Chief Executive's review

Overview

We are pleased to report another year of good progress and delivering on our strategy with notably strong increases in revenues, profits and cash generation. We continued to focus our portfolio of businesses on the international Governance, Risk and Compliance ('GRC') markets and significantly enhanced our capabilities with the acquisition of Astutis in the Health, Safety and Environment ('HSE') sector. We sold our European Healthcare businesses and MiExact.

We also continued to invest in our operational growth levers, sales, marketing, product development and have moved decisively towards running all our operations on a single platform, by merging the previous platforms built for training and data operations. During the year, following the disposal of the businesses that made up the majority of our Intelligence division, we have reorganised our segmental reporting around the external markets addressed by our brands from Training & Education and Intelligence to HSE, Legal and Financial Services.

Results

For the year ending 30 June 2024, the Group saw overall organic revenue growth of 9%, with solid growth from all our ongoing businesses. We also achieved 16% growth in Group recurring revenues, making up 36% of total revenues (2023: 33%). We have achieved organic revenue growth every year in the last four financial years.

The increased revenues and a continued focus on operational efficiency resulted in total adjusted PBT growth of 13% to £27.6m (2023: £24.3m) and a corresponding improvement in adjusted PBT margin to 22% (2023: 20%). We have also achieved this profit growth over the last four years, despite selling or closing seven of the 15 businesses in the Group in 2020.

Profits from underlying operations (excluding the Astutis acquisition) were up 35%, driven by strong trading in our Financial Services businesses and net interest income on our cash of £2.0m. This resulted in underlying adjusted basic earnings per share being up 33%, which in turn has allowed us to propose an increase in dividend to a final dividend of 8.3p (total of 11.3p).

Statutory revenue was up 6% to £98.3m (2023: £93.1m). Statutory PBT was up 17% to £24.2m (2023: £20.5m). Total Basic EPS increased to 46.32p (2023: 22.94p).

The Group again strengthened its balance sheet, increasing its net cash position (excluding lease liabilities & including cash held for sale) to £67.8m (2023: £42.2m) after another strong year of converting profits to cash as well as the net cash received from portfolio changes. We have also significantly reduced our future lease liabilities by downsizing office footprints, including exiting our London offices. This will provide significant cost savings going forward and better complement our hybrid working policy, which has resulted in a need for far less office space.

Chief Executive's review *continued*

Strategy

Our strategy is delivering, so there is no change here. We continued to focus on consolidating our already strong presence in the large, growing and rapidly evolving international GRC markets. These markets are underpinned by strong macro drivers, particularly the increasing volume and enforcement of regulation, complex geopolitical landscape, increased importance of ESG and widespread adoption of technological and data-driven compliance solutions, all of which align strongly to Wilmington's core offering.

At the heart of this focus on the GRC markets is our ambition to help our customers to do the right business in the right way, by providing a complementary range of information & data and training & education solutions. Our businesses focus on the financial services, legal and HSE markets. We are looking to acquire further businesses in these and complementary sectors.

Portfolio update

In November 2023, we completed the acquisition of Astutis, a training business offering a range of globally recognised and regulated health, safety and environmental qualifications, based in Cardiff. The business has achieved strong growth in the growing HSE market and is highly complementary to our existing portfolio. The acquisition of Astutis is consistent with our strategy in the GRC market to broaden and strengthen our training and education capabilities.

We continue to review all parts of the Group assessing businesses against six key characteristics: organic growth opportunities; attractive markets; digital and data capabilities; strong leadership; strategic fit to the GRC marketplaces; and attractive product, revenue, and profitability characteristics.

As part of this ongoing review, we determined that our Healthcare, Compliance Week and MiExact businesses no longer met our criteria. MiExact, a UK mortality data business, and the European Healthcare business were sold during the year, Compliance Week is in a sale process. We also closed our operations in Singapore and Malaysia due to continuing declining revenues, ongoing losses and little prospect of recovery given the local market conditions. We now serve the Singapore and Malaysia markets from the UK.

We continue to seek businesses to join the Group, with a highly active but disciplined M&A function exploring many options. To date, we have identified numerous businesses which meet our required characteristics. However, valuation expectations continue to remain high and we continue to take a very disciplined approach. Our priority is to allocate the capital available to us, including our cash balance, cash we generate from our profitable operations, and our borrowing capability, to acquisitions in the next two years.

Investment

Our investment approach across the Group continues to be targeted at embedding the unique characteristics that define our competitive advantage into each of our brands. We are pleased with the progress we have made in developing a single technology platform for our businesses, by merging our previous platform investments and removing more of our legacy technology debt. We have more work to do to achieve a single platform for everything we do but the building blocks are in place and should deliver operational efficiencies in FY25 as expected. The implementation of a single platform will also allow us to efficiently expand our offering by creating a scalable portfolio to enhance our growth potential.

We continue to invest organically in new products and strengthen our existing product offerings, with the scope to monetise our solutions greatly enhanced by our single platform approach. This strategy for maximising the value of our technology and data assets, combined with our streamlined operating model, provides the strong base to actively consider acquisition targets which complement and/or extend our capabilities.

We reported last year that within the strategic framework of Wilmington, deliberate measures are being put into action to navigate the risks that accompany AI technology while simultaneously harnessing its opportunities. Work continues to mitigate risks and incorporate AI into our products.

We also remain focused on investing in the many drivers of employee engagement, which increased year on year as measured by our annual engagement survey. Development is actioned by activities such as regular Town Halls, the building and support of communities, and development of Working Groups to focus on keys areas such as diversity and inclusion, reward strategies, talent development and others.

Chief Executive's review *continued*

Responsible business

We are committed to investing in the initiatives that support our colleagues and our own responsible business culture.

We continue to make significant progress with our People Strategy, more details of which can be found on pages 27 to 35. Our people make our business, and our continued success in this financial year is down to their hard work, ingenuity, skills and expertise, and I thank everyone for their commitment to Wilmington.

We have achieved progress against our targets in all four areas of our sustainability strategy, and this work continues to underpin our broader strategic objectives and risk management processes. Full details of this work can be found in our Sustainability report.

We implemented the Taskforce for Climate-related Financial Disclosures ('TCFD') recommendations in full two years ago, while still putting together some further detail on the metric requirements. We concluded that we must continue to monitor the impacts of climate change on the Group's risk profile, but that the potential opportunities that may arise from the transition to a low-carbon economy are well aligned to our core offering. We have committed to net-zero carbon targets, with an ambition of absolute zero, producing no greenhouse gas emissions, in respect of Scope 1 and 2 emissions by 2028, and net zero in respect of Scope 3 emissions by 2045.

Mark Milner
Chief Executive
08 October 2024