



the missiontm
own ideas

2016 Results



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What is the mission?

A marketing communications and advertising group, growing both organically and through selective acquisitions

Core attributes:

- Robust business – consistent growth over seven years
- Strong cash flow
- Progressive dividend
- Diverse and growing Client base
- Multiple cross-selling opportunities



Summary of 2016 (business)

- Further progress delivering strategy
 - Growth in both revenue and profit
 - Capabilities broadened/deepened
- All plans set out a year ago delivered
 - Chapter contributing well
 - Sports Marketing bolstered
 - Healthcare reach expanded via European JV
 - Sales Promotion launched
 - New products created via innovative technology
- Strong Client relationships
 - Over 20% of revenue again from Clients of 20+ years
 - Almost 60% of revenue again from Clients of 5+ years
- Great new Client wins
 - A few examples: O2, Thomson Reuters, Sky Bingo, Porsche China, Dulux



Summary of 2016 (financial)

- Revenue up 8%
- Profit up 9%
- EPS up 8%
- Strong cash flow
- Dividend up 25%

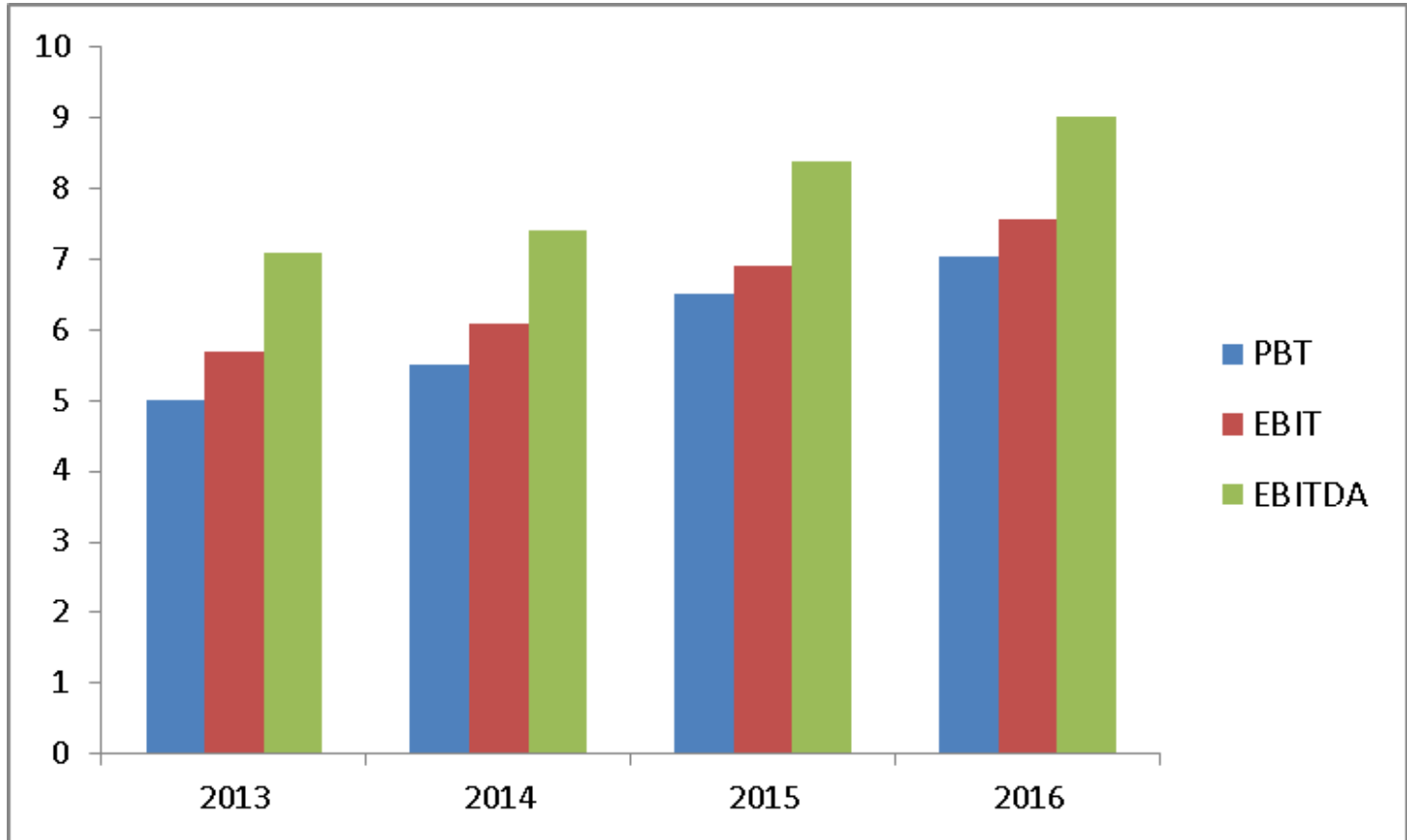


Profit & Loss

	2016	2015	%
Billings	<u>144.1</u>	<u>132.2</u>	+9%
Revenue	65.9	61.0	+8%
Operating expenses	<u>(58.3)</u>	<u>(54.1)</u>	
Headline operating profit	7.6	6.9	+9%
<i>Operating profit margin</i>	11.5%	11.4%	
