

# PRELIMINARY RESULTS **2020/21**

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# 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.

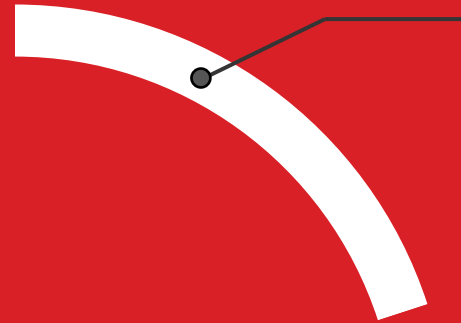
Wilmington disclaims any intention or obligation to revise or update any forward-looking statements that may be made during this presentation or the subsequent question and answer session, regardless of whether those statements are affected as a result of new information, future events or otherwise.

# AGENDA.

- 1 HEADLINES**  
Mark Milner
- 2 FINANCIALS**  
Guy Millward
- 3 OPERATIONAL REVIEW AND OUTLOOK**  
Mark Milner
- 4 Q&A**



# HEADLINES



# HEADLINES.

- Organic<sup>1</sup> revenue growth 3%, total revenue flat at £113.0m
- Adjusted<sup>2</sup> PBT up 27% to £15.0m, adjusted basic EPS up 27% to 13.62p
- Net debt<sup>3</sup> £17.2m at 30 June 2021 (June 2020: £27.7m)
- Final dividend 3.9p, full year 6.0p
- Refined focus on Governance, Risk & Compliance, and Regulatory Compliance markets
- New Information & Data and Training & Education divisions
- Embedding Wilmington characteristics in each business and driving operational excellence
- Refined ESG strategy & early adoption of TCFD

<sup>1</sup> Organic – eliminating the effects of exchange rate fluctuations and the impact of acquisitions and disposals

<sup>2</sup> Adjusted results exclude adjusting items, impairment, gain on disposal of subsidiary and business operations, amortisation of intangible assets (excluding computer software)

<sup>3</sup> Excluding lease liabilities

# REFINED MARKET FOCUS & OPERATING MODEL.

## GOVERNANCE, RISK & COMPLIANCE

Our simplified operating structure reflects market segments with strong growth drivers:

Information & Data	Training & Education
\$1bn regulatory intelligence market	\$4bn compliance training market
<ul style="list-style-type: none"> <li>✓ Increased importance of independent, authoritative and actionable intelligence</li> <li>✓ Increased investment in technology to solve regulatory compliance challenges</li> <li>✓ Disruptive technologies create opportunities and threats</li> </ul>	<ul style="list-style-type: none"> <li>✓ Shift from insourced to outsourced training</li> <li>✓ Shift from F2F to digital / blended training</li> <li>✓ Increase in continuous learning / micro-learning</li> <li>✓ Increased focus on ROI through personalised learning experiences and outcomes-based programmes</li> </ul>
<b>£56.8m revenue</b>	<b>£56.2m revenue</b>

## OUR CORE PURPOSE

“Helping our customers to do *the right business in the right way*”



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# **FINANCIALS**

# REVENUE ANALYSIS.

REVENUE	12 MONTHS TO 30 JUNE 2021 £M	12 MONTHS TO 30 JUNE 2020 £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
Healthcare	28.9	27.9	4%	3%
Financial Services & Other	21.3	21.7	(2%)	0%
Identity & Charities	5.7	5.9	(3%)	(5%)
Discontinued	0.9	1.1	(18%)	-
<b>INFORMATION &amp; DATA</b>	<b>56.8</b>	<b>56.6</b>	<b>1%</b>	<b>1%</b>
Global	29.2	25.8	13%	16%
UK & Ireland	21.5	21.7	(1%)	0%
North America	4.9	6.1	(20%)	(15%)
Discontinued	0.6	2.9	(79%)	-
<b>TRAINING &amp; EDUCATION</b>	<b>56.2</b>	<b>56.5</b>	<b>(1%)</b>	<b>6%</b>
<b>GROUP REVENUE</b>	<b>113.0</b>	<b>113.1</b>	<b>0%</b>	<b>3%</b>

- 3% organic growth despite 12 months of Covid – driven by Healthcare and Global
- UK Healthcare growth 10% excluding events, driven by data sales
- H2 much better than H1 in Mortality Identity, UK/Ire and US despite no F2F revenues
- FS growth in data offset by no F2F events
- UK/Ire saw double digit growth in Legal offset by drop in Accountancy



