



NAHL Group plc

Preliminary Results 2017

March 2018

Agenda



- 2017 Group Highlights
- Divisional Review
- Financial Performance
- Growth Strategy and Outlook
- Questions
- Appendices

2017 Group Highlights



Financial

- Trading performance in line with expectations
- Underlying revenue up 3.3% to £51.0m (2016: £49.4m)
- As expected, underlying operating profit down 19.4% to £14.5m (2016: £18.0m)
- Underlying operating profit margin 28.4% (2016 36.4%)
- Cash generation at 54.8% (2016: 79.7%)
- Recommended final dividend of 10.6p, resulting in a total dividend for the year of 15.9p (2016: 19.05p)

Operational

- A year of strategic progress with continued evolution of PI division
- Establishment and operational launch of two ABS ventures, with early signs encouraging
- Successful relaunch of the National Accident Helpline brand, generating positive results
- Critical Care division ahead of last year with continued growth in market share
- Solid trading performance from Residential Property division against a challenging market backdrop

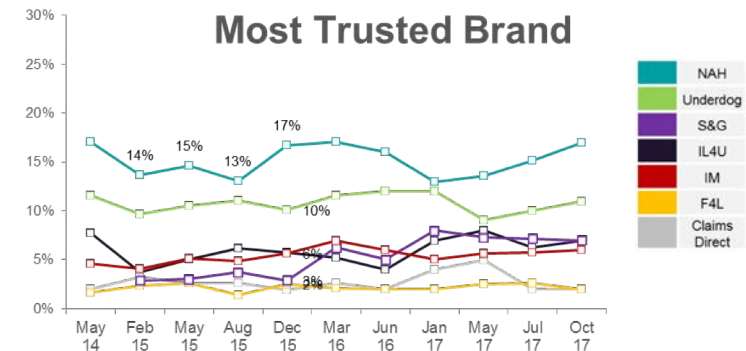
Divisional Review



Personal Injury – Re-engineering of division on track



- Revenue up by 5.4% to £31.7m, underlying operating profit down by 22% to £11.0m, in line with expectations
- Change in profit principally due to investment in cases with PLFs and establishment of ABS ventures, as guided
- Early indications from setting up of two ABS ventures have been positive, giving Group greater flexibility to manage demand and invest in the brand with confidence
- Successful relaunch of National Accident Helpline brand, with strong trust scores generated under the theme “making it right”
- Investment in improving digital functionality has contributed to growth in enquiries
- NAH remains the leading brand in PI with market leading metrics for trust, search and click through
- Traditional panel model remains an important part of Group’s strategy with processing of cases through ABS partnerships offering further opportunity



Critical Care – continued progress and market share growth



- A year of continued progress with revenue up by 6.6% to £11.0m (2016: £10.4m), though slightly softer Q4
- Operating profits up 2.5% at £3.9m (2016: £3.8m).
- Division has gained market share, securing number of strategic business development opportunities
- Credibility as brand leader enhanced by winning Lawyer Monthly magazine's rehabilitation provider of the year
- Pipeline of commercial opportunities expected to contribute to growth in second half of FY2018
- Division remains well positioned and is contributing meaningfully to Group performance



Rehabilitation provider of the year – Lawyer Monthly
Case manager of the year – CMSUK

