

---

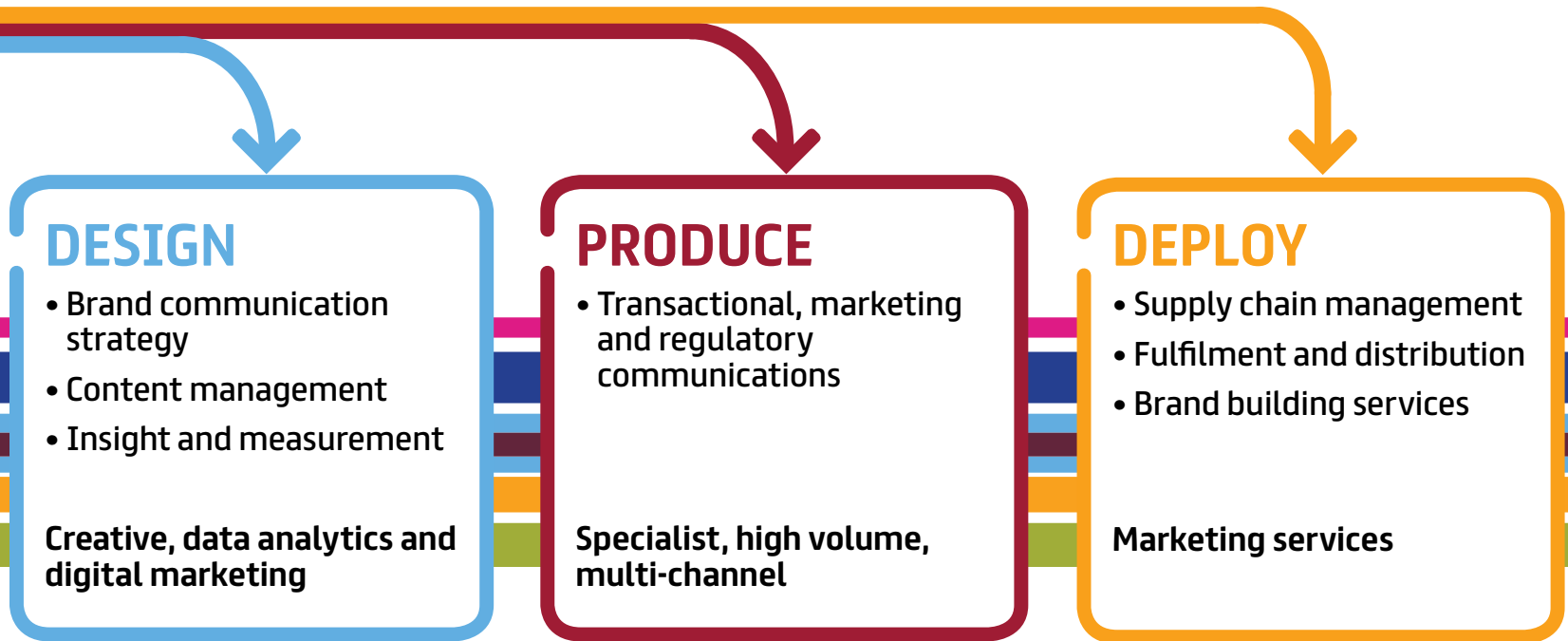
# 2014 Interims

Another successful half year

communisis



# Leading provider of personalised customer communication services



---

# Aspiration and Key Financial Targets

## Aspiration

- Market leadership in personalised customer communication services in the UK and internationally

## Key financial targets

- Double-digit margin on revenue excluding pass through
- More than 20% of revenue from overseas



# Strategic Initiatives

- Grow revenues – organically and by acquisition
- Broaden and deepen the range of services
- Client diversification beyond financial services
- Client-sponsored expansion into overseas markets
- Investment in market-leading technologies
- Cost base optimisation
- Margin improvement
  - better capacity utilisation
  - cost reduction
  - acquisition synergies
  - higher margin services
- Appropriate capital structure



---

# 2014 Interims

Another successful half year

- Significant increase in revenue
- Higher profits
- Strong cash flow
- Important new contracts
- Accelerated growth in international markets
- Continued investment
- Acquisition activity

