



# Review of the six months ended 31 December 2012

Charles Brady, Chief Executive  
Tony Foye, CFO

February 2013



# Overview

# Wilmington's Strategy

---

- To increase shareholder value by delivering sustainable and growing profits
- Servicing the **information, compliance and education** requirements of professional business markets
- To build high quality, high margin businesses with strong barriers to entry and resilience in long term markets

# Good Progress towards Strategic Objectives

---

- Our strategy is focused on developing and acquiring businesses with high repeat revenues and strong cash generative income streams in the UK and Overseas
- Increase underlying subscription revenues - subscription and information sales: 59% of revenue (2011: 57%)
- Increase digital information - 38% of Group revenue (2011: 38%)
- Reduce print publishing - 2% of Group revenues (2011: 3%)
- Reduce exposure to advertising - 4% of Group revenues (2011: 5%)
- Exit businesses we don't own – RICS / ICAEW

# Wilmington – Targets

---

February 2012 we set challenging targets by 2015:

**To increase Adjusted PBT by 50%\***

**To increase Adjusted EBITA margins by 5\* percentage points**

\*based on results for year to 30 June 2011

---

# Overview

---

- Good progress towards our medium term objectives;
  - Adjusted EBITA increased by 10% to £7.1m (2011: £6.5m)
  - Adjusted PBT increased by 15% to £6.0m (2011: £5.3m)
  - Adjusted EBITA margins improved to 17.4% (2011: 15.6%)
  - Adjusted EPS increased by 23% to 5.47p (2011: 4.45p)
- Strengthening financial position;
  - net debt reduced by £7.5m to £34.0m (2011: £41.5m)
  - interim dividend maintained at 3.5p per share
  - sale of surplus freehold property for £4.4m generating £3.3m profit

# Trading Environment

---

- Trading environment remains challenging
- Across the Group compliance and regulatory requirements are a major driver of growth
- Strong momentum for training on compliance and AML
- Despite insurance industry consolidation Axco is achieving double digit growth from new products and interest in emerging markets
- Reorganisation of the NHS will increase demand for data and analytical services
- Legal market remains tough, but improved efficiency has increased profitability
- Structural transition from print to digital continues.



# Financial Highlights

# Income Statement Highlights

	6 Months 31 Dec 2012 (£m)	6 Months 31 Dec 2011 (£m)	Variance (%)	Variance (£m)	Twelve months to 30 June 2012 (£m)
Revenue	40.9	41.6	-2%	-0.7	85.3
Adjusted EBITA	7.1	6.5	+10%	0.6	15.7
Margin	17.4%	15.6%			18.4%
Interest / Facility Fees	-1.1	-1.2	-15%	0.1	-2.5
Adjusted Profit before Tax	6.0	5.3	+15%	0.7	13.2
Exceptional costs – cash	-0.6	-1.0		0.4	-1.1
Exceptional costs – non cash	-0.4	0.0		-0.4	-0.7
Exceptional Profits	3.3	0.0		3.3	0.9
Share Based Payments	-0.4	-0.4		0.0	-0.5
Amortisation	-2.8	-2.9		0.1	-5.2
Unwinding of discounts	0.0	-0.1		0.1	-0.3
Profit before Tax	5.1	0.9		4.2	6.3
Tax	-0.3	-0.2		-0.1	-1.2
Net Profit	4.8	0.7		4.1	5.1
Adjusted EPS	5.47p	4.45p	+23%		11.71p
Dividend per share (Interim)	3.50p	3.50p	-		7.00p

# Cash Conversion

	6 Months ended 31 Dec 2012 £'m	6 Months ended 31 Dec 2011 £'m	12 Months ended 30 June 2012 £'m	12 Months rolling 31 Dec 2012 £'m
EBITA (normalised)	7.1	6.5	15.7	16.3
Add back IT amortisation	0.3	0.2	0.8	0.8
Add back depreciation	0.6	0.8	0.9	0.7
<b>EBITDA</b>	<b>8.0</b>	<b>7.5</b>	<b>17.4</b>	<b>17.8</b>

## Working Capital

Stocks & WIP	0	-0.2	0.0	0.2
Debtors & Prepayments	1.0	1.6	1.8	1.2
Creditors & Accruals	-3.8	-3.2	-1.9	-2.4
<b>Funds from Operations</b>	<b>5.2</b>	<b>5.7</b>	<b>17.3</b>	<b>16.8</b>
<b>Conversion %</b>	<b>73%</b>	<b>87%</b>	<b>110%</b>	<b>103%</b>

