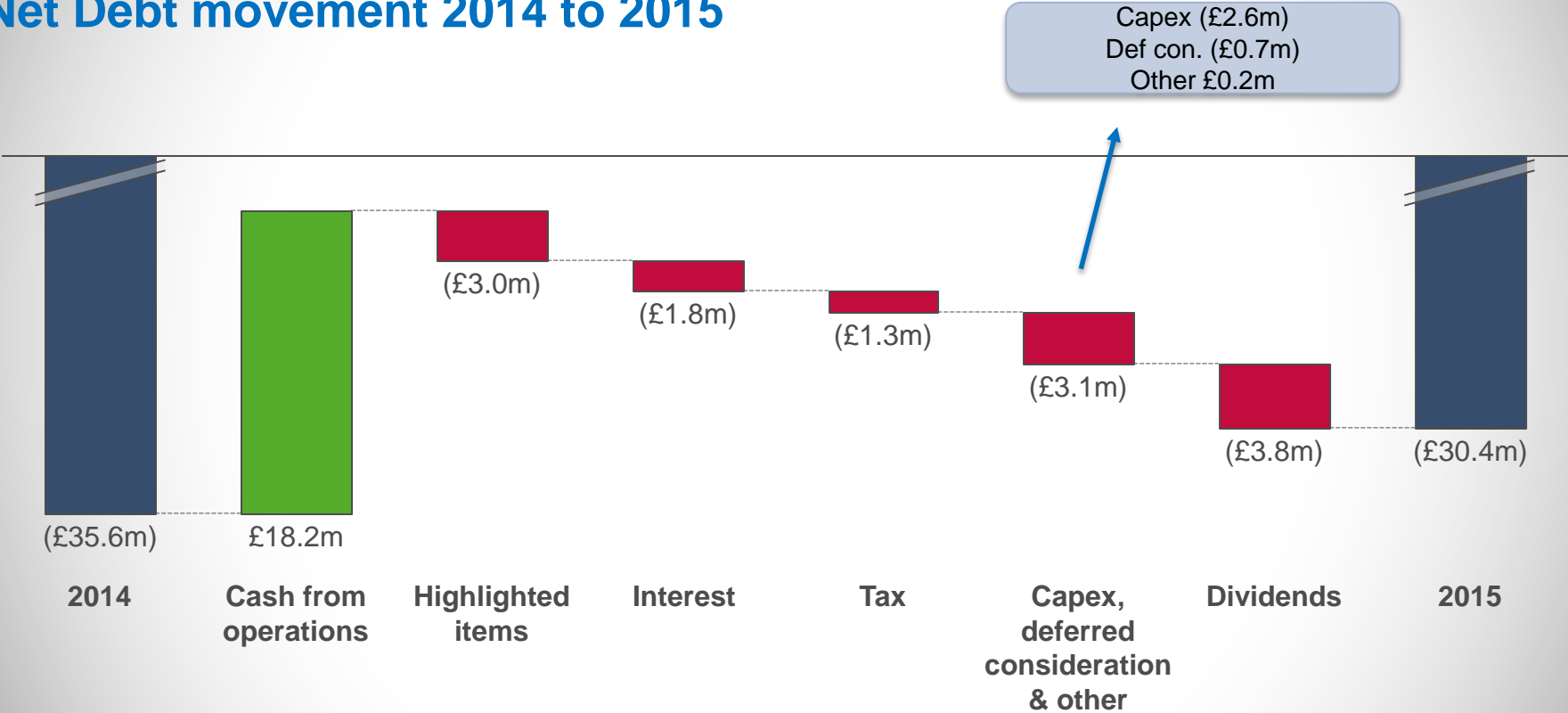
Financial Results 2015

Highlighted items £m

£m	2015
Impairment charge (non-cash)	(48.8) • No change from H1
Restructuring costs	(3.3) • People £2.7m, other £0.6m
Amortisation of intangibles	(0.8)
Impairment of software development costs	(0.6)
Acquisition and transaction related credit	0.4
Total highlighted items	(53.1)

