



Results for the year ended 31 December 2017

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Driving sustainable growth

# 2017 Overview

- Headline profits up over 50%
- Continued strong LFL revenue growth from Healthcare divisions
- Strong cash conversion
- Acquisition of The Creative Engagement Group
- Final dividend increased by 16% to 1.45p



Reported **+52%**  
LFL **+20%**

Marketing **+13%**  
Medical **+18%**

**113%** of operating profit

Successful integration

Full year **+14%** to 2.0p

# Financial highlights

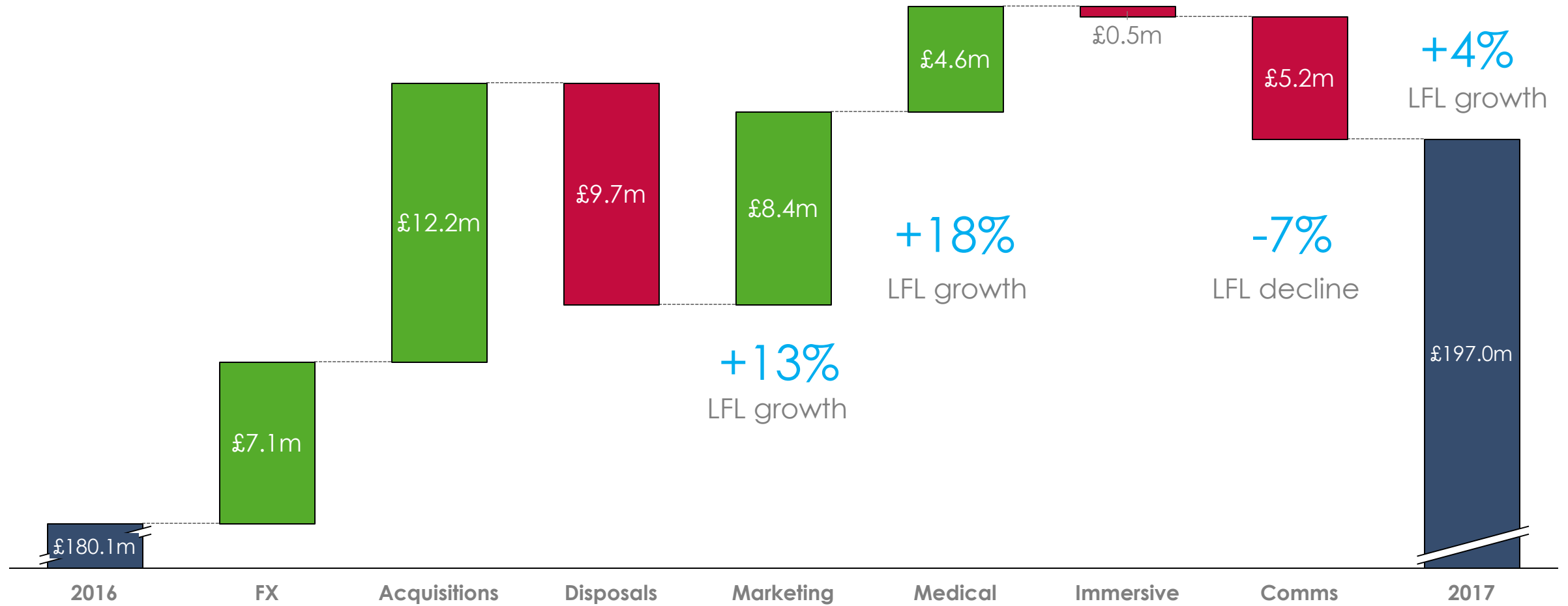
	2017	2016		
Revenue (£m)	197.0	180.1	+9%	+4% LFL
Headline Operating Profit (£m)	26.4	18.0	+47%	+16% LFL
<i>Margin</i>	13%	10%	+3 p.p.	
Headline Profit Before Tax (£m)	24.4	16.0	+52%	+20% LFL
Headline Diluted EPS (pence)	5.8	4.0	+45%	
Net Debt (£m)	36.3	31.6	1.1x pro-rata EBITDA	
Headline Tax Rate	21%	18%	Increased US taxable profits	