# Summary Cash Flow

	6 Months Ended 31 Dec 2012 (£m)	6 Months Ended 31 Dec 2011 (£m)	2012: 2011 Variance (£m)	Twelve months to 30 June 2012 (m)
Cash Conversion %	73%	87%		110%
<b>EBITDA</b>	8.0	7.5	0.5	17.4
<b>Movements in Working Capital</b>	-2.8	-1.8	-1.0	-0.1
<b>Servicing of Finance</b>	-1.0	-1.3	0.3	-2.3
<b>Taxation</b>	-1.3	-1.4	0.1	-3.1
<b>Net Replacement Capex</b>	-0.8	-1.1	0.3	-1.9
<b>Free Cash Flow before Dividends</b>	2.1	1.9	0.2	10.0
<b>Equity Dividends</b>	-3.0	-3.0	-	-5.9
<b>Free Cash Flow</b>	-0.9	-1.1	0.2	4.1
<b>Acquisitions spend net of disposal proceeds</b>	-1.8	0.2	-2.0	0.8
<b>Non-recurring Items</b>	3.9	-0.6	4.5	-1.1
<b>Issue of Shares</b>	1.0	0	1.0	0
<b>Change in net debt during the period</b>	2.2	-1.5	3.7	3.8
<b>Brought Forward net debt</b>	-36.2	-40.0	3.8	-40.0
<b>Carried Forward net debt</b>	-34.0	-41.5	7.5	-36.2

# Balance Sheet

	As At 31 Dec 2012 (£m)	As at 31 Dec 2011 (£m)	As at 30 June 2012 (£m)
Goodwill / Intangibles	103.4	108.5	106.1
Property, Plant & Equipment	6.4	7.5	6.8
Assets for resale	0.0	0.0	0.9
Net Debt	-34.0	-41.5	-36.2
Working Capital	2.2	4.1	1.9
Tax Liabilities	-0.9	-1.0	-1.1
Financial Instruments	-1.4	-1.4	-1.5
Deferred Consideration	-0.8	-0.9	-0.9
Provisions for future purchase of minority interests	-0.2	-2.0	-2.0
Bank facility fees	0.7	0.9	0.8
Deferred Revenue	-15.6	-17.4	-17.3
Deferred Tax	-5.0	-6.7	-5.9
<b>Net Assets</b>	<b>54.8</b>	<b>50.1</b>	<b>51.6</b>

# Deferred Revenue

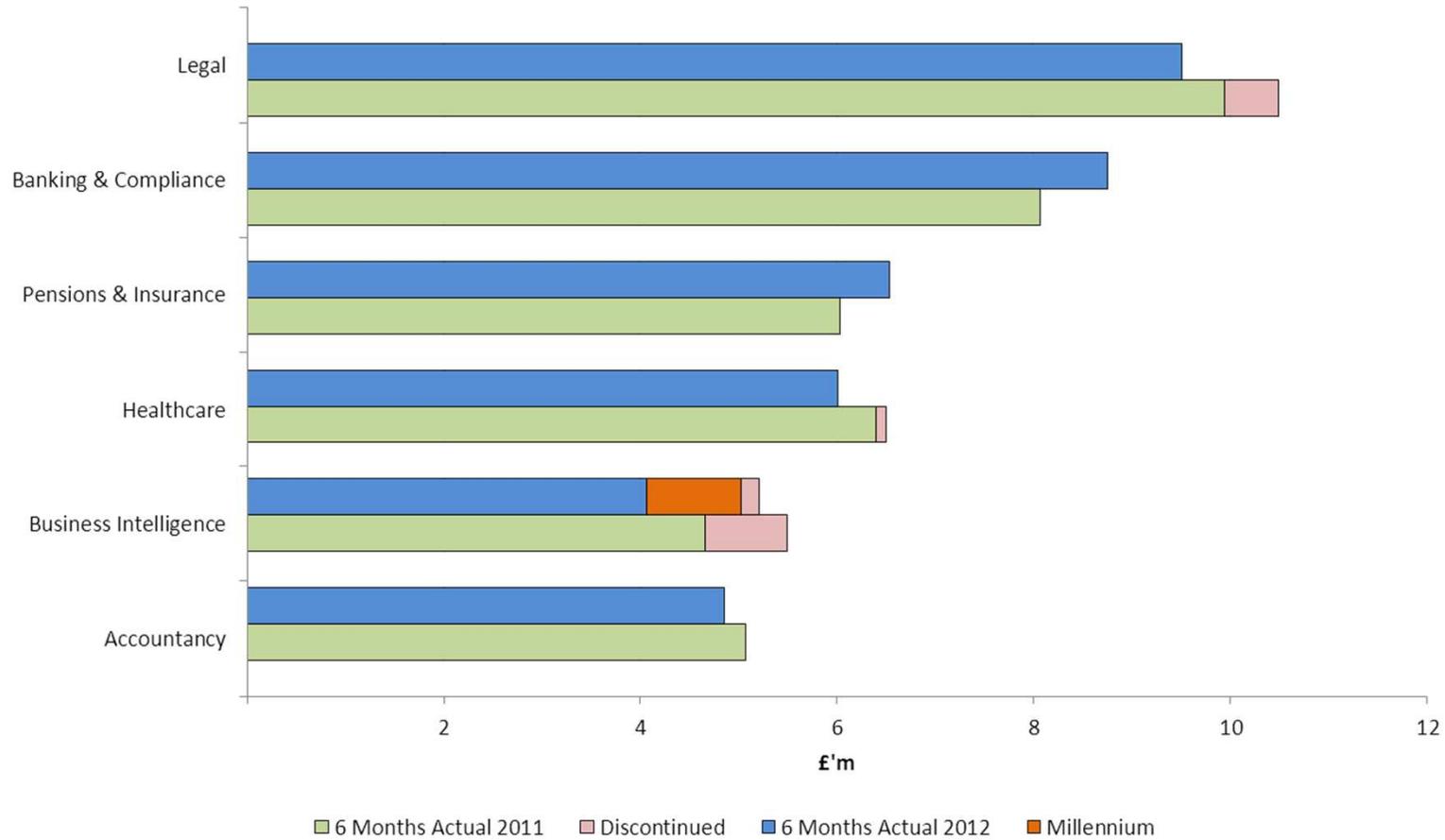
	As at 31 Dec 2012 (£m)	As at 31 Dec 2011 (£m)	Variance (£m)	Variance %
Deferred Revenue	15.6	17.4	-1.8	-10
FX	0.1		0.1	
Contract Publishing/Acqs	-0.2	-0.6	0.4	
<b>Revised</b>	<b>15.5</b>	<b>16.8</b>	<b>-1.3</b>	<b>-8</b>
Training, Education & Events	3.7	4.3	-0.6	-14
Advertising	1.0	1.1	-0.1	-9
Subscriptions – AXCO	3.6	4.2	-0.6	
Subscriptions – Other	7.2	7.2	0.0	
	<b>15.5</b>	<b>16.8</b>	<b>-1.3</b>	



