

# INTERIM RESULTS

## 2020/21

**Mark Milner**, Chief Executive Officer

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18 February 2021



# SAFE HARBOUR STATEMENT.

This presentation and the subsequent question and answer session may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. There are risk factors that could cause results to differ materially from those expressed or implied by such statements.

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# AGENDA.



- 1 INTRODUCTION AND HEADLINES**  
Mark Milner
- 2 FINANCIAL HEADLINES**  
Guy Millward
- 3 OPERATIONAL HIGHLIGHTS AND OUTLOOK**  
Mark Milner
- 4 Q&A**



# **INTRODUCTION AND HEADLINES**

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# HEADLINES.

## STRONG DEMAND FOR DIGITAL & DATA

- Strategic progress achieved through digital-first enterprise
- 1% organic<sup>1</sup> growth in revenue excluding events
- 5% organic growth in Risk & Compliance reflecting continued need for offering
- Resilient Data & Information revenue streams up 2%

## SUSTAINED PROFITABILITY

- Revenue £55.1m (2019: £59.5m) despite no face-to-face events or training
- Adjusted<sup>2</sup> PBT up 1% at £7.0m (2019: £6.9m)
  - Operating profit margin up to 14.1% (2019: 13.3%) on move to virtual with cost savings fully mitigating fall in revenue

## ROBUST CASH POSITION & REINSTATED DIVIDEND

- Net Debt at 31 December £23.2m (June 2020: £27.7m, December 2019: £41.3m)
- Maintained strong liquidity position with significant headroom against banking facility
- Return to dividend 2.1p to be paid 8 April
- Repayment of FY21 UK furlough support in H2 £0.2m

## VIRTUAL H2 TO DELIVER STRATEGIC PROGRESS

- Retain agility to deliver content through face-to-face, virtual or hybrid forms as demand dictates
- Continue investment in operational excellence
- Drive further value from data-enabled portfolio
- Progress ESG strategy
- William Macpherson joins the Board with a wealth of experience

<sup>1</sup> Organic – eliminating the effects of exchange rate fluctuations and the impact of acquisitions and disposals

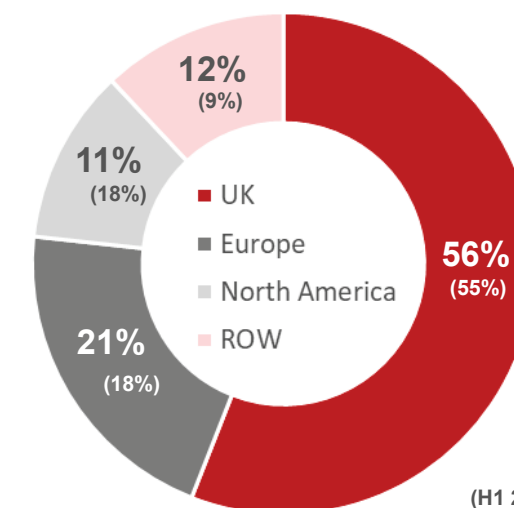
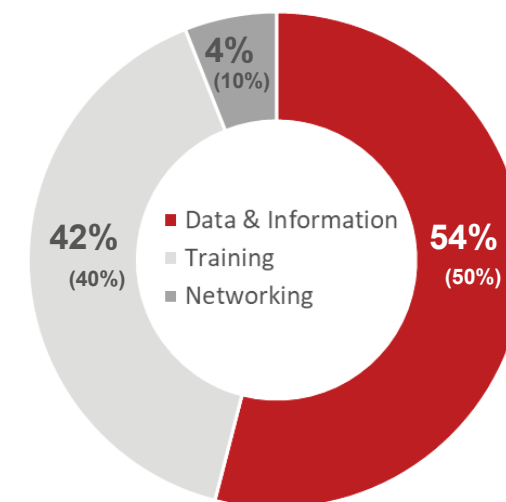
<sup>2</sup> Adjusted results exclude adjusting items, gain on sale of subsidiary, amortisation of intangible assets (excluding computer software)