# Divisional Summary

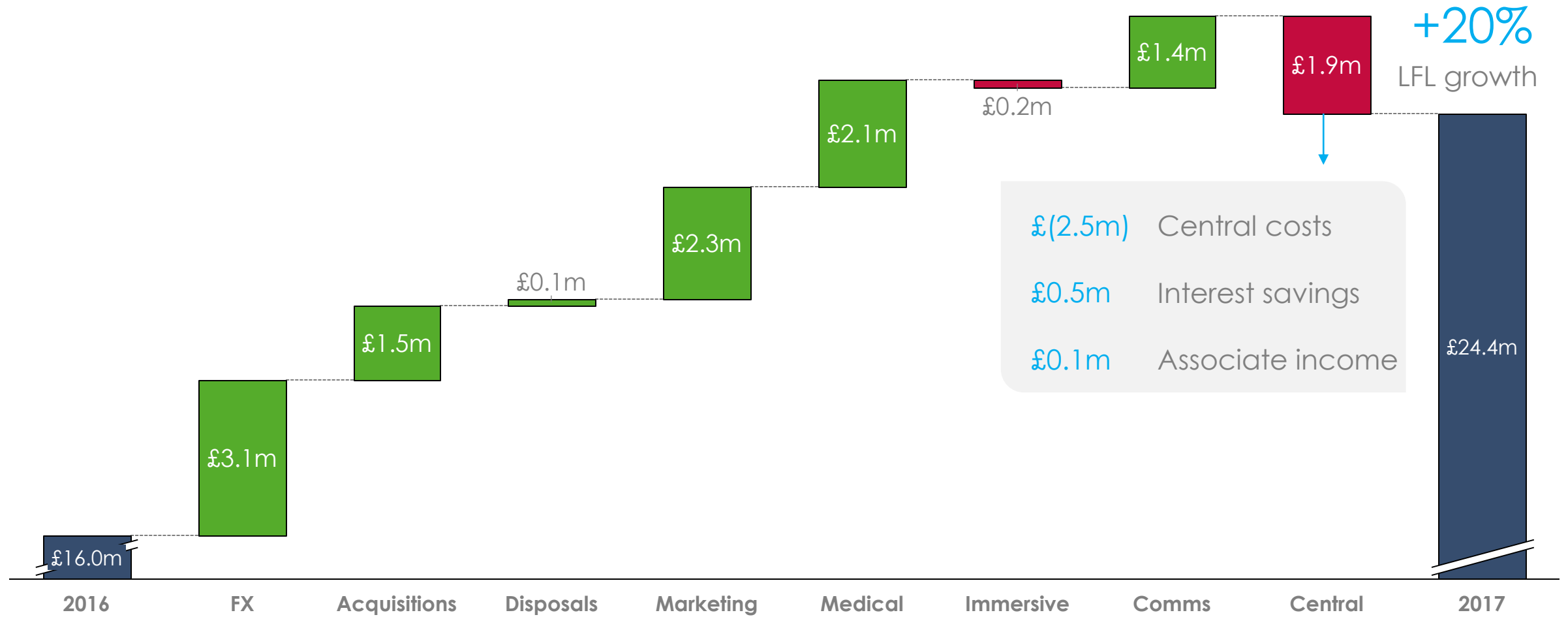
	Marketing	Medical	Immersive	Comms	Central costs* & associates	Total
Revenue (£m)	73.6	30.9	14.9	77.6	-	<b>197.0</b>
LFL Revenue Growth (%)	13.2%	17.7%	n/a	(6.5)%		<b>4.1%</b>
Headline Operating Profit (£m)	15.5	8.3	1.9	7.0	(6.3)	<b>26.4</b>
LFL Operating Profit Growth (%)	16.4 %	34.2%	n/a	24.3%	n/a	<b>15.6%</b>
Headline Operating Margin (%)	21.1%	26.9%	12.4%	9.0%	n/a	<b>13.4%</b>

\* Includes £1.1m gain on forward hedging instruments

# Revenue bridge: 2016 to 2017



# HPBT bridge: 2016 to 2017



# FX impact

	2018F	2017	2016
Average rates			
USD	1.40	1.24	1.40
EUR	1.15	1.15	1.33
Impact in 2017			
Revenue		+ £7.1m	
Profit		+ £3.1m	
Profit impact of 1c movement +/- in 2017			
USD		£150k - £175k	
EUR		£25k	