# GROUP INCOME STATEMENT.

	12 MONTHS TO 30 JUNE 2021 £M	12 MONTHS TO 30 JUNE 2020 £M	VARIANCE £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
<b>REVENUE</b>	<b>113.0</b>	<b>113.1</b>	<b>(0.1)</b>	<b>0%</b>	<b>3%</b>
<b>OPERATING PROFIT</b>	<b>21.5</b>	<b>19.0</b>	<b>2.5</b>	<b>13%</b>	<b>18%</b>
Information & Data	9.3	11.1	(1.8)	(16%)	(13%)
Training & Education	12.2	7.9	4.3	54%	65%
Central overheads	(4.3)	(4.3)	-		
Share based payments	(0.6)	(0.7)	0.1		
<b>ADJUSTED EBITA</b>	<b>16.6</b>	<b>14.0</b>	<b>2.6</b>	<b>19%</b>	
Net finance costs	(1.6)	(2.1)	0.5		
<b>ADJUSTED PROFIT BEFORE TAX</b>	<b>15.0</b>	<b>11.9</b>	<b>3.1</b>	<b>27%</b>	
Adjusting items <sup>1</sup>	(17.0)	(5.4)	(11.6)		
<b>STATUTORY (LOSS)/PROFIT BEFORE TAX</b>	<b>(2.0)</b>	<b>6.4</b>	<b>(8.4)</b>		
Taxation	(2.5)	(1.8)	(0.7)		
<b>STATUTORY (LOSS)/PROFIT AFTER TAX</b>	<b>(4.5)</b>	<b>4.6</b>	<b>(9.1)</b>	<b>(198%)</b>	
UNDERLYING TAX RATE	20.5%	20.9%			
<b>ADJUSTED BASIC EPS</b>	<b>13.62p</b>	<b>10.71p</b>	<b>2.91p</b>	<b>27%</b>	
<b>DIVIDEND PER SHARE</b>	<b>6.0p</b>	<b>-</b>			

- 27% increase in Adj. PBT due to cost reductions and efficiencies relating to virtual delivery (venues, travel in T&E)
- Adj. PBT margin up to 13.3% (2020:10.5%)
- Adjusted operating margin I&D 16% (2020: 20%), T&E 22% (2020: 14%)
- I&D costs include £1.1m restructuring costs
- Dividend reinstated and improved since H1 to 6.0p for the full year: 2.3 times cover

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<sup>1</sup>See slide 10

# RECONCILIATION TO ADJUSTED PBT.

	£M
<b>Adjusted PBT</b>	<b>15.0</b>
Impairment of goodwill	(9.9)
Impairment of intangibles	(1.5)
Impairment of PPE	(3.4)
Amortisation of intangibles excl. computer software	(3.4)
Costs relating to strategic activities & consolidation of office space	(3.0)
Gain on disposal of business operation	3.4
Gain on disposal of subsidiary	0.8
<b>Statutory loss before tax</b>	<b>(2.0)</b>

- Non-cash impairment of goodwill and intangibles relate to the closure of part of the UK Healthcare business (£3.0m) and impairment of a portion of remaining UK Healthcare goodwill
- Non-cash impairment of PPE, and £1.9m of the £3.0m adjusting items relate to the reduction in head office space, resulting in right of use asset impairment under IFRS 16
- £1.1m of the £3.0m adjusting items relate to the costs of closing CLT and selling other businesses
- The gain on sale of the business operation relates to the pensions business in Mortality Identity and the gain on sale of subsidiary relates to CLT Scotland

