

# **Review of the year ended 30 June 2009**

**Charles Brady, Chief Executive**

**Basil Brookes, Finance Director**

**17 September 2009**

**1 Overview**

2 Financial Highlights

3 Professional Publishing & Information

4 Professional Training & Events

5 Future Outlook

- Challenging trading environment
- Wilmington Group contains many high quality resilient businesses which have continued to perform well despite the economic downturn
- Biggest impact the highly operationally geared legal businesses
- Reorganisation and adjustment of cost base to reflect market conditions

*The information and training group fulfilling the needs of professional businesses*

- Revenue decreased by 2.9% to £86.3m
- Operating profit declined by 20.3% to £14.6m
- Adjusted profit decreased by 22.7% to £13.3m
- Adjusted EPS decreased by 21.3%
- Dividend held at 7p
- Operating cash inflow of £15.6m

|   | Year Ended<br>30 June 2009<br>(£m) | Year Ended<br>30 June 2008<br>(£m) |
|---|------------------------------------|------------------------------------|
| <b>Revenue</b>  | 86.3                               | 88.8                               |
| <b>Operating Profit</b><br><small>(before interest, amortisation and impairment, share based payments, tax and non-recurring items)</small> | 14.6                               | 18.4                               |
| <b>Adjusted Profit</b><br><small>(profit before amortisation and impairment, share based payments, tax and non-recurring items)</small>     | 13.3                               | 17.2                               |
| <b>Adjusted EPS</b>   | 10.5p                              | 13.3p                              |
| <b>Dividend per Share</b>   | 7.0p                               | 7.0p                               |
| <b>Cash inflow</b><br><small>(from continuing and discontinued operations and before non-recurring items)</small>                           | 15.6                               | 18.6                               |

**Deliver**


sustainable and growing profits from servicing the information and training requirements of professional business markets

**Invest**

in our core business to generate strong levels of organic growth

**Invest**

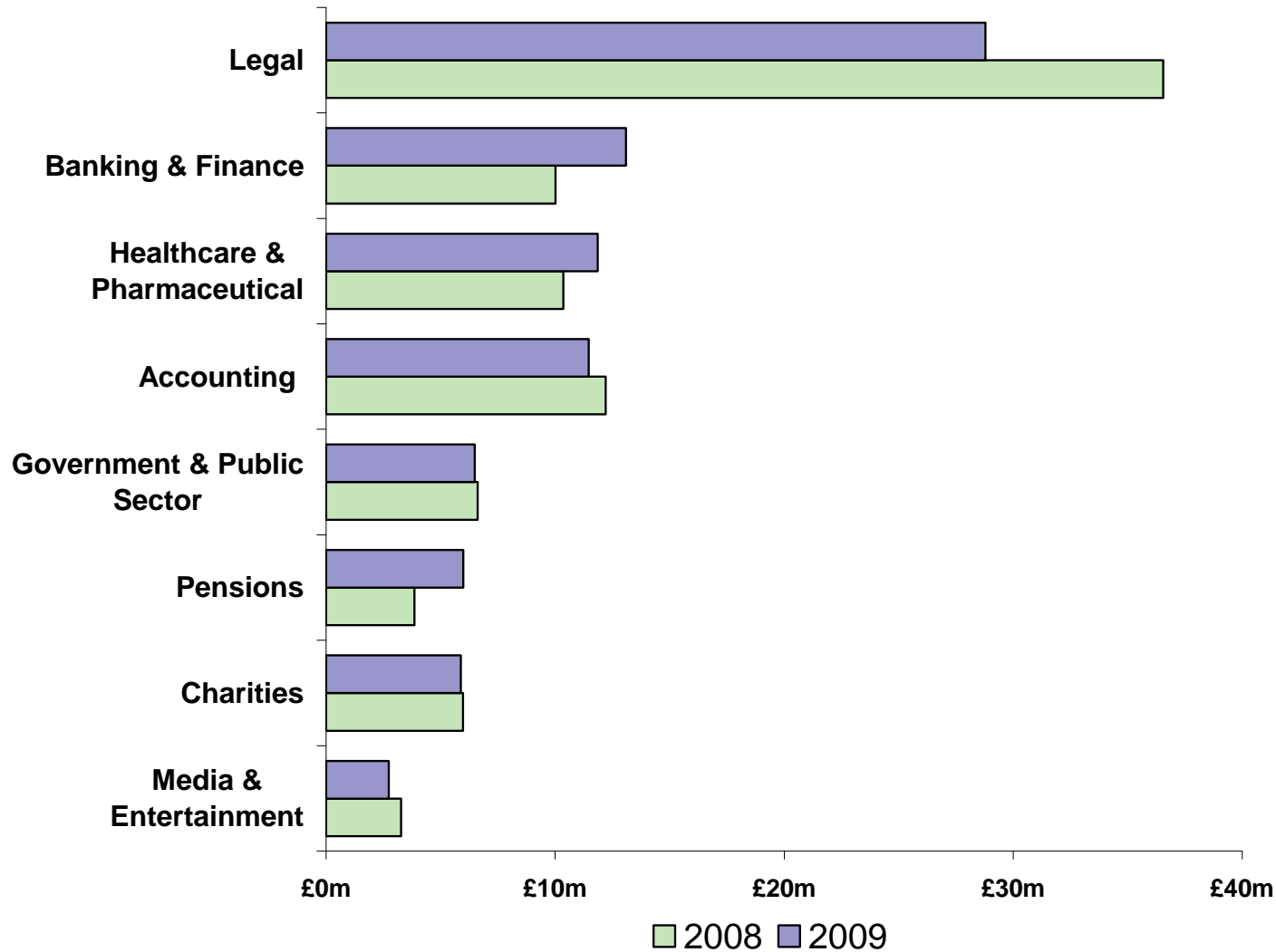
in technology to expand e-revenue, digital capability and operational efficiency