---

# Market Context

## Challenges and opportunities

- **Progressive migration from paper to digital formats**

**Challenge** – volume erosion in Produce

**Opportunity** – new business growth in Design

- **Trend toward outsourcing**

**Challenge** – transitioning costs on major new contracts in Produce

**Opportunity** – new business growth in both Produce and Deploy

- **Client moves to reduce the number of suppliers**

**Challenge** – competition for contract renewals

**Opportunity** – new business growth from market leadership in Produce

– expansion of services through integrated agency model in Design



# 2014 Interims – Highlights

Strategy consistently delivering profitable growth

## Financial

	H1 2013	H1 2014	
Revenue excluding pass through	£91.1m	£116.3m	+28%
Total revenue	£121.2m	£169.3m	+40%
Adjusted operating profit*	£5.1m	£6.1m	+20%
Operating margin	5.6%	5.2%	
Adjusted EPS	1.49p	1.75p	+18%
Basic EPS	0.55p	1.11p	Doubled
Dividend	0.60p	0.67p	+12%
Operating cash inflow (outflow)	£(6.6)m	£6.7m	+£13.3m
Net bank debt	£11.5m	£33.3m	<50% of facilities
Gearing	8%	20%	

\* Before amortisation of acquired intangibles and exceptionals

# 2014 Interims – Highlights

Strategy consistently delivering profitable growth

## Operational

### • Growth

#### Design

- 3 acquisitions adding new capabilities to support integrated agency model

#### Produce

- 10+ year contract with LBG for new service line
- Significant investment in second transactional centre of excellence

#### Deploy

- Strategically important contract with P&G extended for 5 years

### • Board changes

Nigel Howes – Strategic and Corporate Development Director

Mark Stoner – Finance Director

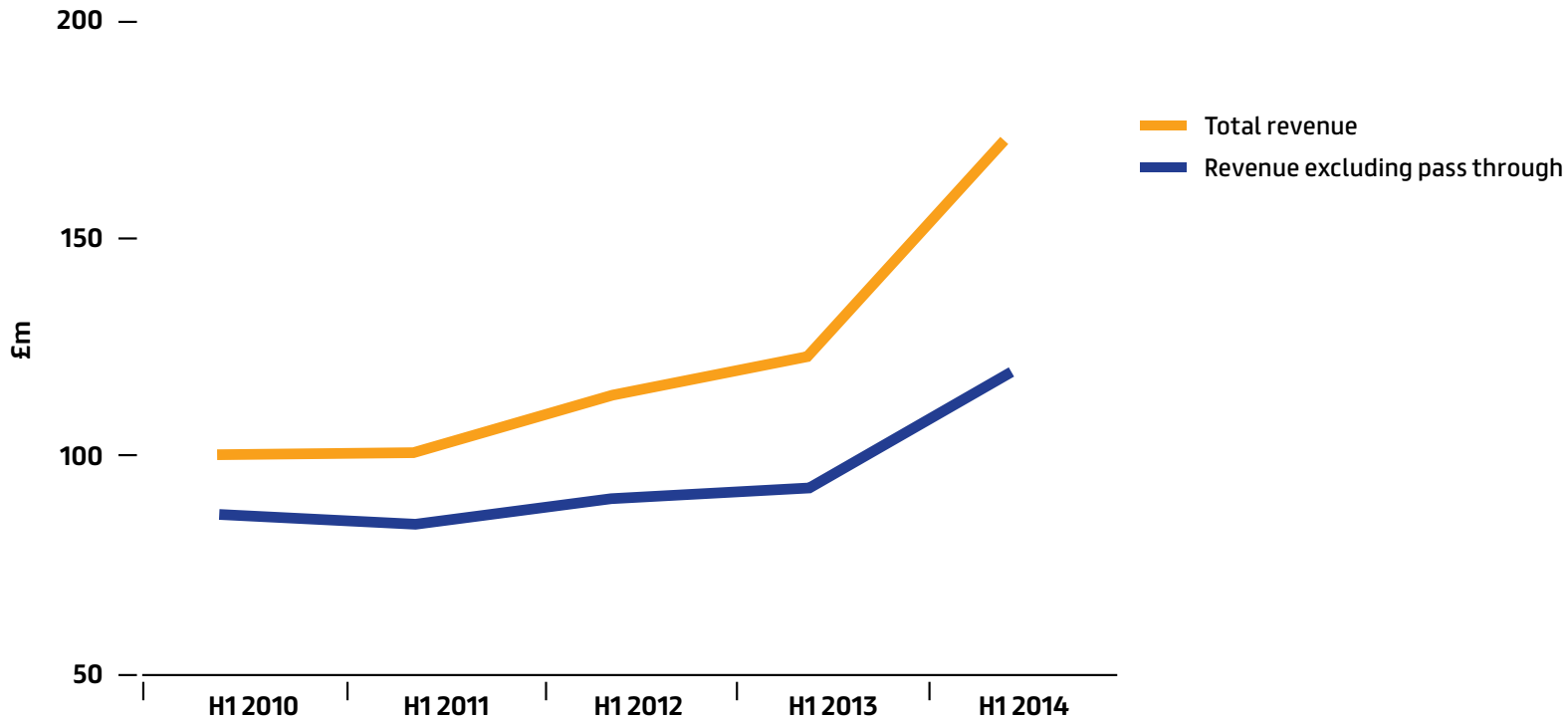
Helen Keays – New non-executive Director



