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own ideas

## 2013 Results



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Addiction<sup>®</sup> april-six<sup>®</sup> balloon dog<sup>®</sup>  brayleino<sup>®</sup> RLA<sup>®</sup>  SOLARIS<sup>®</sup> 'story'<sup>®</sup> thinkbdw<sup>®</sup> yucca<sup>®</sup>



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# Summary of the year: 2013

- A game of two halves
  - H1 hit by Addiction and Aviva
  - H2 strong recovery
- Changes at the top
  - Management of Bray Leino
  - Top 20 Clients (Harley-Davidson in; two top 20 out)
- Further strengthening of our capabilities
  - Solaris brings niche MedEd together with Bray Leino's OTC experience
  - April-Six's San Francisco office off to a great start
  - Singapore toe in the water
- Further clarity
  - Integrated Generalists/Activity and Sector Specialists



# Opportunities ahead: 2014

- Build on H2 2013
  - Should achieve stronger margins
  - Develop healthcare
- Further London consolidation into Percy Street
  - TMMG, Bray Leino, Balloon Dog, ThinkBDW
- International expansion?
  - Further progress expected in San Francisco
  - Singapore might represent an opportunity
- Acquisitions
  - Strong pipeline but multiples starting to move up



## Profit & Loss

	2013	2012	%
Turnover	<u>124.1</u>	<u>117.0</u>	+6%
<b>Gross profit ("Revenue")</b>	<b>51.6</b>	<b>47.5</b>	<b>+9%</b>
Operating expenses	<u>(45.9)</u>	<u>(41.5)</u>	
Headline operating profit	5.7	6.0	-4%
<b><i>Operating profit margin</i></b>	<b>11.1%</b>	<b>12.5%</b>	
Net interest	<u>(0.7)</u>	<u>(1.1)</u>	-31%
<b>Headline PBT</b>	<b>5.0</b>	<b>4.9</b>	<b>+4%</b>
Adjustments	<u>(1.8)</u>	<u>(0.2)</u>	
PBT	3.2	4.7	
Tax	<u>(0.8)</u>	<u>(1.3)</u>	
Earnings	2.4	3.4	
Diluted headline eps	<u>4.5</u>	<u>4.5</u>	-2%



# Balance sheet

	2013	2012	2011
Intangibles	72.5	71.4	68.4
Tangible fixed assets	3.5	3.2	2.7
Working capital	3.0	4.1	2.9
Net bank debt	(10.7)	(12.3)	(15.3)
Acquisition obligations	(2.8)	(2.3)	0.0
Total net debt	(13.5)	(14.6)	(15.3)
All others (mainly Corp. tax)	(0.6)	(1.4)	(0.8)
Net assets	64.9	62.7	57.9
Bank debt gearing	17%	20%	26%
Total gearing	21%	23%	26%
<b>Bank debt leverage</b>	<b>x1.5</b>	<b>x1.7</b>	<b>x2.3</b>



# Cash flow

	2013	2012
Headline Operating profit	5.7	6.0
Add back depreciation/other non-cash items	1.4	1.1
<b>EBITDA</b>	<b>7.1</b>	<b>7.1</b>
<b>Changes in working capital</b>	<b>0.8</b>	<b>(0.8)</b>
Net interest	(0.5)	(0.9)
Taxation	(1.6)	(0.9)
<b>Headline operating cash flows</b>	<b>5.8</b>	<b>4.5</b>
<b>Exceptional costs</b>	<b>(1.7)</b>	<b>-</b>
Capex	(1.1)	(1.2)
Acquisition consideration	(0.7)	(0.8)
Settlement of acquired liabilities	-	(0.6)
(Shares bought for EBT)/issued	(0.3)	1.1
Bank debt repayment	(1.8)	(3.0)
<b>Dividends</b>	<b>(0.2)</b>	<b>-</b>
All others	-	0.2
Change in cash balances	-	0.2



# Prospects

- Market not quite as positive as generally believed
- But Clients and pitches continue to get bigger
- Still looking for acquisition opportunities
- Progressive dividend policy





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