**Develop**

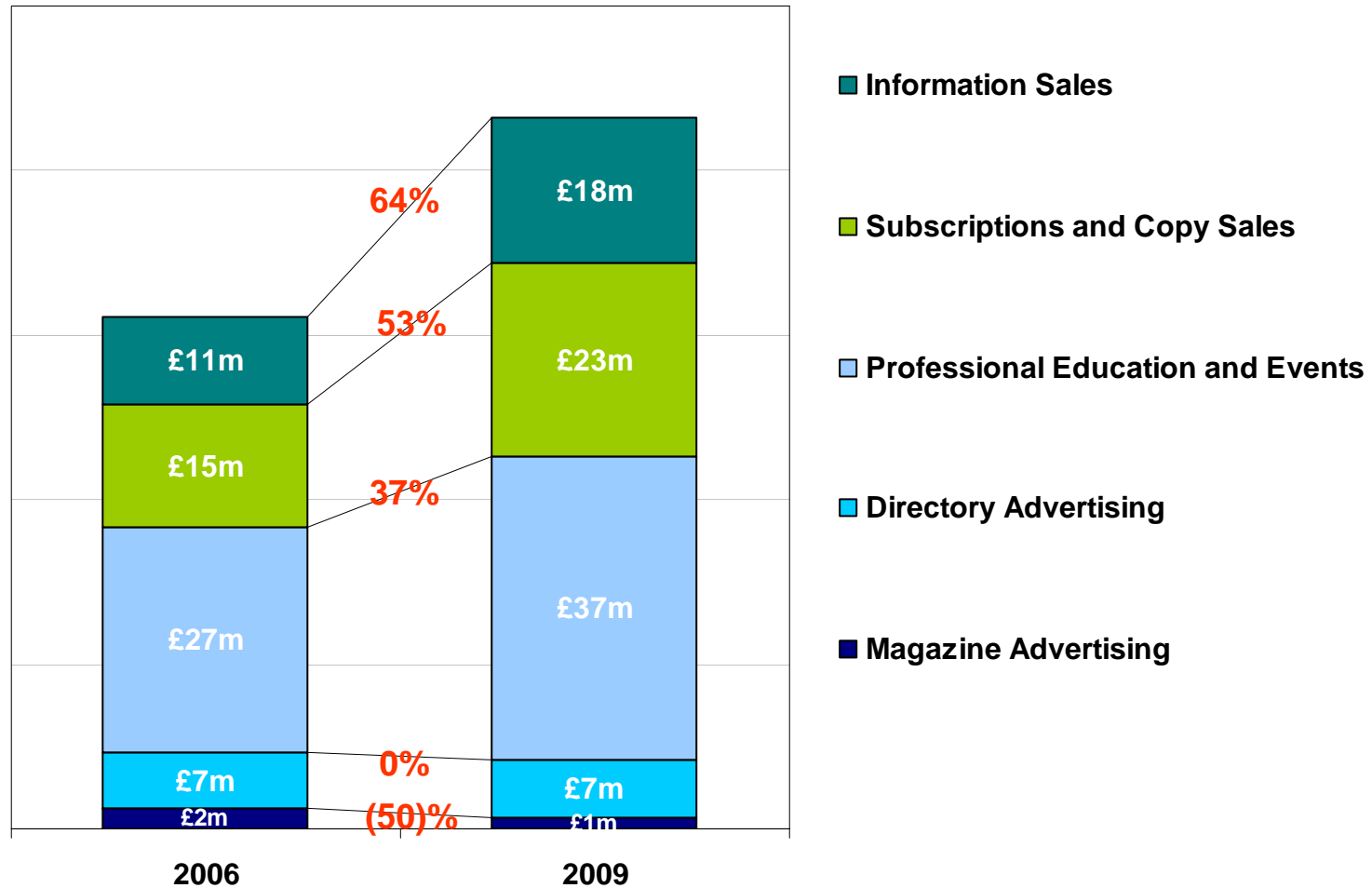
strong management teams with robust organisational structures

