



Half year interim results Investor presentation

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hydrogen



ARGYLL SCOTT

Interim Results

H1 2018

Financial Highlights

Net Fee Income Analysis

Integration of Argyll Scott

A Platform For Sustainable Profit Growth

Interim Results

Strong Current Trading

2020 Goals

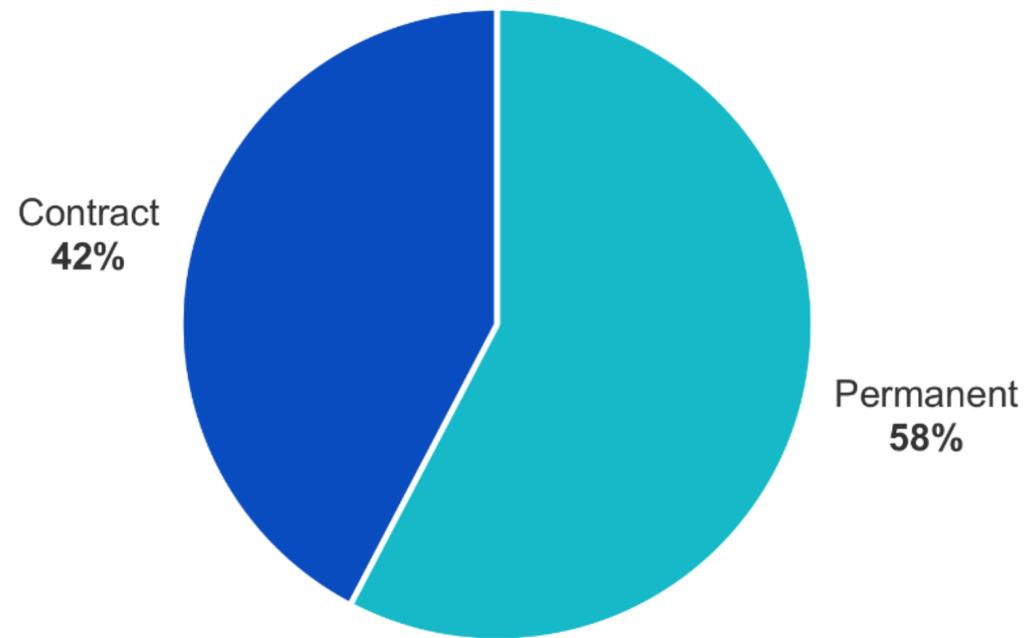
Financial Highlights

- Net Fee Income (“NFI”) increased by 57%
- Pro-forma NFI increased by 10%
 - APAC NFI up 16% to £5.5m
 - EMEA NFI up 6% to £8.7m
 - US NFI flat at £0.5m
- 53% of NFI earned outside the UK
- Underlying PBT* £1.1m, up £0.9m
- Increase in adjusted basic EPS in the period of 2.5p to 2.4p
- Strengthening balance sheet with net cash of £1.3m, up £1.7m from 31 December
- Return to payment of interim dividend of 0.5p per share being paid on 19 October

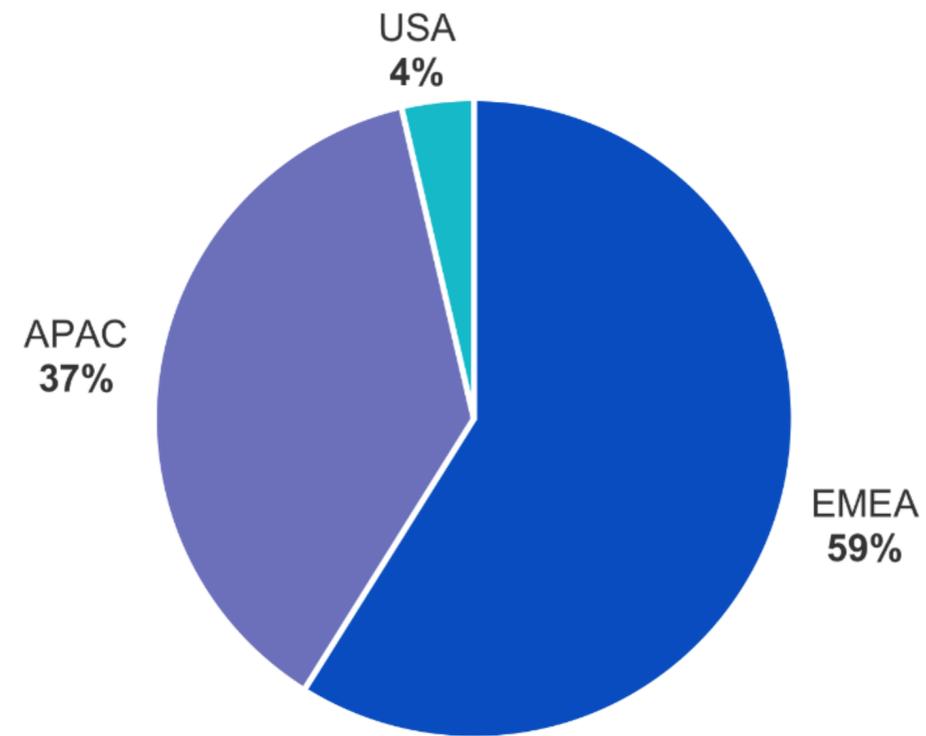
* Adjusted for foreign exchange gains, amortisation of acquired brand and database, share based payments, non-controlling interest and exceptional items

