




# INTERIM RESULTS 2019/20

Wilmington plc

Mark Milner, Chief Executive Officer  
Richard Amos, Chief Financial Officer

London, 20 February 2020

# 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.

**Introduction and highlights**

**Mark Milner**

**Operational review and  
financial highlights**

**Richard Amos**

**Progress update**

**Mark Milner**

**Q & A**

II

WILMINGTON

INTRODUCTION AND HIGHLIGHTS



# HIGHLIGHTS.

## Progress made through organic growth focus

- Momentum built across period
- Organic\* revenue growth in all three divisions
  - Risk & Compliance: +2%
  - Healthcare: +3%
  - Professional: +1%

## Revenue of £59.5m up 2% on last H1 (2018: £58.3m)

- Organic growth 2%
- Compared to flat H1 in FY19 and 1.5% growth in FY 2019

## Adjusted\*\* PBT increased to £6.9m (2018: £6.7m)

- EBITA margin 13% (2018: 13%)
- Additional revenue offset by increased staff costs to support growth initiatives

## Net debt at 31 Dec 2019 £41.3m (Dec 2018: £43.8m)

- Cash conversion 70% (Dec 2018: 91%) on a comparable basis to last year
  - Last year's working capital outflow abnormally low

## Interim dividend up 2% to 4.2p (2018: 4.1p)

- To be paid 9 April (ex-div 5 March)

## Operational excellence

- Sales & Marketing
  - Activities taken to drive proactive sales culture into organisation
- Progress on product management and technology

## Portfolio management

- Review conducted into all parts of the portfolio
- Two businesses identified for strategic reviews
  - CLT
  - Inese

\* Organic = at constant currency

\*\*Adjusted results exclude adjusting items, gain on sale of subsidiary, amortisation of intangible assets (excluding computer software), share of loss on equity accounted investment and finance costs



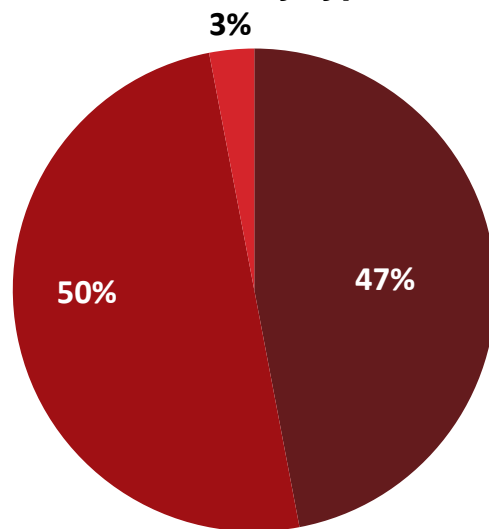
OPERATIONAL REVIEW

Start with user needs

# RISK & COMPLIANCE.

6 months 31 Dec	2019 £m	2018 £m	Absolute variance %	Organic variance %
Revenue	20.6	20.1	3%	2%
Operating profit	6.1	5.9	3%	2%
Margin %	30%	29%		

Revenue by type



- Information 47%
- Training 50%
- Networking 3%

Overall revenue up 3% on an absolute and 2% on an organic basis

- Robust performance against strong comparatives

Compliance delivered 2% organic growth

- ICA recorded a timing related 2% organic reduction in revenue against a strong 2019 H1 comparator
  - Asia Pacific region lower enrolments due to forthcoming regulatory changes, remaining regions grew 5%
  - Online learning revenue stream grew 54%
  - ICA membership up 1,000 to over 15,000
- The remaining Compliance businesses delivering combined 8% organic revenue growth with each business positive
  - Strong performance in Compliance Week and wealth management business
  - Compliance Week encouraging result following launch of new platform

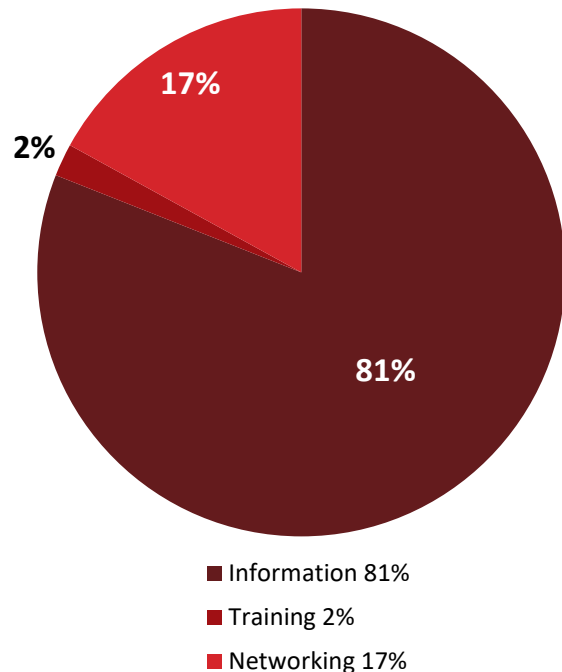
Risk businesses produced 1% organic growth

- Axco - positive year 4% absolute growth
  - New data platform launched in January 2020
- Inese - delivered 2% organic revenue growth
  - Based on improved subscriptions for its digital publications

# HEALTHCARE.

6 months 31 Dec	2019 £m	2018 £m	Absolute variance %	Organic variance %
Revenue	21.1	20.5	3%	3%
Operating profit	1.3	1.3	(1%)	0%
Margin %	6%	6%		