**Create**

value enhancing acquisitions



## Revenue from continuing operations



1 Overview

**2 Financial Highlights**

3 Professional Publishing & Information

4 Professional Training & Events

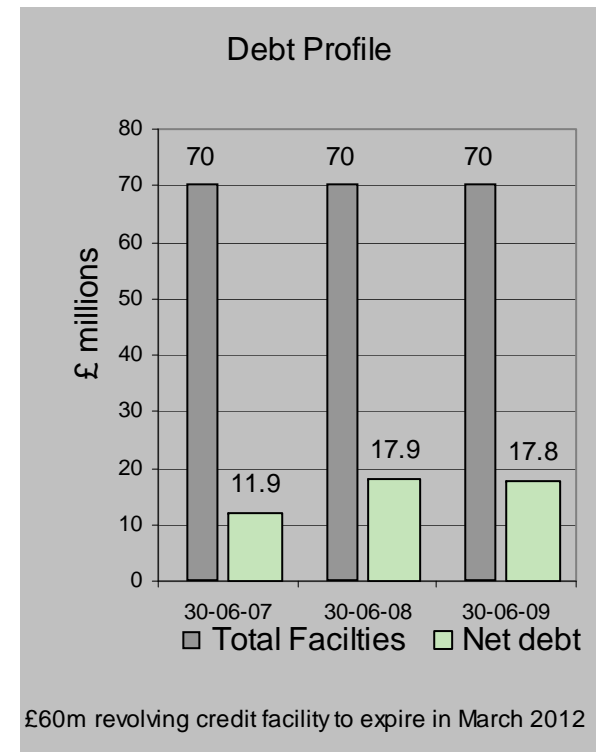
5 Future Outlook



|  | Year Ended<br>30 June<br>2009<br>(£m) | Year Ended<br>30 June<br>2008<br>(£m) |
|--|---------------------------------------|---------------------------------------|
| Revenue                                      | 86.3                                  | 88.8                                  |
| Operating Profit                             | 14.6                                  | 18.4                                  |
| Interest / Facility Fees                     | (1.3)                                 | (1.2)                                 |
| Adjusted Profit                              | 13.3                                  | 17.2                                  |
| Movement in discount of put option liability | (0.9)                                 | (0.6)                                 |
| Share Based Payments                         | (0.1)                                 | (0.2)                                 |
| Non-recurring Items                          | (1.7)                                 | -                                     |
| PBTA   | 10.7                                  | 16.4                                  |
| Amortisation and Impairment                  | (7.8)                                 | (4.5)                                 |
| Profit before Tax                            | 2.9                                   | 11.9                                  |
| Income Tax Expense                           | (1.9)                                 | (3.7)                                 |
| Profit After Tax                             | 1.0                                   | 8.1                                   |
| Discontinued Operations                      | (0.7)                                 | 1.0                                   |
| Net Profit                                   | <b>0.2</b>                            | <b>9.1</b>                            |
| Adjusted EPS – Continuing Operations         | <b>10.5p</b>                          | <b>13.3p</b>                          |
| Dividend per share                           | <b>7.0p</b>                           | <b>7.0p</b>                           |