**FINANCIAL  
HEADLINES**

# REVENUE ANALYSIS.

REVENUE	6 MONTHS TO 31 DEC 2020 £M	6 MONTHS TO 31 DEC 2019 £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
Compliance	15.1	14.1	7%	8%
Risk	6.4	6.5	(0%)	(1%)
<b>RISK &amp; COMPLIANCE</b>	<b>21.5</b>	<b>20.6</b>	<b>5%</b>	<b>5%</b>
European Healthcare	14.2	14.5	(2%)	(3%)
US Healthcare	1.5	3.1	(51%)	(50%)
Other Information Businesses	3.2	3.5	(7%)	(7%)
<b>HEALTHCARE</b>	<b>18.9</b>	<b>21.1</b>	<b>(10%)</b>	<b>(10%)</b>
Professional - ongoing	14.0	16.1	(13%)	(13%)
CLT	0.6	1.7	(68%)	(68%)
<b>PROFESSIONAL</b>	<b>14.6</b>	<b>17.8</b>	<b>(18%)</b>	<b>(13%)</b>
<b>GROUP REVENUE</b>	<b>55.1</b>	<b>59.5</b>	<b>(7%)</b>	<b>(5%)</b>



(H1 2019  
excl. CLT)

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# REVENUE AND OPERATING PROFIT BY DIVISION.

	6 MONTHS TO 31 DEC 2020			6 MONTHS TO 31 DEC 2019		
	REVENUE £M	OPERATING PROFIT £M	MARGIN	REVENUE £M	OPERATING PROFIT £M	MARGIN
RISK & COMPLIANCE	21.5	6.4	29.7%	20.6	6.1	29.6%
HEALTHCARE	18.9	1.1	5.7%	21.1	1.3	5.9%
PROFESSIONAL	14.6	2.8	19.3%	17.8	2.7	15.3%
CENTRAL COSTS		(2.0)			(1.8)	
SHARE BASED PAYMENTS		(0.5)			(0.4)	
<b>TOTAL</b>	<b>55.1</b>	<b>7.8</b>	<b>14.1%</b>	<b>59.5</b>	<b>7.9</b>	<b>13.3%</b>



# GROUP INCOME STATEMENT.

	6 MONTHS TO 31 DEC 2020 £M	6 MONTHS TO 31 DEC 2019 £M	VARIANCE £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
<b>REVENUE</b>	<b>55.1</b>	<b>59.5</b>	<b>(4.4)</b>	<b>(7%)</b>	<b>(5%)</b>
Adjusted EBITA	7.8	7.9	(0.1)	(2%)	(3%)
<i>EBITA margin</i>	<i>14.1%</i>	<i>13.3%</i>			
Finance costs/other	(0.8)	(1.0)			
<b>ADJUSTED PROFIT BEFORE TAX</b>	<b>7.0</b>	<b>6.9</b>	<b>0.1</b>	<b>1%</b>	
Adjusting items	(0.6)	(0.5)	(0.1)		
Gain on sale of subsidiary	0.8	-	0.8		
Amortisation of acquired intangible assets	(1.7)	(2.3)	0.6		
<b>STATUTORY PROFIT BEFORE TAX</b>	<b>5.5</b>	<b>4.1</b>	<b>1.4</b>		
Taxation	(1.1)	(1.0)	(0.1)		
<b>STATUTORY PROFIT AFTER TAX</b>	<b>4.4</b>	<b>3.1</b>	<b>1.3</b>	<b>41%</b>	
UNDERLYING TAX RATE	20%	20%			
<b>ADJUSTED BASIC EPS</b>	<b>6.44</b>	<b>6.36</b>			
<b>DIVIDEND PER SHARE</b>	<b>2.1p</b>	<i>nil</i>			

