

HUNTSWORTH

INTERIM RESULTS

6 MONTHS TO 30 JUNE 2016

26 JULY 2016

Overview H1 2016

- Group revenues £86.6m,+4% → L4L +0.3%
- Growth in 3 of 4 divisions → Health +18%, L4L +11%
- Headline PBT £6.4m,+21% → Driven by Health and cost savings
- Grayling underperformance → Revenue -12%, L4L -15%
- Accelerated Grayling restructure → Exit US State Lobbying business
- Dividend held at 0.5p → Confidence in future

Headline results are stated before highlighted items

HUNTSWORTH

FINANCIAL RESULTS

Financial Results – H1 2016

Highlights

	H1 2016	H1 2015	
Revenue £m	86.6	83.2	• L4L growth of 0.3%
Headline Operating profit £m / (OP margin %)	7.3 (8.5%)	6.3 (7.6%)	• 16% growth
Headline Profit before tax £m	6.4	5.3	• 21% growth
Headline Diluted EPS (pence)	1.4	1.2	• 17% growth
- Impairment £m	(15.0)	(48.8)	• Grayling
- Net Debt £m	37.1	33.5	• Increasing working capital requirements
- Headline Tax Rate %	29%	27%	• ETR increasing as US profits rise.

Financial Results H1 2016

Divisional Results Summary



GRAYLING

Citigate
Dewe Rogerson

red

Central
Costs

Total

Revenue £m	41.5	27.8	10.7	6.6	-	86.6
L4L Revenue Growth %	11.4%	(14.7%)	4.4%	3.5%	0.0%	0.3%
Headline Operating Profit £m *	8.0	(0.1)	1.6	1.2	(3.4)	7.3
OP Growth*	14.2%	(125.7%)	5.6%	10.8%	3.1%	16.0%
Headline Operating Margin %	19.4%	(0.3%)	15.1%	18.2%	0.0%	8.5%

