



COMMUNIS PLC

Personalised customer
communication services

2014 Preliminary results

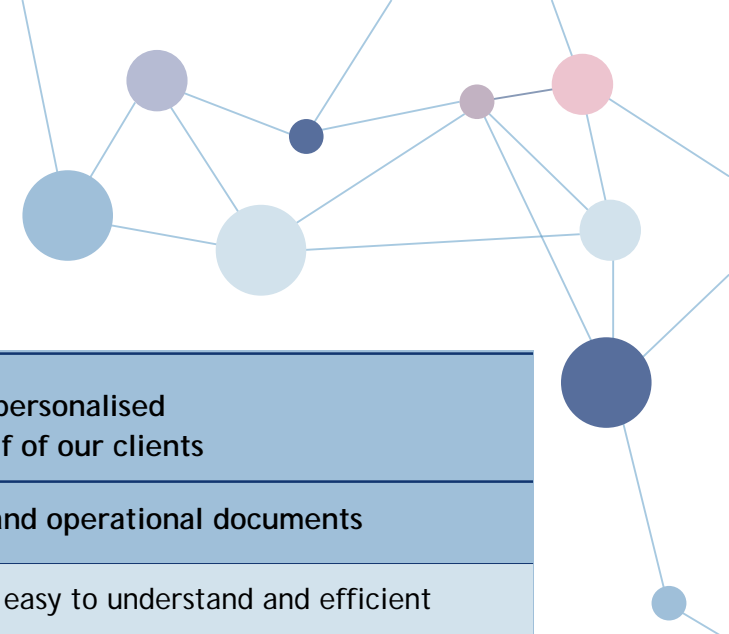
Andy Blundell
Chief Executive

Mark Stoner
Finance Director

communis

Communication, channelled

● What we do

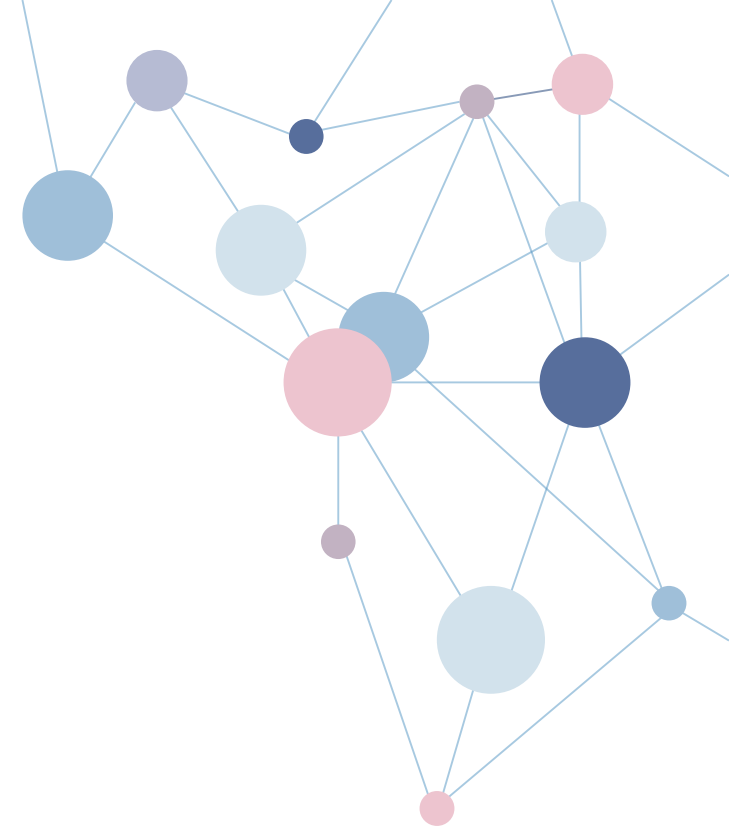


What we do	We design, produce and deploy personalised customer communications on behalf of our clients		
Multi-channel Communications	Sales and marketing messages		Service and operational documents
	Relevant, captivating and engaging		Reliable, easy to understand and efficient
	Campaigns/In-store marketing/ Measurement/Insight		Transactional (Invoices, Statements, Chequebooks)/Direct mail/Incoming/Outgoing
Client benefits	Revenue growth/Marketing ROI		Service excellence/Cost effectiveness
	Profitable operations/Lifetime customer value		
Segments and expertise	Design (Digital/Creative/ Data analytics/ Shopper marketing)	Deploy (In-store marketing collateral)	Produce (IT integration/Document composition/Processing and distribution at scale/Regulatory compliance)
Differentiation	Integrated services across the customer life cycle		

● Who we work with

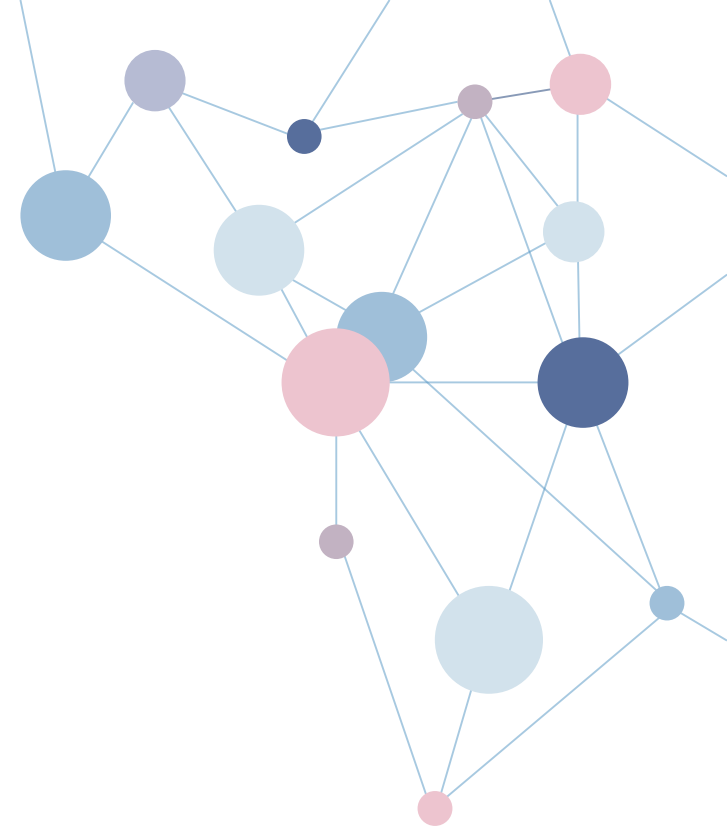
Blue-chip clients across many sectors

- Financial services (banks, building societies, insurance providers)
- Consumer goods (personal care, household, food, drink, pharmaceutical and technology)
- Utilities
- Telecommunications (fixed line and mobile)
- Retailers and supermarkets
- Government departments and charities