|   | Year Ended<br>30 June 2009<br>(£m) | Year Ended<br>30 June 2008<br>(£m) |
|---|------------------------------------|------------------------------------|
| <b>Cash inflow from Operations</b>                | 15.6                               | 18.6                               |
| <b>Non-recurring Items</b>                        | (1.7)                              | -                                  |
|   | 13.9                               | 18.6                               |
| <b>Servicing of Finance</b>                       | (1.2)                              | (1.1)                              |
| <b>Taxation</b>                                   | (4.7)                              | (4.9)                              |
| <b>Net Replacement Capex</b>                      | (1.4)                              | (2.2)                              |
| <b>Free Cash Flow before Dividends</b>            | 6.6                                | 10.4                               |
| <b>Equity Dividends</b>                           | (6.3)                              | (5.6)                              |
| <b>Free Cash Flow</b>                             | 0.3                                | 4.8                                |
| <b>Acquisition Spend net of Disposal Proceeds</b> | -                                  | (6.8)                              |
| <b>New Finance/(Share buy back)</b>               | -                                  | (3.5)                              |
| <b>Change in net debt during period</b>           | 0.3                                | (5.5)                              |
| <b>Brought Forward net debt</b>                   | (17.9)                             | (11.9)                             |
| <b>Net Cash within acquisitions/(disposals)</b>   | (0.2)                              | (0.5)                              |
| <b>Carried Forward net debt</b>                   | (17.8)                             | (17.9)                             |

|   | Year Ended<br>30 June<br>2009<br>(£m) | Year Ended<br>30 June<br>2008<br>(£m) |
|---|---------------------------------------|---------------------------------------|
| <b>Goodwill / Intangibles</b>                                   | 91.1                                  | 102.8                                 |
| <b>Property, Plant &amp; Equipment</b>                          | 7.8                                   | 8.3                                   |
| <b>Net Debt</b>   | (17.8)                                | (17.9)                                |
| <b>Working Capital</b>  | 1.5                                   | 1.3                                   |
| <b>Financial Instruments</b>                                    | (1.0)                                 | 0.4                                   |
| <b>Deferred Consideration</b>                                   | (0.1)                                 | (0.9)                                 |
| <b>Provisions for future purchase of<br/>minority interests</b> | (7.6)                                 | (10.2)                                |
| <b>Deferred Revenue</b>   | (13.9)                                | (15.1)                                |
| <b>Deferred Tax</b>   | (6.2)                                 | (7.4)                                 |
| <b>Net Assets</b>   | <b>53.8</b>                           | <b>61.3</b>                           |