*At constant currency

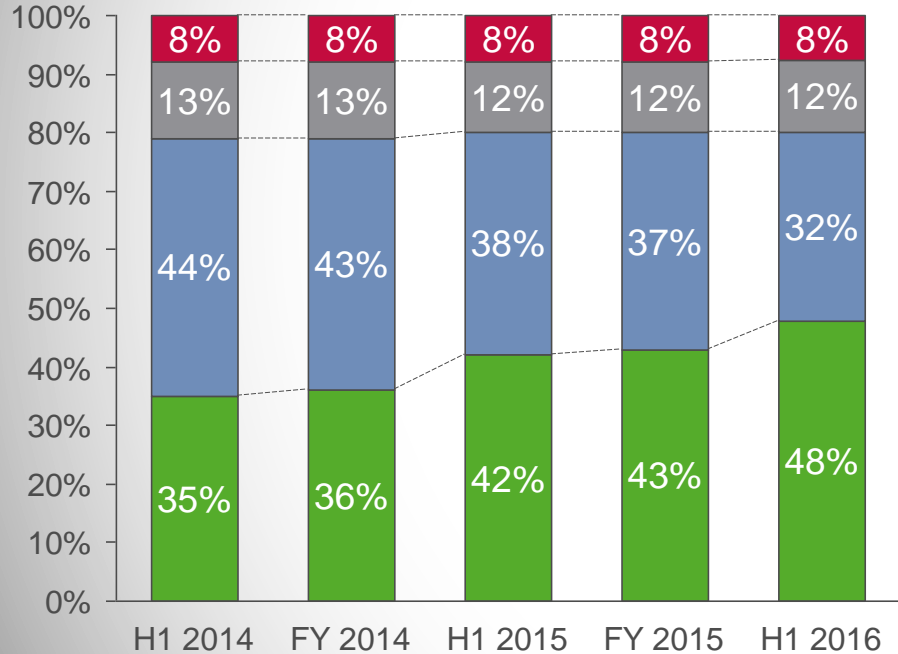
Financial Results H1 2016

Revenue bridge

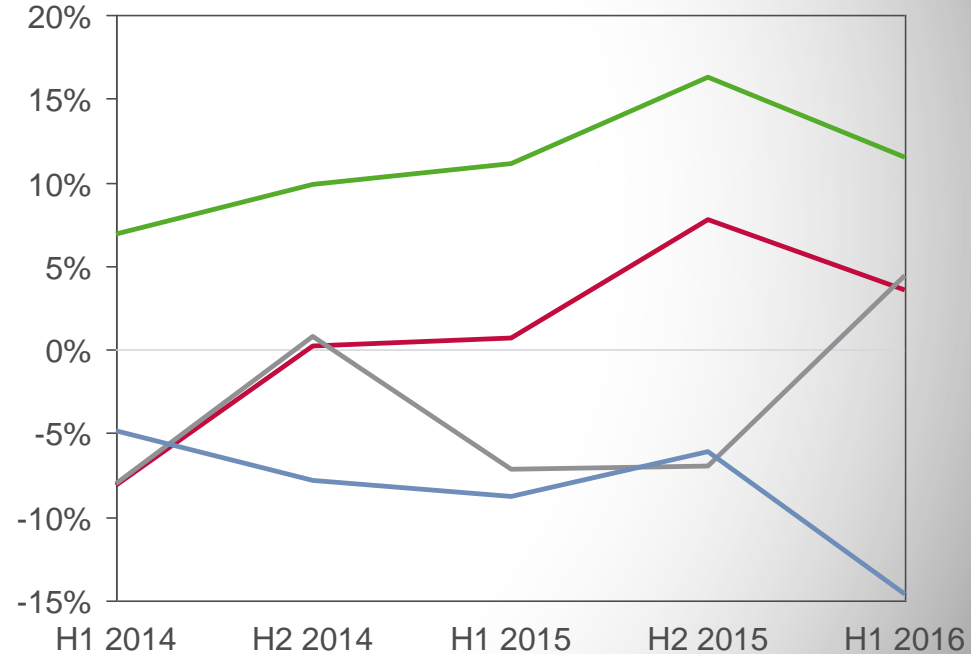


Financial Results H1 2016

Revenue by Division

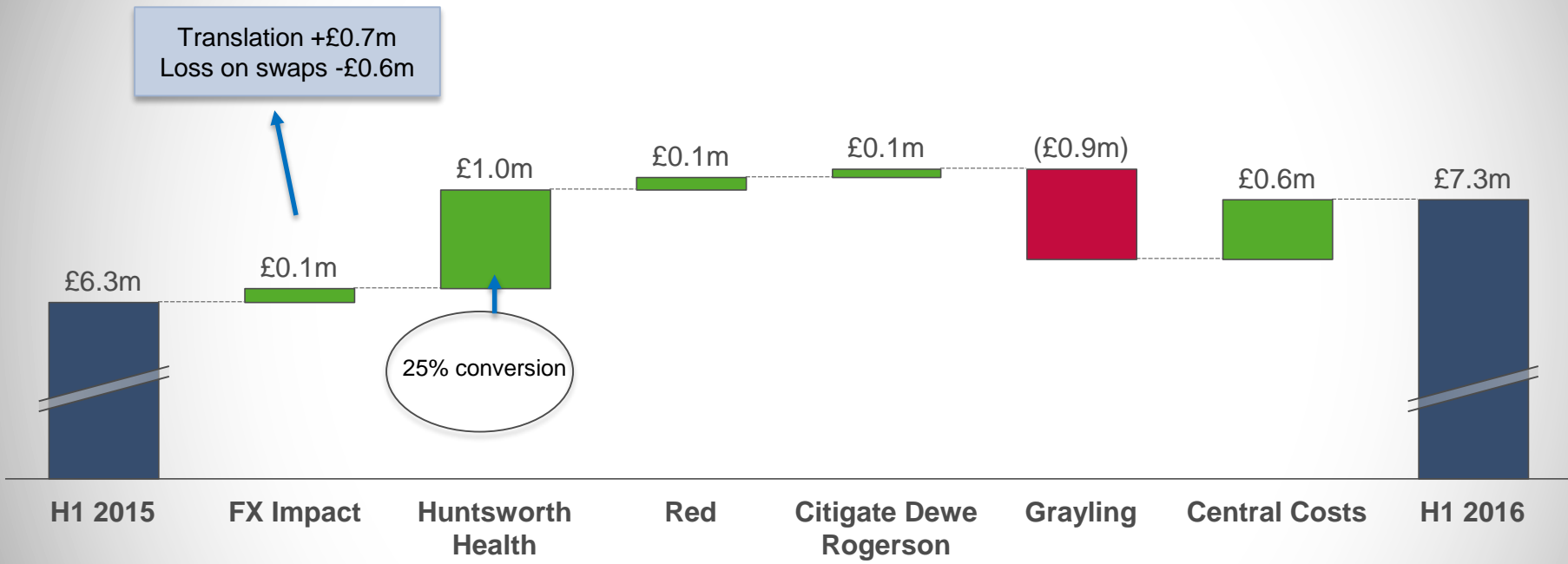


