



Results for the period ended 30 June 2019

Creating Advantage

Interim Summary: On Track

- Strong growth from Medical and Immersive divisions
- Marketing division in line with expectations with strong second half to come
- Comms division returns to growth
- Capabilities enhanced by acquisition of Creativ-Ceutical and KYNE
- Investment in capabilities to deliver second half growth
- Strong progress in reducing net debt
- Interim dividend increased to 0.75p

Medical
Immersive **+9% LFL**
+9% LFL

Marketing **Flat LFL**

Comms **+1% LFL**

£49m enterprise value acquired

Leverage **1.8x**
Cash conversion **100%**

Dividend **+7%**

Financial highlights

	H119	H118		LFL
Revenue (£m)	123.5	102.2	+21%	+3%
Headline Operating Profit (£m)	14.0	11.8	+19%	-17%
<i>Margin</i>	11.4%	11.6%		
Headline Profit Before Tax (£m)	11.4	11.0	+3%	-18%
Headline Diluted EPS (pence)	2.43	2.60	-6%	8% increase in weighted shares
Net Debt (£m)*	85.8	38.9	1.8x pro-forma EBITDA	
Headline Tax Rate	18%	20%	Reduction in US tax rate	

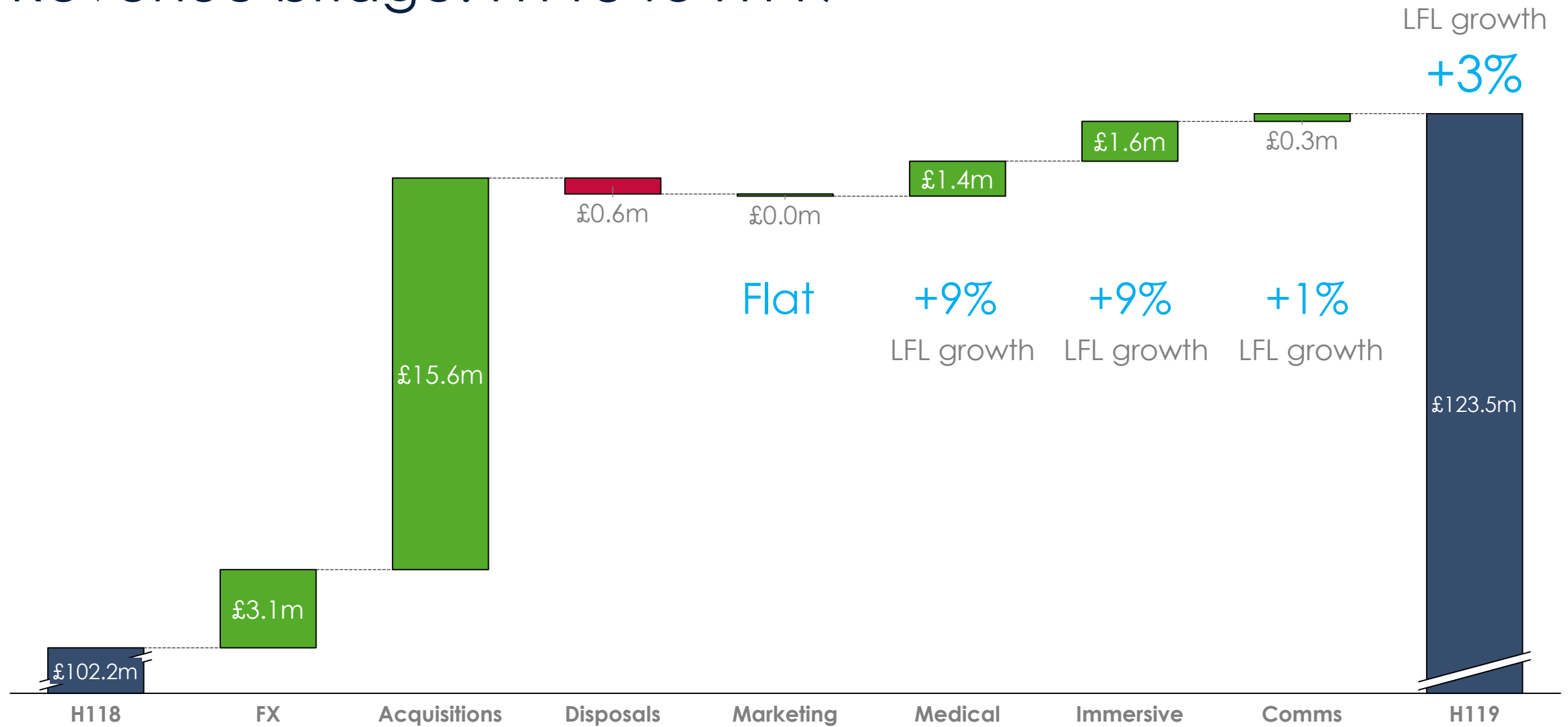
* Excluding IFRS 16 lease liabilities

Divisional Summary

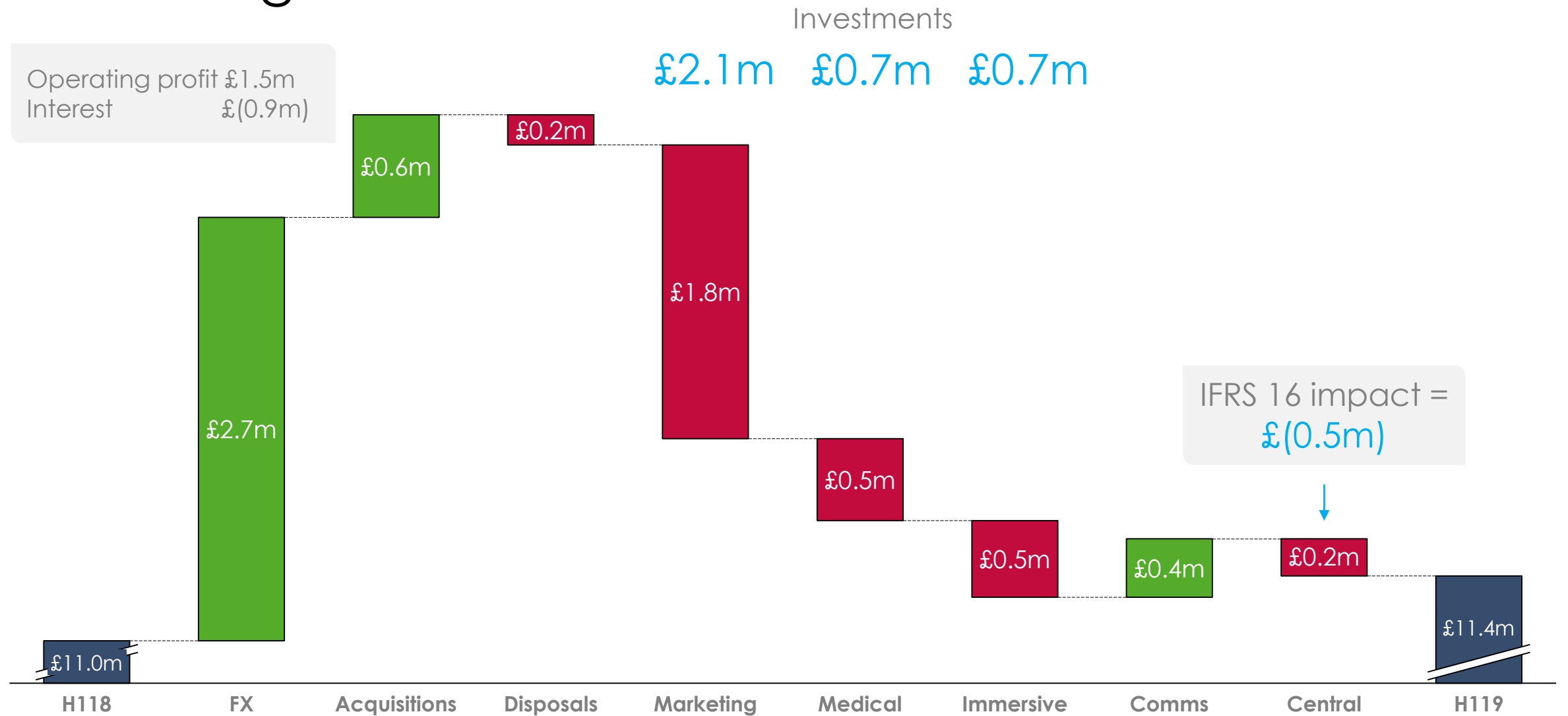
	HEALTHCARE			Comms	Central costs ¹ & associates	Total
	Marketing	Medical	Immersive			
Revenue (£m)	49.7	18.7	18.8	36.3	-	123.5
LFL Revenue Growth (%)	-	9%	9%	1%	-	3%
Headline Operating Profit (£m)	7.9	3.6	1.9	3.2	(2.6)	14.0
Underlying operating margin(%)	19%	22%	14%	9%	-	14%

1. Includes £1.2m gain on forward hedging instruments

Revenue bridge: H1 18 to H1 19



HPBT bridge: H118 to H119



FX impact

Average rates	H119	H118	H219	H218
USD	1.28	1.38	1.27?	1.38

	H119	H118	Movement
Impact on revenue (translational)			3.1
Gains / (losses) on H1 forwards	1.0	(0.3)	1.3
Gains / (losses) on H2 forwards	0.2	(0.5)	0.7
Impact from forwards	1.2	(0.8)	2.0
Translational impact			0.7
Impact on profit			2.7