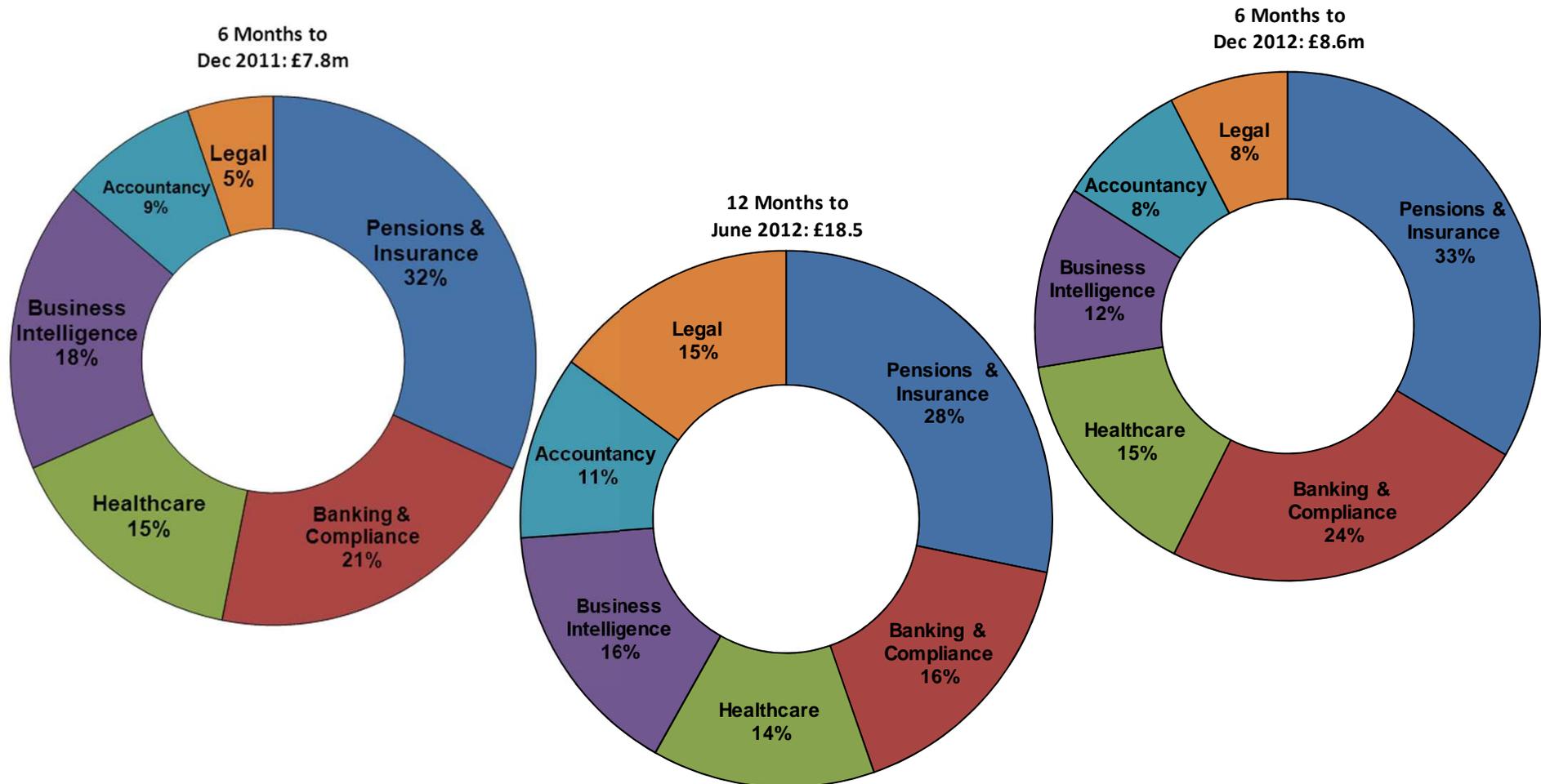
# Operating Divisions

# Divisional Revenue

---

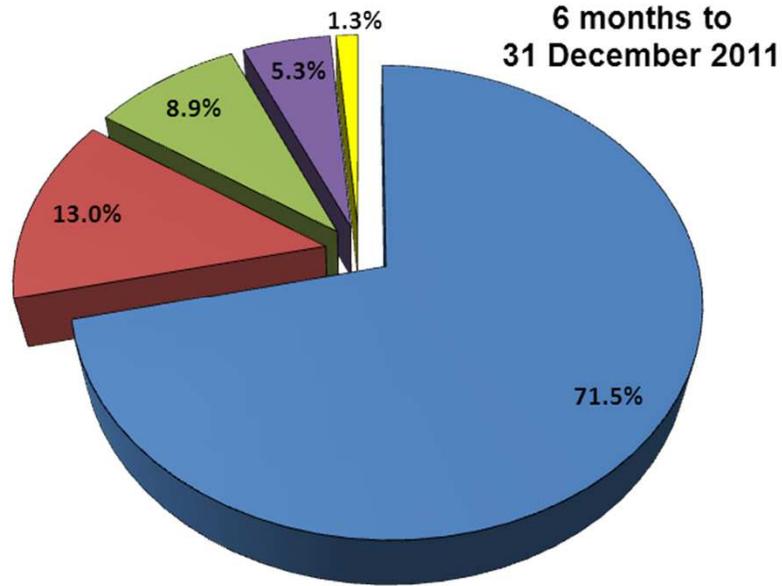


# Divisional Contribution (before central overhead costs)

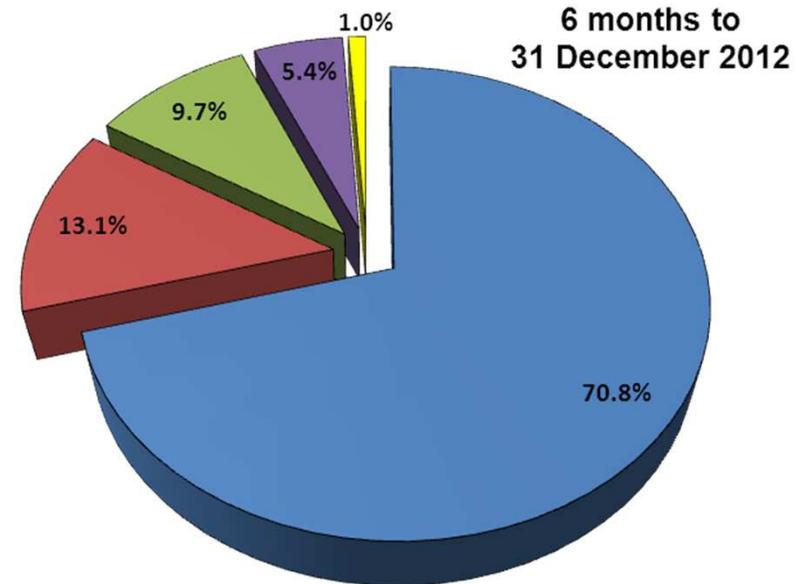


# Revenue by Region

---



- UK
- Europe
- US
- Asia
- Other



# Key Themes

---

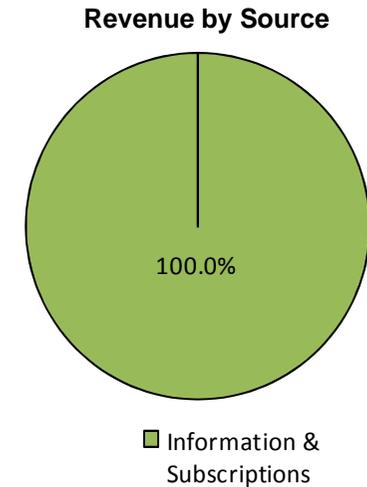
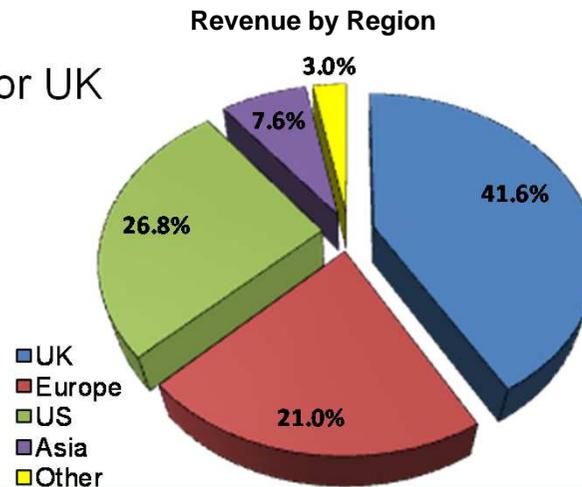
- Compliance and regulatory requirements impact all our markets
- Targeting subscriptions/recurring revenues
- Structured/accredited education
- Complex marketing services and support
- Frequently integrated into clients' workflow
- Growth from international expansion
- Technology; a key to business development
- Relentless focus on operational efficiency
- Consolidation of property portfolio will reduce overheads
- Continued investment in new product development
- Bolt on acquisitions - NHIS