# GROUP CASH FLOW.

	12 MONTHS TO 30 JUNE 2021 £M	12 MONTHS TO 30 JUNE 2020 £M	VARIANCE £M
<b>ADJUSTED EBITDA</b>	<b>22.5</b>	<b>19.3</b>	<b>3.2</b>
SBP	0.6	0.7	(0.1)
Movement in working capital	(5.8)	6.5	(12.3)
<b>CASH INFLOW FROM OPERATIONS</b>	<b>17.3</b>	<b>26.5</b>	<b>(9.2)</b>
Interest paid	(1.2)	(1.6)	0.4
Tax paid	(2.7)	(4.4)	1.7
Payment of lease liabilities	(2.5)	(2.4)	(0.1)
Net capital expenditure	(2.9)	(3.8)	0.9
<b>FREE CASH FLOW BEFORE DIVIDENDS</b>	<b>8.0</b>	<b>14.3</b>	<b>(6.3)</b>
Equity dividends	(1.8)	(4.4)	2.6
Purchase of shares by ESOT	(0.3)	(0.5)	0.2
Disposal of subsidiary/product	4.5	-	4.5
Deferred consideration	0.3	(1.8)	2.1
Adjusting and other items	(0.7)	(1.1)	0.4
<b>CHANGE IN NET DEBT DURING THE YEAR</b>	<b>10.0</b>	<b>6.5</b>	<b>3.5</b>
Brought forward net debt	(27.7)	(33.9)	6.2
FX	0.5	(0.3)	0.8
<b>CARRIED FORWARD NET DEBT <i>pre lease liabilities</i></b>	<b>(17.2)</b>	<b>(27.7)</b>	<b>10.5</b>
Lease liabilities	(10.8)	(13.1)	2.3
<b>CARRIED FORWARD NET DEBT</b>	<b>(28.0)</b>	<b>(40.8)</b>	<b>12.8</b>

- £10.5m net debt reduction to £17.2m (excluding lease liabilities) as a result of effective working capital management and a small product disposal
- Negative working capital movement reflects repayment of deferred FY20 UK VAT and payroll tax payments
- Cash conversion 104% (2020: 189% reflecting deferral of HMRC payments)
- Reduced tax payments reflecting one-off acceleration of FY20 instalments to align to revised HMRC payment schedules
- Drawn debt £21.0m, less than one third of the £65.0m facility
- Net debt:EBITDA <1 times (£17.2m/£22.5m)

# OPERATIONAL REVIEW AND OUTLOOK



# STRONG EXECUTION CAPABILITY.

Well placed to take advantage of market opportunities to deliver strategic objectives

1

Embedding core competencies, exhibited as **Wilmington characteristics**

Digital capabilities

Differentiated offering

Product and revenue model

Data enabled

Attractive markets

Strong leadership

2

**Generating synergies and collaboration**, leveraging success across the portfolio

Product learning

Product distribution

Technology distribution

Data distribution

Investment efficiencies

3

Retaining a strong focus on **operational excellence** across four key areas of focus

People

Sales & Marketing

Technology & Data

Product

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# FY21 PROGRESS.

## FY21 Progress



### People

- ✓ Responded to feedback from employee engagement survey
- ✓ Developed D&I working group and recruited Head of D&I
- ✓ Maintained focus on wellbeing and mental health at work initiatives
- ✓ Further enhanced catalogue of learning and development resources



### Sales and Marketing

- ✓ Delivered the Sales Academy phase 1 and developed phase 2
- ✓ Enhanced sales KPI analysis capabilities to drive individual and team performance
- ✓ Organic growth in AsiaPac and Middle East
- ✓ Refined approach to sales packages, pricing and 'quality revenues'



### Technology and Data

- ✓ Agreed and verified group-wide data strategy and capabilities
- ✓ Successfully deployed phase 1 of the Digital Hub in 2 businesses
- ✓ Increased Data Science and Advanced Analytics activities
- ✓ Embedded agile approach with ability for iterative product roll-out



### Product

- ✓ Continued New Product Development with MVP and CAG input at their core
- ✓ Expanded digitisation program
- ✓ Developed and launched Product Academy
- ✓ Developed front end service portals with digital sign ups and effective customer contact points

# FY22 FOCUS.

## FY22 Focus



- Expand scope of employee engagement survey to harness rich data
- Develop D&I programmes within ESG framework
- Assess reward strategy and capability matrix ensuring market alignment
- Support hybrid working arrangements



- Roll out Sales Academy phase 2
- Evolve packaging and pricing enhancement work
- Target multi-year contracts in subscription businesses
- Invest in continued development of digital marketing solutions
- Exploit collaboration opportunities between divisions












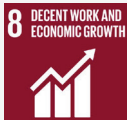




- Expand use of the Digital Hub to enhance client experience
- Transform Mercia business operation through technology simplification
- Embed data strategy
- Improve business operation through system and process improvements



- Roll out Product Academy
- Expand our CAG networks, linking customer insight directly to product development
- Deploy API connectors from products
- Investment in data technologies