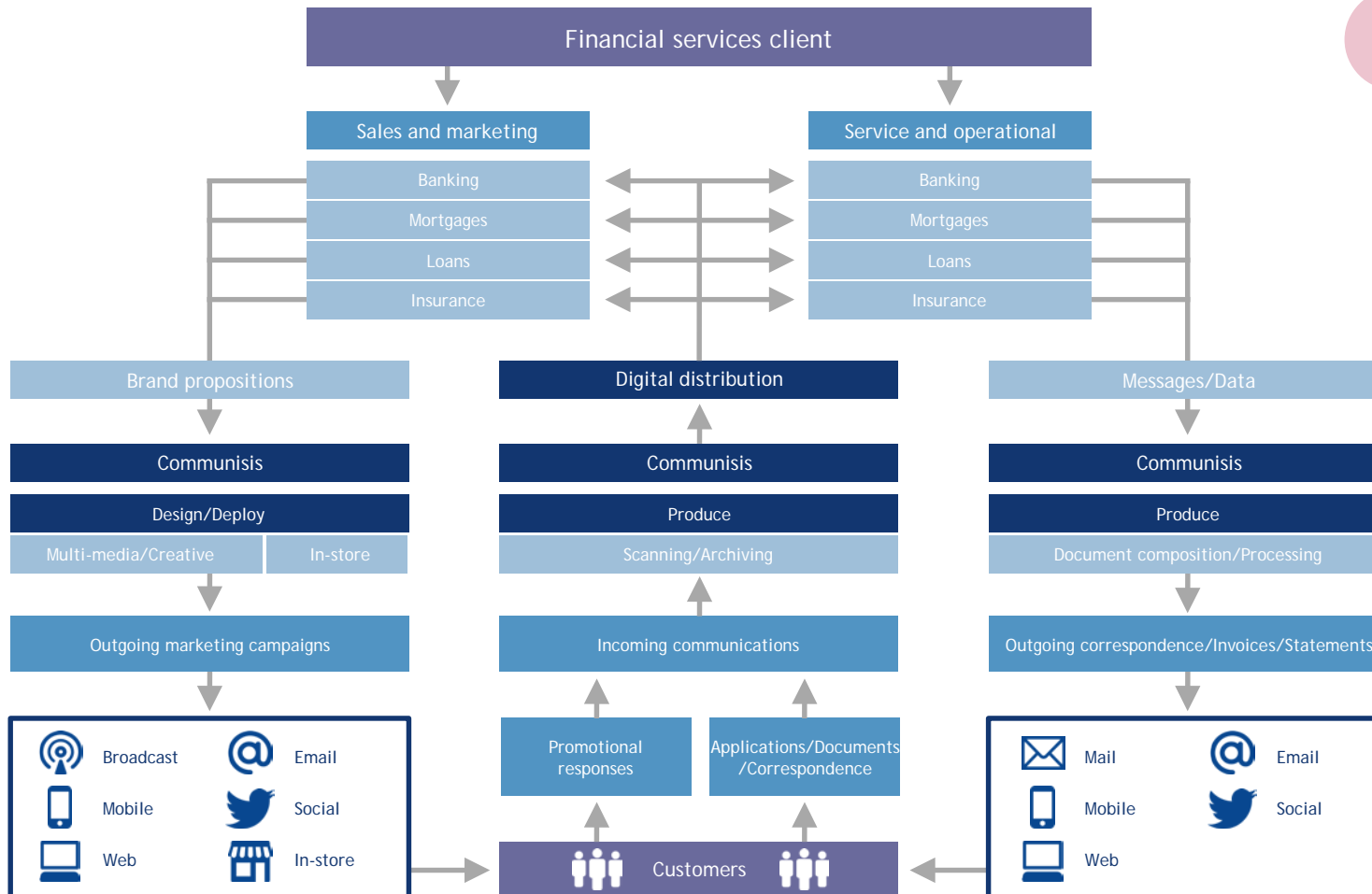
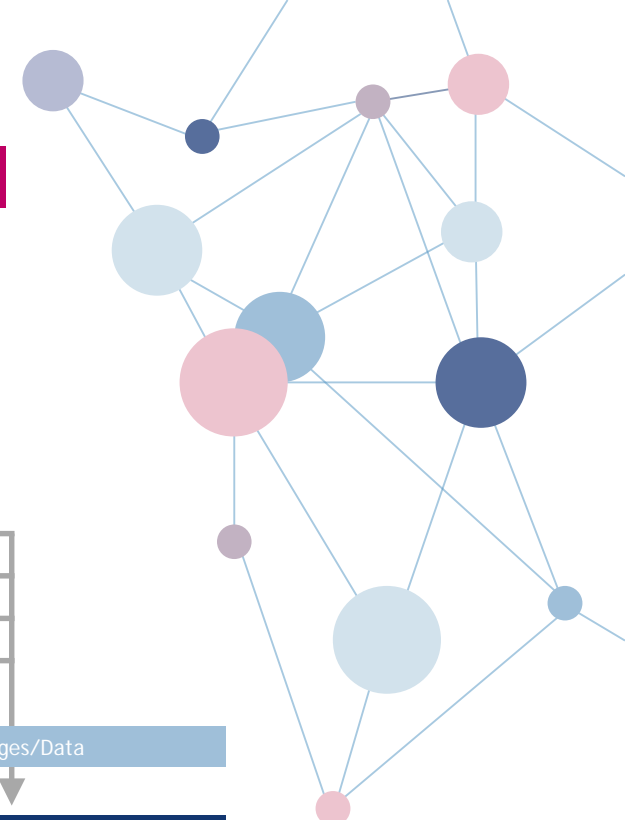


● Competitive differentiation

- Close client relationships
- Strength of leadership team
- Breadth of personalised customer communications services
- Depth of embedded expertise and innovative capabilities
- Market-leading technology