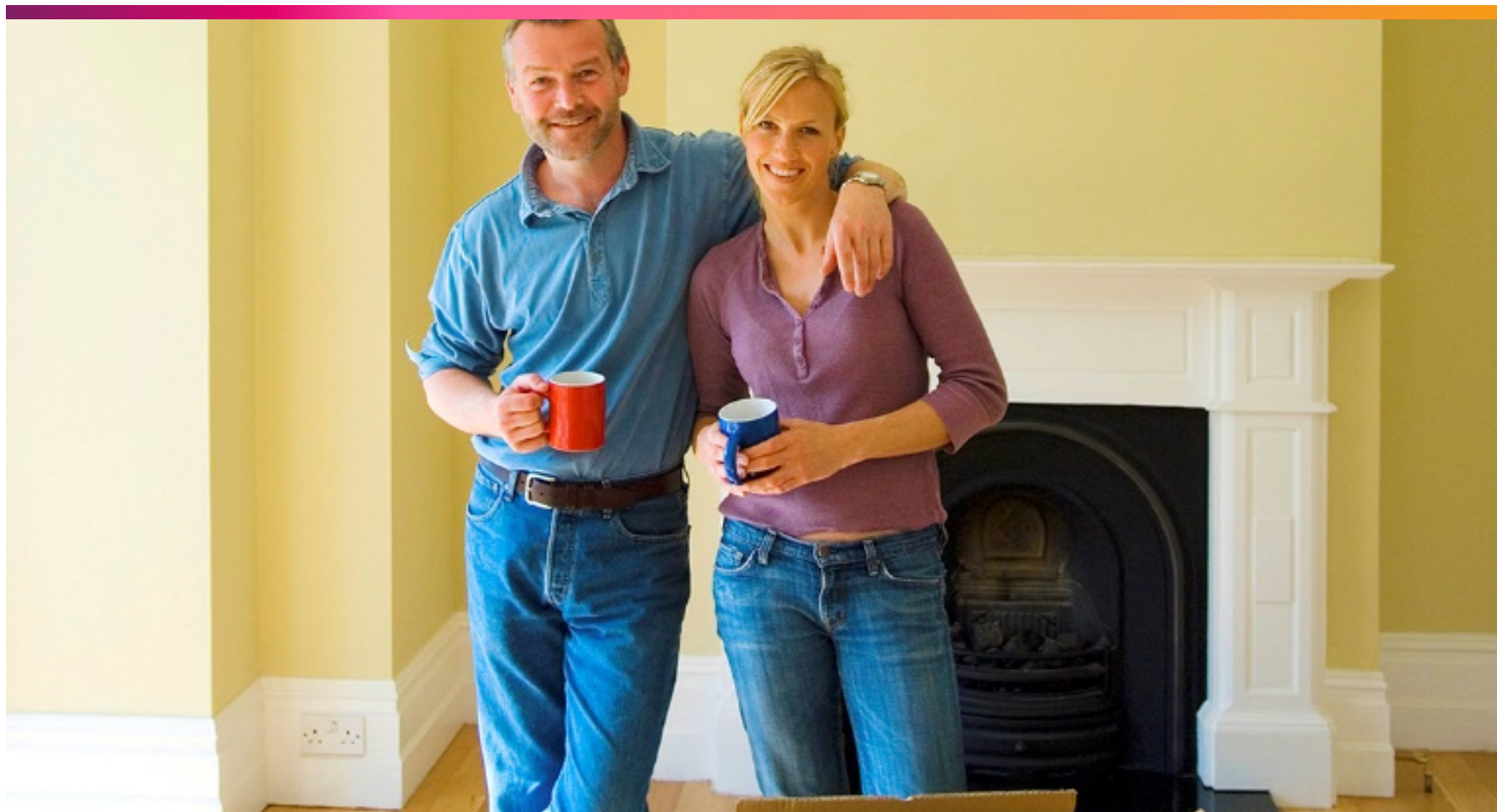
Residential Property – solid performance in challenging market



- Revenue down 7.5% to £8.3m (2016: £9.0m), but increased margin and reduced costs resulted in operating profits flat at £1.4m
- Performance reflects difficult market conditions, impacting residential conveyancing volumes :
 - Low supply of property
 - Weaker consumer confidence
 - Falls in new mortgage approvals
- Government action to stimulate first time buyer transactions will take time to feed through
- Management has responded by focusing on operational efficiencies
- Division is well positioned to leverage any market recovery