# Revenue

## Strategy delivering growth in revenue

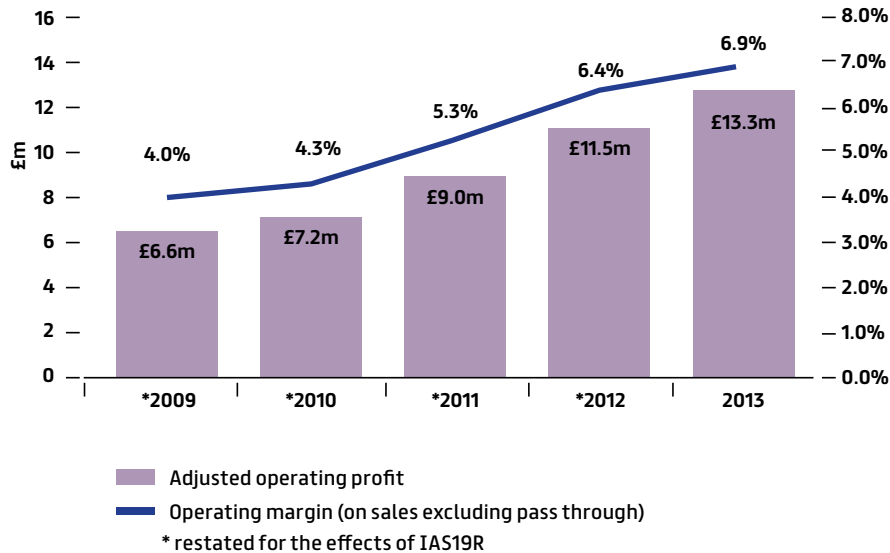
First Half to June



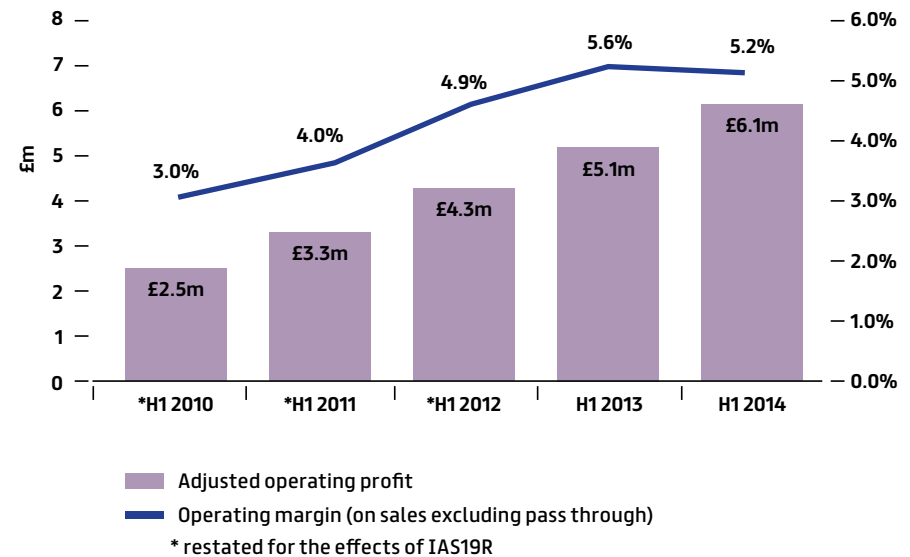
# Adjusted Operating Profit

## Strategy delivering growth in profits

### Full Year to December



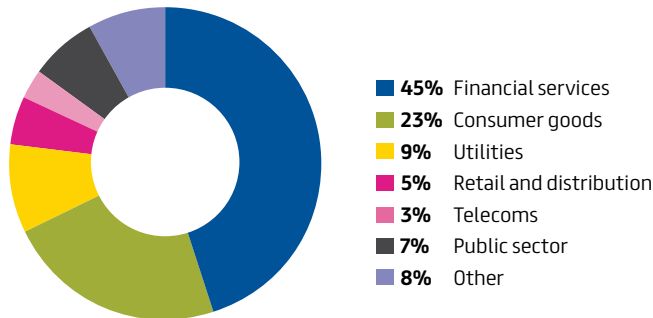
### First Half to June



# Sector and segment analysis

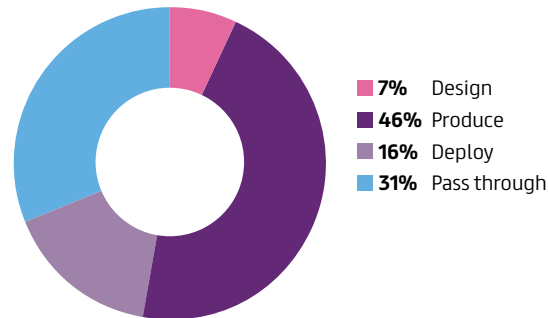
## Turnover by sector

Turnover by sector H1 2014

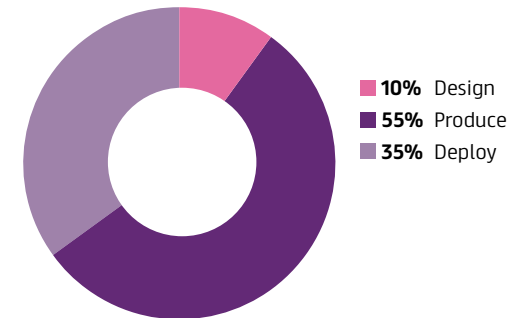