● Illustrative client service model



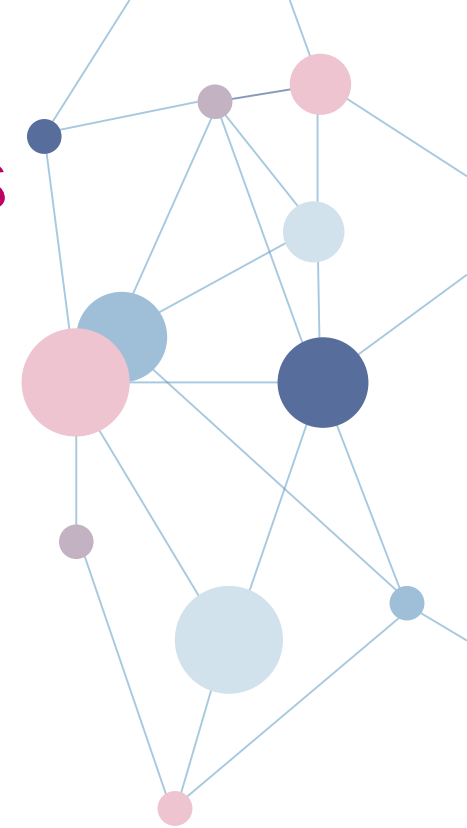
● Aspiration and key financial targets

Aspiration

- Market leadership in personalised customer communication services

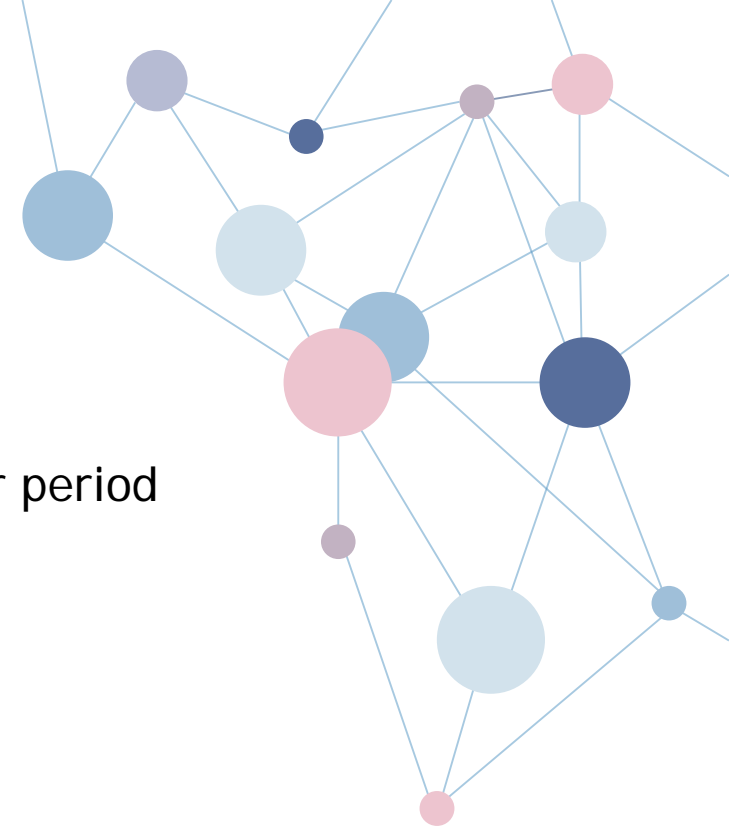
Key financial targets

- Double-digit margin on sales excluding pass through
- 20% of sales from overseas - moving toward one third in the medium term



● Highlights

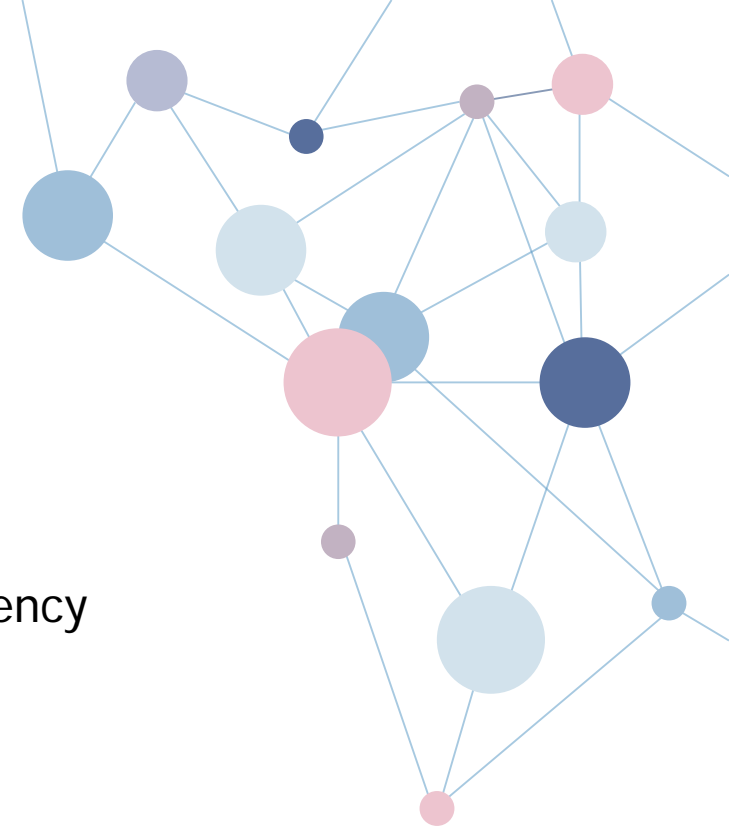
- Substantial improvement in adjusted operating profit for a fifth consecutive year
 - average annual growth rate of 20% over a 5 year period
- Strong growth in sales, particularly overseas
- Robust cash generation
- 5 acquisitions including Life
- Agency brand launched - PSONA
- New multi-year contracts
- Ongoing geographic expansion
- Platform for sustainable success