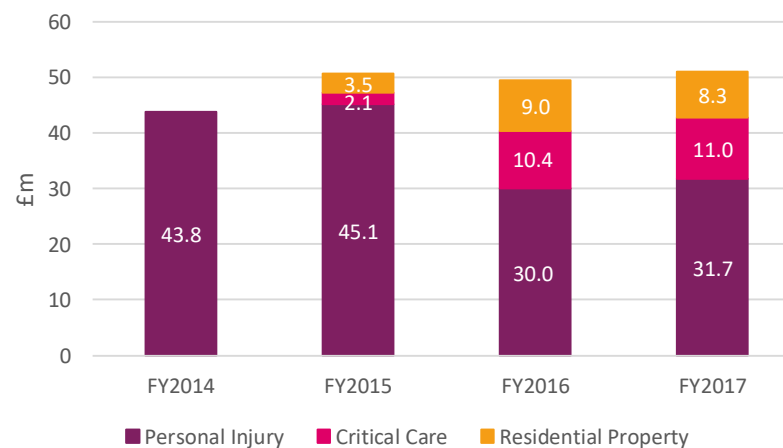
Financial Performance



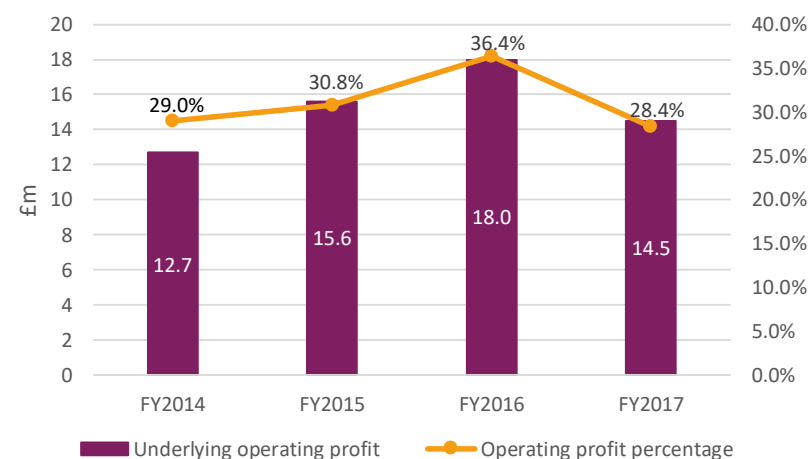
Income Statement



Group Revenue



Operating profit percentage



£'000	% change	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Revenue			
Personal Injury	5.5	31,660	30,011
Critical Care	6.6	11,037	10,353
Residential Property	(7.5)	8,340	9,021
Total⁺	3.3	51,037	49,385
Cost of sales	21.2	(25,224)	(20,809)
Gross profit⁺	(9.7)	25,813	28,576
Gross margin		50.6%	57.9%
Administrative expenses*	6.9	(11,322)	(10,591)
Underlying operating profit*	(19.4)	14,491	17,985
Operating profit margin		28.4%	36.4%

+ excluding one off item relating to release of previously recognised liability for pre-LASPO ATE commission

* excluding share based payments £182,000 (2016: £1,052,000), amortisation on intangibles assets acquired on business combinations £1,307,000 (2016: £1,327,000) and one off items of £400,000 (2016: (£555,000))

Balance Sheet and Cash Flow



Robust balance sheet

£'000	2017	2016
Fixed assets	267	327
Goodwill / Intangible assets	67,579	68,836
Working capital	6,705	(1,157)
Cash & cash equivalents	858	4,814
Bank loans*	(12,922)	(11,089)
Pre-LASPO ATE product liability	(676)	(1,912)
Adjusted net debt	(12,740)	(8,187)
Net assets	61,811	59,819

- Increase in net debt and decrease in cash generation reflects investment in working capital
- Refinanced during 2017 to new £25m RCF with £11.9m headroom at 31 December 2017
- Low levels of leverage provides a solid foundation to the balance sheet

* Bank loans are stated net of £203k (2016: £161k) of loan arrangement fees

Investing for the future

£'000	2017	2016
Underlying operating profit	14,491	17,985
Depreciation	301	195
Working capital movements	(6,845)	(3,845)
Cash flow from operations	7,938	14,335
Cash generation	54.8%	79.7%

Careful balance sheet management

£'000	2017	2016
Underlying EBITDA	14,792	18,180
Adjusted Net debt	12,922	11,089
Leverage	0.9x	0.6x

Dividend and EPS



Dividend

£'000	Interim Dividend	Final Dividend	Total Dividend
Dividend per share	5.3p	10.6p	15.9p
Total dividends	£2,412k	£4,888k	£7,300k
Share price at period end*	130.5p	165.4p	165.4p
Dividend as % of share price*	4.1%	6.4%	9.6%