Financial Results 2015

Net Debt movement 2014 to 2015



Financial Results 2015

Net Debt

Net Debt @ 31/12/15 - £30.4m



1.8 x EBITDA



Facilities - £70m



Term – May 2019



Significant headroom on covenants



£0.7m of deferred consideration in H1 2017

HUNTSWORTH

DIVISIONAL ANALYSIS

- ❑ Revenue growth 13.7% on a like-for-like basis
 - ❑ Evoke Health 30% revenue growth
 - ❑ New Leadership at ApotheCom
 - ❑ Significant new 'big' client wins
-
- FIRSTHAND - Digital Marketing Agency launched Q4 2015
 - TraverseHealth opening Q1 2016
 - Good revenue growth expected again in 2016

	2015	2014
Revenue £	72.3m	59.7m
L4L growth	13.7%	8.4%
OP £	13.8m	12.3m
Margin	19.1%	20.5%

❑ Revenue decline 7.4% on a like-for-like basis

❑ Restructuring largely completed

❑ Margins on upward trend in later quarters

➤ New leadership team

➤ 2016 margin to benefit from 2015 restructuring

➤ Further progress in Africa

	2015	2014
Revenue £	63.2m	70.8m
L4L growth	-7.4%	-6.3%
OP £	2.6m	5.4m
Margin	4.2%	7.7%

- ❑ Revenue decline 7.1% on a like-for-like basis
- ❑ Increased competition for project mandates in London
- ❑ Improved pitch performance in late 2015

	2015	2014
Revenue £	20.0m	21.9m
L4L growth	-7.1%	-3.7%
OP £	3.1m	4.5m
Margin	15.3%	20.4%

- New investment programme in late FY 2015
- Return to modest growth in FY 2016

- ❑ Revenue growth 4.2% on a like-for-like basis.
- ❑ Margins held at 20%
- ❑ Good client wins

	2015	2014
Revenue £	12.8m	12.3m
L4L growth	4.2%	-4.4%
OP £	2.6m	2.6m
Margin	20.3%	20.9%

- Continued growth in 2016
- Expansion of digital offering

Outlook

- Red and Health performing well
- Increased focus on investing in and developing Health
- Grayling and Citigate London remain in turnaround mode
- Cost reduction to remain a priority
- Focus on debt reduction

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THANK YOU

QUESTIONS & ANSWERS

HUNTSWORTH

APPENDICES

Appendices

Shareholding at 18 Feb 2016

Holder	% of share capital	Number of voting shares
Aberforth:		
• Aberforth Partners	13.9%	
• The Church Commissioners for England	1.3%	
• The Wellcome Trust	<u>4.3%</u>	
	19.4%	
BlueFocus	19.3%	
Lake Capital Investment Partners	7.4%	
Aberdeen Asset Managers	6.7%	
Old Mutual	5.0%	
Miton Group	5.1%	
T Rowe Price Global Investments	4.0%	
Matthew Rupert Freud	3.0%	
Various holders each holding < 3% of the Company's voting rights	<u>30.1%</u>	
Total	100.0%	<u>328,312,059</u>

Appendices

Consolidated Balance sheet £m

	2015	2014
Non - Current Assets		
· Goodwill & Intangibles	178.7	225.7
· Other non - current assets	9.8	8.2
	188.5	233.8
Current Assets		
· Trade debtors and other receivables	44.4	41.3
· Other current assets	4.0	3.7
· Cash and short-term deposits	8.9	8.8
	57.2	53.9
Current Liabilities		
· Trade and other payables	(44.2)	(41.4)
· Other current liabilities	(0.9)	(1.1)
· Provisions	(2.1)	(1.9)
	(47.2)	(44.3)
Non - Current Liabilities		
· Bank loans and overdrafts	(39.2)	(44.3)
· Other non current liabilities	(0.3)	(0.5)
· Provisions	(2.5)	(2.7)
· Trade and other payables	(1.3)	(2.0)
	(43.3)	(49.6)
Net Assets	155.3	193.9

Appendices

Cashflow £m

	2015	2014
Cash generated from operations	18.2	17.9
Cashflow relating to highlighted items	(3.0)	(0.5)
Interest	(1.8)	(2.1)
Tax	(1.3)	(1.3)
Capex	(2.6)	(4.7)
Free cashflow	9.5	9.3
Acquisitions and deferred consideration	(0.7)	(1.1)
Dividends	(3.8)	(10.1)
Other (including FX)	0.2	(1.7)
Net movement in Debt	5.2	(3.6)
Closing Net Debt	30.4	35.6