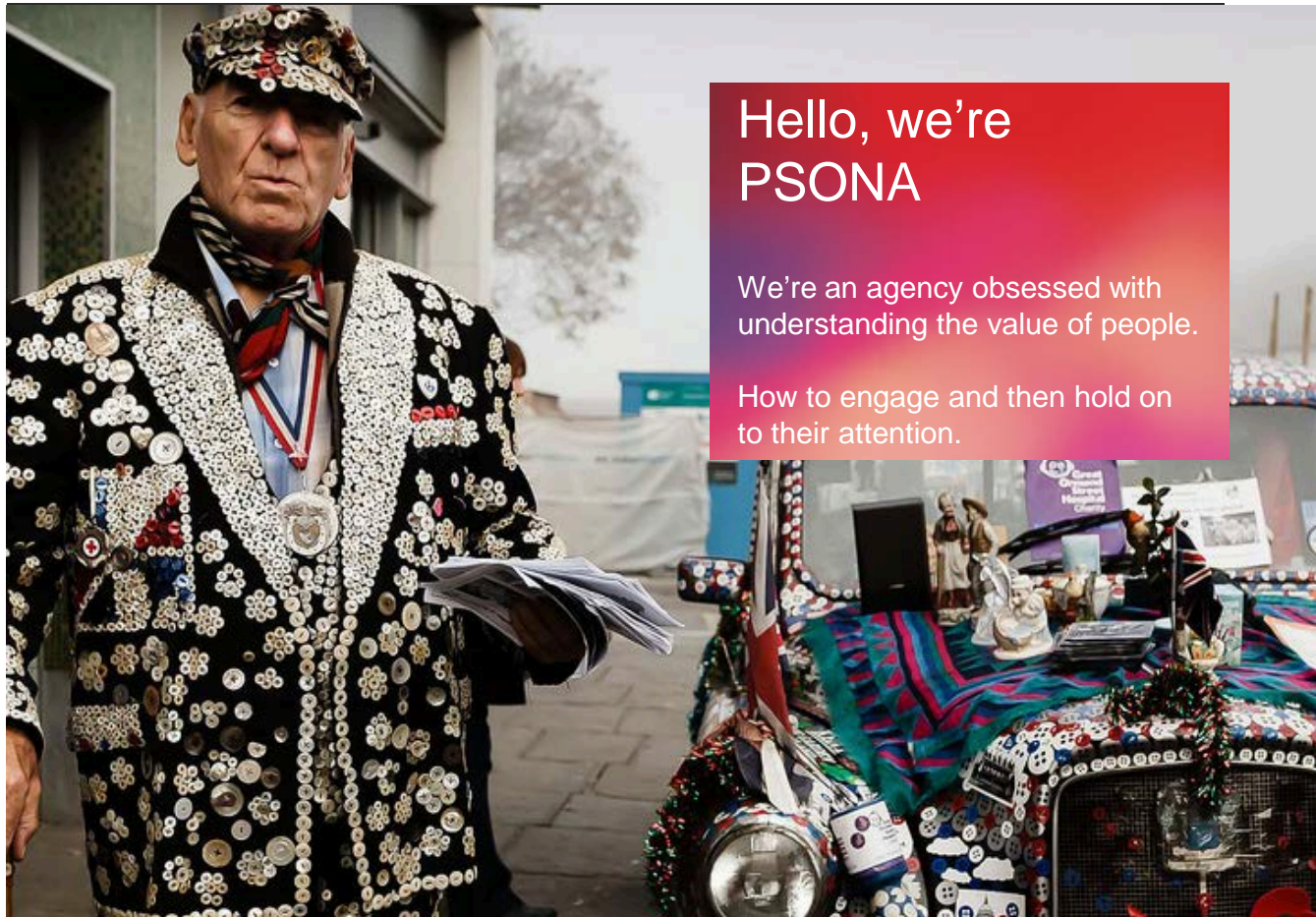
● Operational highlights

Integrated digital agency built and launched - PSONA

- five acquisitions
 - largest - Life - Insight-led shopper marketing agency
- revenue synergy opportunities
- over 300 employees in Design segment
- £40m+ invested to date