# Wilmington Pensions & Insurance

- Revenue increased 8% to £6.5m
- Segmental profits increased by 17% to £2.9m
- Insurance: compliance, regulatory and market intelligence for the global Insurance industry
- Pensions: legal regulatory and compliance information service for UK pension advisors
- Good progress despite further investment in future growth

	Six months to 31 Dec 2012 (£m)	Six months to 31 Dec 2011 (£m)	% Change	12 months to 30 June 2012 (£m)
Revenue	6.5	6.0	8%	12.5
Profit Contribution	2.9	2.5	17%	5.2

## 6 Months to Dec 2012



# Wilmington Pensions & Insurance

---

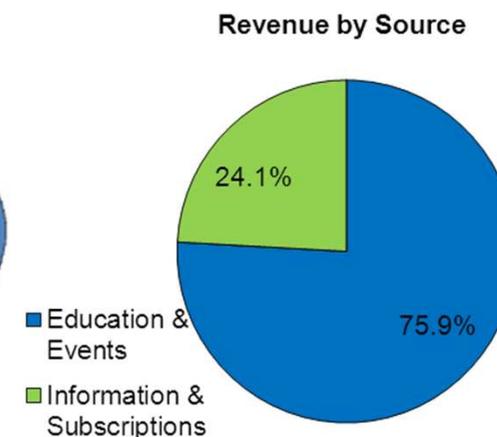
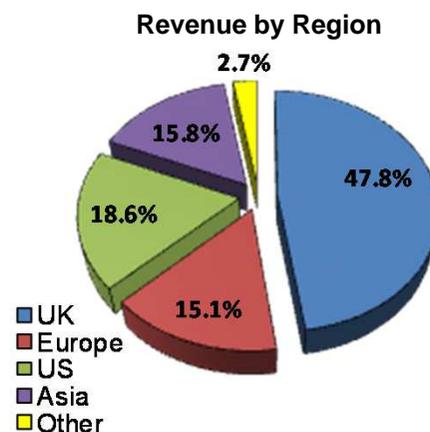
- Axco
    - 13% revenue growth with renewal rate over 100% by value. Strong operational leverage has generated good profit growth
    - Increasing demand for regulatory and compliance data and bespoke analytical services
    - Significant investment in technology creating more powerful and flexible databases, CMS and delivery technology
    - Investment continues with new products launched and growth in emerging markets
  - ICP has had a strong year providing information to the international credit insurance market
  - Pendragon, our pension business, had a stable year, maintaining very strong profit margins
-

# Wilmington Banking & Compliance

- Revenue increased 9% to £8.7m
- Segmental profits increased by 25% to £2.1m
- Corporate finance and capital markets training
- Professional qualifications in trust management, compliance, anti money laundering
- Global client base
  - investment banks
  - international financial regulators
  - financial institutions
  - management consultancies
  - law firms

	Six months to 31 Dec 2012 (£m)	Six months to 31 Dec 2011 (£m)	% Change	12 months to 30 June 2012 (£m)
Revenue	8.7	8.0	9%	15.2
Profit Contribution	2.1	1.7	25%	3.0

## 6 Months to Dec 2012



# Wilmington Banking & Compliance

---

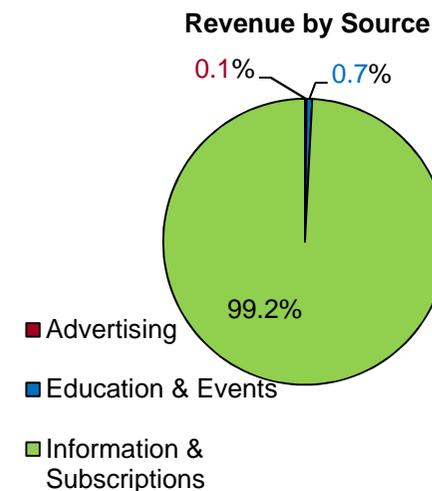
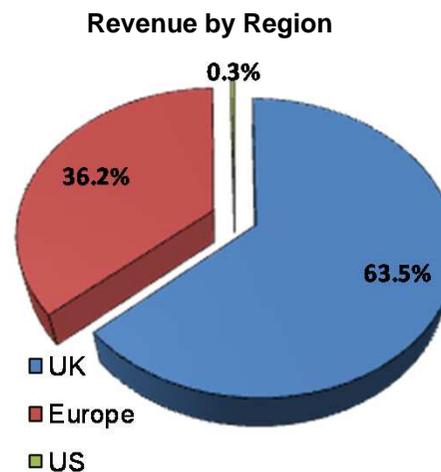
- Strong growth from compliance and AML training programmes. H1 2012/13 now seeing revenues from;
  - bespoke training programmes for international banks
  - launch of new programmes in Malaysia and Australia
  - development of capital markets programmes for Saudi Arabia
- International Trust programmes maintained strong prior year performance, growth from launch of specialist certificates.
- Investment Bank Training in line with expectations and prior year
  - successfully presented 2012 analyst and associate new hire programmes
  - despite difficult trading environment summer 2013 programmes now substantially secured
  - growth in Asia