1 Overview

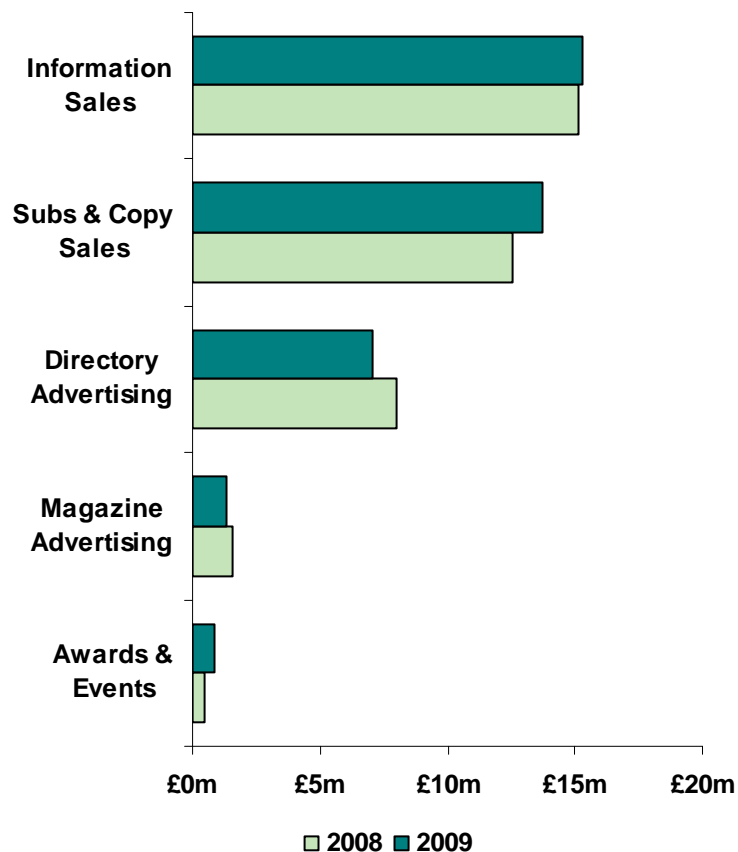
2 Financial Highlights

**3 Professional Publishing & Information**

4 Professional Training & Events

5 Future Outlook

Sources of revenue



|                                | Year Ended<br>30 June 2009<br>(£m) | Year Ended<br>30 June 2008<br>(£m) | %<br>Change |
|--------------------------------|------------------------------------|------------------------------------|-------------|
| <b>Revenue</b>                 | 38.6                               | 38.4                               | 0.5         |
| <b>Profit<br/>Contribution</b> | 10.4                               | 11.5                               | (9.1)       |

- Revenue increased by 0.5%
- Profits reduced by 9.1% to £10.4m

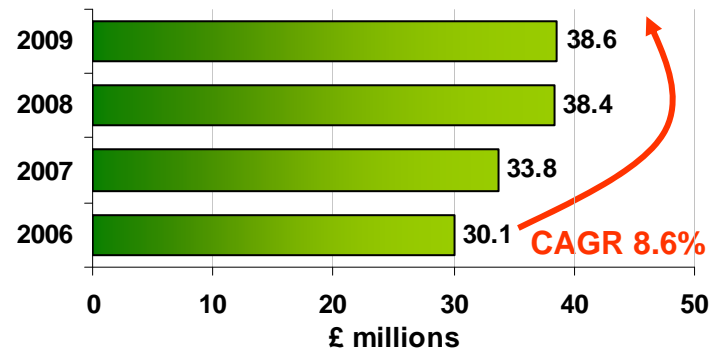
- Information and services to key markets:

- Legal
- Finance
- Accountancy
- Healthcare/pharmaceutical
- Surveying
- Charities
- Pensions

- 65% of revenues derived from subscribers and from data licence agreements (2008: 59%)

- Revenues delivered electronically increased to over 60% of total revenues

Professional Publishing & Information  
Revenue 2006 - 2009



- In difficult markets Professional Publishing & Information has demonstrated:

- It is resilient
- high levels of repeat revenue
- good, long term relationships with clients
- the demand for must-have information

## Business Highlights

- Disposal of HPCi, Muze and Press Gazette
- Consolidation of Legal and Regulatory with Healthcare and Media divisions
- Rationalisation of senior management team and comprehensive review of activities to maximise efficiency
- Binleys and APM in the healthcare and pharmaceutical sector maintained good growth
- Pendragon, our pensions business continues to perform well