Impact of 1c movement

£175k USD

75% hedged for 2019

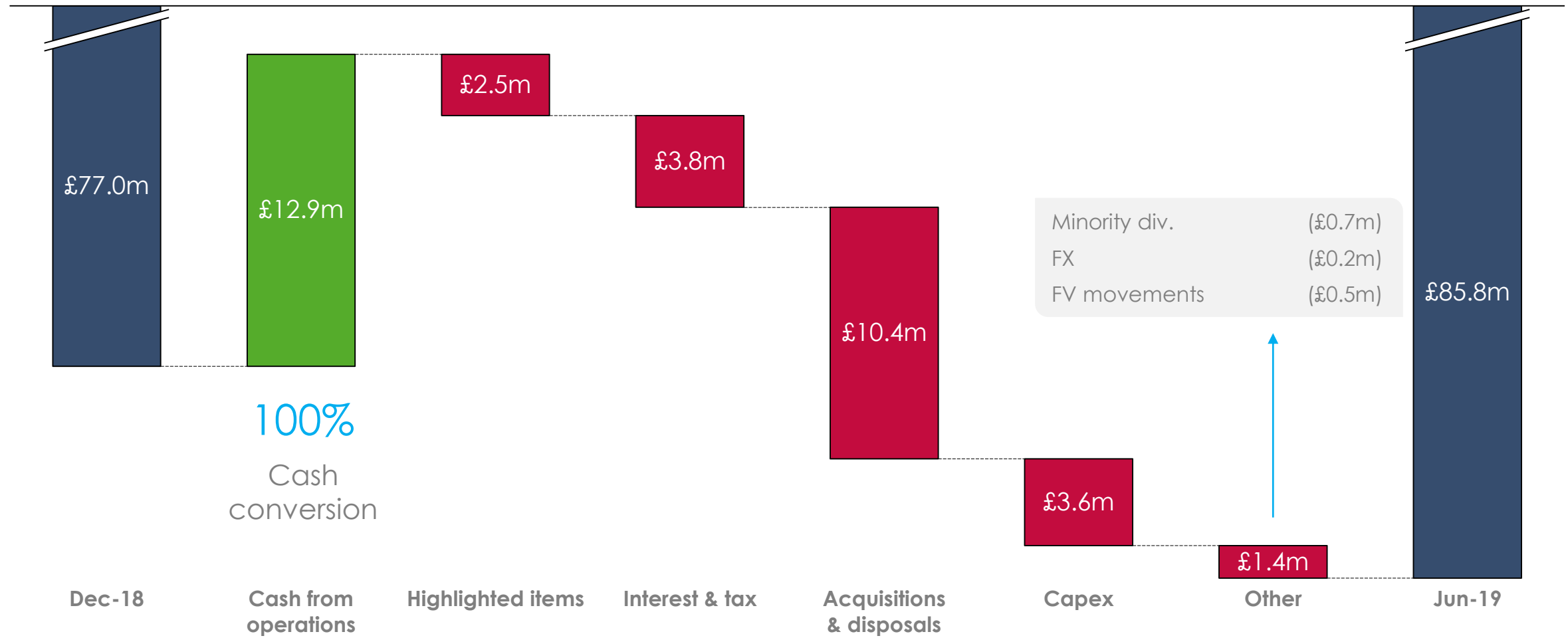
% of revenue

54% USD c. 55-60% annualised for acquisitions

32% GBP

14% EUR

Net debt bridge: Dec-18 to Jun-19



Net debt

At 30 June 2019

Net Debt:
£85.8m

Facilities:
**£130m +
£50m accordion**

Leverage:
1.8x EBITDA¹

1. Pro-forma for acquisitions

100%

H1 cash conversion 2019



41%

average H1 cash conversion 2014-18



Results for the period ended 30 June 2019

Divisional analysis

Medical



Strong revenue growth

- Continued strong performance, building on client mandates won in late 2018
- Investments in staff and property of £0.7m including the launch of Medistrava consulting, which has already won a number of new mandates
- Significant recent wins and strong pipeline of new opportunities expected to support strong H2

	H119	H118
Revenue £m	18.7	15.6
LFL growth	9%	16%
Operating profit £m	3.6	3.6
Underlying Margin	22%	23%



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

Marketing



Trading in line with expectations with strong H2 to come

- LFL revenues flat on H1 18, as expected, reflecting client shift in product delivery
- Focus on integrating Giant and Navience and investing in staff to enable the expanded Group to benefit from larger scale (£1.1m)
- Increased number of new business pitches and client wins support return to growth in H2
- Acquisition of KYNE has strengthened our PR offering and provided access to larger, more complex client briefs

	H119	H118
Revenue £m	49.7	33.3
LFL growth	-	(9)%
Operating profit £m	7.9	7.4
Margin	19%	22%



What we do

- We market pharmaceutical, OTC and wellness brands to consumers, healthcare professionals and the payer community, 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

Immersive



Excellent H1 but H2 headwinds to come

- Strong LFL revenue growth of 9.2%
- Investments in staff and property of £0.7m
- Launch of two new agencies: Axiom Europe to extend our sales training capabilities into Europe, and Forty1 to exploit the increasing need for employee engagement
- H2 likely to be impacted by slow-down in spend at larger clients together with drug failures

	H119	H118
Revenue £m	18.8	17.0
LFL growth	9%	11%
Operating profit £m	1.9	2.3
Margin	14%	14%



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



Return to LFL revenue growth

- LFL revenue growth of 1% after several years of decline, reflecting the benefits of our strategy of streamlining and rationalising our operations
- Continued strong growth in Grayling UK
- Good growth in CDR, led by an excellent performance in Asia
- Red returned to growth after client churn in 2017 / 2018

	H119	H118
Revenue £m	36.3	36.3
LFL growth	1%	(5)%
Operating profit £m	3.2	2.7
Margin	9%	7%