# Wilmington Healthcare

- Revenue decreased 8% (5% underlying) to £6.0m
- Segmental profits increased by 9% to £1.3m
- Market leading provider of information on healthcare market
- Marketing support and analytical services for pharmaceutical companies
- French language medical Press Agency

	Six months to 31 Dec 2012 (£m)	Six months to 31 Dec 2011 (£m)	% Change	12 months to 30 June 2012 (£m)
Revenue	6.0	6.5	(8)%	12.7
Profit Contribution	1.3	1.2	9%	2.5

## 6 Months to Dec 2012



# Wilmington Healthcare

---

- Agence de Presse Médicale delivered a robust performance with broadly stable revenue and profits in constant currency
- APM's cost base restructured to drive margins and profit growth from H2 2012/13
- Binley's revenue reduced by exiting non core activities, and the scaling back of OnMedica
- The NHS changes – due in April 2013 will create opportunities for Binley's
- Strong growth from Business Intelligence for pharmaceutical companies

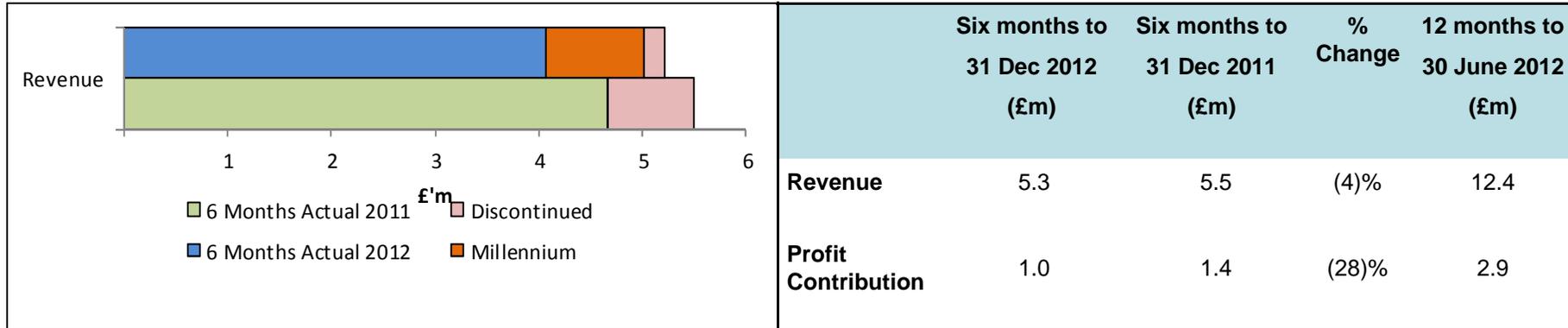
# Wilmington Healthcare

---



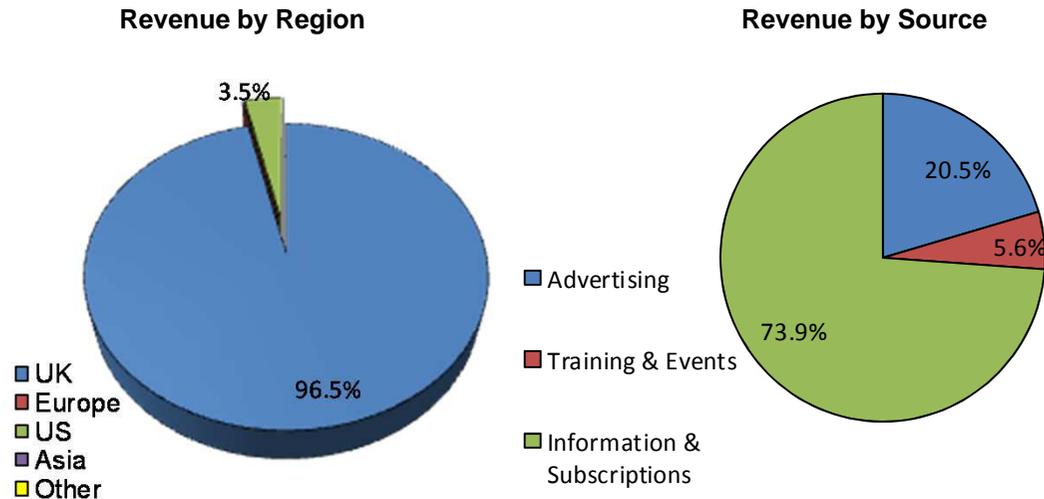
- NHIS is a leading provider of market intelligence, data analysis and workflow tools to Pharma companies in UK
- 90%+ renewals, 75%+ digital, 40%+ subscriptions
- Strong sales growth (c45% 2012 v 2011) growth continuing into 2013 (+20%)
- Profit margins c40% in 2012
- £5.6m initial consideration/£3.75m maximum deferred consideration
- Highly experienced management team retained
- Highly complementary with Binley's
- Wilmington Healthcare building a market leading position in this market