Appendices

Taxation

Income statement:

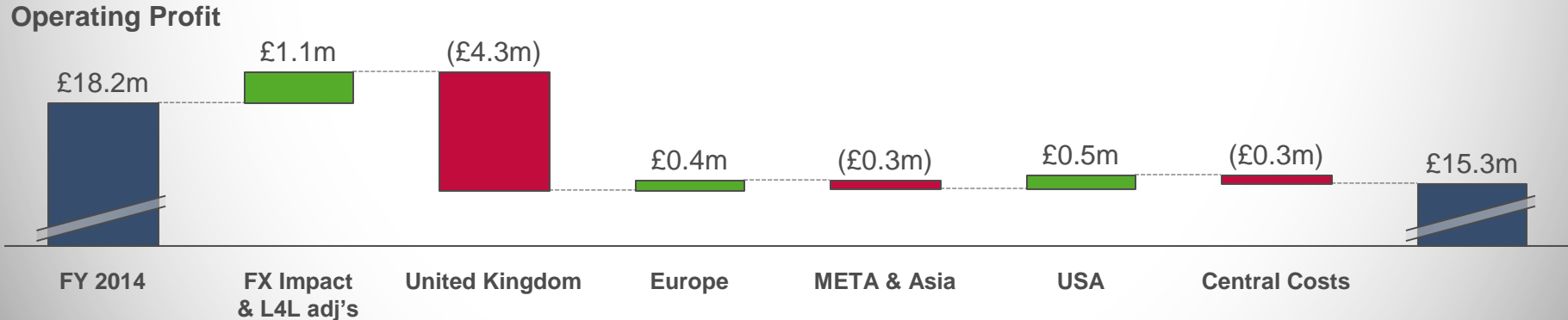
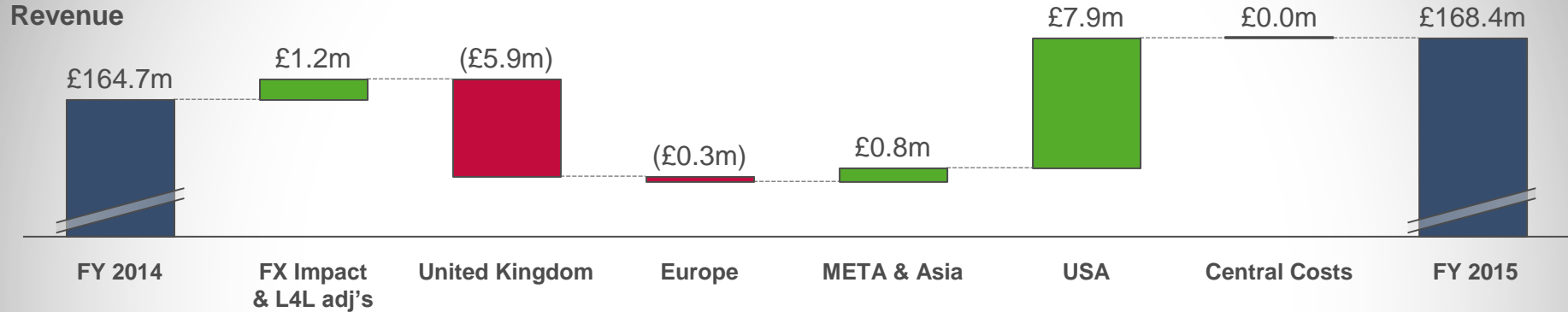
- Underlying tax: tax expense £3.6m; effective tax rate of 27.0%
- Highlighted tax:
 - Tax credit £4.0m
 - Mainly due to goodwill impairment credit in USA
- Total tax: tax credit £0.4m

Cash tax:

- Net corporation tax paid £1.3m
- Difference in net tax paid of £1.3m vs. total tax credit of £0.4m largely results from non-cash deferred tax movements