## 2017 impact

**£1.1m**

Translational gain

**£2.0m**

Incremental gains  
on forward contracts

## 2018 impact

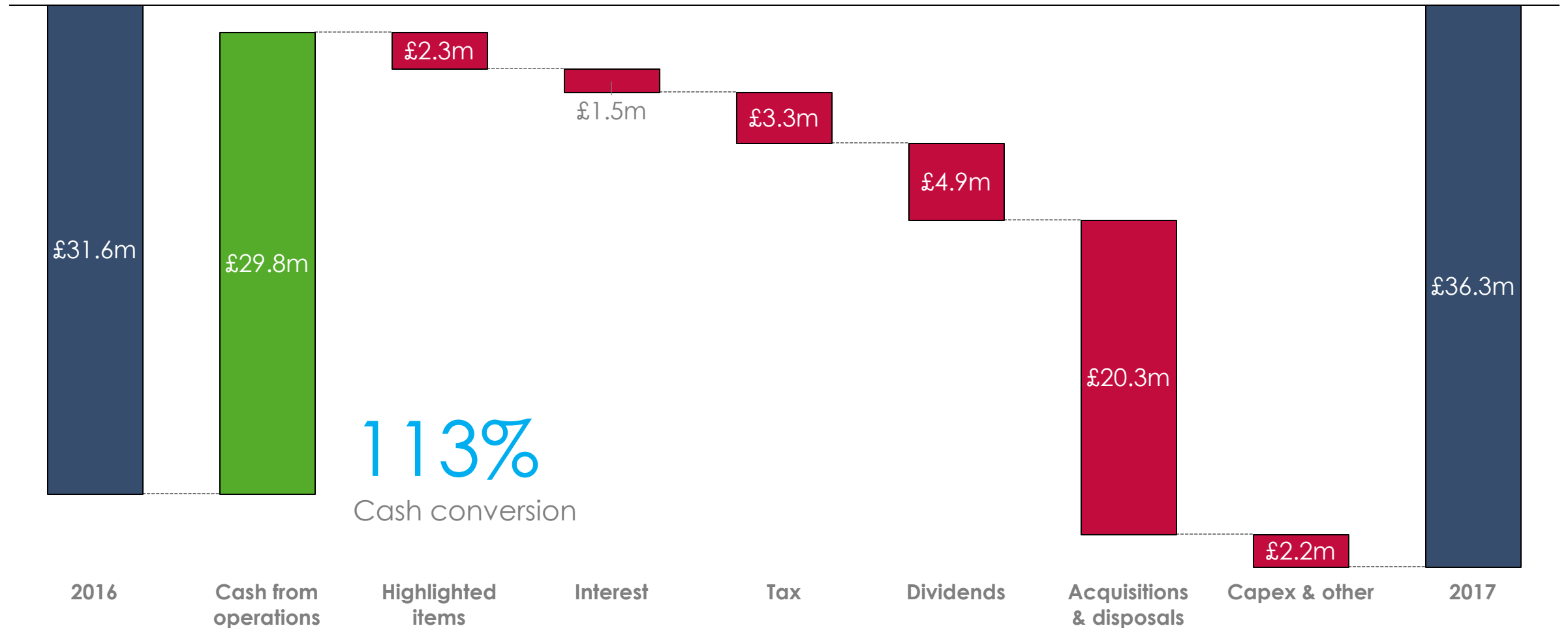
**c. £3m**

@ \$1.40

# Net debt bridge: 2016 to 2017

£21m

Free Cash Flow





# Net debt as at 31 December 2017

Net Debt:  
£36.3m

Facilities:  
£75m + £40m accordion

Leverage  
(pro-rata for acquisition):  
1.1x EBITDA

Term:  
Sep 2021

Significant headroom vs  
covenant – 3.0x EBITDA



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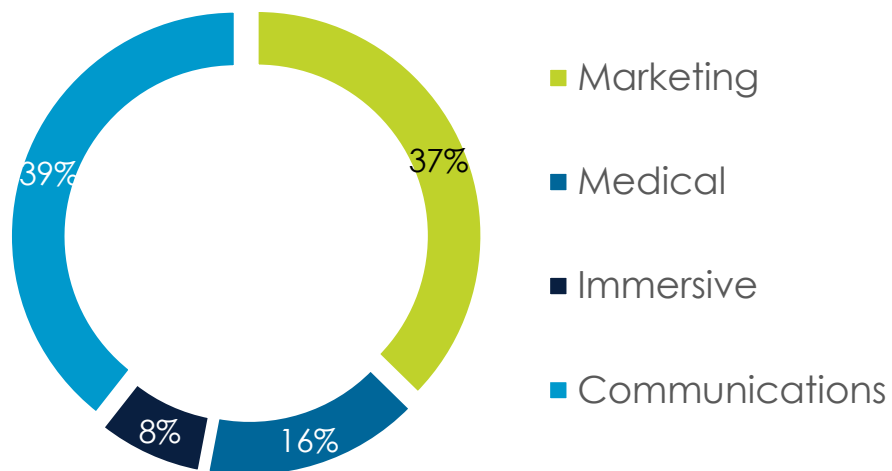
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Divisional analysis