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



Results for the period ended 30 June 2019

Strategy

Delivering our strategy

Our strategy

Increase Healthcare and US presence

Extend offering by adding key capabilities

Integrate multiple capabilities for clients

Maintain balance sheet strength at c. 1.5x EBITDA

Progress

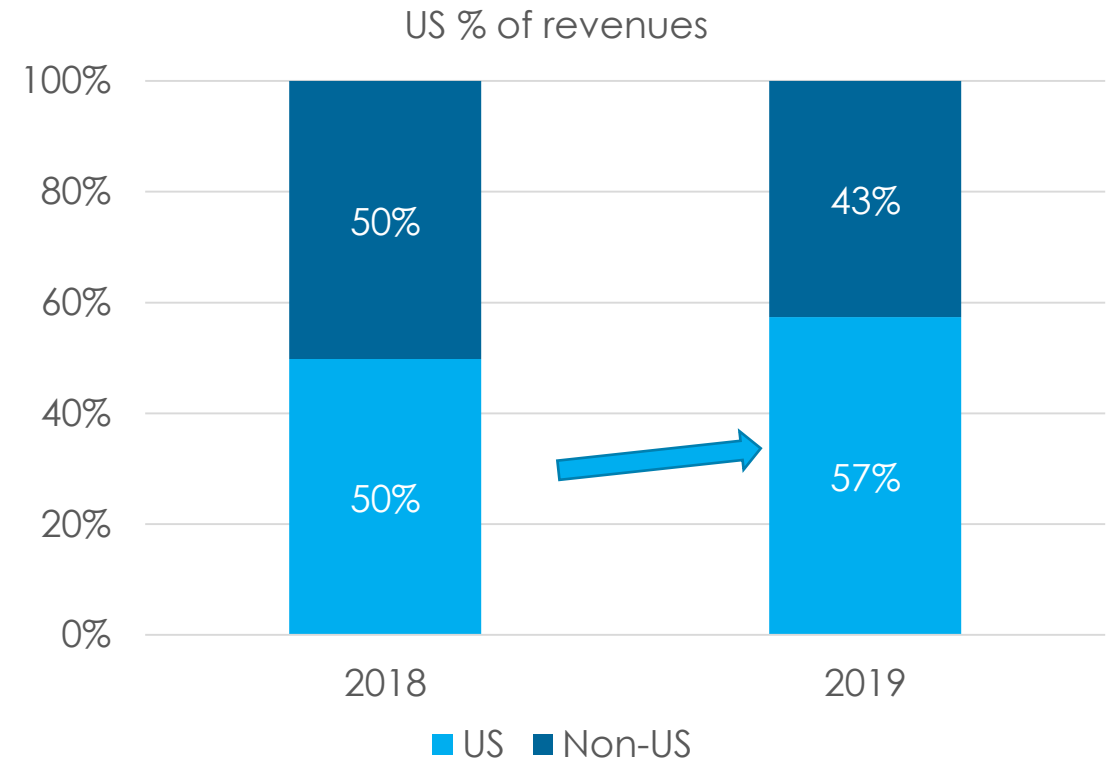
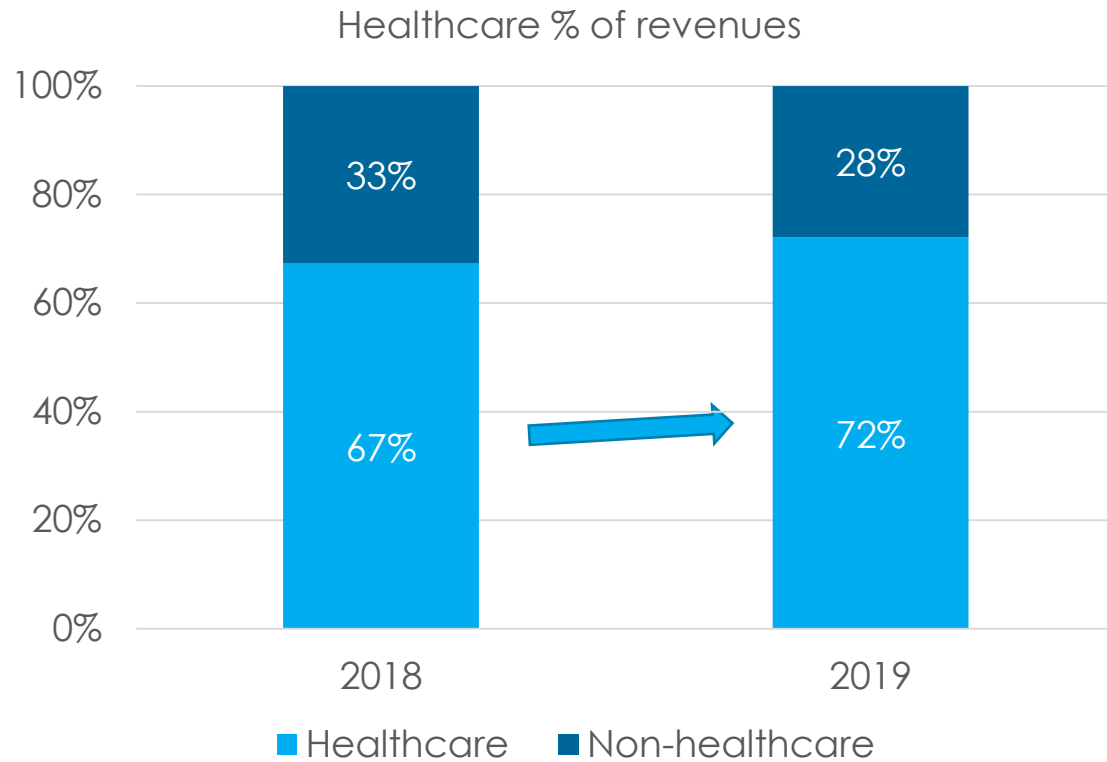
Expected share of revenues in 2019:

- Healthcare 72%
- US 57%
- Acquisition of Creativ Ceutical and KYNE
- Launch of Medistrava consulting in Medical
- Launch of Forty1 employee engagement brand in Immersive