● PSONA

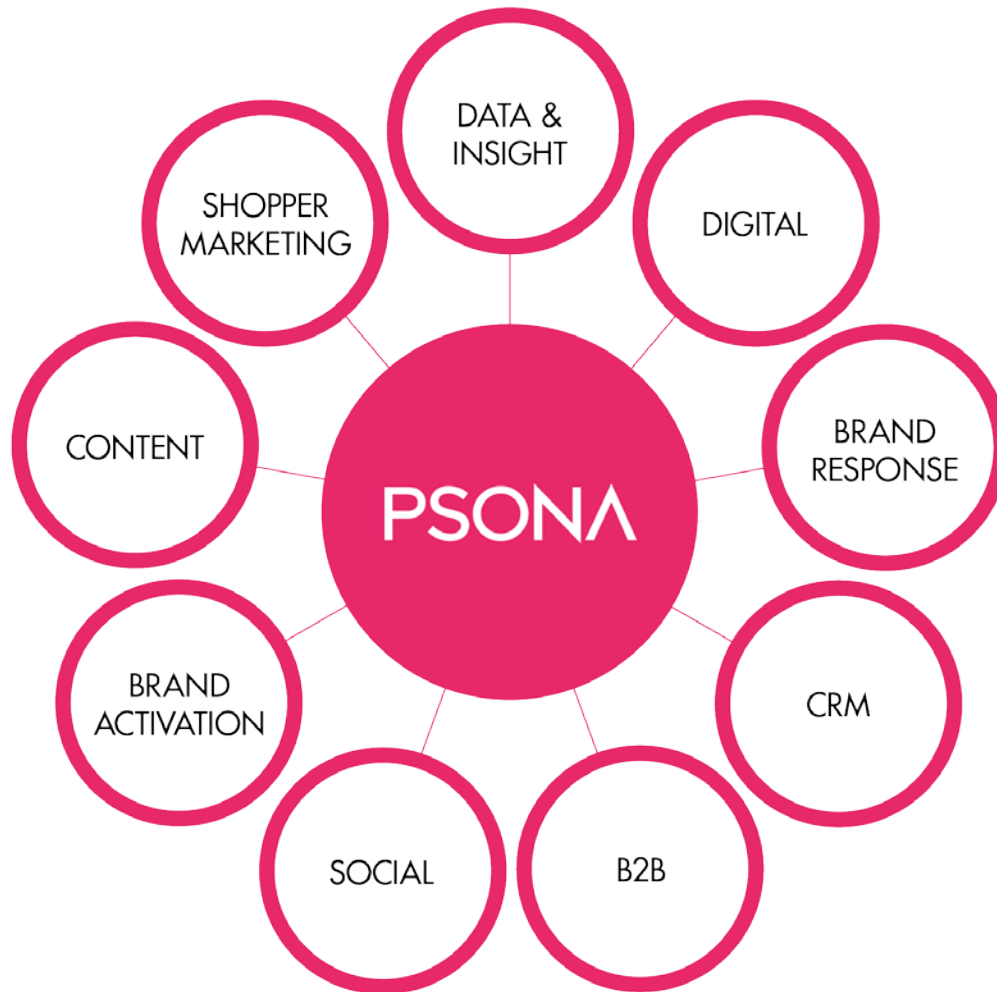


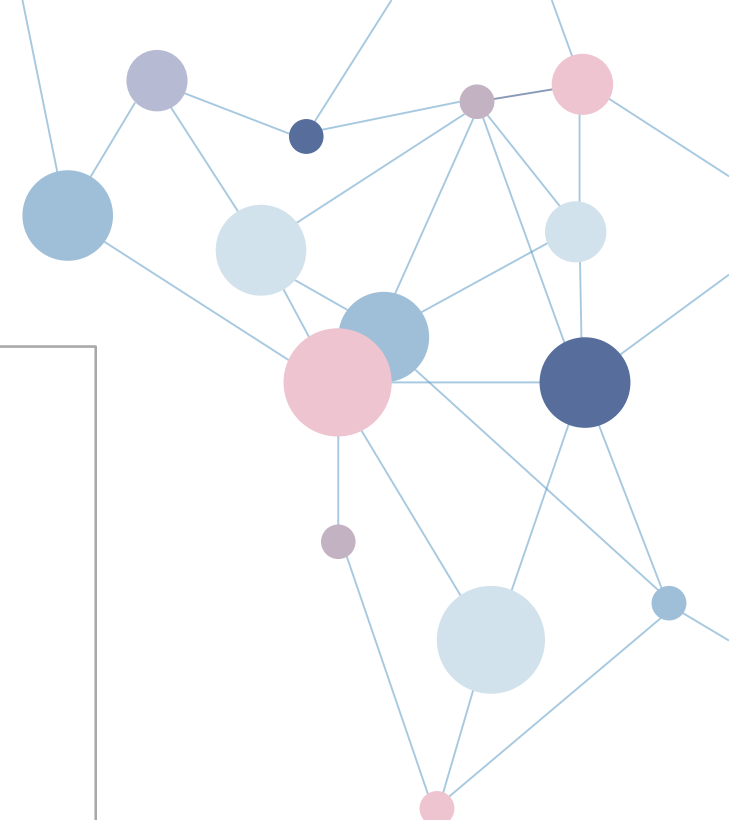
Hello, we're
PSONA

We're an agency obsessed with
understanding the value of people.

How to engage and then hold on
to their attention.

- Any channel, any category





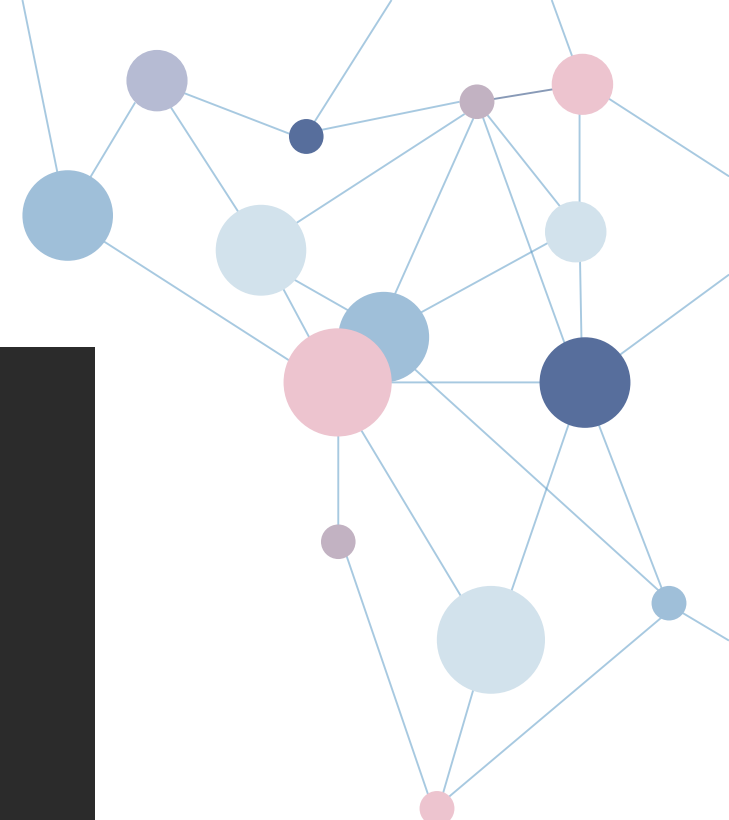
USP Proud Marketers.

Selling more. Profitably. For you.

Creating ways to decrease trading on deal, marginalise OL dominance, increase penetration, brand salience or repertoire position.

We specialise in answering these questions – first.

Not letting the creative set the agenda.



We call this way of working...

Marketing First Comms Second™

“Get the intelligence right, and the magic will follow.”

LIFE

0121 200 7200

● Operational highlights

Multi-year contracts secured

- LBG - new service - incoming customer communications
- AXA UK - incoming and outgoing marketing and operational customer communications
- P&G - brand activation services

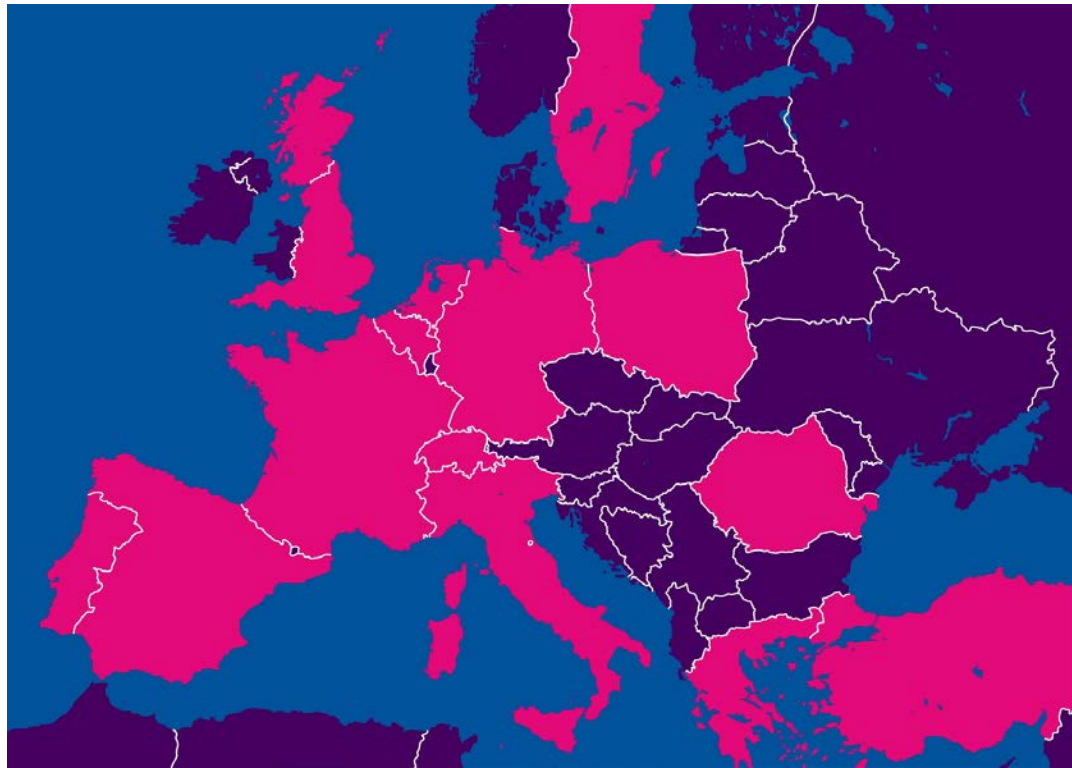




● Operational highlights

Infrastructure and geographic reach extended

- 20 new locations
- 51 sites (including 18 at clients) in 16 countries
- Delivering services to 73 countries
- 2200 employees - 150+ based overseas