Interest	<u>(0.5)</u>	<u>(0.5)</u>	
Headline PBT	7.0	6.4	+9%
Adjustments	<u>(1.2)</u>	<u>(1.3)</u>	
PBT	5.9	5.1	+14%
Tax	<u>(1.4)</u>	<u>(1.0)</u>	
Earnings	4.5	4.1	
Diluted headline eps	<u>6.41</u>	<u>5.91</u>	+8%



Profit trends





P&L adjustments

	2016	2015
Exceptional items		
Restructuring costs	<u>-</u>	<u>(0.9)</u>
Acquisition items		
Revaluation of contingent consideration	-	0.6
Amortisation of acquisition intangibles	(0.6)	(0.6)
Acquisition costs	<u>(0.1)</u>	<u>(0.1)</u>
	<u>(0.7)</u>	<u>(0.1)</u>
Start-up costs	(0.5)	(0.3)
Total	<u>(1.2)</u>	<u>(1.3)</u>



Effective tax rate

	2016	2015
Reported profit before tax	5.9	5.1
Statutory tax rate	20.0%	20.25%
Expected tax charge at statutory rate	1.2	1.0
Non-deductible expenses	0.1	0.1
Fair value movements in contingent consid'n	-	(0.1)
Higher tax rates on overseas earnings	0.1	0.1
Adjustments to prior periods	0.1	(0.1)
All others	(0.1)	-
Actual tax charge	<u>1.4</u>	<u>1.0</u>
Effective tax rate	23.3%	20.2%



Balance sheet

	2016	2015	2014
Intangibles	83.1	82.1	77.2
Tangible fixed assets	3.5	4.5	4.4
Working capital	6.9	6.9	4.3
Net bank debt	(11.3)	(10.9)	(9.4)
Acquisition obligations	(4.7)	(8.2)	(5.1)
Total net debt	(15.9)	(19.1)	(14.5)
All others (mainly Corp. tax)	(0.7)	(1.0)	(1.0)
Net assets	<u>76.9</u>	<u>73.4</u>	<u>70.4</u>
Bank debt leverage	x1.3	x1.3	x1.25
Total debt leverage	x1.7	x2.0	x1.7