# GROUP CASH FLOW.

	6 MONTHS TO 31 DEC 2020 £M	6 MONTHS TO 31 DEC 2019 £M	VARIANCE £M
Adjusted EBITDA	10.6	10.4	0.2
SBP	0.5	0.4	0.1
Movement in working capital	(1.9)	(4.2)	2.3
<b>CASH INFLOW FROM OPERATIONS</b>	<b>9.2</b>	<b>6.6</b>	<b>2.6</b>
Interest paid	(0.8)	(0.8)	0.0
Tax paid	(1.2)	(3.4)	2.2
Payment of lease liabilities	(1.3)	(1.1)	(0.2)
Net capital expenditure	(1.8)	(1.9)	0.1
<b>FREE CASH FLOW BEFORE DIVIDENDS</b>	<b>4.1</b>	<b>(0.7)</b>	<b>4.8</b>
Equity dividends	-	(4.4)	4.4
Purchase of shares by ESOT	-	(0.2)	0.2
Sale of subsidiary net of cash	0.4	-	0.4
Deferred consideration	-	(1.4)	1.4
Adjusting and other items	(0.8)	(1.1)	0.3
<b>CHANGE IN NET DEBT DURING THE YEAR</b>	<b>3.7</b>	<b>(7.8)</b>	<b>11.5</b>
Brought forward net debt	(27.7)	(33.9)	6.2
FX	0.8	0.4	0.4
<b>CARRIED FORWARD NET DEBT</b>	<b>(23.2)</b>	<b>(41.3)</b>	<b>18.2</b>

- Cash conversion of 118% (2019: 83%)
- Cash flow from operations increased due to working capital management and normalised corporation tax payment schedule (H1 FY20 reflected double payments due to HMRC accelerating the payment of quarterly instalments)
- Drawn debt £31.0m, less than half of £65.0m facility
- Net debt:EBITDA 1.3 times, less than half covenant limit

# OPERATIONAL HIGHLIGHTS AND OUTLOOK



# RESILIENT DIGITAL-FIRST MODEL.

**Strong performance in first fully Covid-19 impacted reporting period**  
Success underpinned by relevant offering and digital-first model

**Retained focus on delivering enhanced shareholder value via:**

## Organic growth

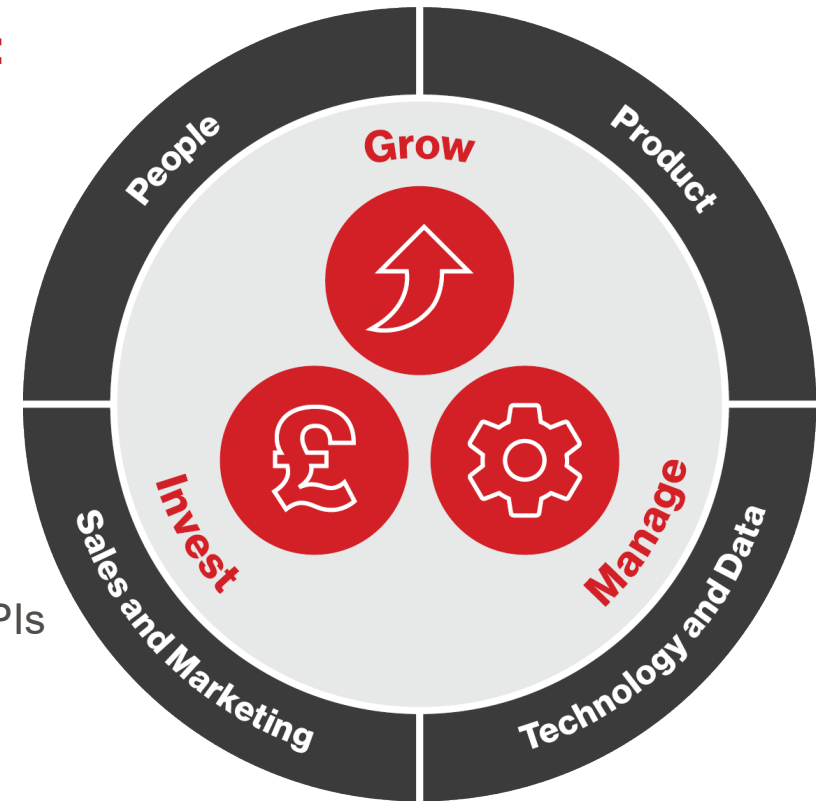
- Significant growth in core regulatory compliance business ICA
- Strong demand for data and information products

## Investment

- Fully embedded NPD process delivering returns
- CRM, LMS and IT infrastructure investments improving customer experience
- Sales Academy yielding results, with enhanced sales culture driving KPIs