L4L Revenue Growth



Financial Results H1 2016

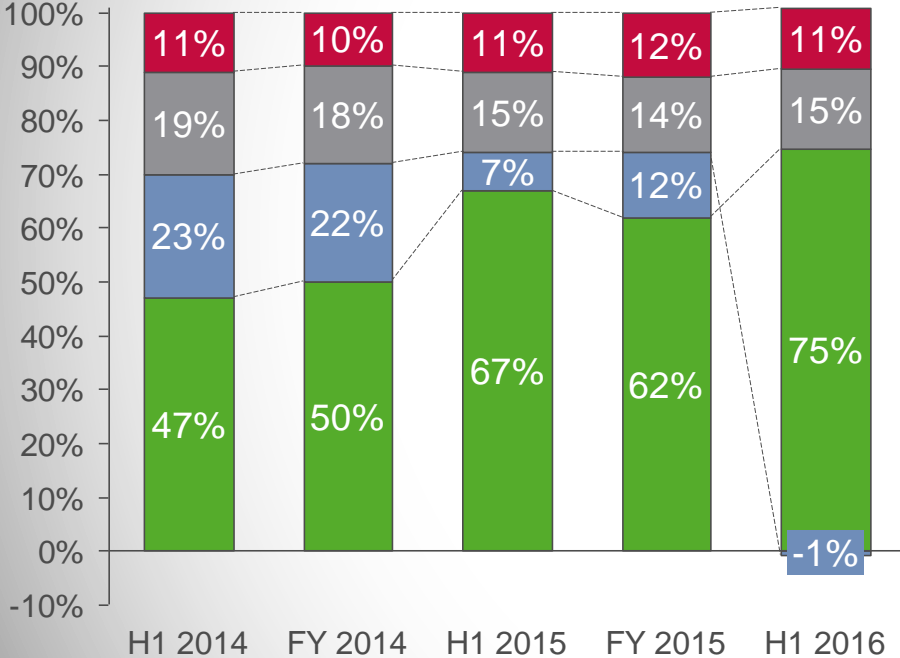
OP bridge



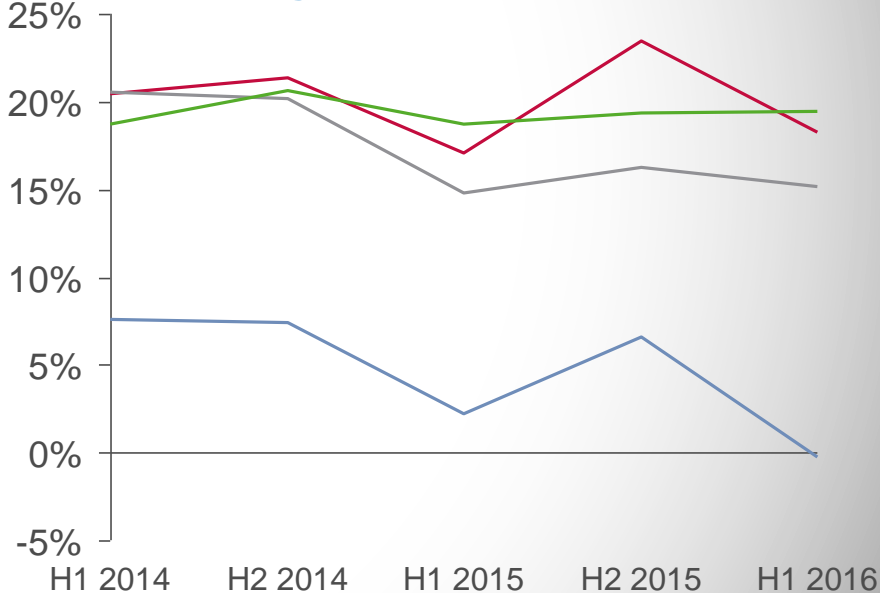
Note: Figures exclude highlighted items and are based on constant currency