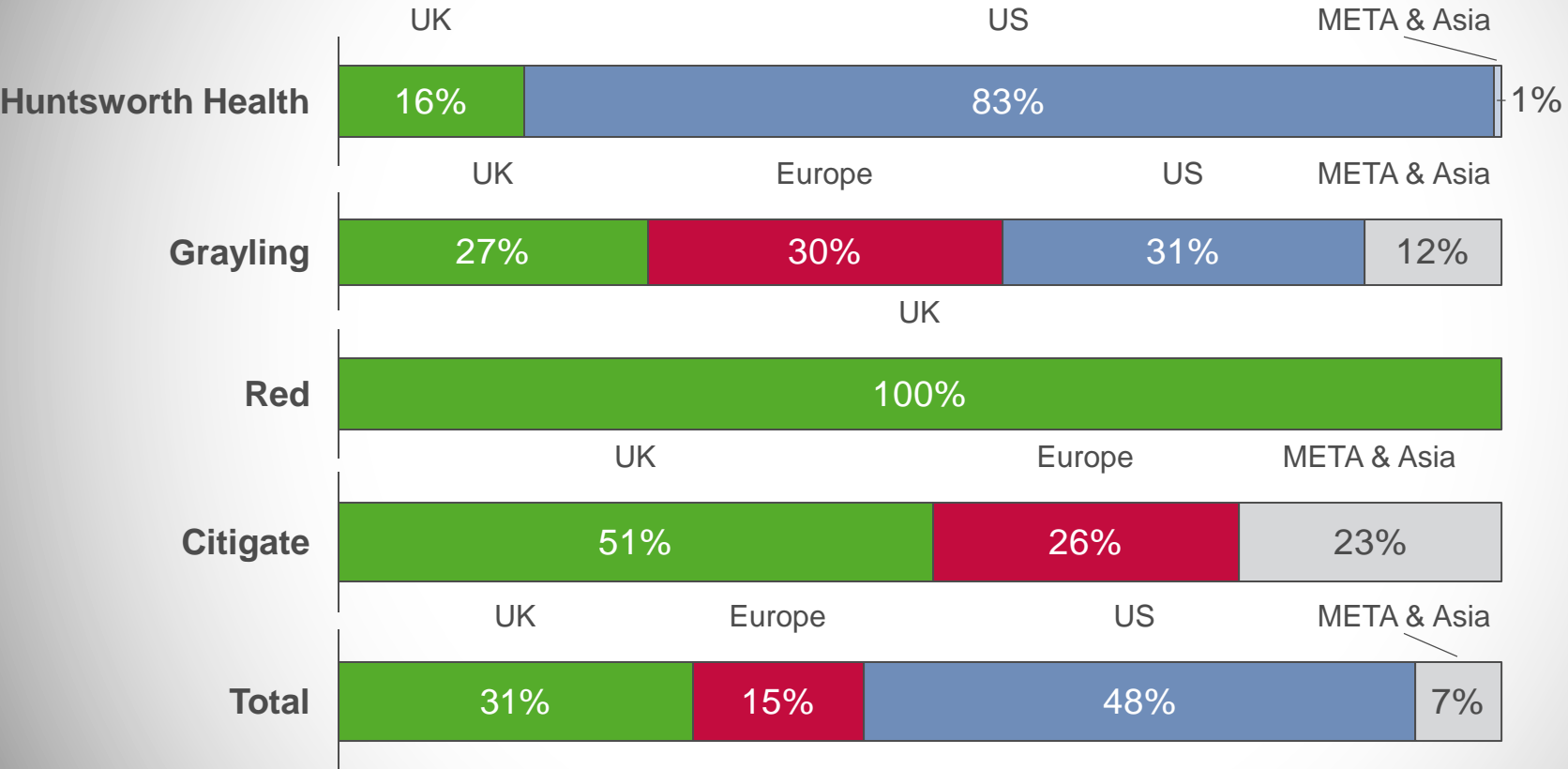
Appendices

Group Geographical Revenue and OP 2014 to 2015



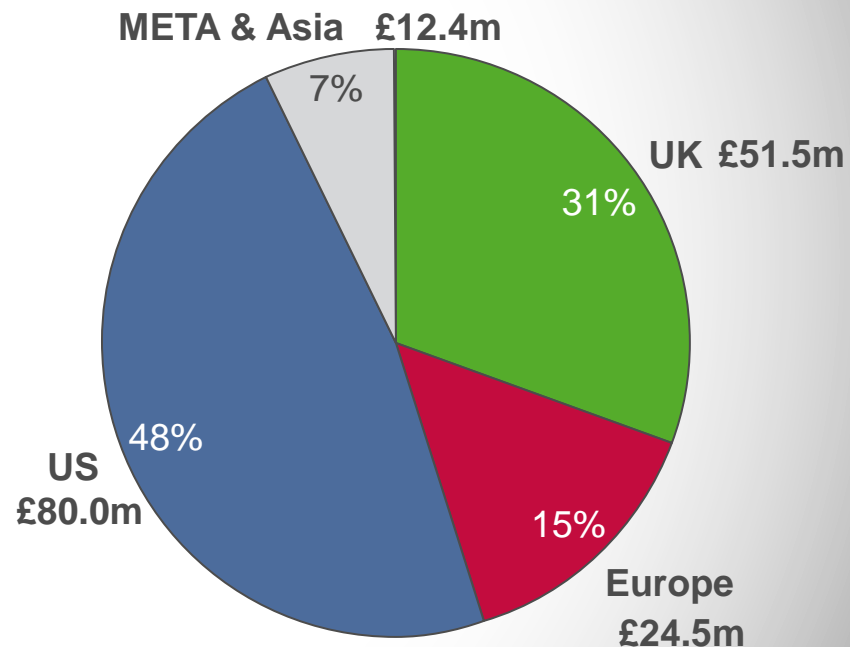
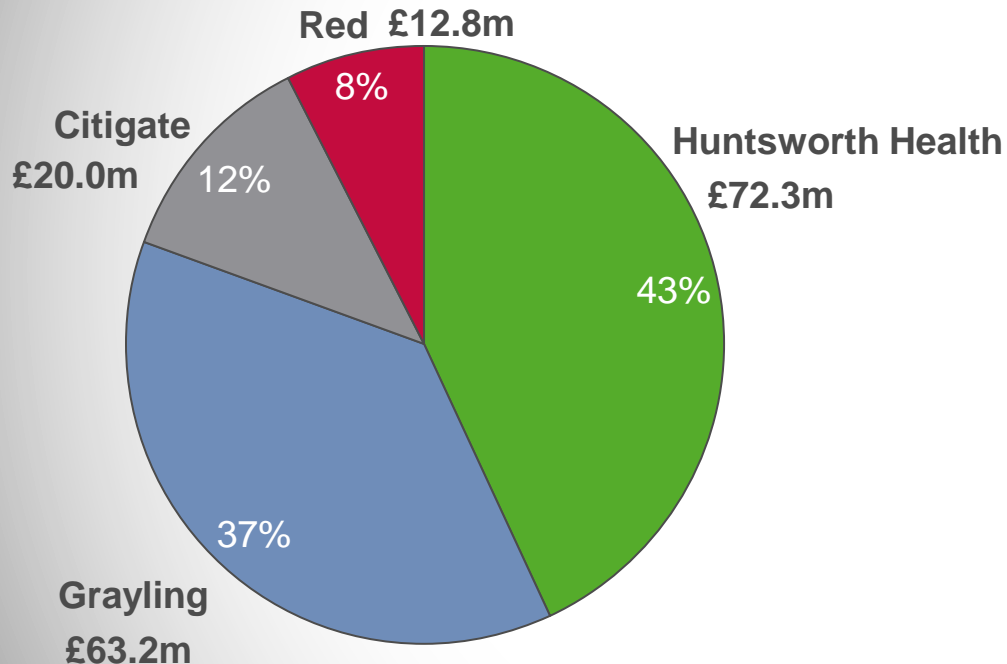
Appendices

Divisional revenue by geography



Appendices

Divisional revenue by Company and Geography



Appendices – Companies quick overview

- **Huntsworth Health** – a collection of marketing services agencies that provide a suite of services for the science, health, and wellbeing industries.
 - **Evoke** – Consumer marketing agency for pharmaceutical companies.
 - **ApotheCom** – Scientific publication agency for pharmaceutical companies.
 - **Nitrogen and Audacity** – Healthcare professional marketing agencies for pharmaceutical/biotech companies.
 - **Tonic** – Healthcare PR.
 - **Axiom** – Training services to the healthcare industry.
- **Grayling** – Multinational PR and public affairs agencies.
- **Citigate** – Corporate and Financial PR with offices in the UK, US, Europe and Asia.
- **RED** – UK consumer focused branding and PR agency.