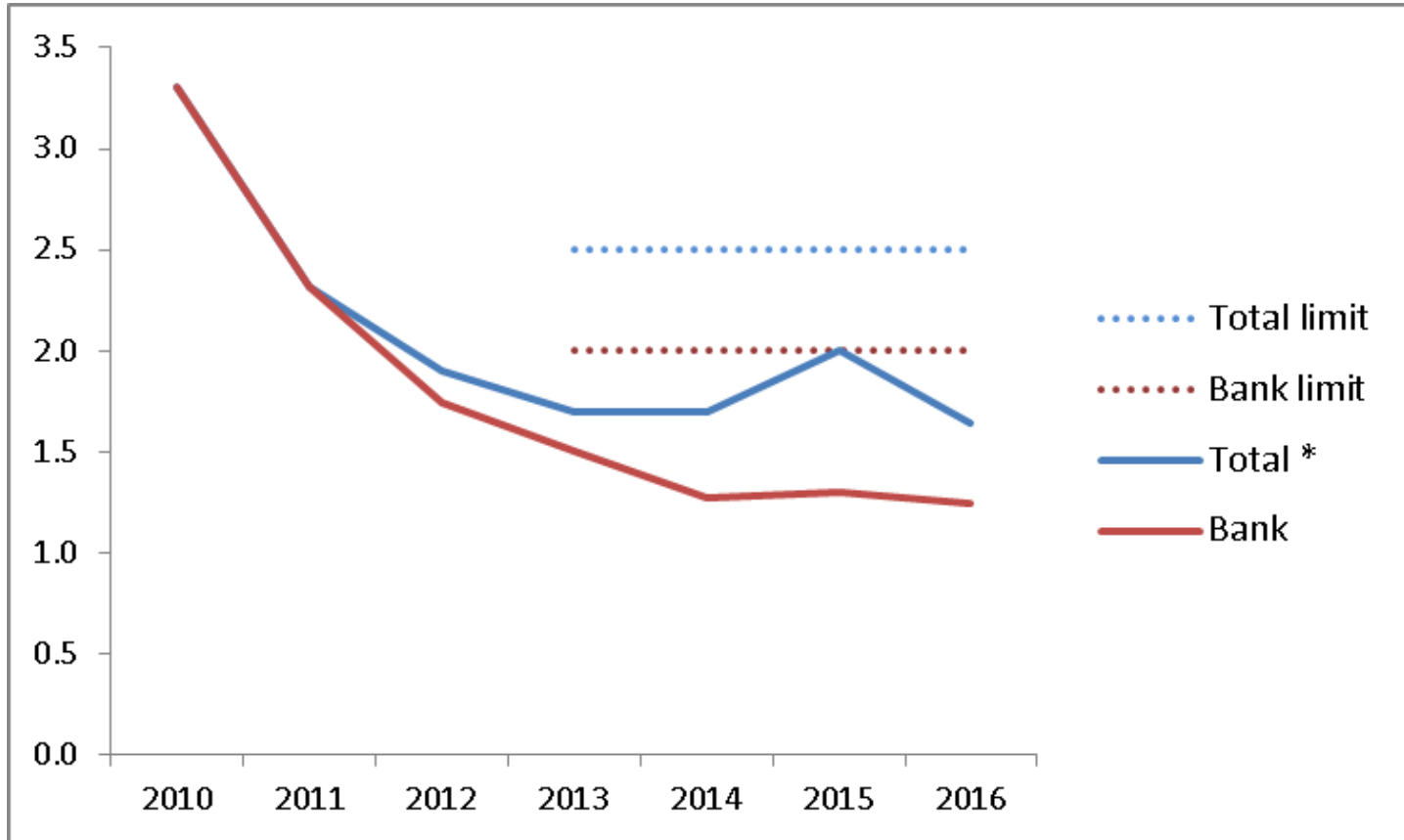


Acquisition obligations

	Prior	2016	Total
At 31 December 2015	8.2	-	8.2
Acquisitions	-	0.5	0.5
Settled in cash	(3.2)	(0.5)	(3.7)
Settled in shares	(0.3)	-	(0.3)
At 31 December 2015	<u>4.7</u>	<u>-</u>	<u>4.7</u>
Deferred consideration (cash):			
H1 2017			1.7
H1 2018			1.7
2019 and beyond			<u>1.3</u>
			<u>4.7</u>



Debt leverage ratios



* Includes deferred consideration (£4.7m at 31 December 2016)