Financial Results H1 2016

Operating Profit by Division



OP Margin %



Financial Results H1 2016

Highlighted items

£m	H1 2016	H1 2015	Commentary on H1 2016
Goodwill Impairment (non-cash)	(15.0)	(48.8)	• Grayling
Restructuring costs	(0.4)	(1.3)	• Grayling US
Amortisation of intangibles (non-cash)	(0.4)	(0.4)	
Impairment of software development costs (non-cash)	0.0	(0.6)	
Acquisition and transaction related credit	0.7	0.0	• Reduced earn-out
Total highlighted items	(15.2)	(51.1)	

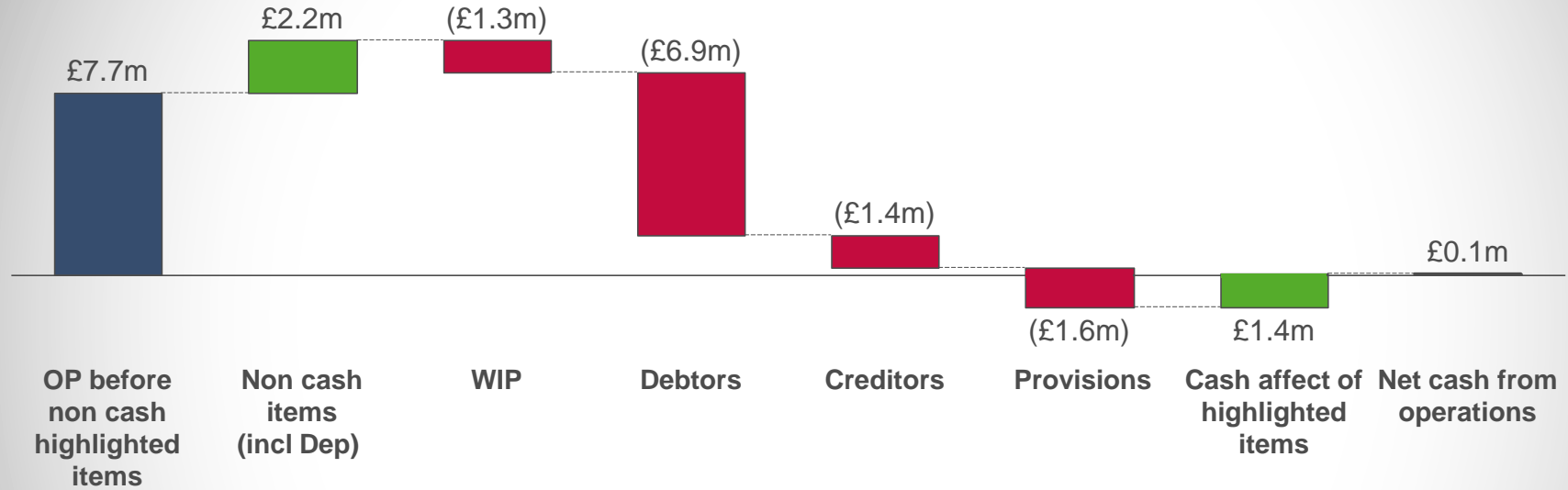
Financial Results H1 2016

Net Debt movement



Financial Results H1 2016

Working capital movement £m



- **WIP** - Client profile requires agency to bear upfront costs
- **Debtors** - Client profile (Health) - worse invoicing terms
- **Creditors** - Normalised creditor payment terms
- **Provisions** - Cash payment made for 2015 highlighted items