# Wilmington Business Intelligence



- Revenue decreased 4% to £5.3m
- Segmental profits decreased by 28% (£0.4m) to £1.0m
- Market intelligence, CRM data, marketing support and information
- Market leading positions serving charities, fund managers, fraud prevention, film & TV and marketing services markets

## 6 Months to Dec 2012



# Wilmington Business Intelligence

---

- Significant change due to the transition from print to digital publishing
- We have exited contract directory publishing, turnover reduced by £650k in H1 compared to prior year
- The majority of our revenues now come from information sources which are fundamental to our customers' ability to run their businesses
- Now entering the final phase of our print to digital transition
- Further reduction in headcount and overheads in the current financial year
- Starting to see growth from digital investments
- Acquisition of Millennium reinforces market leading Mortascreen/Halo

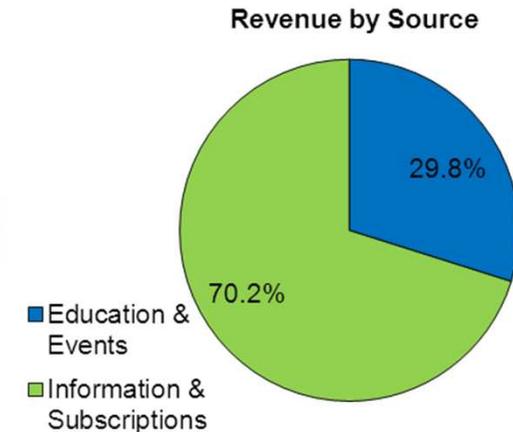
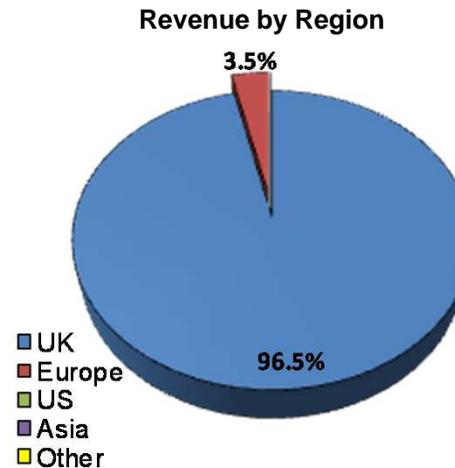
# Wilmington Accountancy

- Revenue decreased 4% to £4.9m
- Segmental profits increased by 10% to £0.7m
- Support to the accountancy profession

	Six months to 31 Dec 2012 (£m)	Six months to 31 Dec 2011 (£m)	% Change	12 months to 30 June 2012 (£m)
Revenue	4.9	5.1	(4)%	10.9
Profit Contribution	0.7	0.7	10%	2.1

- Train
- Promote
- Support

## 6 Months to Dec 2012



# Wilmington Accountancy

---

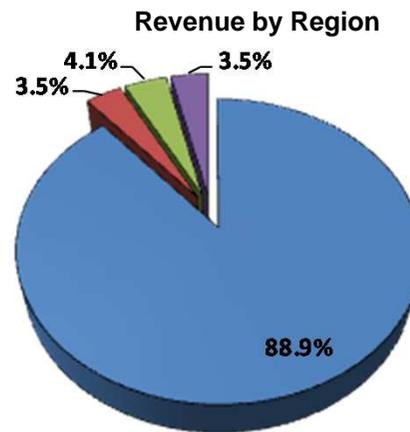
- Train
  - the leading provider of training for accountancy firms in the UK
- Support
  - technical manuals and support
  - compliance products and services
- Promote
  - marketing including bespoke marketing strategies, technical newsletters, tax apps, accountants' websites
- Turnover down year on year reflecting the culling of marginal Quorum training courses (down £130k year on year)
- Profits increased by 10%

# Wilmington Legal

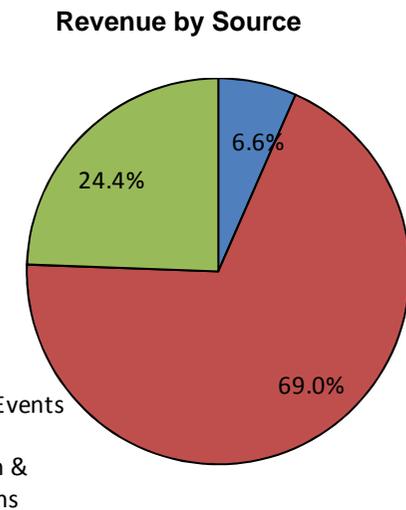
- Revenue decreased 9% to £9.5m
- Segmental profits increased by 61% to £0.7m
- - continuing legal education
  - specialist conferences
  - legal qualifications
  - witness familiarisation training
  - legal publications:
    - databases
    - magazines
    - reports
    - online services

	Six months to 31 Dec 2012 (£m)	Six months to 31 Dec 2011 (£m)	% Change	12 months to 30 June 2012 (£m)
Revenue	9.5	10.5	(9)%	21.7
Profit Contribution	0.7	0.4	61%	2.8