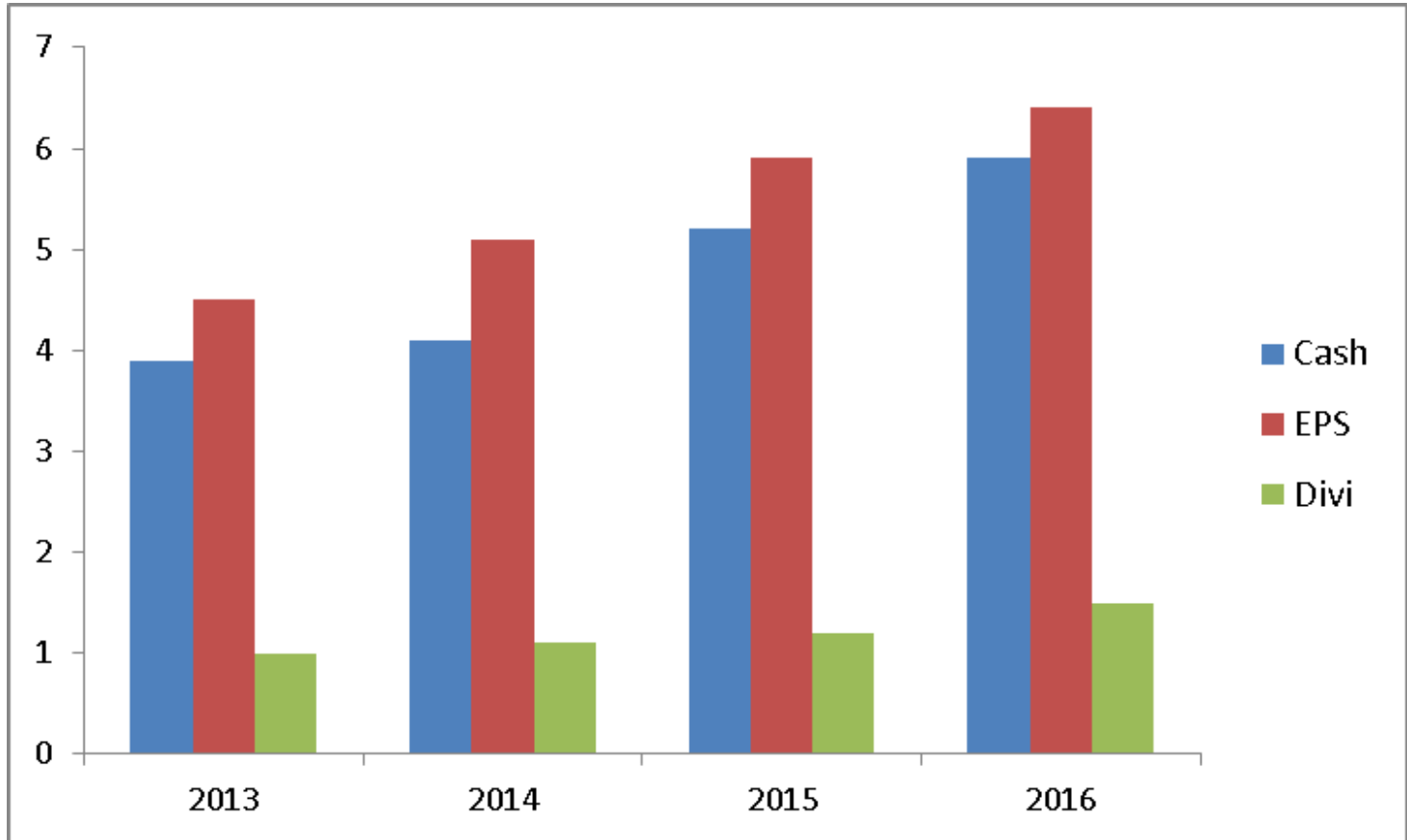


Cash flow

	2016	2015
Headline operating profit	7.6	6.9
Add back depreciation/other non-cash items	1.5	1.5
Capex	(0.9)	(1.3)
Interest and tax	(2.3)	(1.9)
Headline free cash flow	5.9	5.2
Start-ups/acquisition fees	(0.6)	(0.5)
Free Cash Flow	5.3	4.7
Acquisitions	(3.6)	(1.9)
Software development	(0.8)	-
Dividends	(1.3)	(0.9)
Available for debt reduction/"unexpected"	(0.4)	1.9
Restructuring costs	-	(1.4)
Working capital /other	0.1	(2.0)
(Increase)/reduction in net bank debt	(0.3)	(1.5)



Cashflow, EPS and dividend trends





Outlook for 2017

- Good revenue visibility
 - Strong levels of recurring revenue
- Strengthening Client relationships
- Continued innovation through Fuse
- Progressive dividend policy
- Interesting acquisition opportunities
 - Healthcare
 - SEO
 - Data



Group Overview



The largest UK integrated Agency group

13

Agencies

24

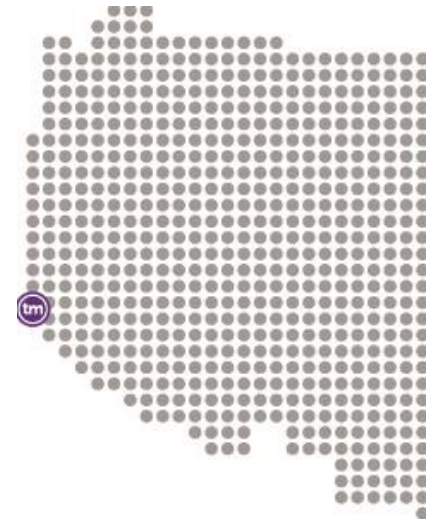
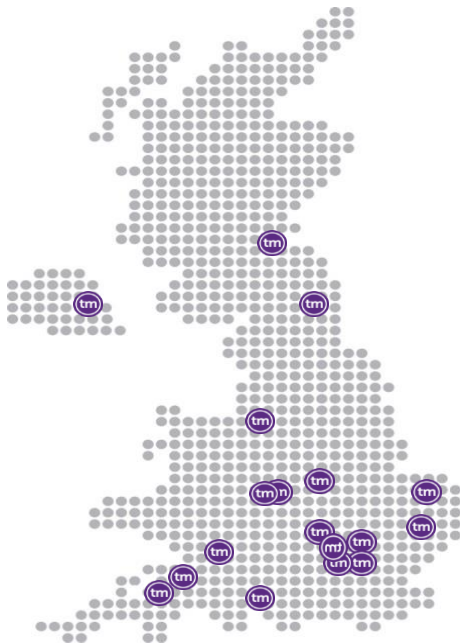
Offices

950

People

1

Mission





Just some of our Clients





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