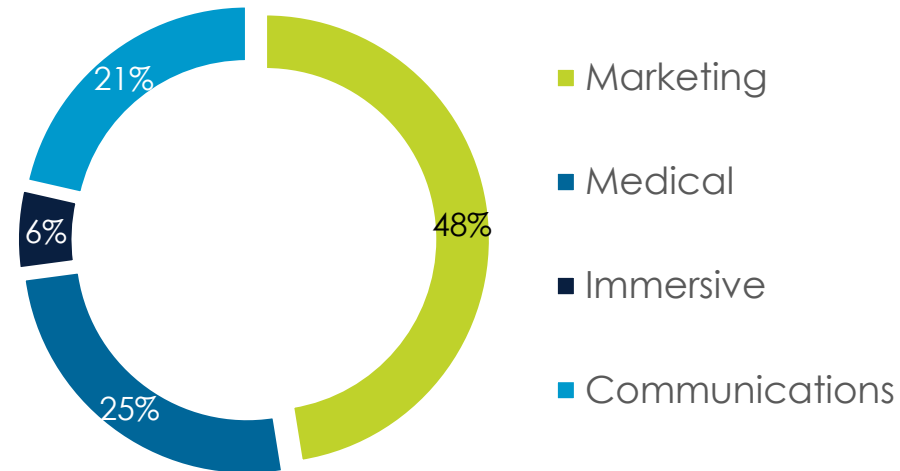
# Re-presenting the Group

## Reflecting increased Healthcare focus

### Revenue split



### Profit split



# Marketing



## Strong revenue and profit growth

- 13.2% like-for-like revenue growth
- 16.4% like-for-like profit growth
- Investment in Fabric, a start up multicultural agency
- Tonic and Nitrogen integrated into Evoke offering – single agency solution
- Acquisition of AboveNation Media in 2018

	2017	2016
Revenue £m	73.6	62.5
LFL growth	13.2%	16.3%
Operating profit £m	15.5	12.3
Margin	21.1%	19.7%



## What we do

- We market pharmaceutical, OTC and wellness brands to consumers and healthcare professionals, by:
  - Educating, building awareness, and driving retention for brands among patients and healthcare professionals
  - Providing a digital-centric service, mirroring consumer and professional behaviour
  - Creating more valuable and productive long-term relationships between our clients and their customers

# Medical



## Strong revenue and profit growth

- 17.7% like-for-like revenue growth
- 34.2% like-for-like profit growth
- Increased focus on consultancy led services
- Record revenue growth and improved operating margins

	2017	2016
Revenue £m	30.9	25.3
LFL growth	17.7%	17.0%
Operating profit £m	8.3	6.0
Margin	26.9%	23.5%



## What we do

- We support the planning, generation and communication of evidence across medical affairs and health economics
- We provide publication, medical education and market access services for pharmaceutical and biotech clients
- We focus on insight-driven strategy underpinned by data, analytics and stakeholder engagement powered by creative and digital experiences

# Immersive



## Acquisition of TCEG

- Acquisition of TCEG in July 2017, now integrated
- TCEG is performing ahead of expectations and brings new capabilities to the Group
- Strong potential for growth in the US

	2017	2016
Revenue £m	14.9	3.0
LFL growth	n/a	n/a
Operating profit £m	1.9	-
Margin	12.4%	-



## What we do

- We engage audiences through the creation and delivery of live experiences, film, immersive, interactive, training and scientific content
- We work with an international blue-chip client base across a range of sectors, with a particular strength in healthcare

# Communications



## Grayling returns to profit

- 24.3% like-for-like profit growth
- Closure of loss-making agencies in Grayling – decline in LFL revenues but a return to profit. Grayling UK returns to growth.
- Good performance from Red
- Mixed performance in CDR: strong in the Netherlands, weaker in the UK