## 6 Months to Dec 2012

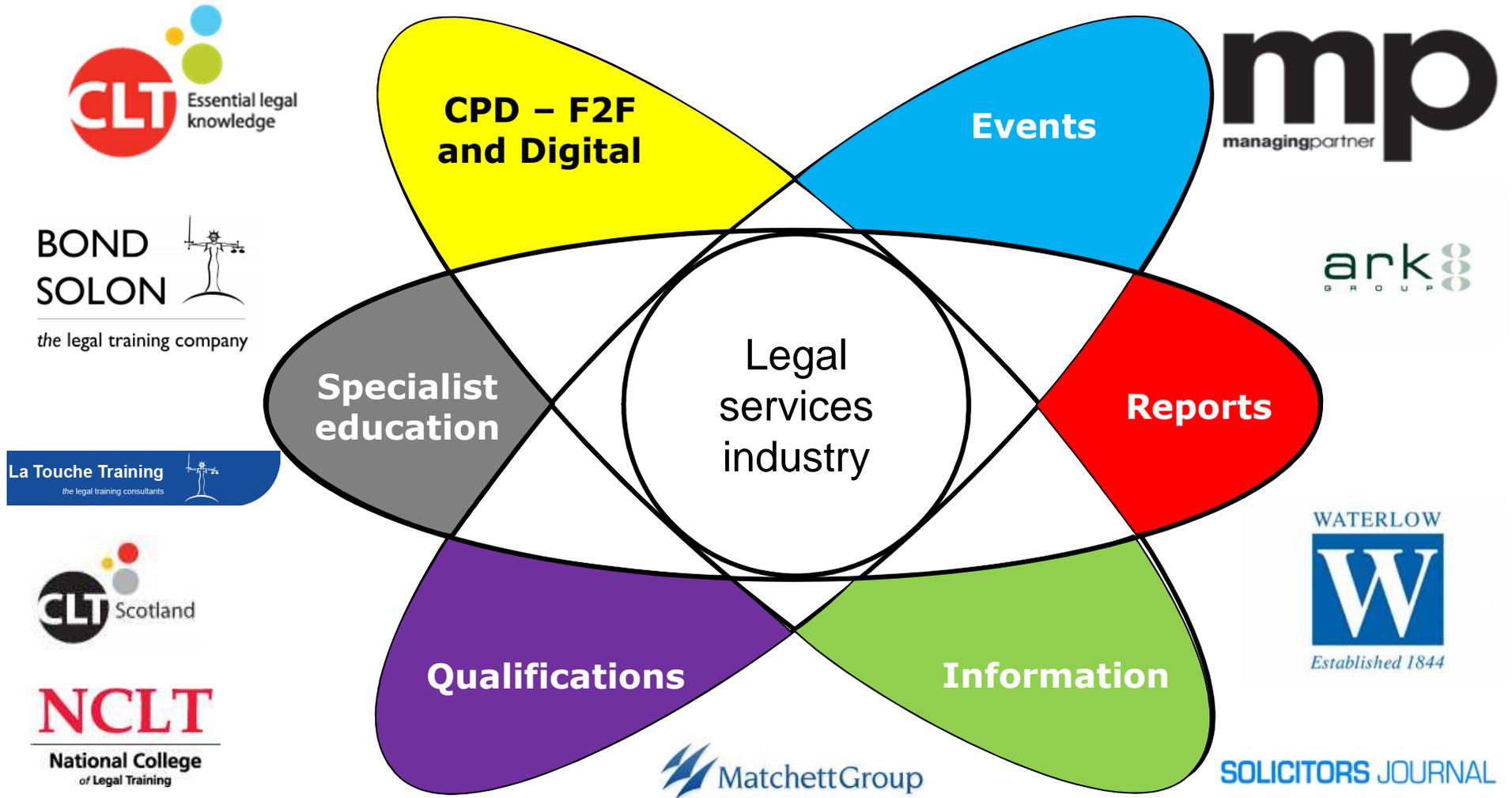


■ UK  
 ■ Europe  
 ■ US  
 ■ Asia  
 ■ Other



■ Advertising  
 ■ Training & Events  
 ■ Information & Subscriptions

# Wilmington Legal: integrated training and information



# Wilmington Legal

---

- Improved margins and profitability achieved by reducing the number of courses and conferences to reflect challenging market conditions
- Reduced overheads and more flexible cost base
- Investment in digital training
- Strong ongoing performance from Bond Solon, continuing demand for witness familiarisation programmes
- The disposal of company formations in June 2012 reduced revenue by £500k year on year
- Ark Australia transferred to local management in January 2013 due to difficult market conditions. H1 revenue down £200k year on year



# Outlook

# Outlook

---

- Macro trading environment remains challenging
- We expect to make progress within our key market verticals
- Outlook for 2012/13 remains on target
- Confident of achieving our medium term objectives
- Robust financial position
  - strong cash generation supports dividend and investment
  - sale of surplus property has strengthened balance sheet and reduced overheads. Further property consolidation in 2013



# Questions and Answers