Increased level of joint pitches within each of the Healthcare divisions supporting strong H2 growth

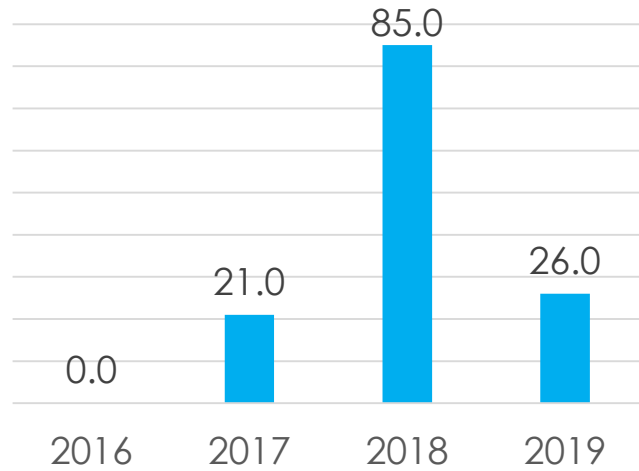
- Significant H1 deleveraging
- Further progress towards our leverage target by year end

Growing Healthcare and US focus

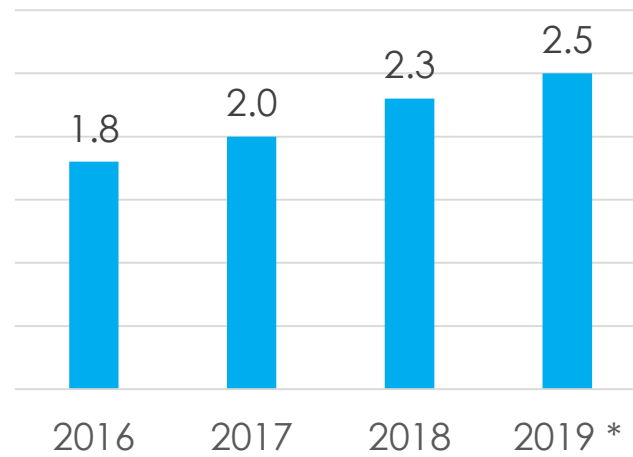


2019 based on analyst estimates

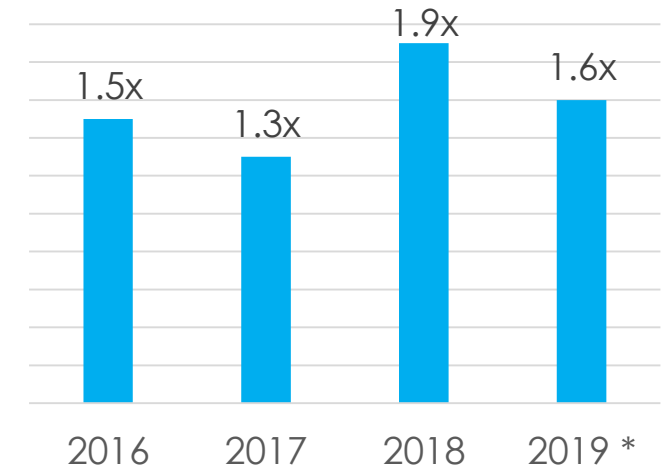
Capital Allocation Model with 3 core priorities



Value accretive acquisitions
£m



Progressive dividend policy
pence



Conservative balance sheet
Net Debt / EBITDA

* Based on analyst consensus

H2 Outlook

- Marketing to return to **positive LFL growth**
- Medical set for **further good organic growth**
- Communications on track to deliver **further revenue and profit improvements**
- Immersive **facing headwinds** due to slowdown in client spend
- **Positive contribution** from KYNE and CC acquisitions
- Further **deleveraging** towards our 1.5x target



Results for the period ended 30 June 2019

Appendices

Like-for-like adjustments

£m	Revenue	Operating Profit	Headline PBT
H118 adjustments			
Reported	102.2	11.8	11.0
Foreign exchange	3.1	1.5	1.5
Disposed operations	(1.8)	(0.1)	(0.1)
LFL	103.5	13.2	12.4
H119 adjustments			
Reported	123.5	14.0	11.4
Foreign exchange	-	(1.2)	(1.2)
IFRS 16 impact		(0.5)	0.5
Acquisitions	(15.6)	(1.5)	(0.6)
Disposed operations	(1.2)	0.1	0.1
LFL	106.7	10.9	10.2

Highlighted items

£m	H119	H118
Revaluation of deferred consideration and put options	0.7	-
Acquisition costs	(1.0)	(0.1)
Disposal related *	(3.4)	0.6
Amortisation of acquired intangible assets	(3.2)	(1.1)
Property consolidation	(5.2)	-
Imputed interest on deferred consideration and put options	(0.3)	-
TOTAL	(12.4)	(0.6)

* Relates to Grayling MEA held for sale. Prior year relates to gain on contingent consideration receivable in respect of the disposal of Whiteboard Advisors in H1 18

Cashflow detail

Operating cash conversion

	£m
Cash from operations before highlighted items	17.2
Repayment of finance lease liabilities	(4.3)
Operating cashflow	12.9
Operating profit before highlighted items	14.0
Finance lease interest	(1.1)
Operating profit include property charges	12.9
Cash conversion	100%