Revenue by type



Healthcare grew 3% organically: Rebuilding momentum

- Compared to a 1% increase last full year

European Healthcare flat on an organic basis

- French business achieved 8% organic revenue growth
  - Ongoing sales of APMi
- UK Healthcare sales grew by mid-single digits
  - Revenue declined 3% on an organic basis
  - Shift in the mix away from products converted rapidly into revenue towards products which take longer to deliver
  - Development of Healthcare Cloud

US Healthcare organic revenue increase of 20%

- Events outperformed the previous year including RISE West
- H2 we will deliver RISE Nashville
  - Has moved to a new larger venue this year following recent growth

Other Information Businesses achieved 2% organic revenue growth

Healthcare operating profit flat at £1.3m

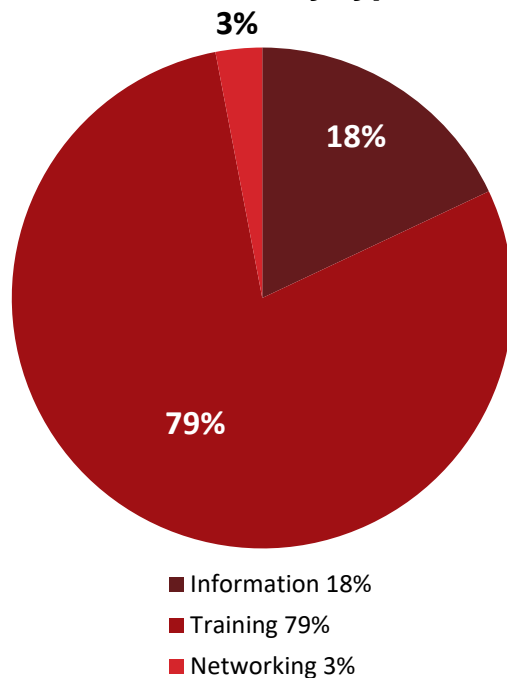
- Margins expected to improve in H2 due to the fixed nature of many of the costs and the weighting of revenue towards H2



# PROFESSIONAL.

6 months 31 Dec	2019 £m	2018 £m	Absolute variance %	Organic variance %
Revenue	17.8	17.7	1%	1%
Operating profit	2.7	2.9	(7%)	(6%)
Margin %	15%	17%		

Revenue by type



Professional division overall revenue growth 1%

- Turnaround from the 2% decline in the prior year
  - Market conditions challenging: Brexit and delays due to election
- Investment Banking training business growth through online learning dashboard
- Accountancy: Flat if adjusted for slippage of UK Government Budget
- Legal
  - Continued decline for CPD in CLT
  - Progress made in Bond Solon
    - Framework contracts to provide Government agencies with regulatory training

Operating profit reduction due to small cost increases

- Trainer costs in Investment Banking business
- Upcoming new IR35 legislation to impact Professional and Compliance: £0.5m full year impact in FY21