Earnings per share

Pence	31 Dec 2017	31 Dec 2016
Reported Basic	21.7	27.0
Reported Diluted	21.6	26.5

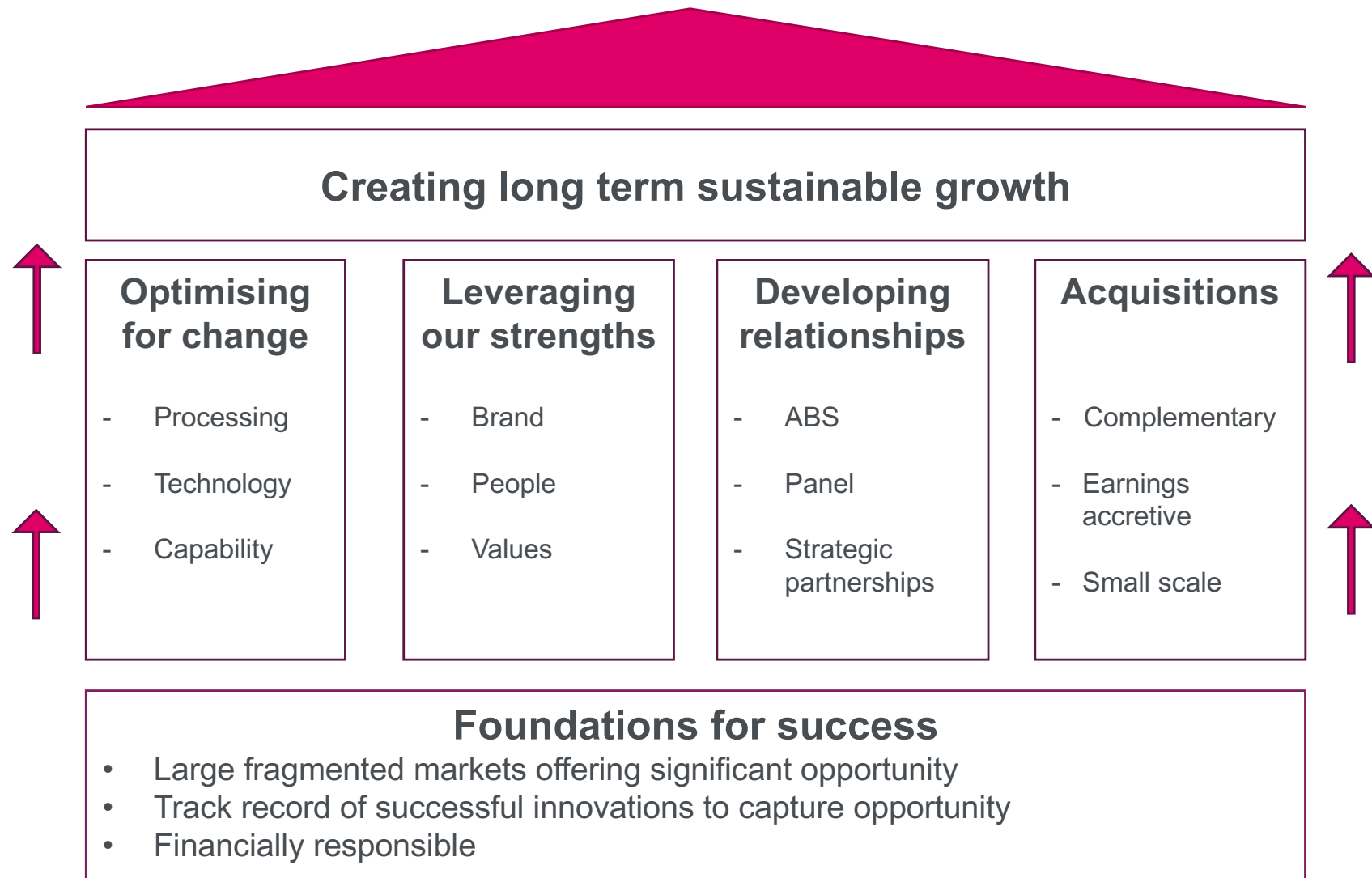
- Recommended final dividend of 10.6p, providing a total dividend for the year of 15.9p (2016: 19.05p)
- Reported Basic EPS of 21.7p, ahead of expectation