	2017	2016
Revenue £m	77.6	89.3
LFL growth	(6.5)%	(9.3)%
Operating profit £m	7.0	5.5
Margin	9.0%	6.2%



## What we do

- Grayling is a global integrated communications network, covering public relations and public affairs
- Citigate Dewe Rogerson is an international financial and corporate public relations consultancy
- Red is a strategic communications consultancy offering PR, digital and content expertise





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Strategy



# Strategy

## Enhance Healthcare offering through:

- Leveraging Huntsworth Health for integrated clients
- Extension of offering into under served areas through:
  - Organic launches
  - Selective M&A in the core business
- Maintain balance sheet strength

# 2018 Outlook

- Health set for further good organic growth
- Strong balance sheet allows bolt on acquisitions
- Continued profit improvement in Communications division
- Negative impact from FX c. £3m (@ \$1.40)
- Further dividend progression



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Appendices

# Highlighted items

Restructuring  
complete

No  
impairment

£m	2017	2016
Acquisition related	0.4	(0.7)
Disposal related	(0.3)	(0.4)
Amortisation of acquired intangible assets	1.4	0.9
Impairment of goodwill	-	30.5
Impairment of software development costs	-	0.2
Restructuring costs	-	2.0
<b>TOTAL</b>	<b>1.5</b>	<b>32.5</b>

# Like-for-like adjustments

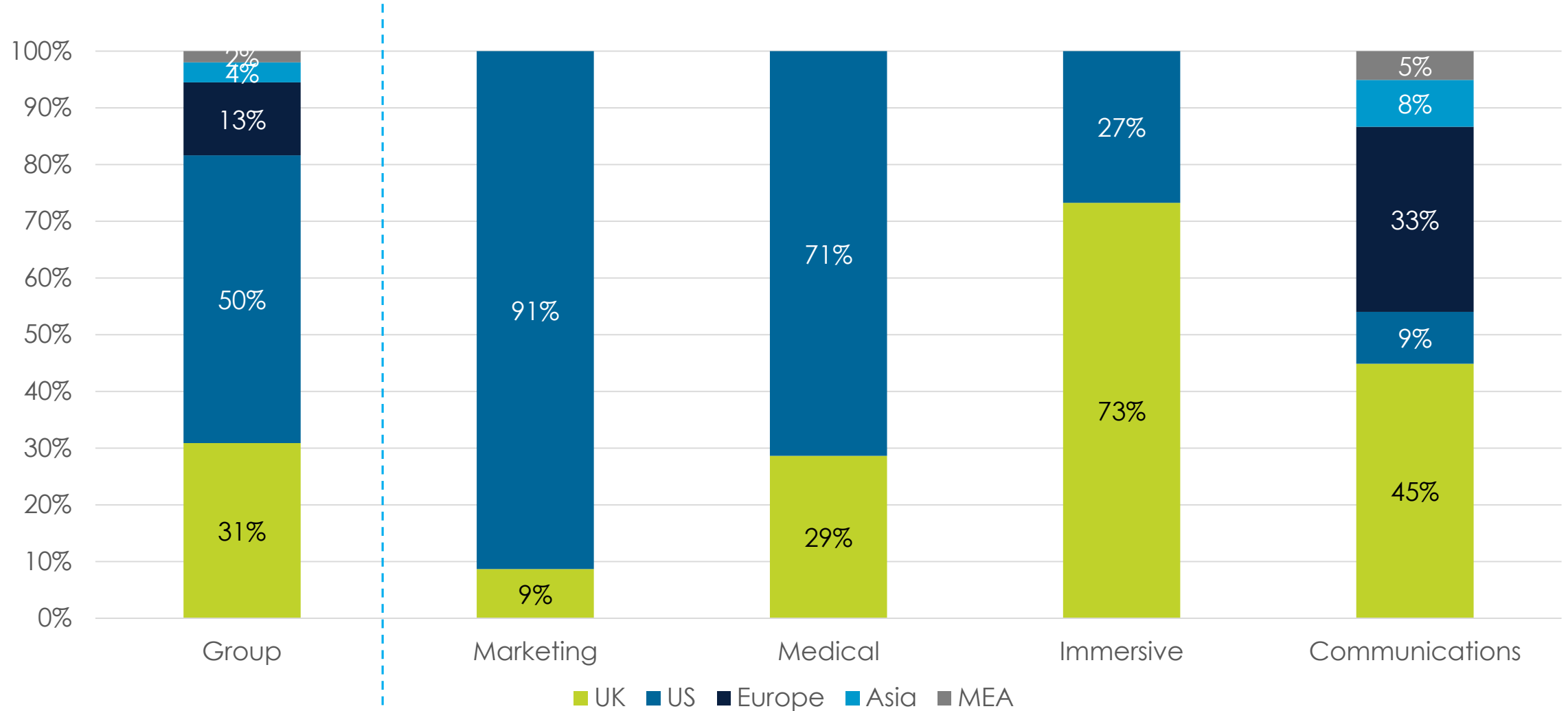
£m	Revenue	Operating Profit	Headline PBT
TCEG acquisition	(12.2)	(2.0)	(1.5)
2017 disposed operations	0.3	(0.3)	(0.3)
2016 disposed operations	9.4	0.2	0.2
<b>TOTAL</b>	<b>(2.5)</b>	<b>(2.1)</b>	<b>(1.6)</b>