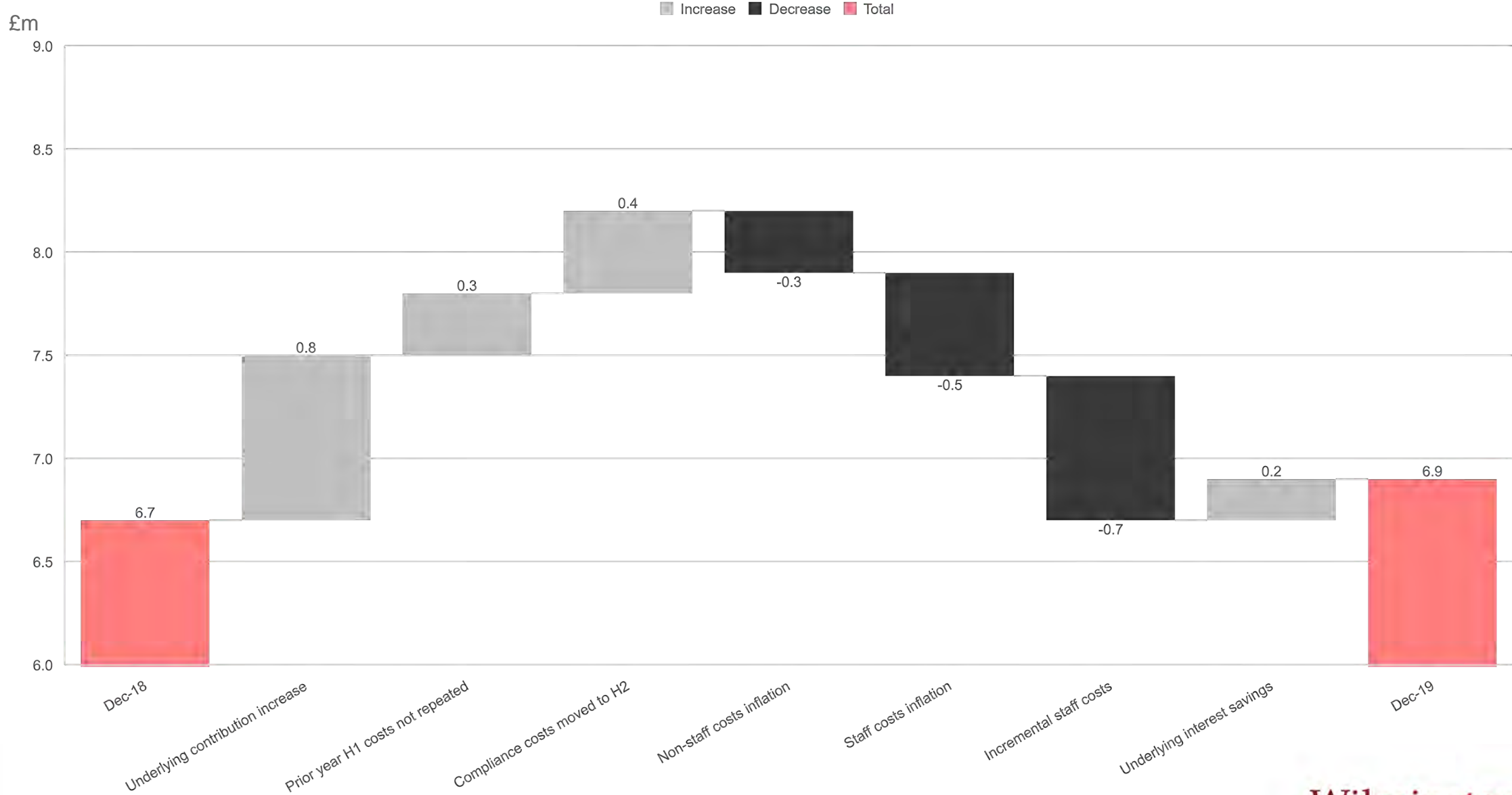
# FINANCIAL HIGHLIGHTS

# REVENUE BY DIVISION.

	6 months to 31 Dec 2019	6 months to 31 Dec 2018	Absolute variance	Organic variance
	£m	£m	%	%
<b>Revenue</b>				
Compliance	14.1	13.8	2%	2%
Risk	6.5	6.3	3%	1%
<b>Total Risk &amp; Compliance</b>	<b>20.6</b>	<b>20.1</b>	<b>3%</b>	<b>2%</b>
European Healthcare	14.5	14.6	(1%)	0%
US Healthcare	3.1	2.5	23%	20%
Other Information Businesses	3.5	3.4	2%	2%
<b>Total Healthcare</b>	<b>21.1</b>	<b>20.5</b>	<b>3%</b>	<b>3%</b>
<b>Total Professional</b>	<b>17.8</b>	<b>17.7</b>	<b>1%</b>	<b>1%</b>
<b>Total group revenue</b>	<b>59.5</b>	<b>58.3</b>	<b>+2%</b>	<b>+2%</b>

- Limited currency impact and no impact of acquisitions or disposals on reported revenue; hence organic and absolute variances similar
- Repeatable revenue as a percentage of total revenue was down 2% at 71% compared to 73% last H1
  - Due to revenue growth in the period being generated by non-repeatable revenues such as events
- Across the entire business, digital learning revenues as a proportion of total training revenues continued to increase from 30% last year to 33%

# GROUP ADJUSTED PBT BRIDGE.



# INCOME STATEMENT.

	6 months to Dec 2019 £m	6 months to Dec 2018 £m	Variance £m	Absolute variance %	Organic variance %
<b>Revenue</b>	<b>59.5</b>	<b>58.3</b>	<b>1.2</b>	<b>2%</b>	<b>2%</b>
Adjusted EBITA	7.9	7.8	0.1	1%	1%
<i>EBITA margin</i>	13.3%	13.4%			
Share of loss of JV	-	(0.1)			
Finance costs	(1.0)	(1.0)			
<b>Adjusted profit before tax</b>	<b>6.9</b>	<b>6.7</b>	<b>0.2</b>	<b>4%</b>	
Gain on sale of ICP	-	1.9	(1.9)		
Amortisation of acquired intangible assets	(2.3)	(2.6)	0.3		
Changes in deferred consideration	(0.5)	(0.1)	(0.4)		
<b>Statutory profit before tax</b>	<b>4.1</b>	<b>5.9</b>	<b>(1.8)</b>		
Taxation	(1.0)	(0.9)	(0.1)		
<b>Statutory profit after tax</b>	<b>3.1</b>	<b>5.0</b>	<b>(1.9)</b>		
<b>Underlying tax rate</b>	20%	20%			
<b>Adjusted basic EPS</b>	6.36p	6.16p		3%	
<b>Dividend per share</b>	4.2p	4.1p		2%	

# CASH FLOW.

	6 months to Dec 2019	6 months to Dec 2018	Variance
	£m	£m	£m
Adjusted EBITDA	10.4	9.0	1.4
SBP	0.4	(0.0)	0.4
Movement in WC	(4.2)	(1.9)	(2.3)
<b>Cash inflow from operations</b>	<b>6.6</b>	<b>7.1</b>	<b>(0.5)</b>
Interest pad	(0.9)	(1.0)	0.1
Tax paid	(3.4)	(2.3)	(1.1)
Payment of lease liabilities	(1.1)	-	(1.1)
Net capital expenditure	(1.9)	(1.3)	(0.6)
<b>Free cash flow before dividends</b>	<b>(0.7)</b>	<b>2.5</b>	<b>(3.2)</b>
Equity dividends	(4.4)	(4.2)	(0.2)
Deferred consideration	(1.4)	(1.5)	0.1
Purchase of shares by ESOT	(0.2)	-	(0.2)
Adjusting and other items	(1.1)	(0.5)	(0.6)
<b>Change in net debt during the year</b>	<b>(7.8)</b>	<b>(3.7)</b>	<b>(4.1)</b>
Brought forward net debt	(33.9)	(39.6)	5.7
FX	0.4	(0.5)	0.9
<b>Carried forward net debt</b>	<b>(41.3)</b>	<b>(43.8)</b>	<b>2.5</b>