NFI analysis

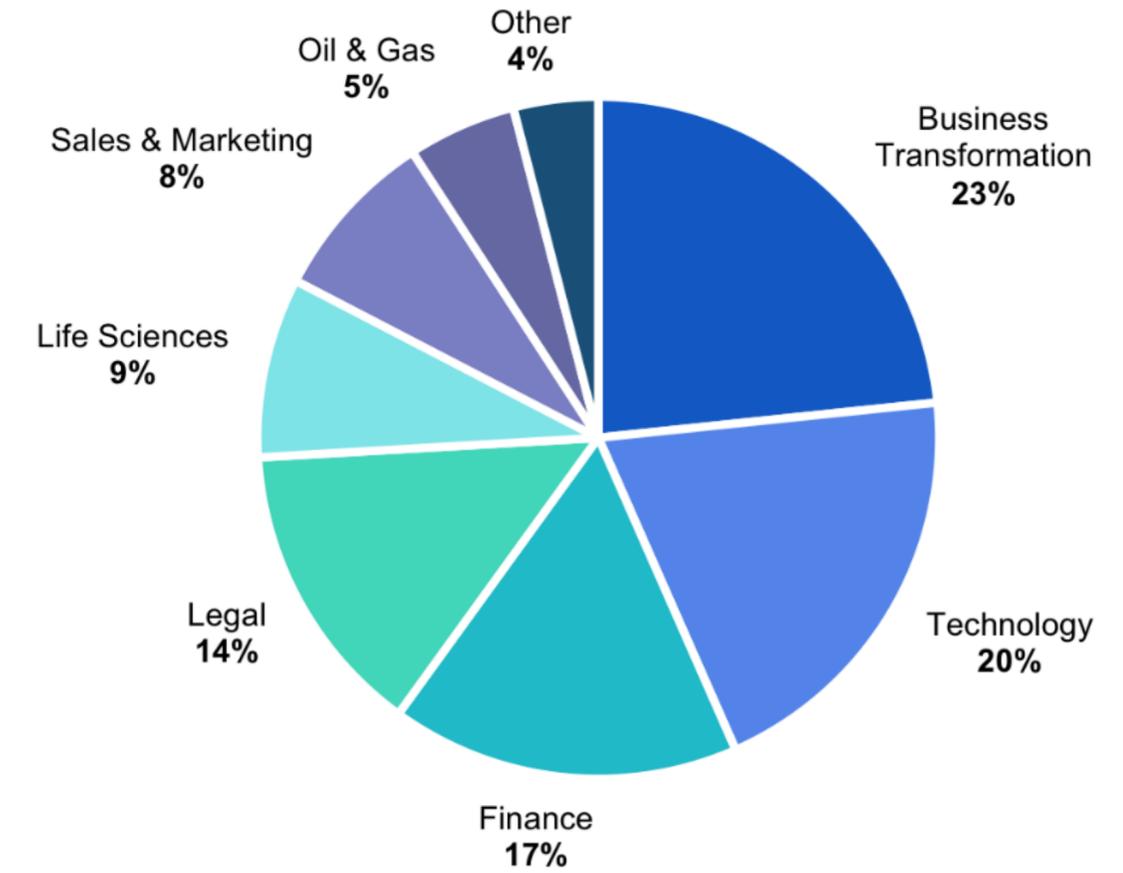
Permanent/Contract



Regional



Sector



Integration of Argyll Scott

Key objectives:

- Accelerate growth through scaling of APAC operations
- Realise support services synergies
- Diversify customer revenue concentration

Key achievements:

- Proforma NFI growth in APAC 16%
- Annualised proforma cost savings of £1.5m achieved
- Largest client accounts for 8% of NFI (H1 2017 – 14%)

A Platform for Sustainable Profit Growth



- **Robust operating model:**
 - Building market leading niche specialist businesses
 - Consistent targeting and reporting
- **People:**
 - Learning & Development culture
 - Minority Interest Scheme
 - Investment In Productive Headcount
- **Marketing & Technology:**
 - Common “*Go to Market*” strategy driven by global CRM & technology platform
 - Digital marketing programme enabling development of scalable bespoke relationships
- **Selective M&A**

Trading Summary



	H1 2018	H1 2017
Revenue	£68.6m	£56.8m
Gross profit (Net fee income)	£14.8m	£9.4m
- <i>Permanent NFI</i>	£8.5m	£4.3m
- <i>Contract NFI</i>	£6.3m	£5.1m
Operating costs	(£13.9m)	(£10.2m)
Other income	£0.3m	£0.3m
Operating profit before exceptional items	£1.2m	£0.0m
Underlying profit before tax*	£1.1m	£0.2m

* Adjusted for foreign exchange gains, amortisation of acquired brand and database, share based payments, non-controlling interest and exceptional items

Balance Sheet



	30 June 2018	30 June 2017	31 Dec 2017
Non-current assets	£14.5m	£15.0m	£14.4m
- Intangible assets	£13.0m	£13.5m	£13.0m
- Tangible assets	£1.0m	£0.9m	£0.9m
- Other assets	£0.5m	£0.6m	£0.5m
Current assets	£27.1m	£26.7m	£26.8m
- Debtors	£24.0m	£22.6m	£24.0m
- Cash and cash equivalents	£3.1m	£4.1m	£2.8m
Total assets	£41.6m	£41.7m	£41.2m
- Current liabilities	£19.2m	£18.9m	£19.4m
- Non-current liabilities	£1.4m	£0.9m	£1.6m
Total liabilities	£20.6m	£19.8m	£21.0m
Net assets	£21.0m	£21.9m	£20.2m

Net assets have increased since year end by

£0.8m

Net cash as at 30 June 2018

£1.3m (31 December 2017: net debt £0.4m)

Current ratio remains unchanged at

1.4 (2017: 1.4)

Cashflow Statement



	30 June 2018	30 June 2017	31 Dec 2017
Operating cashflow before movement in working capital	£1.4m	£0.5m	£1.3m
<i>Movement in working capital</i>	<i>£1.1m</i>	<i>(£0.9m)</i>	<i>(£2.8m)</i>
Tax and financing costs	(£0.2m)	(£0.2m)	(£0.4m)
<i>Cashflows arising from exceptional items</i>	<i>(£0.3m)</i>	<i>(£0.1m)</i>	<i>(£0.6m)</i>
Net cash inflow/(outflow) from operating activities	£2.0m	(£0.7m)	(£2.5m)
Cash at period/year end	£3.1m	£4.1m	£2.7m
Borrowings at period/year end	£1.8m	£2.4m	£3.1m
Net cash / (debt)	£1.3m	£1.7m	(£0.4m)
Average available funds	£7.0m	£4.4m	£5.8m

Current Trading and Outlook

- The Group has continued to trade well through the summer
- Notable performances from our US and Australian operations
- Encouraging outlook for Q4
- Confident the underlying profit and EPS for the year will be substantially ahead of current market expectations

2020 Goals



Grow NFI by
over 10% pa



Grow underlying
EPS by 20% per
annum from 3.3p in
2016 to 6.8p in
2020



Increase underlying
profit before tax to
NFI conversion from
3.5% to > 15% by
2020



Contract base
from 1,121 at
30/06/18 to 1500

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