* Based on share price as at 30 June 2016 and 31 December 2016

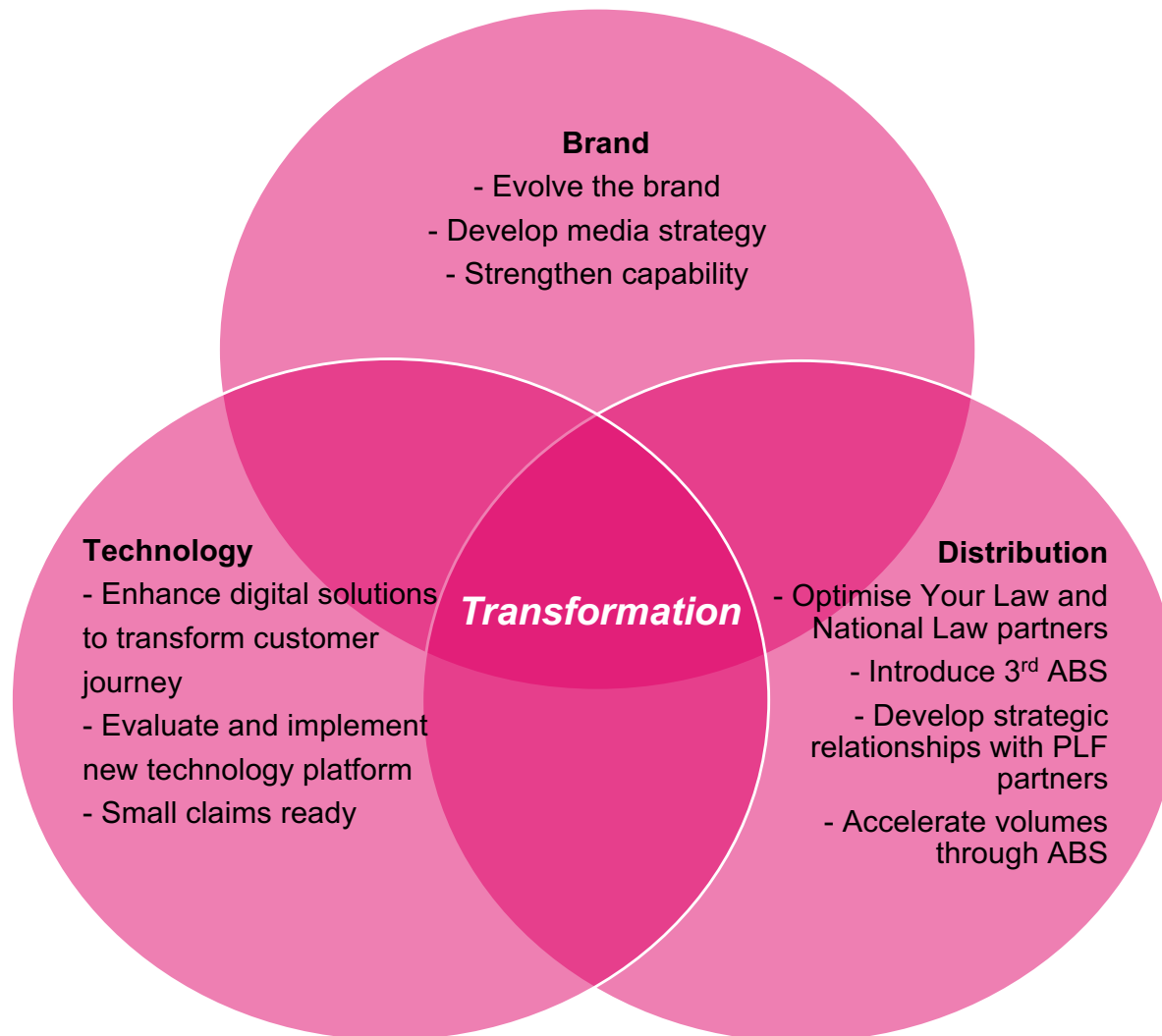
Growth Strategy & Outlook



Group Strategy – long term value creation



Personal Injury – building on strategic success



- Regulatory implementation anticipated Q2 2019
- Increasing investment in enquiries means further deferment of profit and cash
- ABS set up costs, including capital expenditure, of up to £4m over the next 2 years
- During this investment phase, we consider it prudent to manage debt levels and will increase dividend cover from 1.5x to 2x, to be reviewed again in 2020
- Business able to absorb the financial impact of reforms within our growth agenda

Outlook



- Building on 2017 which was a year of continued progress and evolution
- Group's proven track record of responding to change, underlying brand strength and deep knowledge leave it well positioned to succeed in the new regulatory landscape
- ABS venture learnings provide insight and confidence for further investment into in-house processing
- Further growth expected from Critical Care division, with an active pipeline of commercial opportunities
- Residential Property will remain challenging and focus is on growing market share through business development initiatives.
- Trading in early part of 2018 in line with the Board's expectations
- Group well placed to seize opportunities resulting from change in year ahead

Questions and Appendices