- Normal seasonal cash outflow in H1
- Cash conversion at 83% versus 91% last year
  - However not a fair comparison due to the new depreciation of right of use assets (pre IFRS 16: 70%)
  - Last year's working capital outflow abnormally low
- Tax paid up £1.1m
  - Due to HMRC accelerating the payment of quarterly tax instalments for large companies
- Increase in Capex
  - Investments in ecommerce platforms, online learning development and the ongoing integration of the technology platforms
- ESOT purchased 80,000 shares in Wilmington plc at a total cost of £0.2m as part of an ongoing programme

# SUMMARY BALANCE SHEET.

	31 Dec 2019 £m	31 Dec 2018 £m
<b>Fixed assets</b>		
Goodwill/intangibles	98.8	102.6
Property and P&E	5.3	6.4
Right of use assets	10.9	-
<b>Working capital</b>		
Deferred revenue	(30.1)	(26.6)
Other working capital	8.2	2.7
<b>Cash/debt</b>		
Net debt	(41.3)	(43.8)
Capitalised bank fees	0.6	0.2
Deferred consideration payable	(0.6)	(1.3)
Deferred consideration receivable	2.3	2.2
Financial instruments	0.2	(0.5)
<b>Other</b>		
Current tax asset	1.7	0.5
Deferred tax	(1.6)	(2.0)
Lease liabilities	(12.5)	-
<b>Net assets</b>	<b>41.9</b>	<b>40.4</b>

- IFRS 16 changes
  - Recognising right-of-use assets of £10.9m and lease liabilities of £12.5m
  - Reclassification of £1.6m of rent free period accrual to reduce the right of use asset and increase other working capital
- Deferred revenue increase £3.5m
  - £1.3m is the impact of a change in the method of billing certain Accountancy subscriptions
  - Remaining increase is due to improved sales
- Other working capital increased
  - £1.6m reflects the IFRS 16 reclassification
  - Current debtors increased £1.8m due to high December billings
  - Accruals fell £2.1m due mainly to supplier invoice timing
- Net debt of £41.3m reflects 64% of our debt and overdraft facility (2018: 58%)
  - Debt facility (£65m) renewed to July 2023 with extension option to Oct 2024

A glowing lightbulb is the central focus, mounted on a black stand. The background is a blurred crowd of people, creating a bokeh effect. The entire image has a warm, reddish-pink color cast. A dark horizontal bar is positioned across the middle of the image, containing the text "PROGRESS UPDATE".

PROGRESS UPDATE.



# RECAP ON SEPTEMBER 2019.

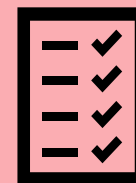
WE IDENTIFIED THREE COMPONENTS OF OPERATIONAL EXCELLENCE

September 2019

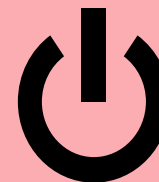
## FIRST IMPRESSIONS.

- Still in onboarding period (<90 days)
  - Travelled to most locations
  - Met over 600 staff, conducted 30+ townhalls
  - Commence deep dives into the business units
- Employees are experts and embody passion and enthusiasm
- Generally benign markets and a healthy demand for our products and services
- Great brands and leading market positions
- Business review highlighted clear opportunities for growth
- Focus and build momentum - Do one thing. Do it well.
- Historically an acquisition-led business
- Focus on organic growth is key.
  - Product development
  - Technology enhancements
  - Sales & Marketing

Wilmington plc



Product



Technology



Sales and  
Marketing

Wilmington plc

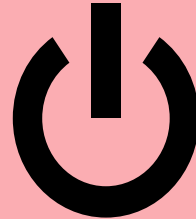
# OPERATIONAL EXCELLENCE.

OUR THREE AREAS OF FOCUS WILL FUEL / BUILD MOMENTUM, DELIVERING ORGANIC GROWTH



**Product**

- Capabilities
- MVP solutions \*
- CAGs\*\*
- Iterative roll-out
- Ownership
- Linkage to Sales & Marketing



**Technology**

- Tech & Data enabled
- Tech fuelled Innovation
- Technology Transformation
- Best practice IT Services



**Sales and Marketing**

- Farmer/Hunter
- Capabilities
- Leadership
- Performance & KPIs
- CRM
- Lead-Generation

# PRODUCT MANAGEMENT - PROGRESS.



IMPROVED PROCESSES, CUSTOMER ENGAGEMENT & DELIVERY



## H1 Milestones

- Roll-out of Product requirement processes
  - Key projects have MVPs at their core
  - Increased adoption of CAGs (Customer Advisory Groups)
  - Improved investment decisioning with pre-agreed ROI measures
  - Re-prioritised roadmap
- Several product upgrades delivered or in flight in H1:
  - AMT Dashboard
  - Axco database upgrade

## H2 Priorities

- Professional development – launch of the *Wilmington Product Academy*
- Assessment of H1 launch stage gates
- Cross-group collaboration opportunities
- Continue the digitisation programme
  - Online learning solutions
  - Blended learning
  - Microlearning
  - Modular learning