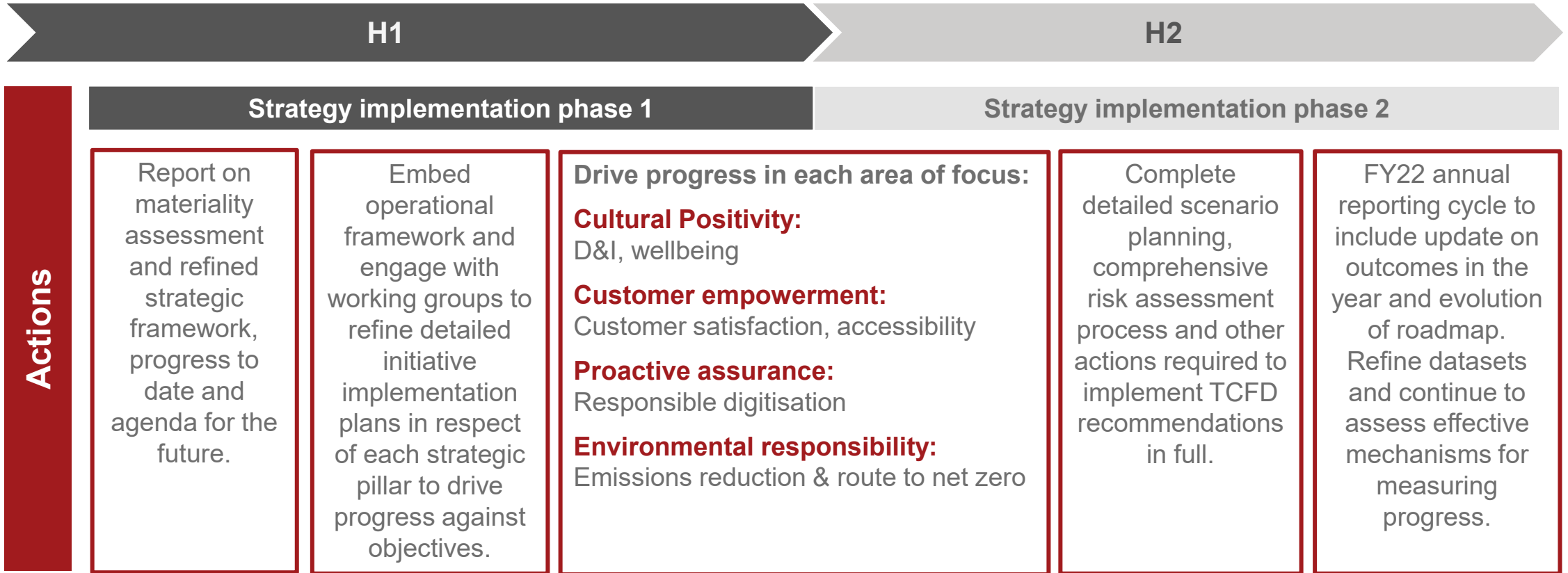
# RESPONSIBLE BUSINESS.

- ✓ Echoing our commitment to customers: *doing the right business in the right way*
- ✓ Implemented actions from phase 1 roadmap set out in February 2021
- ✓ Materiality assessment informed refined ESG strategy framework with core objectives supporting operational excellence
- ✓ Commitment reflected in inclusion of ESG performance targets in new Directors' remuneration policy

Strategic pillar	Cultural positivity	Customer empowerment	Proactive assurance	Environmental responsibility
<b>Core objective</b>	Create equal opportunities and nurture talent in a safe and mindful environment.	Deliver products that are accessible, high value, up to date and move with industry trends.	Uphold high standards related to digital protection, regulatory requirements, ethics & production.	Reduce environmental impact by minimising carbon footprint and committing to responsible procurement.
<b>Supporting operational excellence</b>	Fostering a positive culture will enhance employee experience and allow our <b>people</b> to perform highly as they continue to drive progress against our strategic objectives. 	Empowering our customers ensures our <b>products</b> are aligned to their needs, and that our <b>sales and marketing</b> strategies effectively convey high product value.  	Responsible digitisation and ethical conduct are fundamental to our data and <b>technology</b> strategies as we innovate to deliver the best-in-class digital <b>products</b> .  	Committing to environmental responsibility protects the future of our <b>people</b> and demonstrates to customers that we strive to deliver <b>products</b> with minimal environmental impact.  
<b>Alignment to UN SDGs</b>	  			 