1 Overview

2 Financial Highlights

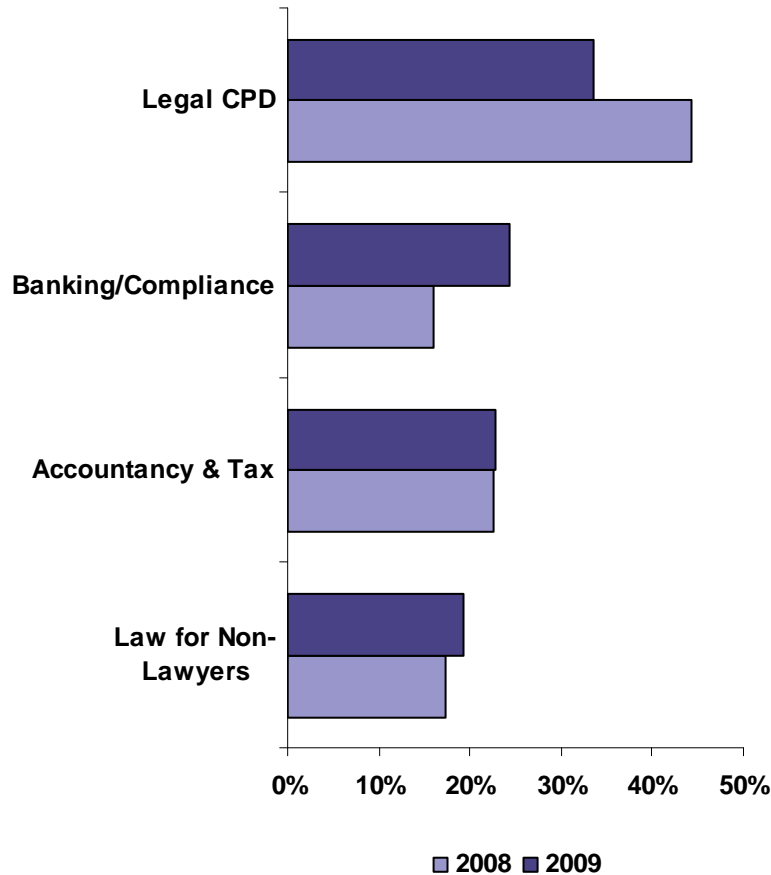
3 Professional Publishing & Information

**4 Professional Training & Events**

5 Future Outlook



## Sources of Revenue



|                                | Year Ended<br>30 June 2009<br>(£m) | Year Ended<br>30 June 2008<br>(£m) | %<br>Change |
|--------------------------------|------------------------------------|------------------------------------|-------------|
| <b>Revenue</b>                 | 47.7                               | 50.4                               | (5.4)       |
| <b>Profit<br/>Contribution</b> | 6.9                                | 9.0                                | (23.5)      |

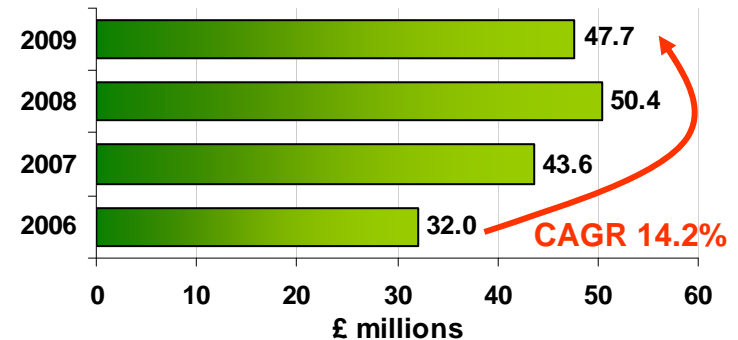
- Revenue decreased 5.4% to £47.7m
- Profits reduced 23.5% to £6.9m

## Business Highlights

- Legal sector slowdown accelerating towards end of 2008 and into early 2009
- Reduced delegate revenues in legal training markets
- CLT International, Trusts and Fund Management, Compliance and Anti Money Laundering made good progress
  - We continue to invest in Singapore which achieved profitability in the year

## Professional Training & Events

### Revenue 2006 - 2009

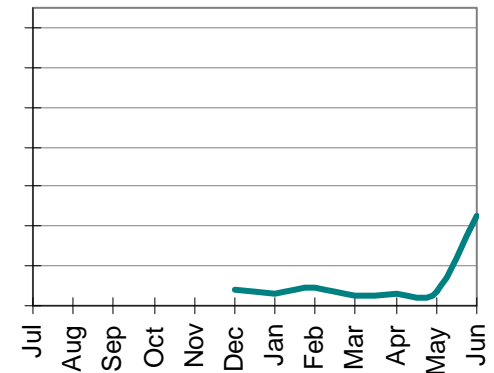


- Mercia, training and technical support for accountancy firms continued good growth
- Bond Solon, legal training for non-lawyers performed very well