# TECHNOLOGY - PROGRESS.



LEVERAGING INVESTMENTS, CENTRALISATION, DATA EXPERTISE



## H1 Milestones

- Leveraged investments already made in 'off the shelf' technologies: Salesforce<sup>®</sup>, Totara<sup>®</sup> (LMS), Marketo<sup>®</sup>, PowerBI<sup>™</sup>, Tableau<sup>®</sup>
- Operational improvements:
  - Establishing centralised IT
  - Building tech team capabilities for growth
  - Closer alignment of engineering teams with businesses and clients

## H2 Priorities

- Engineering velocity
- Speed of change increases demand for technology driven innovation e.g. growth in online training
- Agile approach in place: 2-week Sprints, providing the ability for iterative product roll-out
- Continue deployment of core technologies
- Creation of central Data Management function

# SALES & MARKETING - PROGRESS.



ALL DIVISIONS DISPLAYING POSITIVE SALES GROWTH



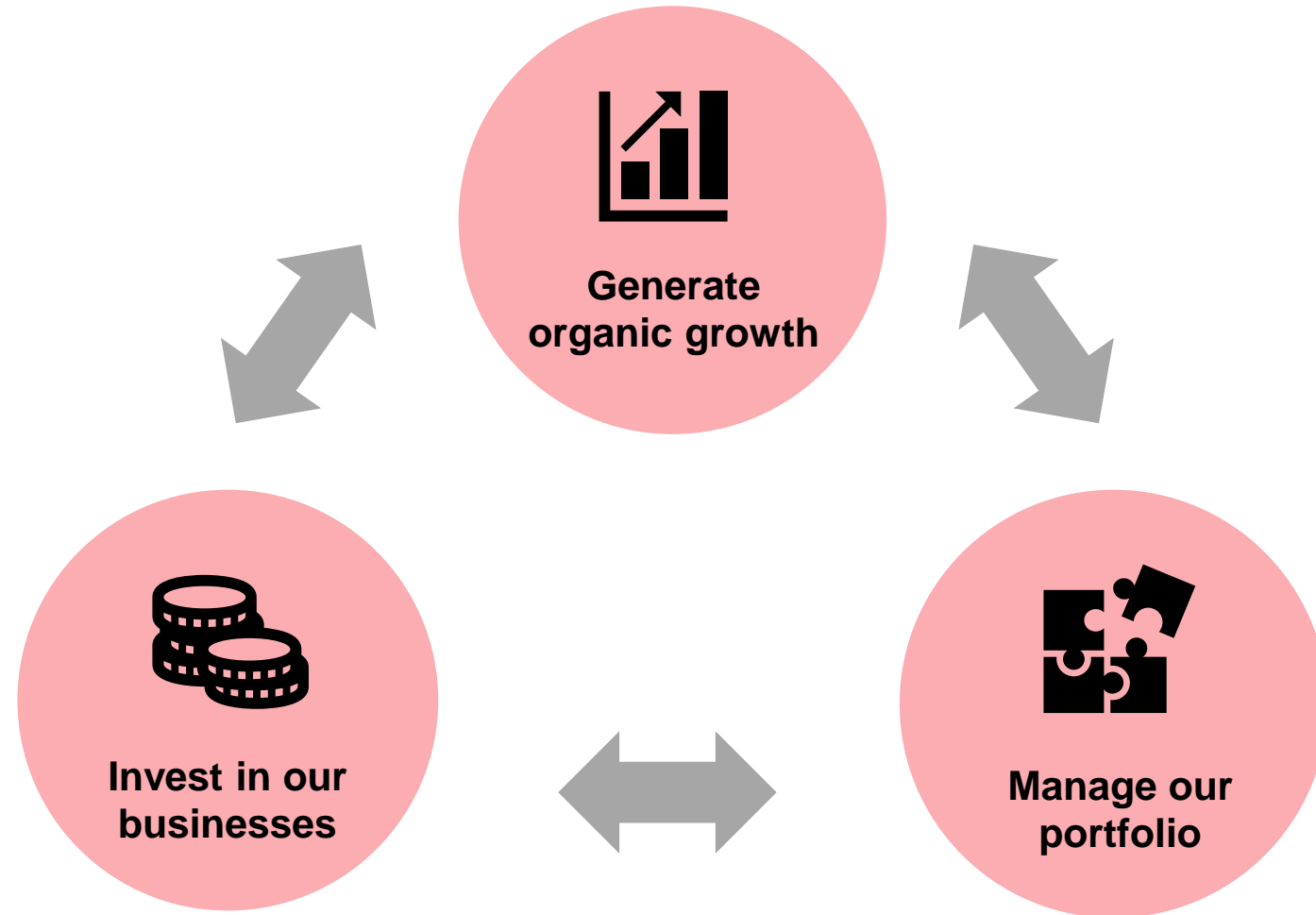
## H1 Milestones

- Leadership and team
  - Develop sales leadership
  - Additional sales resource: +10 FTE in H1
- Adoption of sales CRMs
  - c.70% of group on common software
  - Dynamic KPIs measure effectiveness & performance
  - Better connectivity between marketing and sales
- Creation of a stronger sales culture
  - *Wilmington Sales Hub* (a sales floor in Whitechapel)

## H2 Priorities

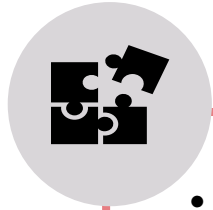
- Next stage development of sales capabilities e.g. launch of *Wilmington Sales Academy*
- Assessment of KPIs to drive individual and team sales performance
- Revised approach to sales packages, pricing and 'quality revenues'
- Continue development of marketing lead-generation activities
  - Building on the successes in H1
  - Knowledge share

# WE REMAIN FOCUSSED ON THREE AREAS OF STRATEGY.



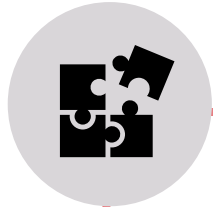
# MANAGING OUR PORTFOLIO.