Cash from acquisitions / disposals

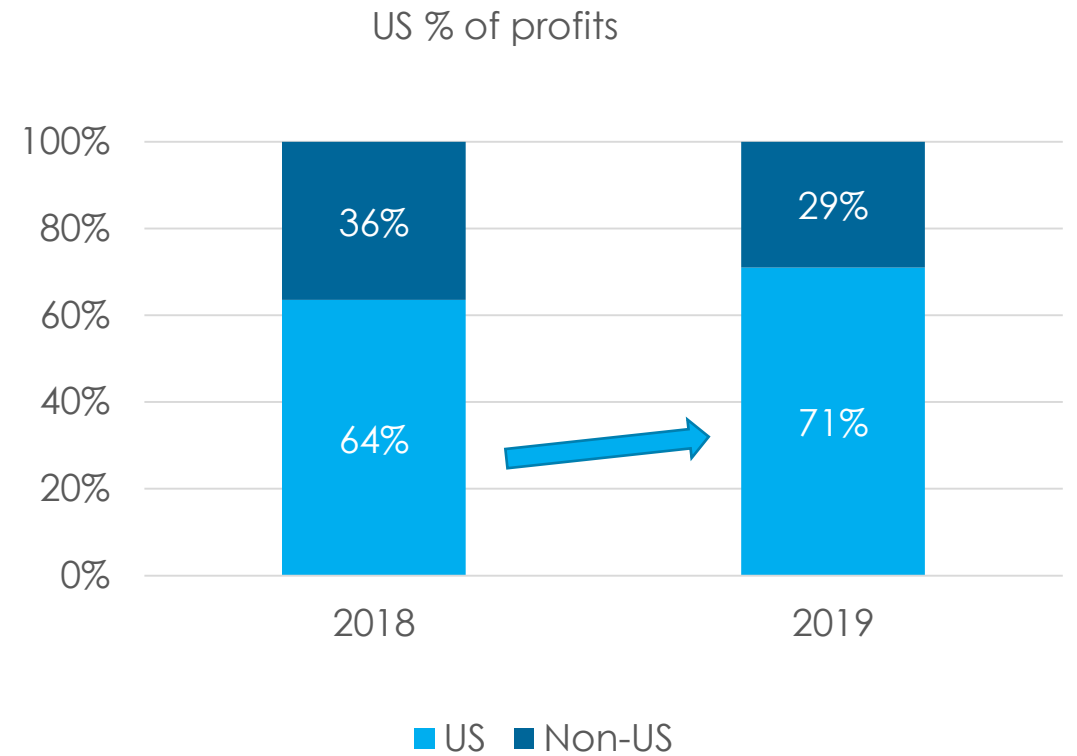
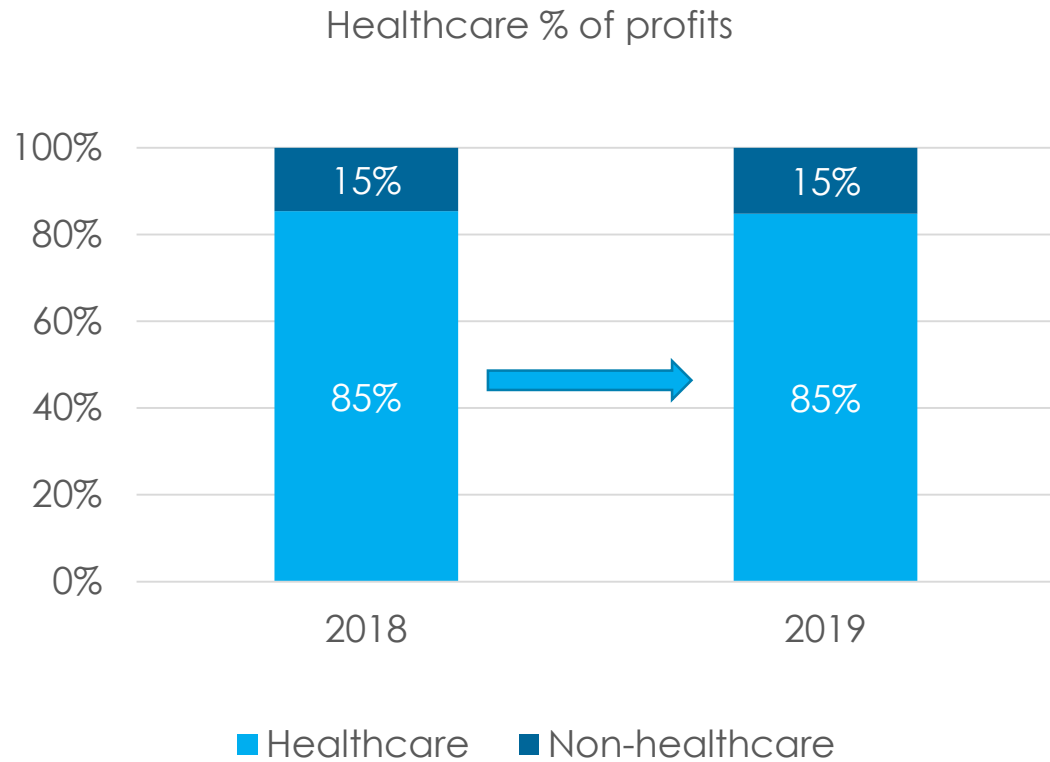
	£m
KYNE	(13.4)
CC	(17.1)
Equity raise	15.9
Cash acquired	9.8
Cash held for sale	(0.2)
Deferred consideration (paid) / received	(5.4)
Cash outflow from acquisitions / disposals	(10.4)