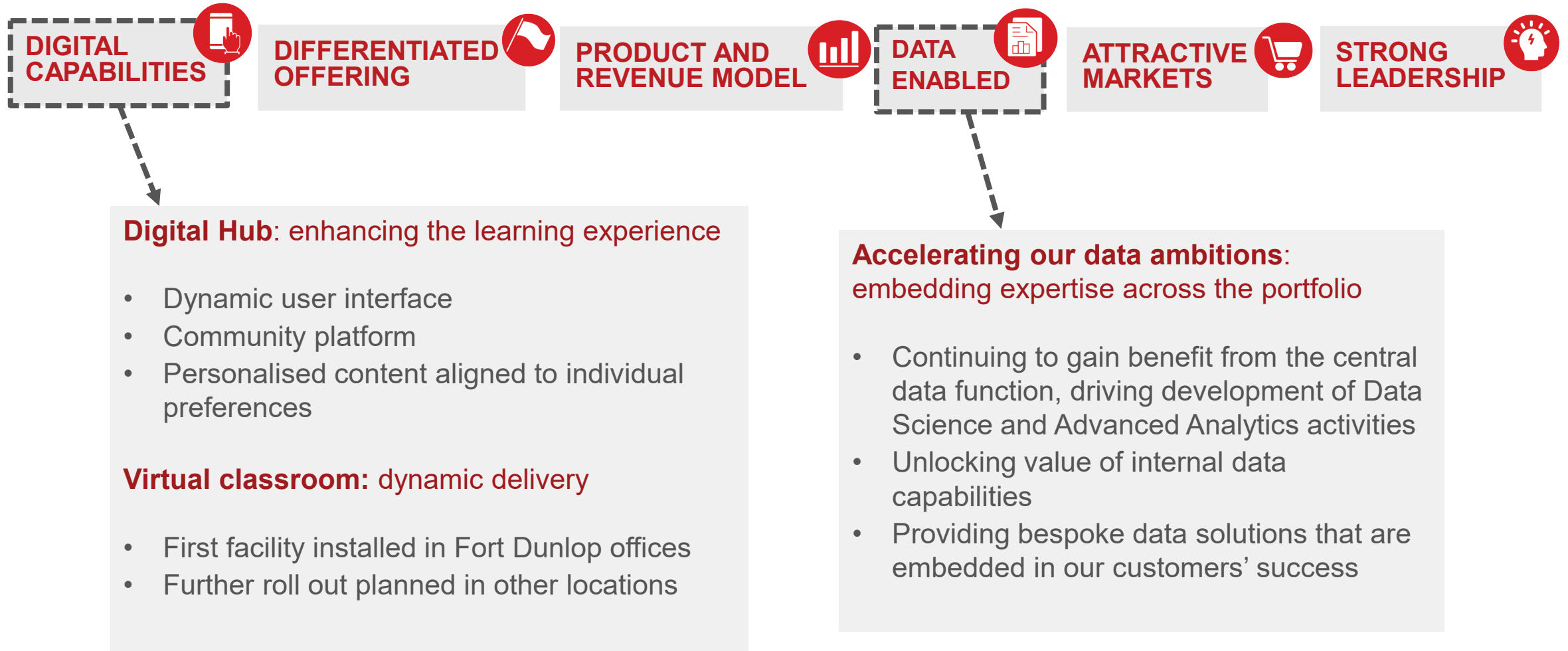
## Portfolio management

- Completed closure of CLT England and sale of CLT Scotland
- Continued benchmarking to Wilmington characteristics, exhibiting the strengths that drive growth







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# CHARACTERISTICS DRIVING VALUE CREATION.