Financial Results H1 2016

Net Debt

Net Debt @ 30/06/16 - £37.1m



Circa 2 x EBITDA*



Facilities - £70m



Term – May 2019



Significant headroom on covenants



No deferred consideration due

* Analysts consensus - £19.9m

HUNTSWORTH

DIVISIONAL ANALYSIS

- ❑ Revenue growth +11.4% on a like-for-like basis
- ❑ Evoke Health +21.9% like-for-like revenue growth
- ❑ Apothecom +15.1% like-for-like revenue growth

	H1 2016	H1 2015
Revenue £m	41.5	35.2
L4L growth %	11.4%	10.3%
OP £m	8.0	6.6
Margin %	19.4%	18.7%

- Integration of two new agencies, TraverseHealth Strategy and FIRSTHAND
- Underperforming agencies being addressed
- Strong revenue growth to continue into H2 2016

- ❑ Revenue decline of 14.7% on a like-for-like basis
 - ❑ £15m Goodwill Impairment
 - ❑ Reshaping the US, commencing our exit from the US state lobbying business, rationalising the US PR offering and reducing overheads
-
- Continental Europe business remains resilient
 - UK business stabilised
 - META and US work-in-progress
 - Return to stronger profitability in 2017

	H1 2016	H1 2015
Revenue £m	27.8	31.7
L4L growth %	(14.7%)	(8.8%)
OP £m	(0.1)	0.7
Margin %	(0.3%)	2.3%

- ❑ Revenue growth +4.4% on a like-for-like basis
- ❑ UK L4L revenue growth of +5.3%, following staff investment
- ❑ Asia like-for-like revenue growth of +6.0%
- ❑ New York presence established in January 2016
- Brexit uncertainty in the UK
- France, Netherlands and Asia performing well

	H1 2016	H1 2015
Revenue £m	10.7	10.0
L4L growth %	4.4%	(7.2%)
OP £m	1.6	1.5
Margin %	15.1%	14.7%

- ❑ Revenue growth +3.5% on a like-for-like basis
 - ❑ Margins increased by 1.2% to 18.2%
 - ❑ Media employer of the year
-
- Potential for H2 to flatten - off post Brexit
 - Increase focus on content marketing

	H1 2016	H1 2015
Revenue £m	6.6	6.4
L4L growth %	3.5%	0.7%
OP £m	1.2	1.1
Margin %	18.2%	17.0%

Outlook

- Health set to continue to grow strongly
- Complete Grayling restructure to position for 2017 profit growth
- Further streamline overheads
- UK uncertainties could drag on PR businesses

HUNTSWORTH

THANK YOU

QUESTIONS & ANSWERS

HUNTSWORTH

APPENDICES

Appendices

Shareholding at 7th July 2016

Holder	% of share capital	Number of voting shares
Aberforth:		
• Aberforth Partners	14.3%	
• The Church Commissioners for England	1.3%	
• The Wellcome Trust	<u>4.3%</u>	
	19.9%	
BlueFocus	19.2%	
Lake Capital Investment Partners	7.4%	
Old Mutual	6.0%	
Aberdeen Asset Managers	5.5%	
Miton Group	4.5%	
T Rowe Price Global Investments	4.1%	
Matthew Rupert Freud	3.0%	
Various holders each holding < 3% of the Company's voting rights	<u>30.3%</u>	
Total	100.0%	328,528,010

Appendices

Consolidated Balance sheet £m

	H1 2016	FY 2015	H1 2015
Non - Current Assets			
· Goodwill & Intangibles	172.5	178.7	173.9
· Other non - current assets	12.5	9.8	10.7
	185.0	188.5	184.6
Current Assets			
· Trade debtors and other receivables	54.7	44.4	44.2
· Other current assets	5.6	4.0	4.8
· Cash and short-term deposits	10.5	8.9	13.7
	70.8	57.3	62.8
Current Liabilities			
· Trade and other payables	(47.5)	(44.2)	(47.4)
· Other current liabilities	(1.7)	(0.8)	(0.9)
· Provisions	(1.3)	(2.2)	(1.3)
	(50.5)	(47.2)	(49.6)
Non - Current Liabilities			
· Bank loans and overdrafts	(46.3)	(39.2)	(47.3)
· Other non current liabilities	(1.0)	(0.3)	(0.2)
· Provisions	(2.1)	(2.5)	(2.9)
· Trade and other payables	(1.8)	(1.3)	(1.3)
	(51.2)	(43.3)	(51.7)
Net Assets	154.1	155.3	146.1