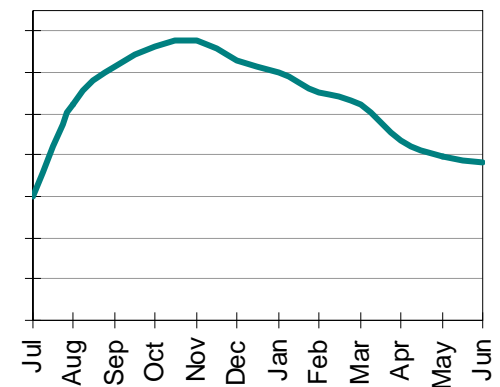
- Leading provider of Graduate Entrant training to International Investment Banks
- Also provides CPD and management training to banks, large corporates and public sector bodies
- Had strong start to financial year, however, adversely impacted by the banking crisis
- Matchett reacted quickly, significantly reducing its fixed cost base
- The 2009 Graduate Entrant programme increased market share, albeit reduced numbers to 2008

## Cumulative Profitability

2007/2008



2008/2009



**1** Overview

**2** Financial Highlights

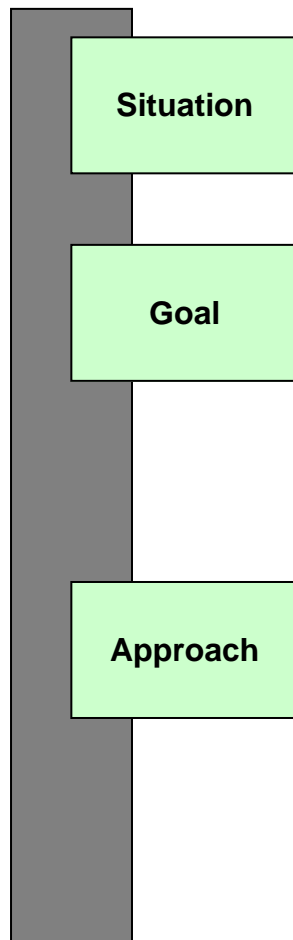
**3** Professional Publishing & Information

**4** Professional Training & Events

**5** Future Outlook

- A strong focused business providing essential information and training
- Organic growth from new initiatives
- Experienced management team with a solid track record of
  - strategic acquisitions
  - delivering profit growth
- Strong balance sheet to enable Wilmington to take advantage of market opportunities
- Banking facilities committed to 2012
- Strong brands in key professional markets
- Operating across an increasingly international platform

## Adapting to a difficult economic environment



- Difficult trading conditions, economy in recession
- Taking a long term perspective
- Build a solid foundation in preparation for when market conditions improve
- Seeking to expand market share
- Strategic acquisitions
- A robust publishing business underpinned by the provision of 'must-have' information
- Aligning training programmes to areas with high market demand
- Strengthened management team to implement structural changes and a flexible cost base
- Maintaining financial flexibility to capitalise on market weakness

## Professional Publishing & Information

- Waterlow
- ICP
- PCR
- Charity Choice
- Caritas
- Hollis
- Binley's
- Pendragon
- Solicitors Journal
- Agence de Presse Medicale
- Ark Publishing
- Smee and Ford
- AP Information Services

## Professional Training & Events

- Central Law Training
- CLT Scotland
- CLT International
- Bond Solon
- International Compliance Training
- La Touche Training
- Quorum Training
- Mercia Group
- Practice Track
- Matchett Group
- Ark Conferences

## Impact of accounting changes on Prior Year

| <b>June 08</b>               | <b>As previously reported</b> | <b>PG</b> | <b>Deferred Revenue</b> | <b>Deferred Tax</b> | <b>Discount unwind</b> | <b>As restated</b> |
|------------------------------|-------------------------------|-----------|-------------------------|---------------------|------------------------|--------------------|
|                              | £m                            | £m        | £m                      | £m                  | £m                     | £m                 |
| <b>Revenue</b>               | 89.7                          | (0.7)     | (0.2)                   | -                   | -                      | 88.8               |
| <b>Adjusted Profit</b>       | 17.1                          | 0.3       | (0.2)                   | -                   | -                      | 17.2               |
| <b>Net Profit for period</b> | 8.2                           | -         | (0.1)                   | 1.6                 | (0.6)                  | 9.1                |
| <b>Net Assets</b>            | 66.3                          | -         | (2.7)                   | (0.8)               | (1.5)                  | 61.3               |