Pro-forma EBITDA

	£m
Operating profit before highlighted items	35.4
Share options	1.4
Depreciation & amortisation	3.8
Non controlling interest	(0.8)
Pro-forma effect of acquisitions	
Navience	1.6
KYNE	1.7
Creativ Ceutical	3.3
Pro-forma EBITDA	46.4
Statutory Net debt	131.8
Exclude IFRS 16 lease liabilities	(46.0)
Adjusted Net Debt	85.8

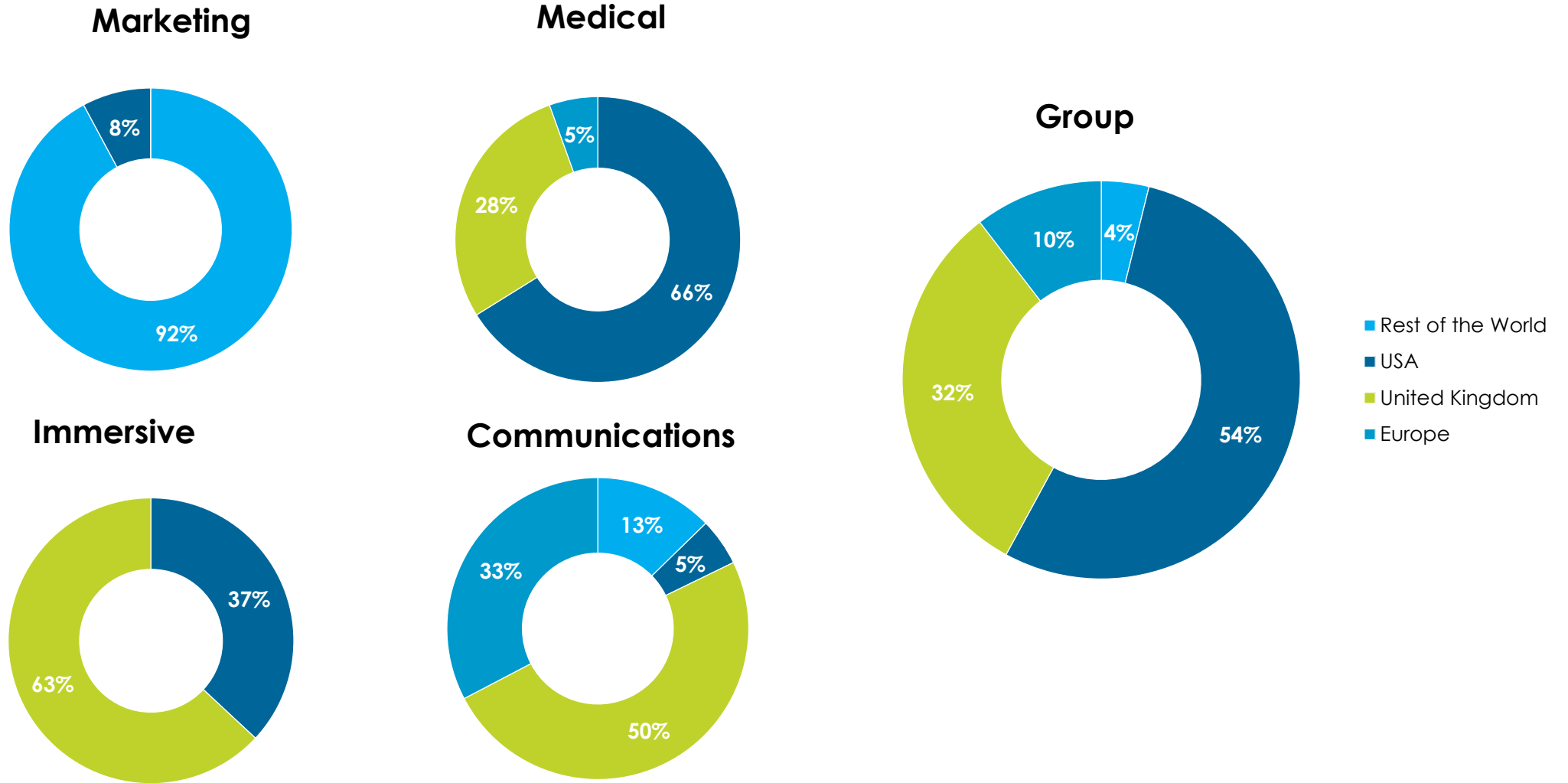
1.8x leverage

Growing Healthcare and US focus

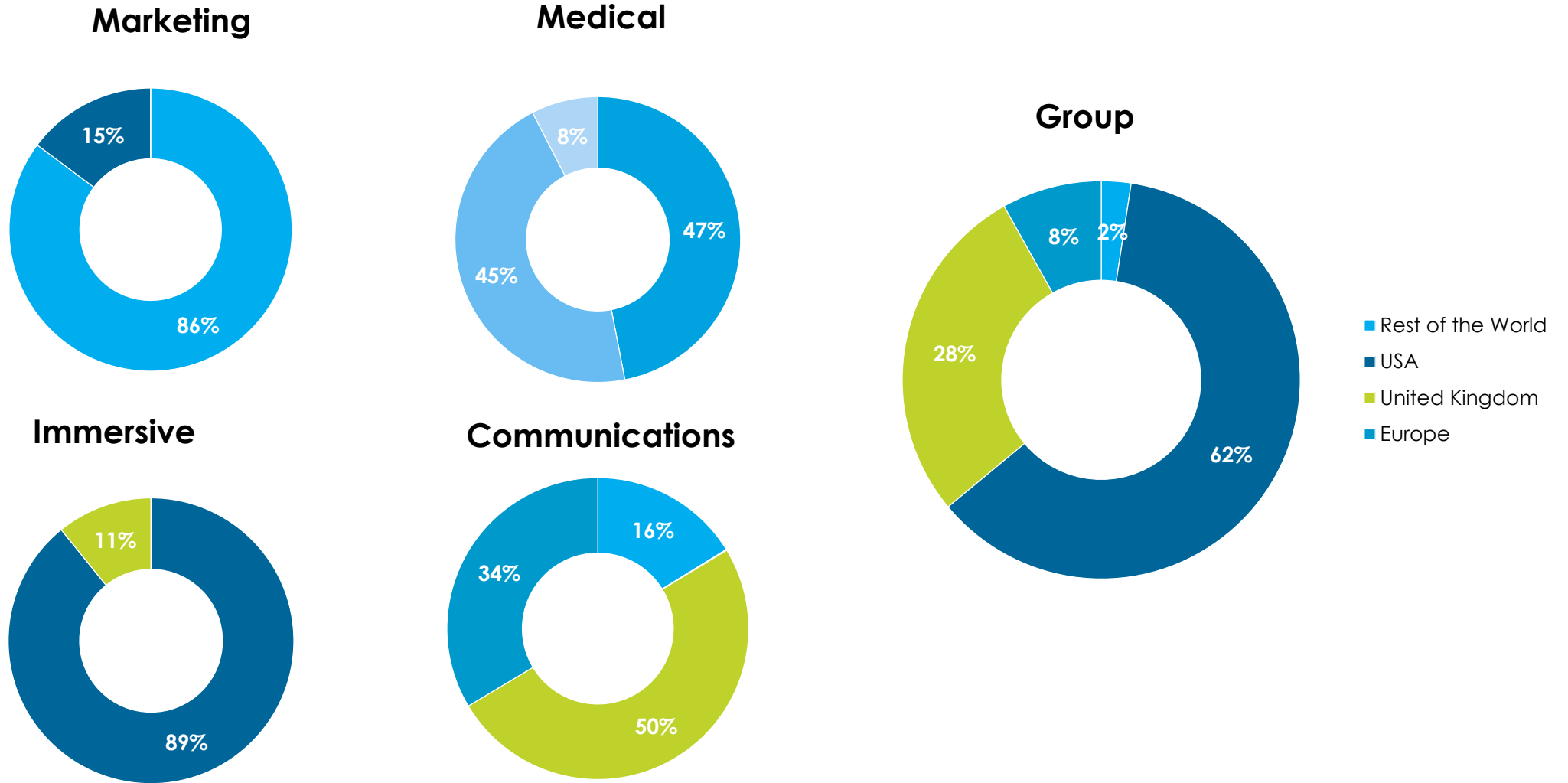


2019 based on analyst estimates

HY19 divisional revenue by geography



HY19 divisional headline operating profit by geography



Deferred consideration and put/call liabilities

£'m		2019	2020	2021	2022	2023
Above Nation	Put option					2.9
Navience	Deferred consideration		10.2			
	Put option				8.3	
Giant	Put option			4.9		
KYNE	Working capital acquisition	3.0				
	Deferred consideration			6.1		
	Put option					4.3
Creativ Ceutical	Deferred consideration		7.6	2.0		
	Put option					13.3
		3.0	17.8	13.0	8.3	20.5

* Huntsworth has the option to equity settle all deferred consideration and put/call liabilities

Consolidated balance sheet