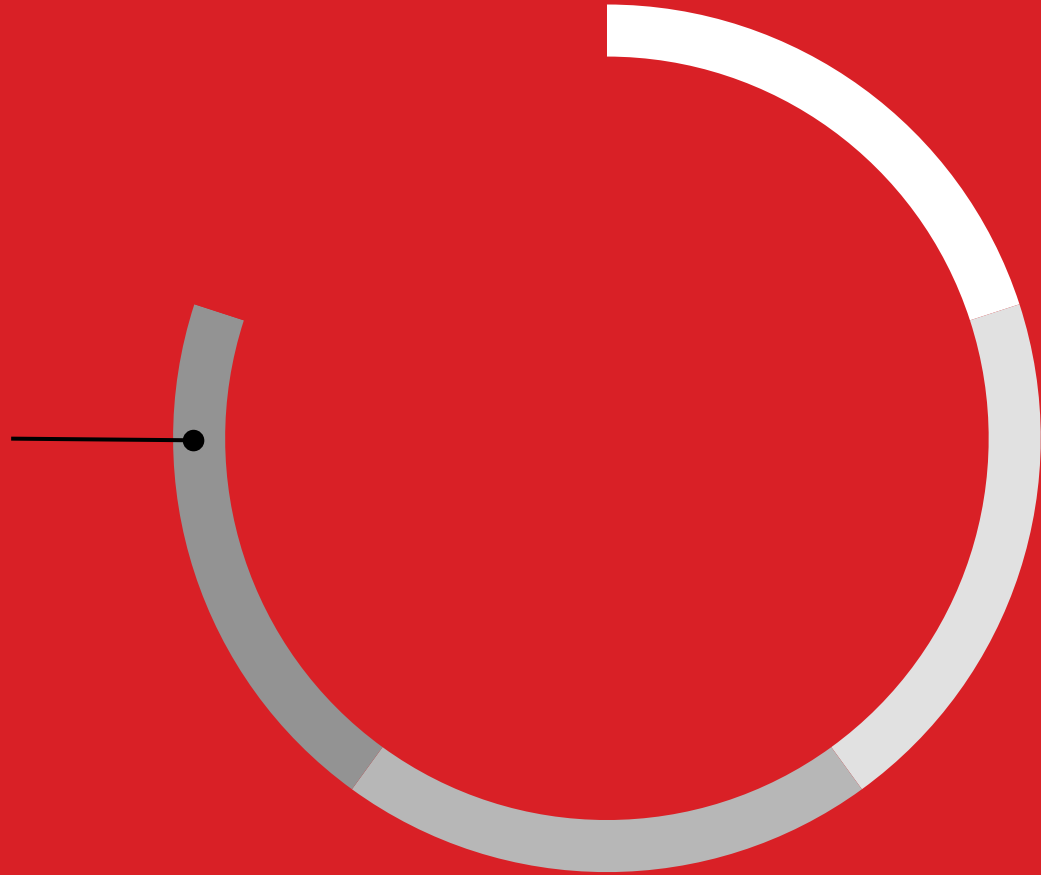
# H1 PROGRESS & H2 FOCUS.

	 <p>People</p>	 <p>Sales and Marketing</p>	 <p>Technology and Data</p>	 <p>Product</p>
<b>H1 Progress</b>	<ul style="list-style-type: none"> <li>✓ Acted on engagement survey feedback. Dec 20 engagement up to 7.6 from 6.7, 87% participation</li> <li>✓ Invested in D&amp;I working group</li> <li>✓ Prioritised staff wellbeing:               <ul style="list-style-type: none"> <li>✓ Delivered inaugural Mental Health First Aider training</li> <li>✓ Rolled out remote working support initiatives</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Delivered opportunities in AsiaPac &amp; Middle East</li> <li>✓ <b>Rolled-out Sales Academy phase 1</b></li> <li>✓ Restructured away from centralised sales</li> <li>✓ Continued development of sales KPIs</li> <li>✓ Initiated review of pricing and packaging, embracing digital and data capabilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improved business processes with “off the shelf” technologies</li> <li>✓ Digital Hub phase 1 launched</li> <li>✓ Implemented analytics technology to measure eLearning effectiveness and event engagement</li> <li>✓ <b>Further developed Central Data function &amp; product management skills</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Continued New Product Development with MVP and CAG input at their core</b></li> <li>✓ Successful transition of programmes and customers from FTF to virtual</li> <li>✓ Migrated majority of IMR &amp; EBR customers to Axco’s new Front End development</li> <li>✓ Developed Product Academy</li> </ul>
<b>H2 Focus</b>	<ul style="list-style-type: none"> <li>▪ Respond to December 2020 employee engagement survey</li> <li>▪ Further support activities of the D&amp;I working group</li> <li>▪ <b>Maintain focus on wellbeing and mental health at work initiatives</b></li> <li>▪ Customise Learning &amp; Development programmes to PDRs and shift to bitesize virtual delivery</li> </ul>	<ul style="list-style-type: none"> <li>▪ Roll out Sales Academy phase 2 to deliver business-specific objectives</li> <li>▪ <b>Enhance sales KPI analysis capabilities to drive individual and team performance</b></li> <li>▪ Embed new approach to sales packages, pricing and ‘quality revenues’</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Drive Data Science and Advanced Analytics activities</b></li> <li>▪ Engineering velocity</li> <li>▪ Agile approach in place: 2-week Sprints, providing the ability for iterative product roll-out</li> <li>▪ Develop virtual classroom facility</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Continue the digitisation program through:</b> <ul style="list-style-type: none"> <li>▪ Online learning solutions</li> <li>▪ Blended learning</li> <li>▪ Microlearning</li> <li>▪ Modular learning</li> </ul> </li> <li>▪ Prioritise customer driven initiatives</li> <li>▪ Commence Product Academy</li> </ul>