Figures represent the year on year movement on acquisitions and disposals

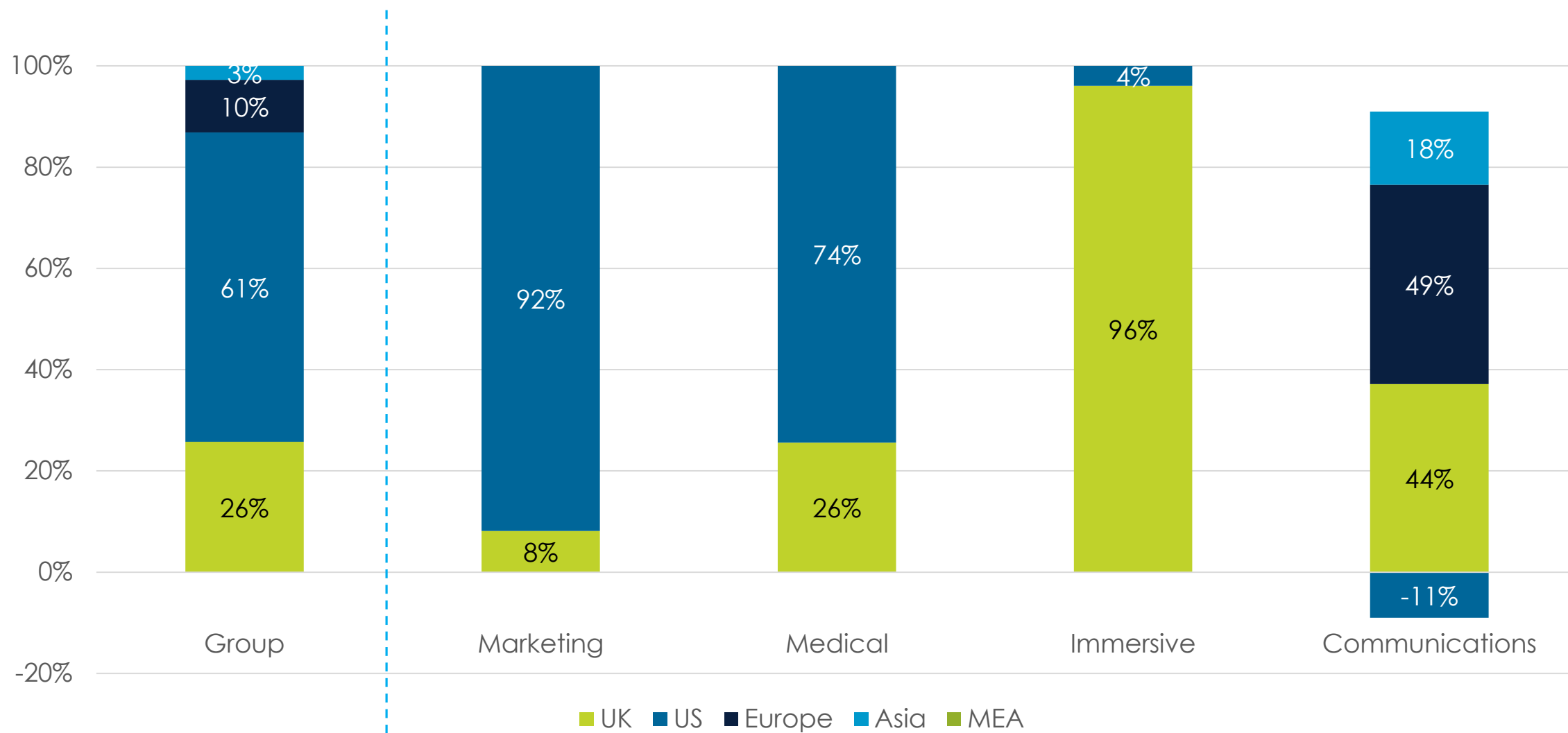
# Free Cash Flow

	£m
Cash from headline operations	29.8
Highlighted items	(2.3)