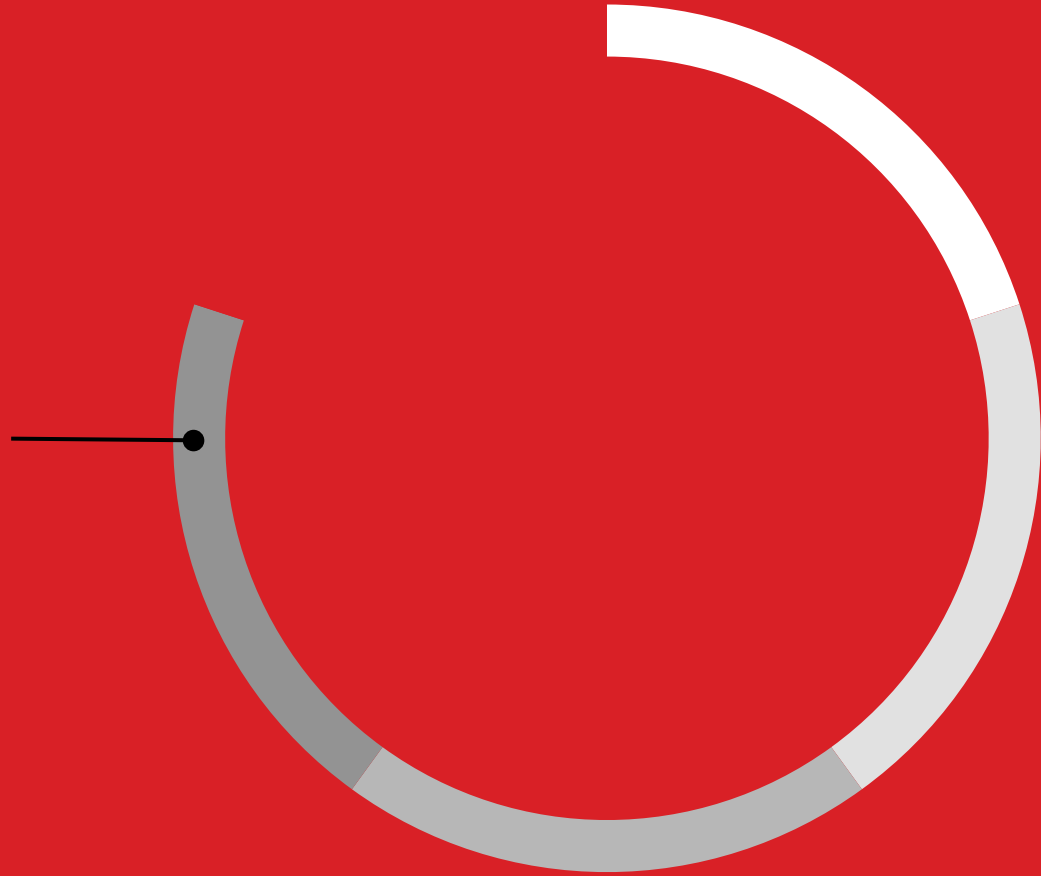
# FY22 ESG ROADMAP.



# CURRENT TRADING AND OUTLOOK.

- Focus on further embedding strong sales and marketing strategies to support FY22 revenue growth targets
- Developing detailed roadmaps for key ESG initiatives, including full implementation of TCFD and net zero carbon strategy
- Continuing to monitor Covid-19 impact in relation to F2F training and events
- Encouraging start to FY22, revenue and profits in line with expectation

**Q&A**



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# GLOSSARY.

Abbreviation	Definition
API	Application programming interface
CAG	Customer advisory group
CLT	Central Law Training
D&I	Diversity and inclusion
EBITA / EBITDA	Earnings before interest, taxes and amortisation / Earnings before interest, taxes, depreciation and amortisation
ESG	Environmental, Social and Governance criteria
ESOT	Employee Share Ownership Trust
F2F	Face to face
ICA	International Compliance Association – Wilmington owned compliance industry body
KPI	Key performance indicator
MVP	Minimum viable product
TCFD	Taskforce on Climate-Related Financial Disclosures

**THANK YOU**



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