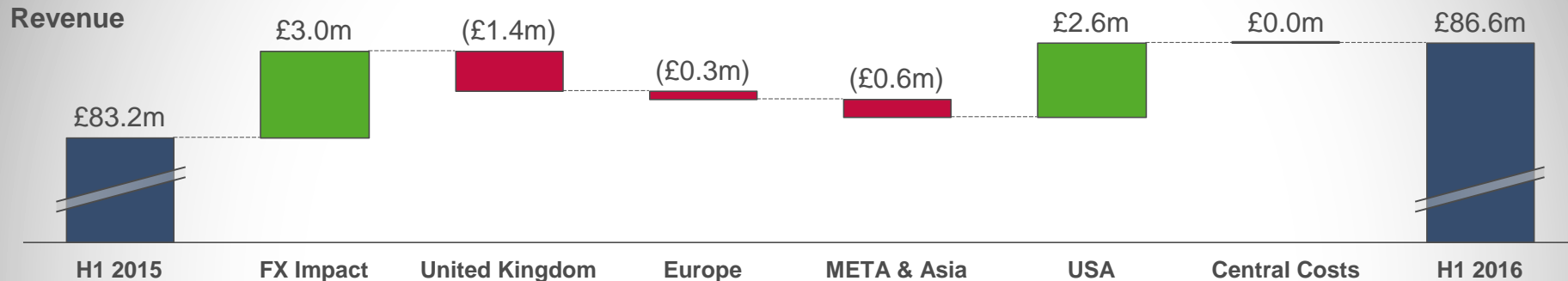
Appendices

Cashflow £m

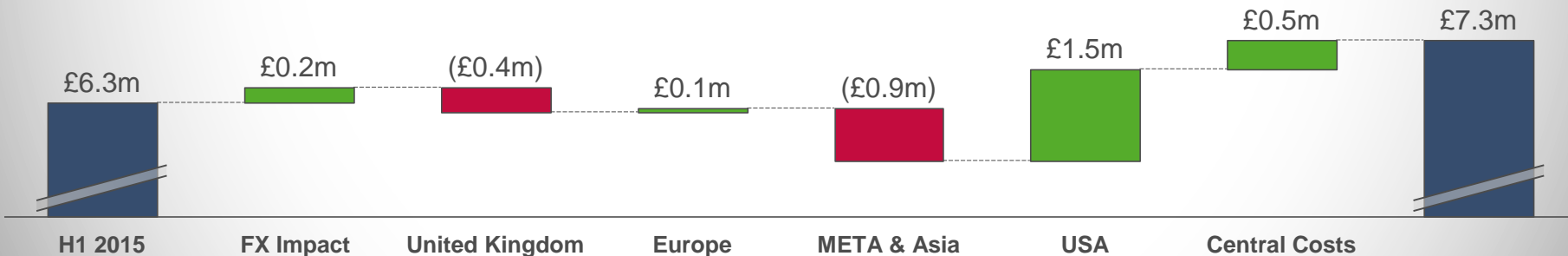
	2016	2015	2015
	H1	FY	H1
Cash generated from operations	0.1	18.2	7.3
Cashflow relating to highlighted items	(1.4)	(3.0)	(1.5)
Interest	(0.8)	(1.8)	(0.9)
Tax	(0.5)	(1.3)	(0.7)
Capex	(3.9)	(2.6)	(1.1)
Free cashflow	(6.5)	9.5	3.1
Acquisitions and deferred consideration	-	(0.7)	(0.7)
Dividends	-	(3.8)	-
Other (including FX)	(0.2)	0.2	(0.3)
Net movement in Debt	(6.7)	5.2	2.1
Closing Net Debt	37.1	30.4	33.5