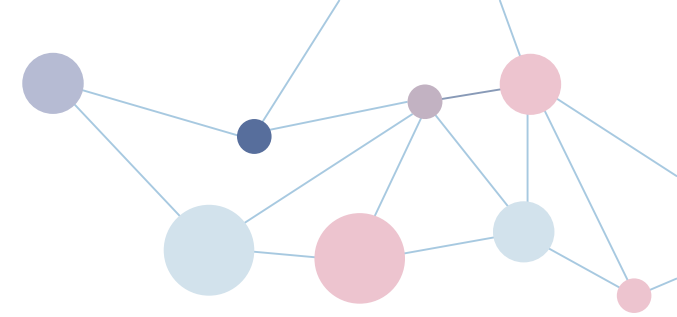


● Financial highlights

Total sales	£343m	+27%
Overseas sales	£67m	+36%
Sales excluding pass through	£232m	+20%
Adjusted operating profit*	£16m	+21%
Operating margin**	6.9%	Maintained
Adjusted EPS (fully diluted)*	4.62p	+10%
Dividend	2pps	+11%
Free cash flow	£6m	+£12m
Net debt	£36m	Increase for acquisitions

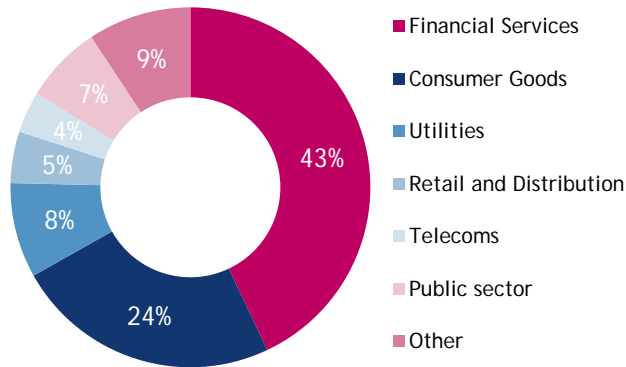
* Before exceptionals and amortisation of acquired intangibles