Interest	(1.5)
Tax	(3.3)
Capex	(2.0)
<b>TOTAL</b>	<b>20.7</b>

# 2017 divisional revenue by geography

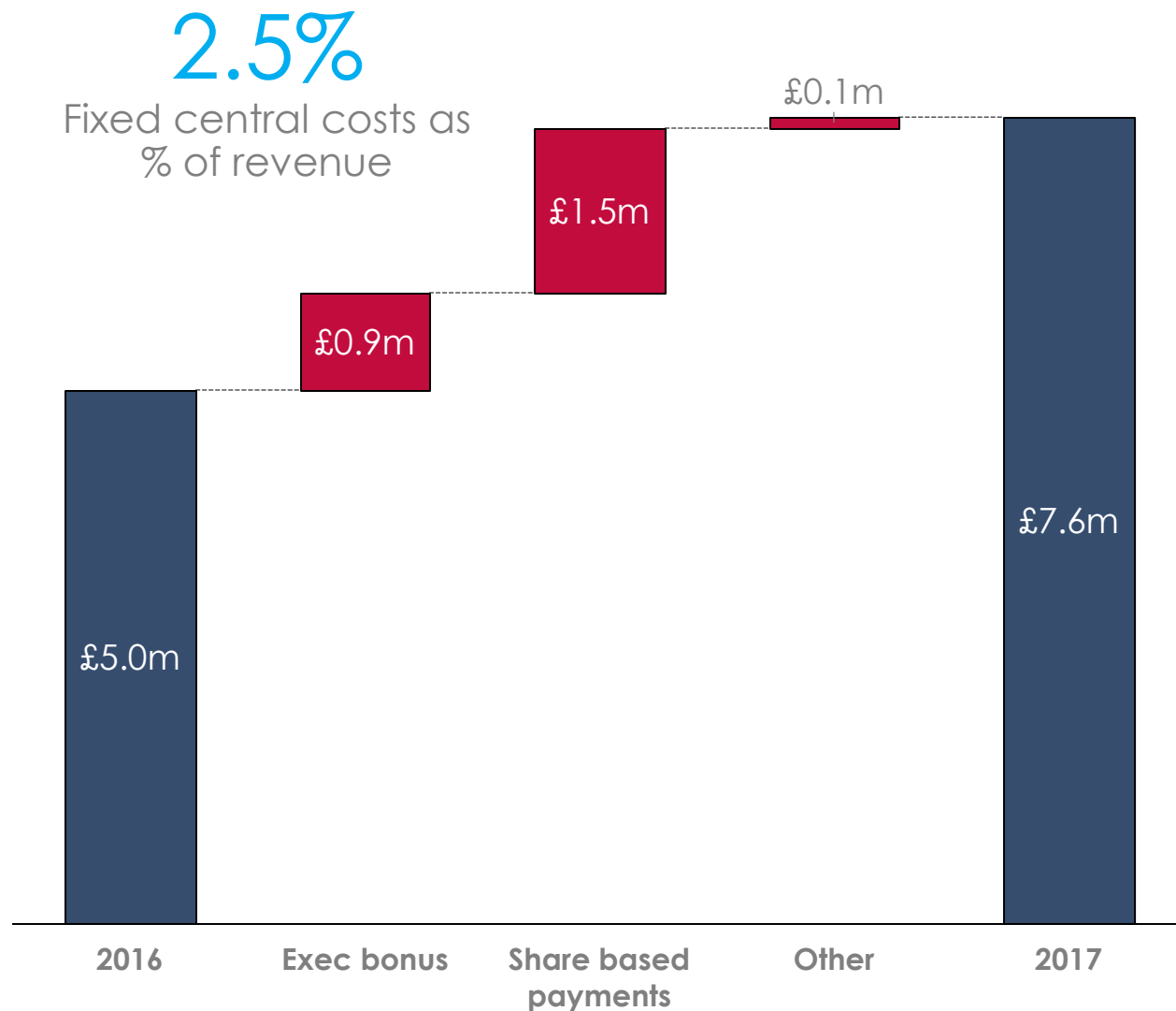
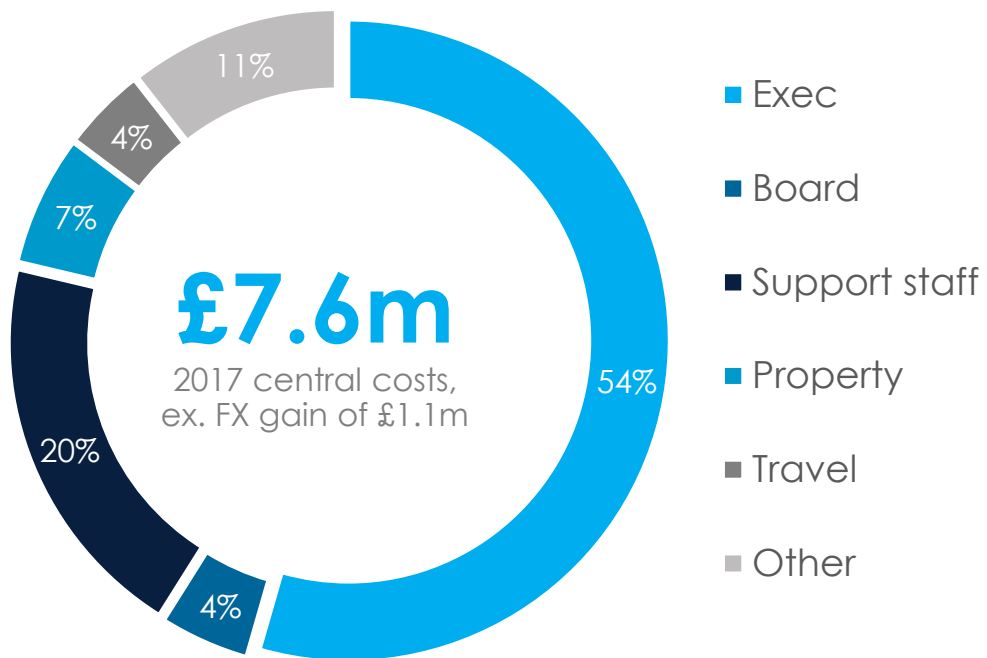


