



# the mission<sup>tm</sup>

own ideas

## 2014 Results

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# Summary of the year: 2014

- Further progress delivering strategy
  - Growth in revenues and profits
  - Capabilities broadened/deepened
  - Balance sheet strengthened
- A step change in structure
  - San Francisco now well established and strong
  - Secured an Asian presence for very modest investment
  - Stand-alone PR created
  - New sports marketing offering set up
  - Greater integration of Agencies: working together
- Positive support for further expansion
  - October equity placing
  - New bank facilities with option to increase quantum



# Opportunities ahead: 2015

- Bed in acquisitions
  - Complementary bolt-ons
    - Proof, Brandon Hill, The Weather
  - Opportunity to use Splash as both an outsource provider and to launch Mission in Asia
  - Develop Speed's combination of London/Bristol offerings
- **bigdog**
  - Complementing the strengths of Big and balloon dog
- Refocus in Bristol
- Further acquisitions
  - Still lots of earnings-enhancing opportunities
  - Aim to maintain limited risk profile



# Profit & Loss

	2014	2013	%
Turnover	<u>125.5</u>	<u>124.1</u>	+1%
<b>Gross profit ("Revenue")</b>	<b>55.0</b>	<b>51.6</b>	<b>+7%</b>
Operating expenses	<u>(48.9)</u>	<u>(45.9)</u>	
Headline operating profit	6.1	5.7	+6%
<b><i>Operating profit margin</i></b>	<b>11.1%</b>	<b>11.1%</b>	
Headline interest costs	<u>(0.5)</u>	<u>(0.7)</u>	-22%
<b>Headline PBT</b>	<b>5.5</b>	<b>5.0</b>	<b>+10%</b>
Adjustments	<u>(0.1)</u>	<u>(1.8)</u>	
PBT	5.4	3.2	
Tax	<u>(1.2)</u>	<u>(0.8)</u>	
Earnings	4.2	2.4	
Diluted headline eps	<u>5.13</u>	<u>4.45</u>	+15%



# P&L adjustments

	2014	2013
<b>Exceptional items</b>		
Debt arrangement fee write-off	(0.1)	-
Restructuring costs, inc g/w impairment	-	(1.9)
Other	-	(0.2)
	<u>(0.1)</u>	<u>(2.1)</u>
<b>Acquisition items</b>		
Movement in fair value of contingent consid'n	0.7	0.7
Amortisation of intangibles arising on acqu'n	(0.4)	(0.3)
Acquisition costs	(0.3)	(0.1)
	<u>-</u>	<u>0.3</u>
<b>Total</b>	<u>(0.1)</u>	<u>(1.8)</u>



## Effective tax rate

	2014	2013
<b>Reported profit before tax</b>	5.4	3.2
<b>Statutory tax rate</b>	<b>21.5%</b>	<b>23.25%</b>
Expected tax charge at statutory rate	1.2	0.7
Non-deductible expenses	0.1	0.2
Fair value movements in contingent consid'n	(0.1)	(0.2)
Timing differences relating to LTIPs	(0.1)	-
Depreciation in excess of capital allowances	0.1	0.1
Actual tax charge	<u>1.2</u>	<u>0.8</u>
<b>Effective tax rate</b>	<b>21.7%</b>	<b>25.5%</b>



# Balance sheet

	2014	2013	2012
Intangibles	77.2	72.5	71.4
Tangible fixed assets	4.4	3.5	3.2
Working capital	4.3	3.0	4.1
Net bank debt	(9.4)	(10.7)	(12.3)
Acquisition obligations	(5.1)	(2.8)	(2.3)
Total net debt	(14.5)	(13.5)	(14.6)
All others (mainly Corp. tax)	(1.0)	(0.6)	(1.4)
Net assets	70.4	64.9	62.7
Bank debt gearing	13%	17%	20%
Total gearing	21%	21%	23%
<b>Bank debt leverage</b>	<b>x1.25</b>	<b>x1.5</b>	<b>x1.7</b>
<b>Total debt leverage</b>	<b>x1.7</b>		





# Acquisitions

	Prior	This	Total
At 31 December 2013	2.8	-	2.8
Acquisitions	-	6.5	6.5
Settled in cash	(0.8)	(2.1)	(2.9)
Settled in shares	-	(0.3)	(0.3)
Adjustments to balance sheet	(0.3)	-	(0.3)
Adjustments to P&L	(0.7)	-	(0.7)
At 31 December 2014	<u>1.0</u>	<u>4.1</u>	<u>5.1</u>
Cash acquired with acquisitions	-	1.0	1.0



# Cash flow

	2014	2013
Headline Operating profit	6.1	5.7
Add back depreciation/other non-cash items	1.4	1.4
<b>EBITDA</b>	<b>7.5</b>	<b>7.1</b>
Changes in working capital	(1.1)	0.8
Net interest	(0.3)	(0.5)
Taxation	(0.9)	(1.6)
<b>Headline operating cash flows</b>	<b>5.2</b>	<b>5.8</b>
Exceptional costs	-	(1.7)
Capex	(2.1)	(1.1)
Acquisition consideration	(2.1)	(0.7)
Settlement of bank warrants	(0.7)	-
Shares issued/(bought for EBT)	2.0	(0.3)
Dividends	(0.8)	(0.2)
Reduction in net debt	1.5	1.8

# Prospects

- Strategy on track
  - Good organic growth prospects
  - Continue to look at acquisition opportunities
- Balance sheet secure
- Progressive dividend policy



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