** On sales excluding pass through

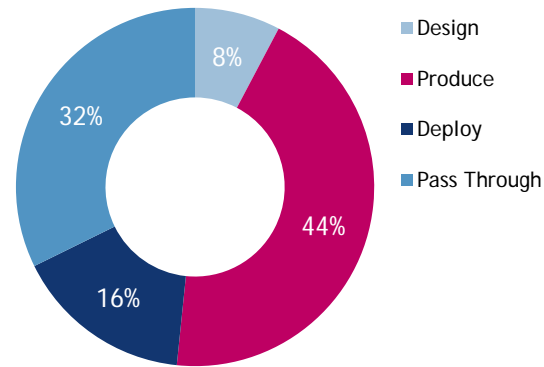


● Sector and segment analysis

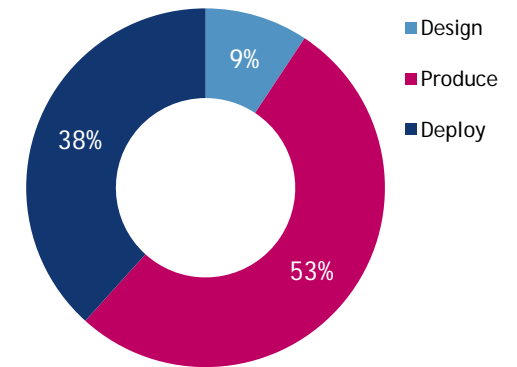
Turnover by Sector 2014



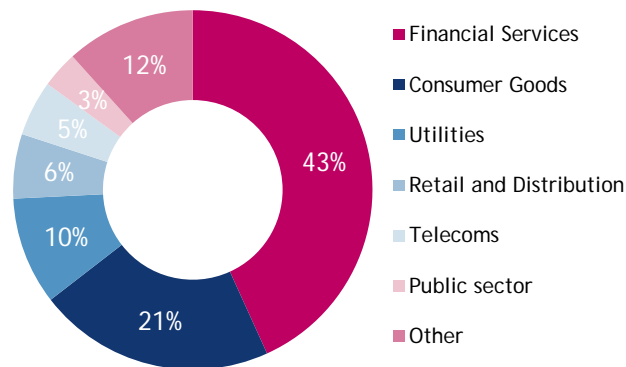
Segmental split of turnover 2014



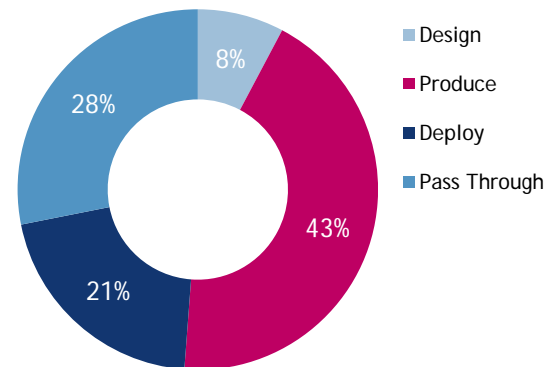
Segmental split of contribution 2014



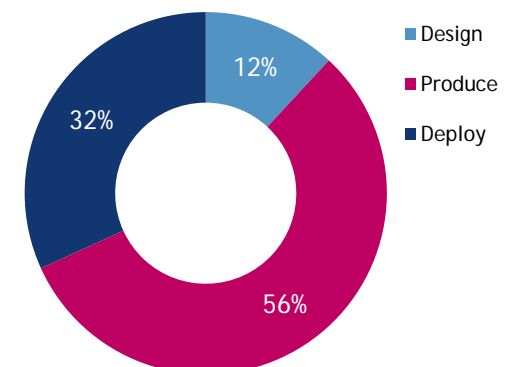
Turnover by Sector 2013



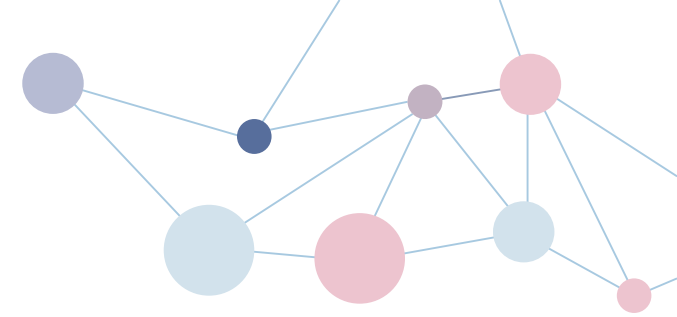
Segmental split of turnover 2013



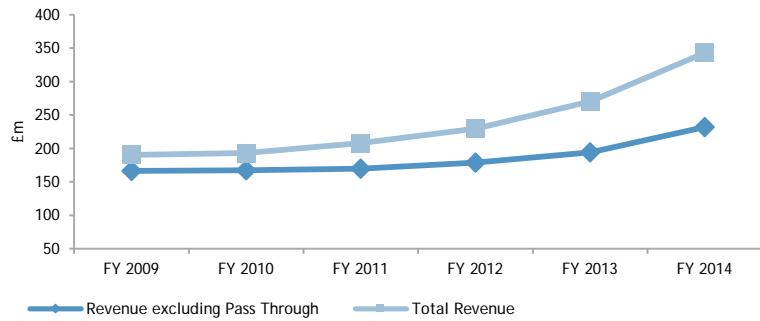
Segmental split of contribution 2013



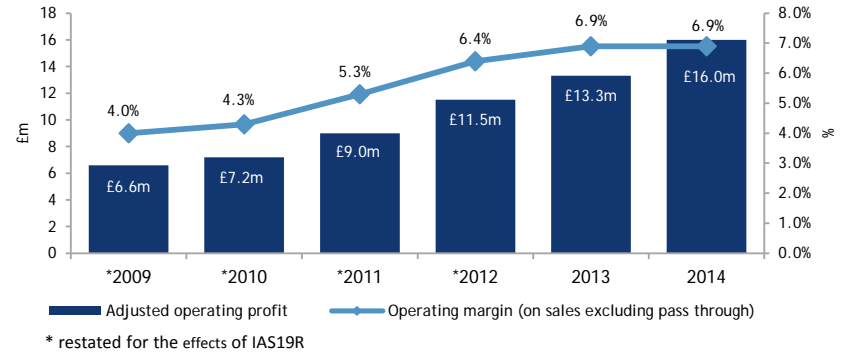
Financial record



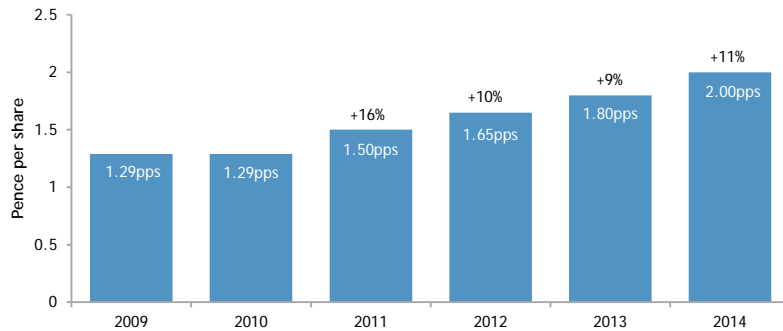
Revenue



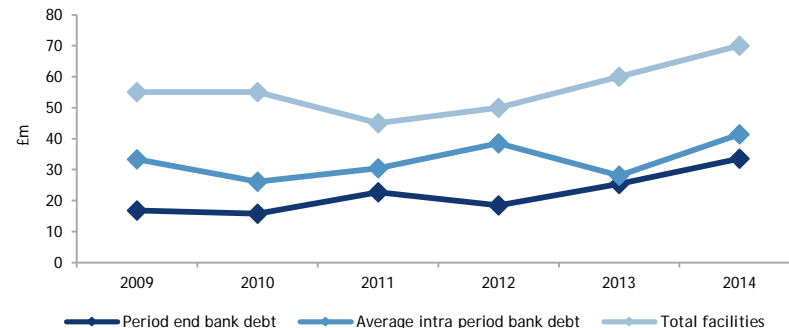
Progress towards double-digit returns



Progressive dividend policy



Bank debt and facilities



● Margin

Adjusted operating margin maintained

- sales mix
- double-digit a realistic target - progress resumes in 2015

Design

- data market changes

Produce

- volume erosion in higher market products
- contract transition costs

Deploy

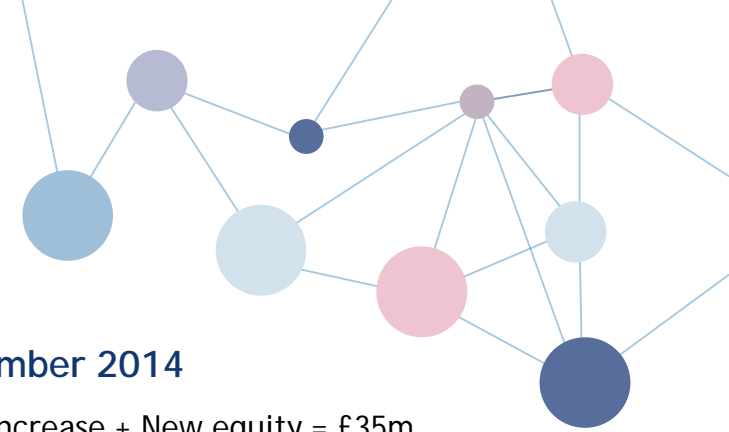
- exit from lower margin commodity services