# 2017 divisional profit by geography





# Central costs analysis



# Consolidated balance sheet

£m	2017	2016
<b>Non-current assets</b>		
Goodwill & Intangibles	181.2	159.8
Other non - current assets	12.8	13.1
	<b>194.0</b>	<b>172.9</b>
<b>Current Assets</b>		
Trade debtors and other receivables	66.4	56.1
Other current assets	9.9	10.2
Cash and short-term deposits	10.1	15.0
	<b>86.4</b>	<b>81.3</b>
<b>Current Liabilities</b>		
Trade and other payables	(67.6)	(47.9)
Other current liabilities	(2.0)	(1.9)
Provisions	(0.6)	(2.0)
	<b>(70.2)</b>	<b>(51.8)</b>
<b>Non-current Liabilities</b>		
Bank loans and overdrafts	(45.7)	(45.4)
Other non current liabilities	(2.8)	(0.2)
Provisions	(1.3)	(1.6)
Trade and other payables	(3.0)	(2.9)
	<b>(52.8)</b>	<b>(50.1)</b>
<b>NET ASSETS</b>	<b>157.4</b>	<b>152.3</b>

# Deferred consideration

Above Nation:

£1.1m                      2019

£1.4m                      2021

# Shareholding at 13 February 2018

	% share capital	No. voting shares
Aberforth Partners	22.8	
Fidelity International	10.1	
Hargreave Hale Investment Managers	10.1	
JO Hambro Capital Management	7.8	
Kabouter Management	5.4	
Michinoko	5.0	
Miton Asset Management	5.0	
T Rowe Price Global Investments	4.0	
Lazard Asset Management	3.6	
JP Morgan Asset Management	1.9	
Other	24.3	
<b>TOTAL</b>	<b>100.0</b>	<b>331,858,168</b>

The shareholding figures and percentages in the table above include shares where the holder manages those shares on behalf of a third party (i.e. managed holdings) as well as shares beneficially owned indirectly or directly by the holder