## CHARACTERISTICS OF A WILMINGTON BUSINESS



- **Differentiated offering**
  - Market-leading position – within top 3
  - Defendable moat developed with owned IP
  - Strong brand positioning and high value to customers
- **Attractive markets**
  - Macro fit with Wilmington core markets
  - Micro fit with a growing end-user base – our solutions integrated into customer systems
- **Product and revenue model**
  - Attractive economics
  - Repeatable revenues
  - Benefits from and to Wilmington
- **Strong leadership**
  - Innovative
  - Sector knowledge

# EARLY IMPLICATIONS OF PORTFOLIO MANAGEMENT.



- Currently under strategic review and we are considering options:



- Central Law Training is a leading UK provider of post-qualification training to the legal profession and a trusted partner for legal professionals, solicitor firms, corporates and local authorities.
- Based in London, Sutton Coldfield and Glasgow

- Following a strategic review, exploring sale options:



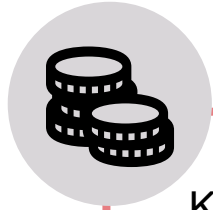
- Inese provide training, information, communication and global marketing solutions for the Spanish and Latin-American insurance industries and related companies.
- Based in Madrid with operations across Latin-America

Total revenue associated with these assets under review = c.£7m or c.5% of portfolio revenue



# INVESTMENT IN BUSINESSES.

CONTINUED INVESTMENT IN OUR FOCUS AREAS



Key areas of investment in H2 and FY21

- **Product management:** Talent development initiatives (Wilmington Product Academy)  
Acceleration of on-going transition from face-to face to online & blended learning  
Additional staff, with new skills and tools, to drive these changes
- **Technology:** Continue of digitisation programme  
Development of central data team and data warehouse  
Continue centralisation
- **Sales & Marketing:** Continued investment in development (Wilmington Sales Academy)  
Investment in sales processes and CRM  
Investment in pricing and packaging  
Investment in marketing talent, software and data
- **Other areas:** Act on employee engagement feedback (91% participation)  
Focus on essential staff areas, such as mental health at work  
Modernising working environments

# CURRENT TRADING AND OUTLOOK.

- On track to deliver organic revenue growth expectations
  - Supported by good new sales bookings in H1 and increased deferred revenue
  - Significant progress in driving operational excellence
- Options being assessed for both CLT and Inese as part of the portfolio management process
- Investments being made in accelerating medium term growth plans
  - Focussed on digitisation and better use of technology
  - Overall adjusted PBT expected to be in line with that achieved last full year

**Building momentum towards a focussed, modern, digital business portfolio**



Q & A.



# APPENDICES

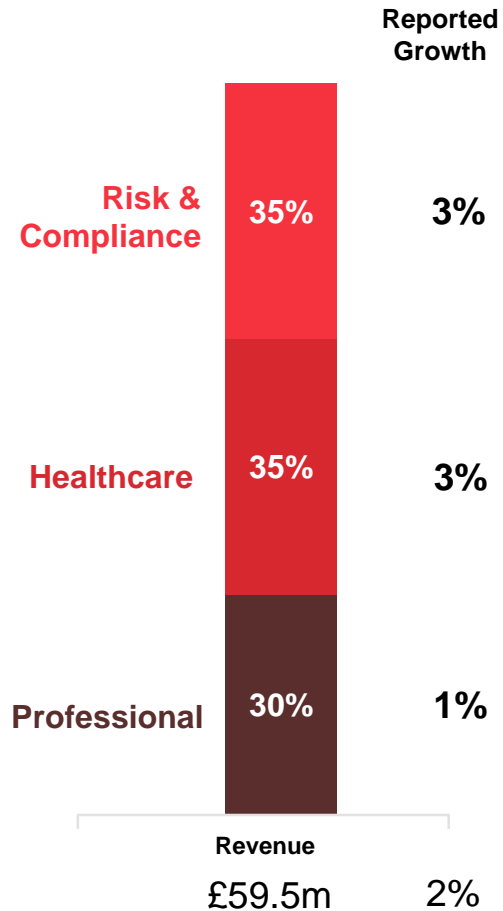
# GLOSSARY.