Central costs

- infrastructure investments support growth

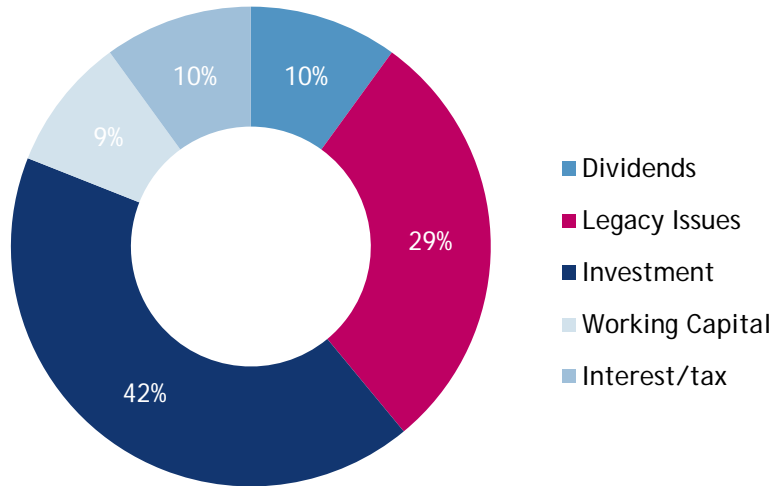


● Application of funds



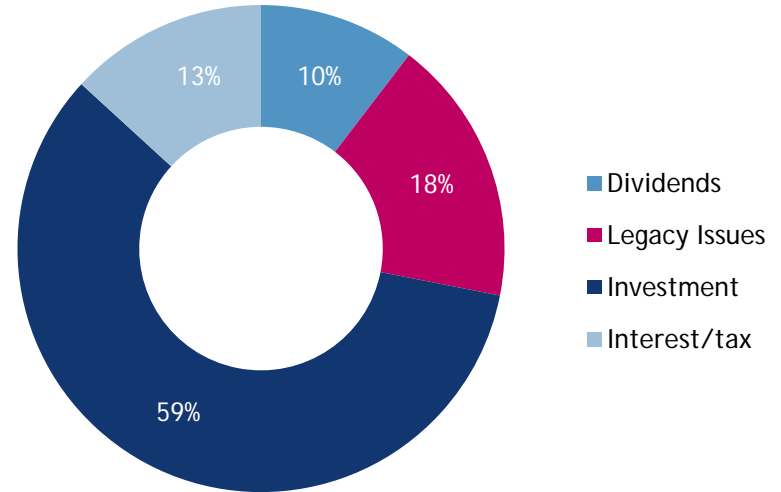
5 Years to December 2013

EBITDA + Debt increase + New equity = £115m



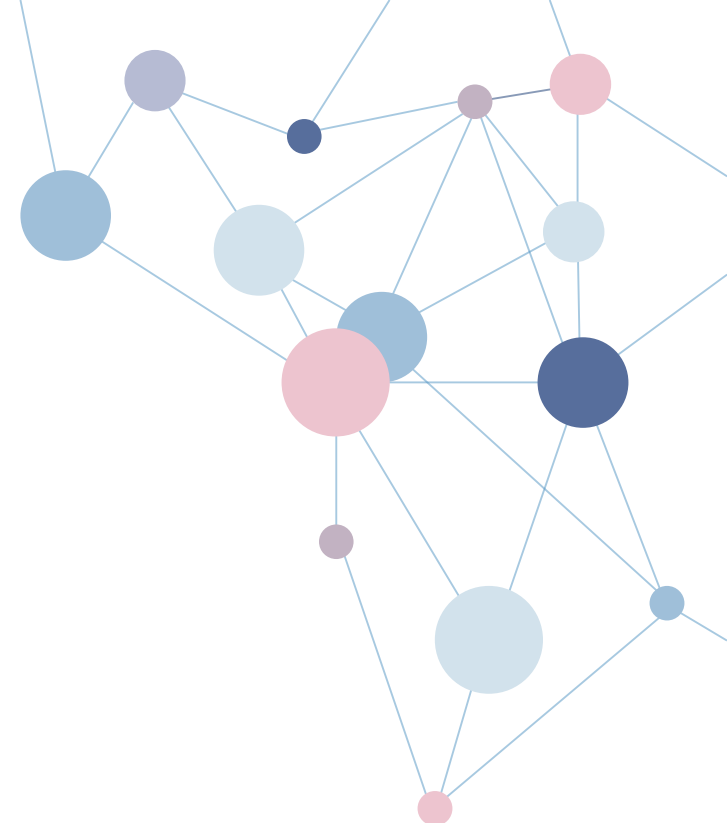
Year to December 2014

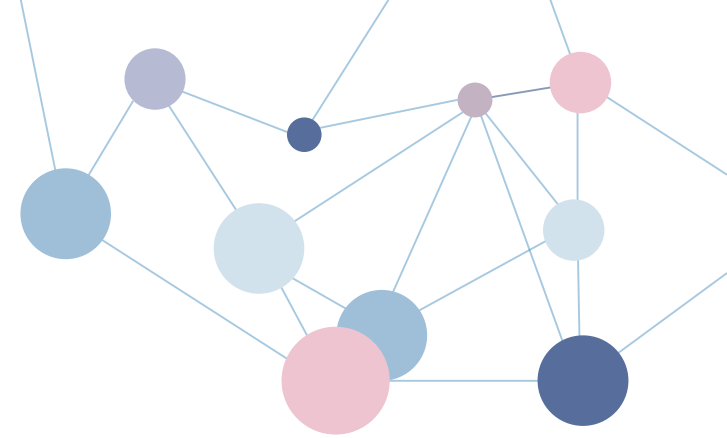
EBITDA + Debt increase + New equity = £35m



● Bank facilities

Total facilities (£65m Revolving Credit and £5m Overdraft)	£70m
Utilised at December 2014	£34m
Headroom	52%
Average utilisation during the year	£41m
Headroom	41%
EBITDA : Net bank debt	
- December	1.4
- Average for the year	1.6
- EBIT : Interest for the year	9.6





● Net assets

Net assets

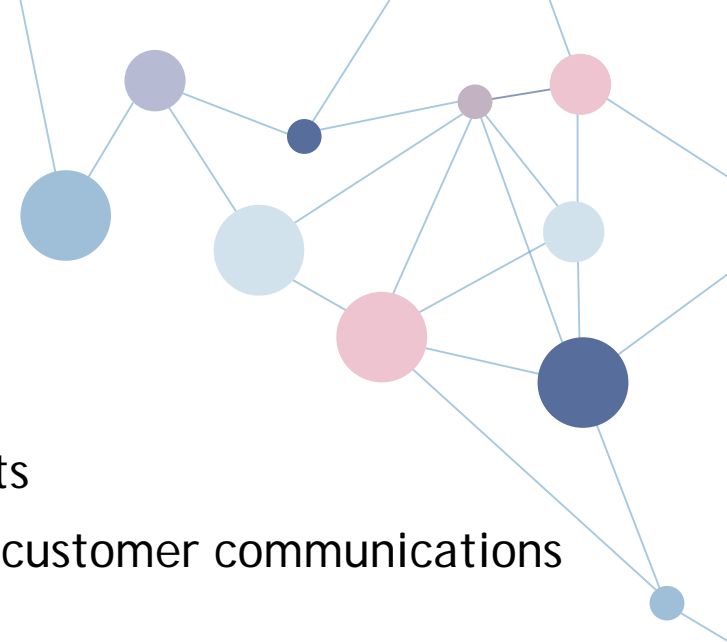
Reduced by non-cash items of £32.4m

- Pensions - accounting deficit increased by £11.4m - charged to reserves
- Goodwill impairment of £21m charged to profit as an exceptional item

Accounting measurements with no direct or immediate economic impact

Pensions

- 2014 triennial valuation agreed - funding deficit substantially reduced at £19.5m (2011 deficit £38m)
- Annual deficit reduction payments halved to an initial £1.5m (previously £3m)



● Market trends and outlook

Market trends

- Progressive migration from paper to digital formats
- More client outsourcing of incoming and outgoing customer communications
- Greater client focus on
 - precision marketing through personalisation
 - consistent customer experiences at every touchpoint

Outlook

- Communisis has the expertise to support clients in the digital era and in overseas markets
- Confident of profitable growth in 2015
- Platform for sustainable success established

● Investment case

Management team with a record of achievement and strategy for growth

- Continued move into higher margin services
- Benefits of operational gearing following investments in market-leading technology and multi-year contracts
- Client-led international expansion
- Further penetration into existing blue-chip clients
- Market share gains - differentiated offer and competitive position
- Progressive dividend policy