Appendices

Group Geographical Revenue and OP H1 2015 to H1 2016

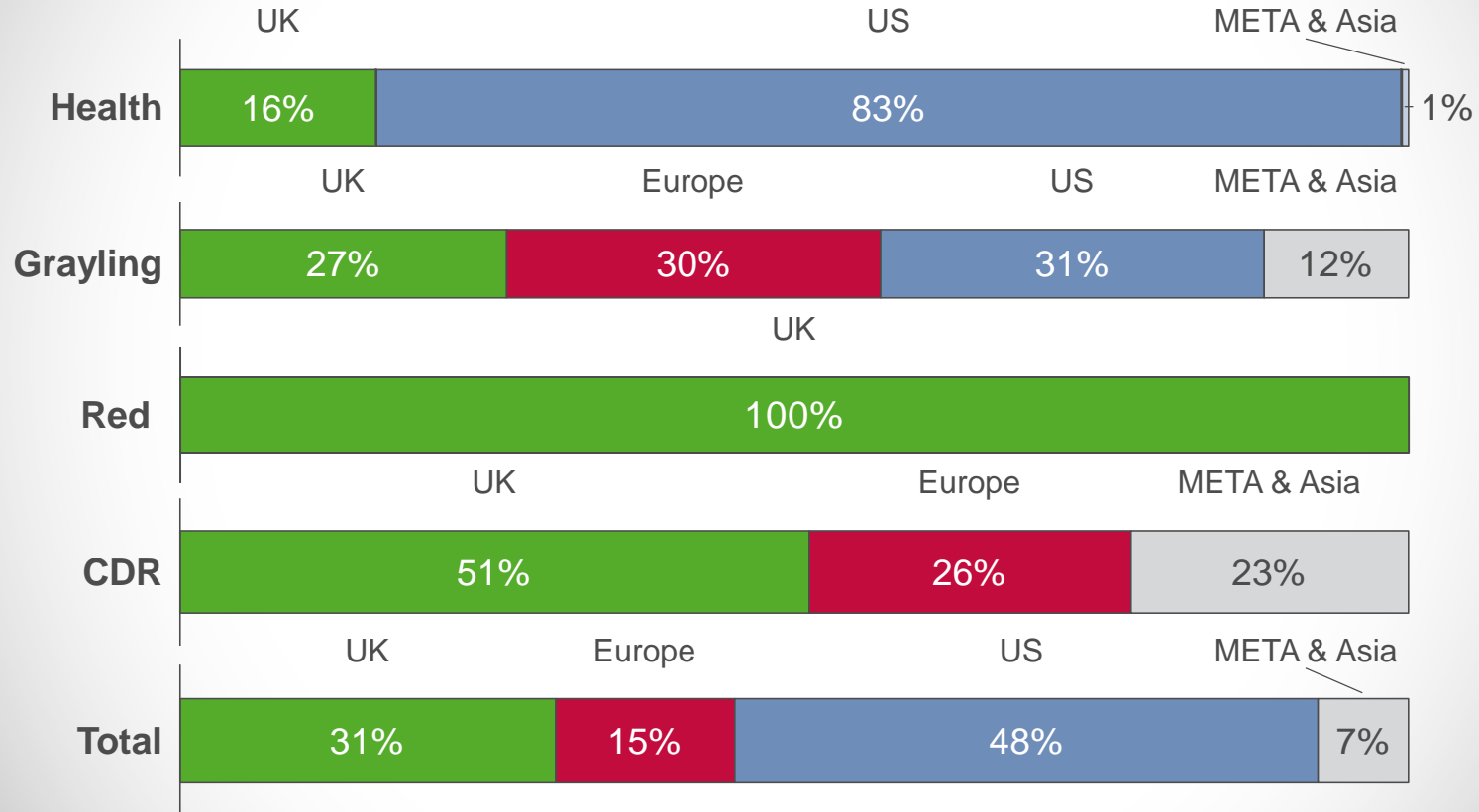


Operating Profit



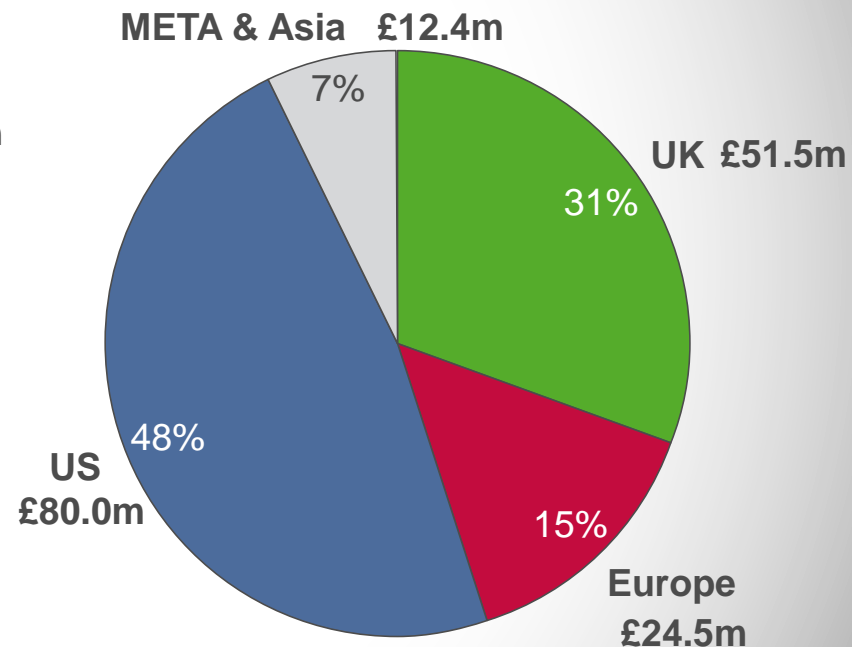
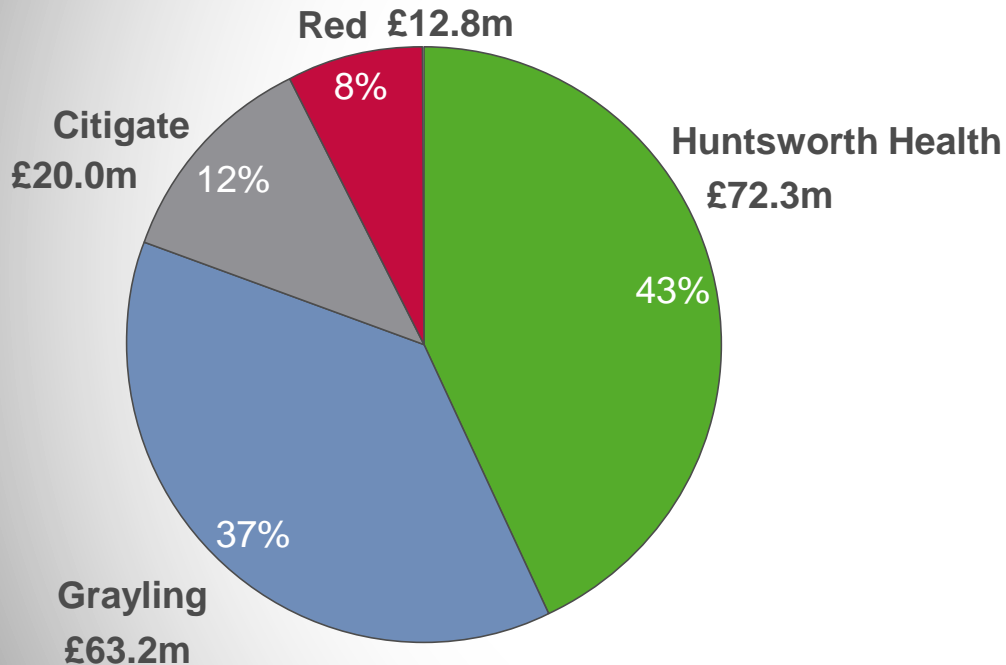
Appendices

Divisional revenue by geography FY 2015



Appendices

Divisional revenue by Company and Geography FY15



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.