APMi	New product being developed by APM International, French based healthcare company
CLT	Central Law Training Limited
CPD	Continuing Professional Development
CRM	Customer relationship management software
ESOT	Employee Share Ownership Trust
ICA	International Compliance Association – Wilmington owned compliance industry body
ICP	International Company Profile – credit reporting business sold in July 2018
JV	Joint venture
Marketo <sup>©</sup>	Marketing automation software
Salesforce <sup>©</sup>	Cloud computing service software- allows better connect with customers, partners and potential customers
SBP	Share based payments
Tableau <sup>©</sup> Power BI <sup>™</sup>	Visualisation tools - helps simplify raw data into easily understandable format
Totara <sup>©</sup>	Learning Management System (LMS) being deployed group-wide
WC	Working capital

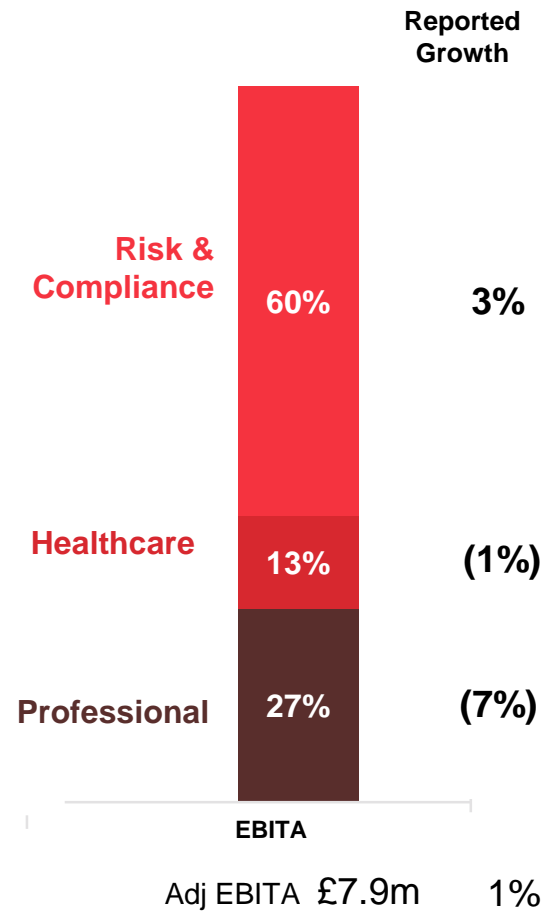


# FINANCIAL PROGRESS OVERVIEW.

## Revenue up (% of Group Revenue)



## EBITA anticipated reduction (% of Group EBITA)



## OVERALL MARGINS

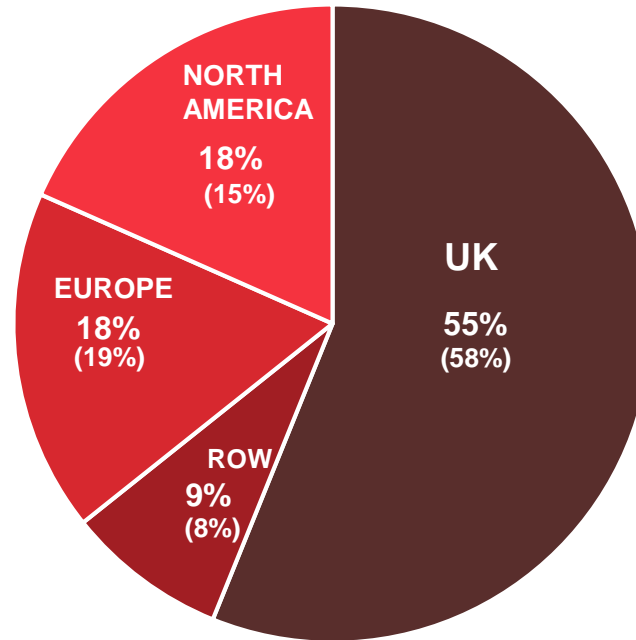
	EBITA Margin Dec 2019	EBITA Margin Dec 2018
Risk & Compliance	30%	29%
Healthcare	6%	6%
Professional	15%	17%
<hr/>		
Wilmington plc (adjusted EBITA margin)	13%	13%