# CURRENT TRADING AND OUTLOOK.

- Encouraging start to H2, building on solid H1 performance
- Plans for H2 assume no face-to-face
- Our short-term performance should continue in the vein of our H1 performance.
- Clear focus on digital and data capabilities to maintain flexibility for face-to-face, virtual and hybrid product delivery
- Drive progress against sustainability strategy with planned ESG materiality assessment
- Repayment of FY21 furlough and resumption of dividends with interim dividend to be paid in April 2021

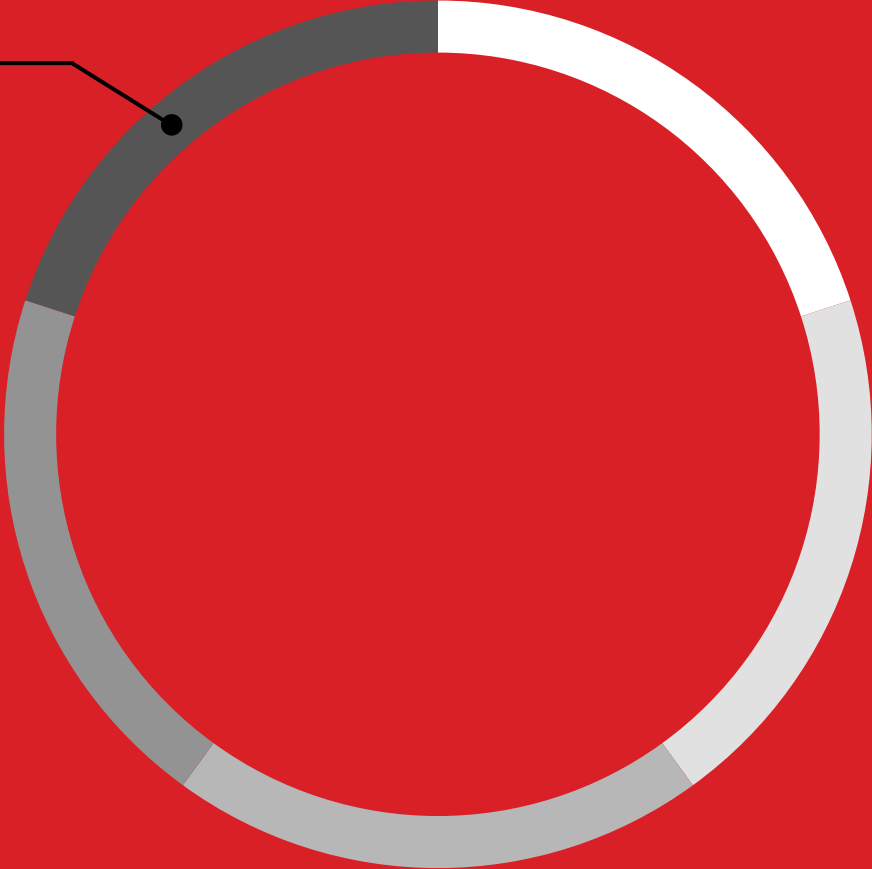
**Q&A**



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# APPENDICES

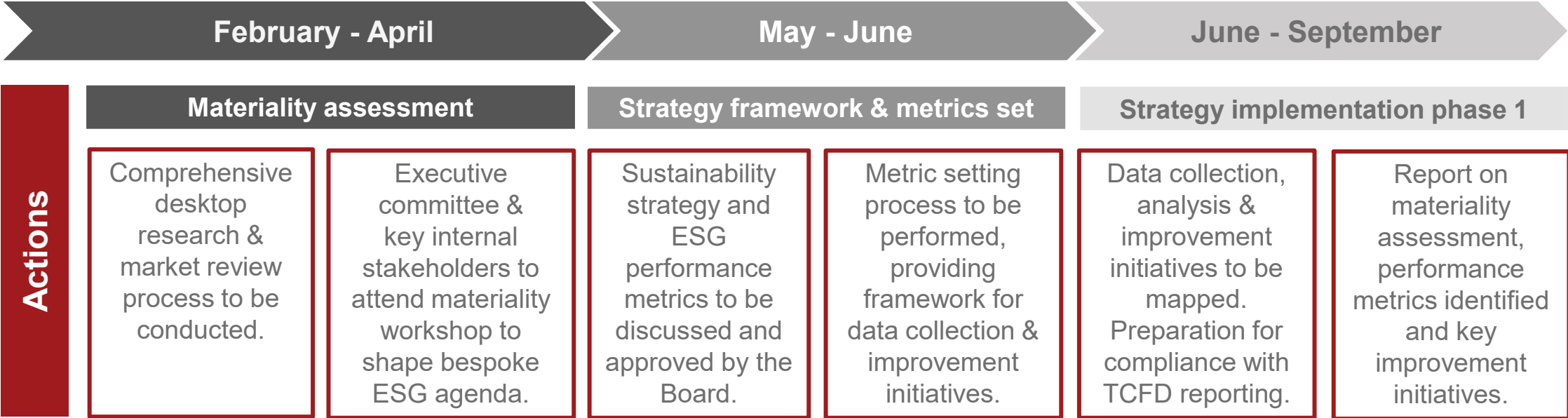


# GLOSSARY.

Abbreviation	Definition
CAG	Customer advisory group
CLT	Central Law Training
D&I	Diversity and inclusion
EBITA / EBITDA	Earnings before interest, taxes and amortisation / Earnings before interest, taxes, depreciation and amortisation
EBR	Employee Benefits Reports – Axco product
ESG	Environmental, Social and Governance criteria
ESOT	Employee Share Ownership Trust
F2F	Face to face
ICA	International Compliance Association – Wilmington owned compliance industry body
IMR	Insurance Market Reports – Axco product
KPI	Key performance indicator
MVP	Minimum viable product
NPD	New product development
PDR	Personal Development Review
ROW	Rest of the world
SBP	Share based payments
TCFD	Taskforce on Climate-Related Financial Disclosures