£m	Jun-19	Jun-18	Dec-18
Non-current assets			
Goodwill & Intangibles	344.9	185.4	287.3
Other non - current assets	55.9	12.6	13.0
	400.8	198.0	300.3
Current Assets			
Trade debtors and other receivables	94.1	81.8	82.0
Other current assets	11.2	13.1	9.5
Cash and short-term deposits	18.6	11.6	22.8
	123.9	106.5	114.3
Current Liabilities			
Trade and other payables	(86.8)	(78.0)	(69.4)
Other current liabilities	(15.2)	(2.0)	(2.7)
Provisions	(1.9)	(1.1)	(6.4)
	(104.0)	(81.1)	(78.5)
Non-current Liabilities			
Bank loans and overdrafts	(96.8)	(49.2)	(99.2)
Other non current liabilities	(52.4)	(3.3)	(8.8)
Provisions	(68.0)	(4.6)	(28.0)
Trade and other payables	-	(3.7)	(4.1)
	(217.2)	(60.8)	(140.1)
NET ASSETS	203.5	162.6	196.0

Shareholding at 8 July 2019

	% share capital	No. voting shares
Aberforth Partners	12.1	
Canaccord Genuity Wealth Management	9.0	
Merian Global Investors	8.7	
Fidelity International	8.7	
Aviva Investors	8.3	
Kames Capital	5.9	
Kabouter Management	5.0	
Michinoko	4.8	
Miton Asset Management	3.6	
BlackRock	3.4	
Other	30.5	
TOTAL	100.0	368,870,178

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