## Segmental turnover and contribution

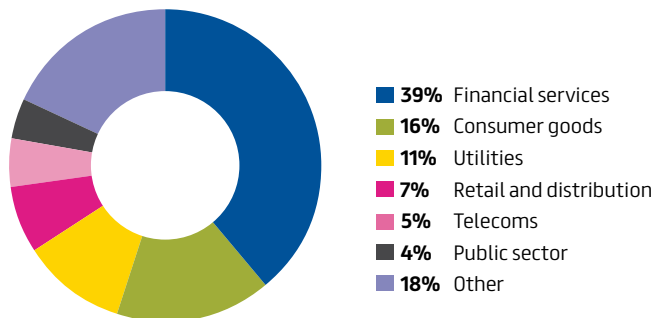
Segmental split of turnover H1 2014



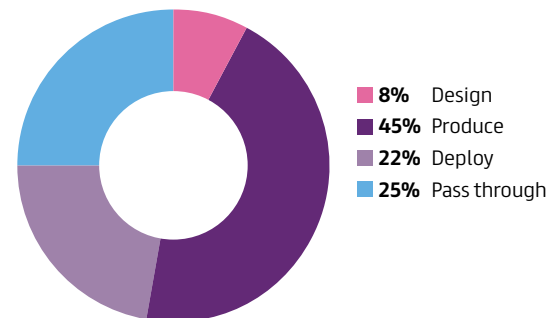
Segmental contribution H1 2014



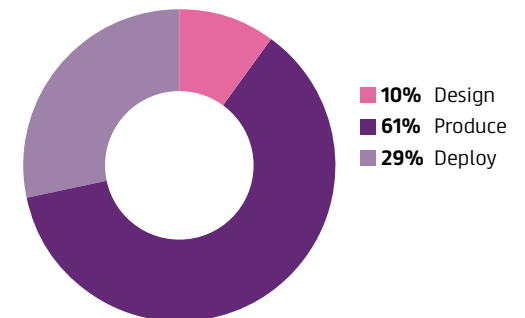
Turnover by sector H1 2013



Segmental split of turnover H1 2013



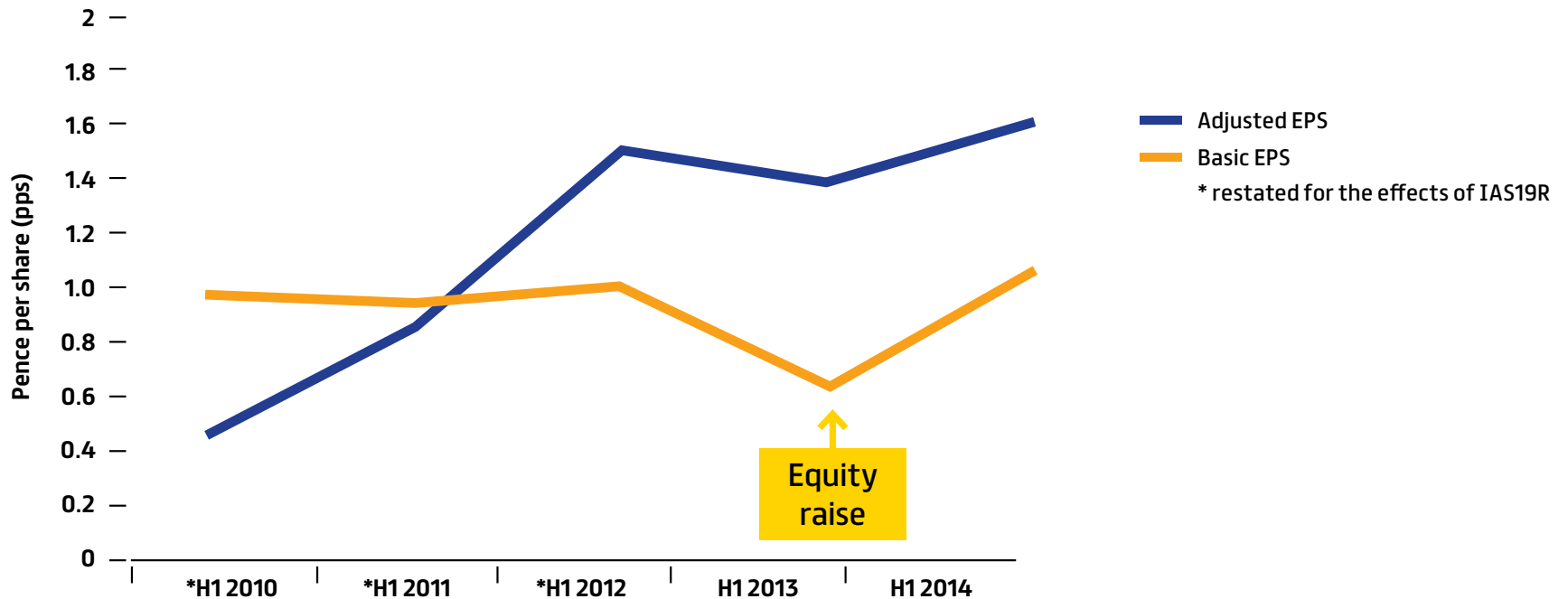
Segmental contribution H1 2013



# EPS

## Strategy delivering growth in EPS

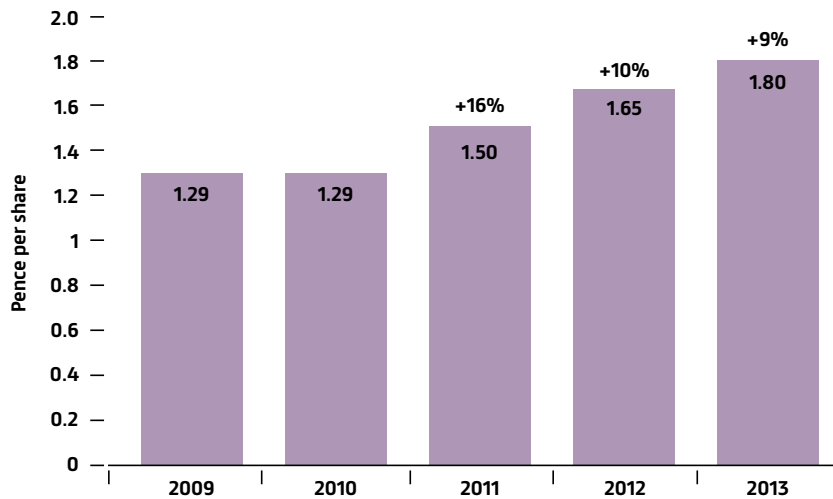
First Half to June



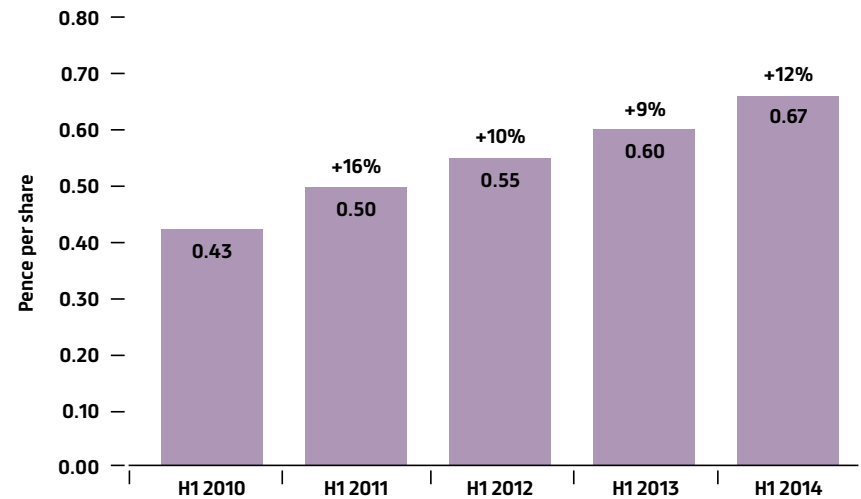