NAHL Group plc – a leader in the UK legal services market



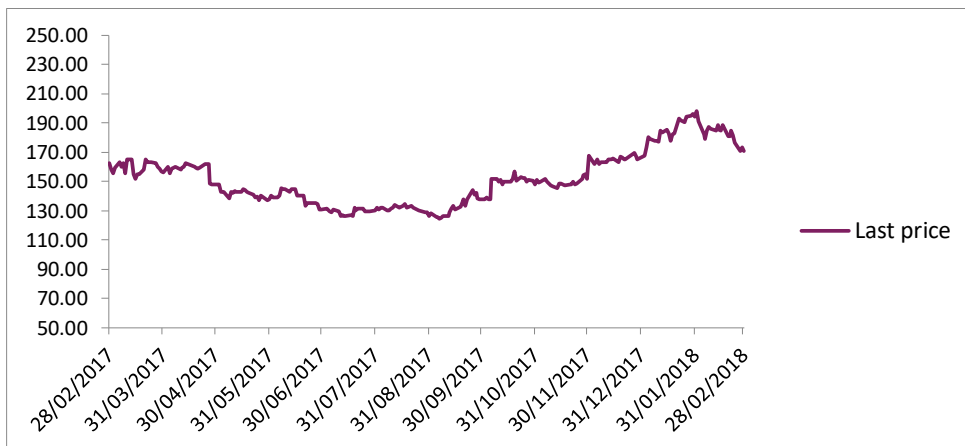
- **NAHL Group plc** is a leading UK consumer marketing and services business focused on the UK consumer legal services market
- The Group comprises three divisions:
 - **Personal Injury** via NAH which provides outsourced marketing services and products to law firms
 - **Critical Care** via Bush & Company which provides a range of specialist services in the catastrophic and serious injury market to both claimants and defendants
 - **Residential Property** via Fitzalan Partners and Searches UK which provides marketing services to law firms and conveyancers as well as property searches and surveys



NAHL at a glance



Twelve month share price



Significant shareholders

Name	Holding (%)
Schroder Investment Management	16.40
Milton Asset Management Limited	8.97
Hargreave Hale	8.96
Baillie Gifford & Co Limited	5.42
Invesco Advisers, Inc	5.04
AXA Investment Managers UK	4.39
Hargreaves Lansdown Asset Mgt	4.23
Polar Capital LLP	3.00
Sacisa Limited	2.94
Interactive Brokers	2.75

Industry data & sector

Current index	FTSE AIM All-Share
Sector	Media
Market capitalisation	£77.96 million
Shares in issue	46.12m
Free float	36.49m
Share Price Year High	198.00p
Share Price Year Low	124.00p
Total 2017 Dividend	15.90p

The Board

Russell Atkinson	CEO
James Saralis	CFO
Steve Halbert	Non-executive Chairman
Gillian Kent	Independent Non-executive Director
Tim Aspinall	Independent Non-Executive Director