# PROFILE OF THE BUSINESS.

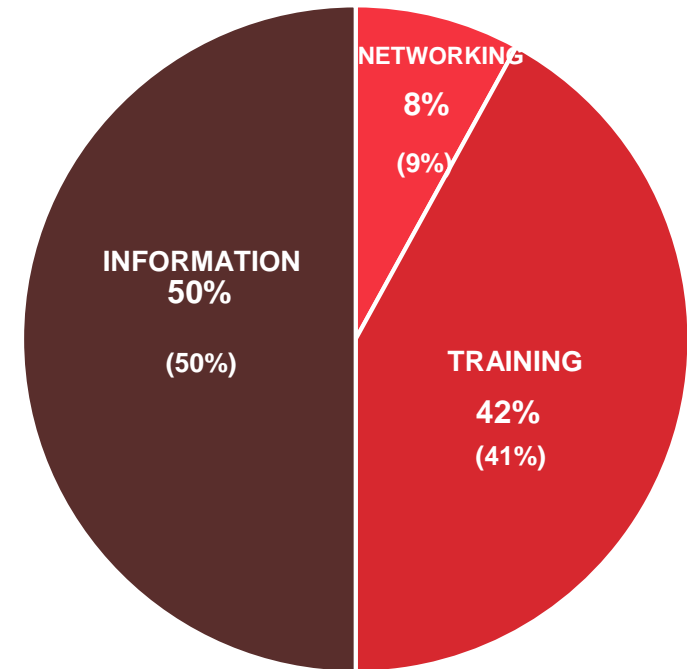
## REVENUE BY AREAS OF KNOWLEDGE



## REVENUE BY REGIONS



## REVENUE BY TYPE

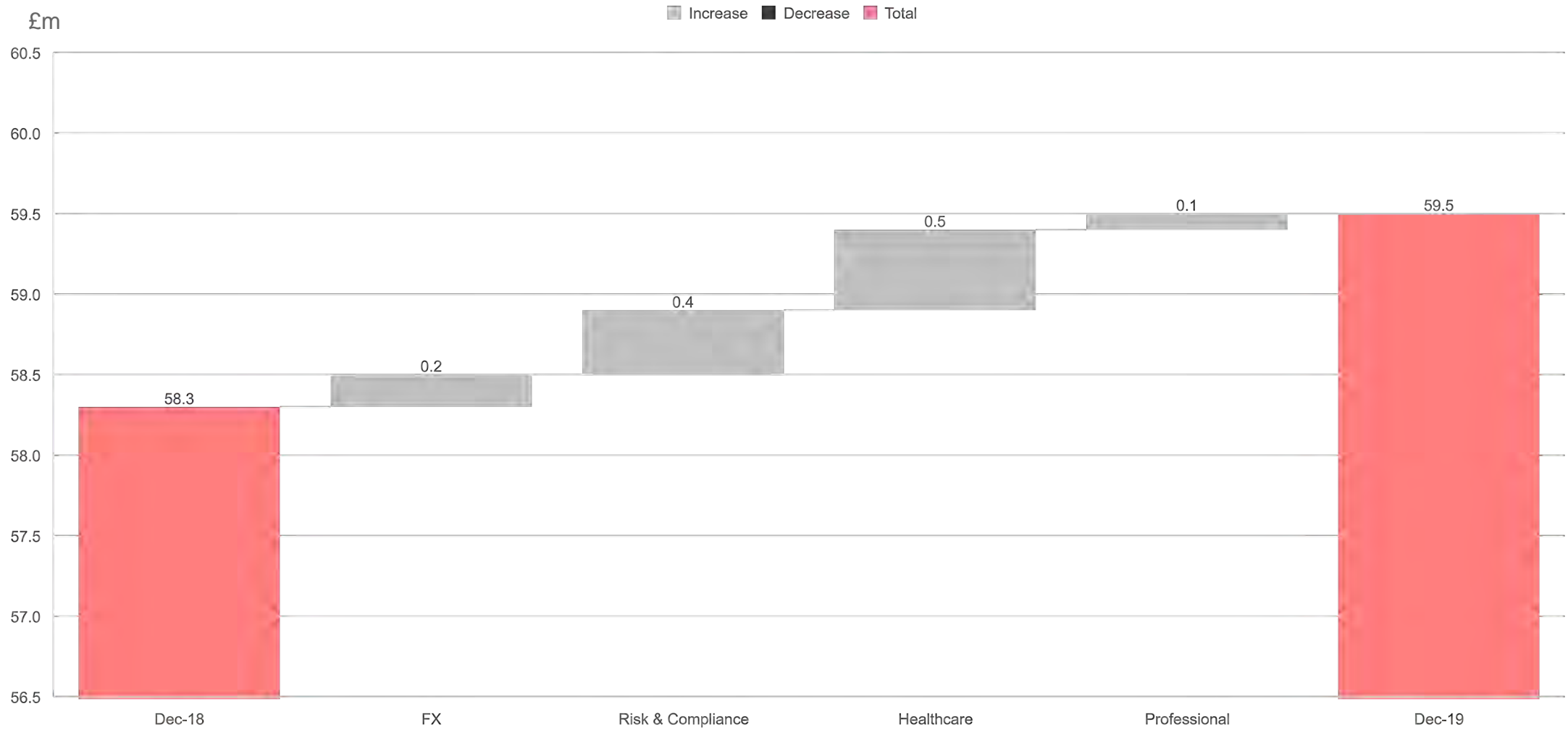


# ADJUSTED EBITA BY DIVISION.

	6 months to Dec 19 £m	6 months to Dec 18 £m	Absolute variance %	Organic variance %
<b>Adjusted EBITA</b>				
Risk & Compliance	6.1	5.9	3%	2%
Healthcare	1.3	1.3	(1%)	0%
Professional	2.7	2.9	(7%)	(6%)
Group overheads	(1.8)	(2.3)		
Share based payments	(0.4)	-		
<b>Total</b>	<b>7.9</b>	<b>7.8</b>	<b>1%</b>	<b>1%</b>



# GROUP REVENUE BRIDGE



# TRANSITION TO IFRS 16.

	31 Dec 2019 (pre IFRS 16 transition) £m	IFRS 16 transition £m	31 Dec 2019 (per Interim Report) £m
<b>Fixed assets</b>			
Goodwill/intangibles	98.8	-	98.8
Property and P&E	5.6	(0.3)	5.3
Right of use assets	-	10.9	10.9
<b>Working capital</b>			
Deferred revenue	(30.1)	-	(30.1)
Other working capital	6.6	1.6	8.2
<b>Cash/debt</b>			
Net debt	(41.3)	-	(41.3)
Capitalised bank fees	0.6	-	0.6
Deferred consideration payable	(0.6)	-	(0.6)
Deferred consideration receivable	2.3	-	2.3
Financial instruments	0.2	-	0.2
<b>Other</b>			
Current tax asset	1.7	-	1.7
Deferred tax	(1.7)	0.1	(1.6)
Lease liabilities	-	(12.5)	(12.5)
<b>Net assets</b>	<b>42.1</b>	<b>(0.2)</b>	<b>41.9</b>



THANK YOU