# H2 ESG ROADMAP.

- Strong commitment to ESG demonstrated by progress already made in respect of key issues including Diversity & Inclusion, employee engagement, and Streamlined Energy and Carbon Reporting (SECR) initiatives.
- H2 roadmap established to further embed ESG strategy:



# SUMMARY BALANCE SHEET.

	31 DEC 2020 £M	31 DEC 2019 £M	30 Jun 2020 £M
<b>FIXED ASSETS</b>			
Goodwill/intangibles	94.4	98.8	97.6
PPE	5.4	5.3	5.1
Right of use assets	10.5	10.9	11.8
Other fixed assets	1.2	0.8	1.2
<b>WORKING CAPITAL</b>			
Deferred revenue	(26.5)	(30.1)	(31.5)
Other working capital	(4.4)	8.2	(1.5)
<b>CASH/DEBT</b>			
Net debt	(23.2)	(41.3)	(27.7)
Capitalised bank fees	0.7	0.6	0.6
Deferred consideration payable	-	(0.6)	-
Deferred consideration receivable	2.2	2.3	2.2
Financial instruments	0.2	0.2	(0.1)
<b>OTHER</b>			
Tax assets/(liabilities)	1.1	1.7	1.3
Lease liabilities	(11.9)	(12.5)	(13.1)
Deferred tax liabilities	(2.3)	(2.4)	(2.5)
<b>Net assets</b>	<b>47.4</b>	<b>41.9</b>	<b>43.4</b>

- Deferred revenue decrease due to closure of CLT England and sale of CLT Scotland, in addition to lower events billing
- Other working capital movement reflects:
  - Deferred FY20 VAT and PAYE payments to be repaid in 2021
  - Strong customer collections
- Net debt £23.2m, strong liquidity position maintained:
  - £15.0m CLBILS facility repaid in full on 17 February 2021

# THANK YOU



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