# Dividend per Share

Strategy delivering progressive dividend policy

Full Year to December



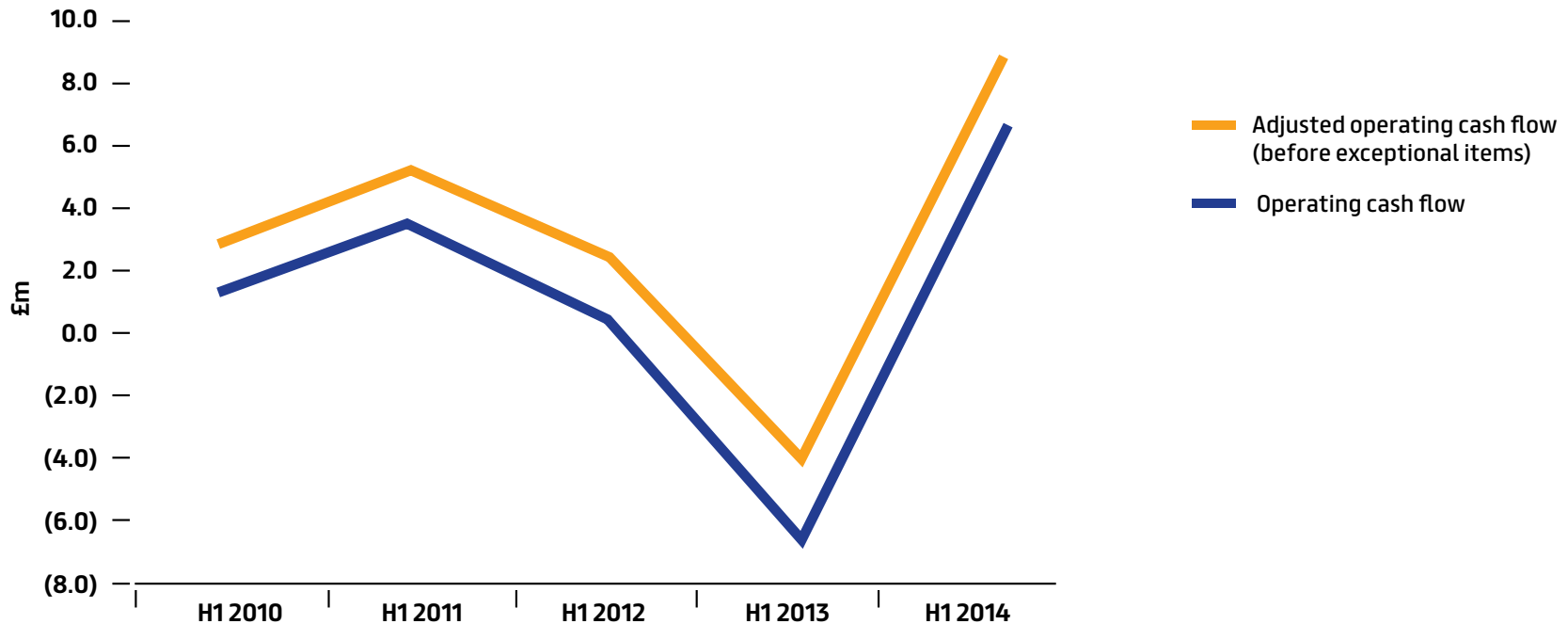
First Half to June



# Operating Cash Flow

Strategy delivering strong cash flow improvement

First Half to June

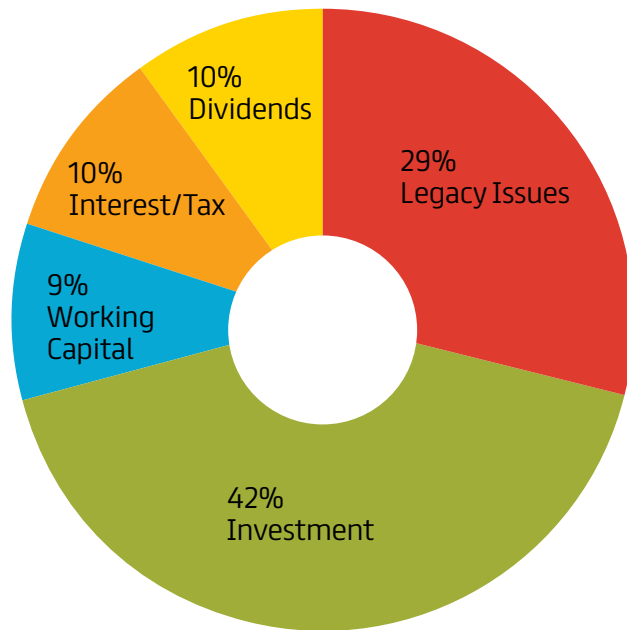


# Application of funds

Investing in the future whilst controlling working capital

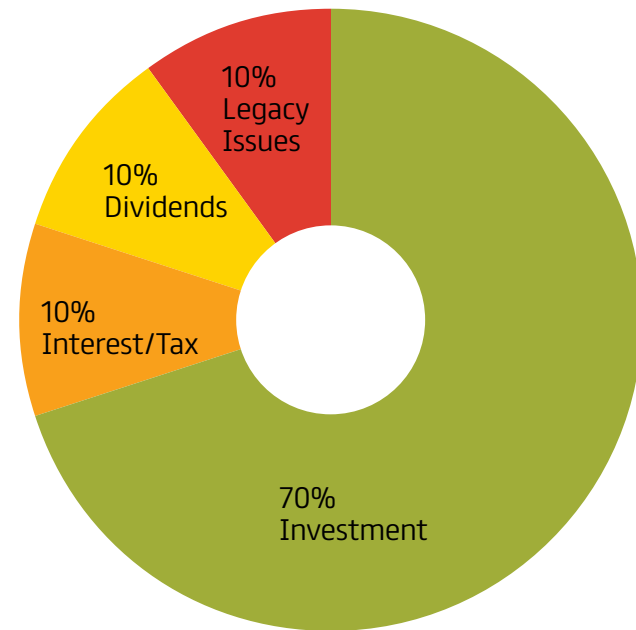
5 Years to December

EBITDA + Debt increase + New equity = £115m



6 months to June

EBITDA + Debt increase = £21m



# Bank Facilities

## Headroom for growth

Total facilities (£65m Revolving Credit and £5m Overdraft)	£70m
Utilised at June 2014	£33m
Headroom	57%
Average utilisation – 6 months to June 2014	£45m
Headroom	36%
EBITDA*: Net bank debt	
– June 2014	1.5
– Average for the period	2.0
EBIT: Interest for the period	3.8

\* 12 months to June 2014



---

# Outlook

## Favourable trends

### Growth opportunities in all segments

#### **Design**

- Marketing budgets increasing (Bellwether survey)

#### **Produce**

- Outsourcers value market-leading technology

#### **Deploy**

- Overseas demand and capabilities expanding

---

# Investment case

## Management team with record of achievement and strategy for growth

- Continued move into higher margin business areas
- Benefits of operational gearing following period of investment in leading technology
- Client-led international expansion
- Further penetration into existing, leading brand clients
- Market share gains – differentiated offer and competitive position
- Progressive dividend policy

