



NAHL Group plc

Interim Results 2016

21 September 2016

Agenda



- Overview
- Financial Performance
- Divisional Review
- Growth Strategy and Outlook
- Questions

Overview

H1 Highlights – Performance In Line With Expectations



Highlights

- Revenue up 1.3% to £25.8m (2015 H1: £25.4m)
- Underlying operating profit up 24.5% to £8.8m (2015 H1: £7.0m)
- Underlying operating profit margin up from 27.7% to 34.0%
- Profit before tax up 17.1% to £7.5m (2015 H1: £6.4m)
- Excellent cash conversion of 95.7% (2015 H1: 95.5%)
- Interim dividend 6.35p per share (2015 H1: 6.25p)
- PI strengthened margins – higher value blend of cases
- Good organic revenue and profit growth in Conveyancing, strengthened by acquiring Searches UK Jan 2016
- Critical Care performed well and trading ahead of plan

Group's diversification driving improvements in profitability

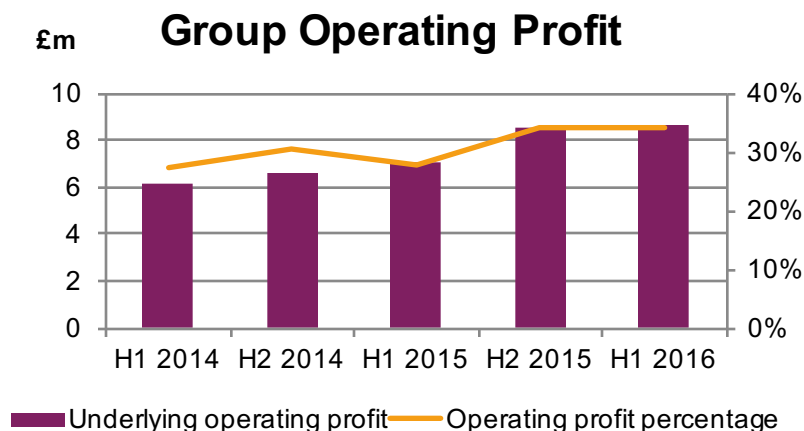
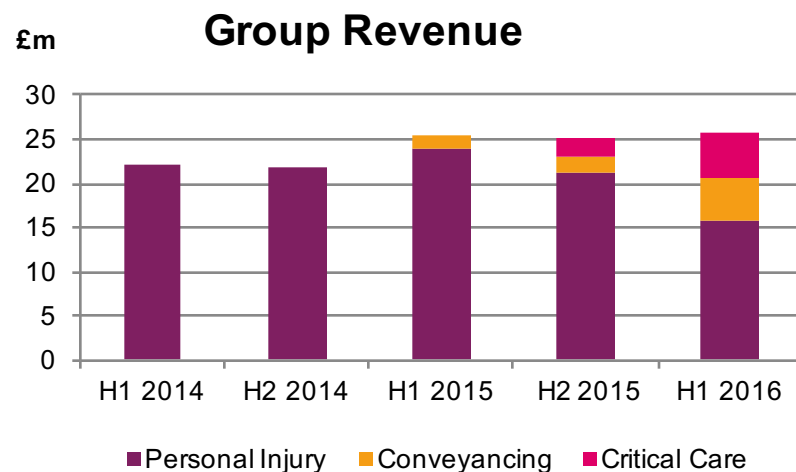
Financial Performance

Income Statement



Good profit growth

£'000	% change	Six months to 30 June 2016	Six months to 30 June 2015	Twelve months to 31 December 2015
Revenue				
<i>Personal Injury</i>		15,864	23,913	45,081
<i>Conveyancing*</i>		4,665	1,498	3,522
<i>Critical Care*</i>		5,234	-	2,113
Total	1.3%	25,753	25,411	50,716
Cost of sales		(10,991)	(13,911)	(25,785)
Gross profit	28.4%	14,762	11,500	24,931
<i>Gross margin</i>		57.3%	45.3%	49.2%
Administrative expenses‡		(6,012)	(4,470)	(9,309)
Underlying operating profit‡	24.5%	8,750	7,030	15,622
<i>Operating profit margin</i>		34.0%	27.7%	30.8%



+ Conveyancing division comprises Fitzalan Partners acquired Feb 2015 and Searches UK acquired Jan 2016

* Critical Care comprises Bush and Company acquired Oct 2015

‡ Excluding share based payments £433,000 (2015 H1: £374,000, 2015 FY: £833,000), amortisation of intangible assets acquired on business combination £533,000 (2015 FY: £259,000) and one-off items £56,000 (2015 H1: £170,000, 2015 FY: £411,000)

Balance Sheet and Cash Flow



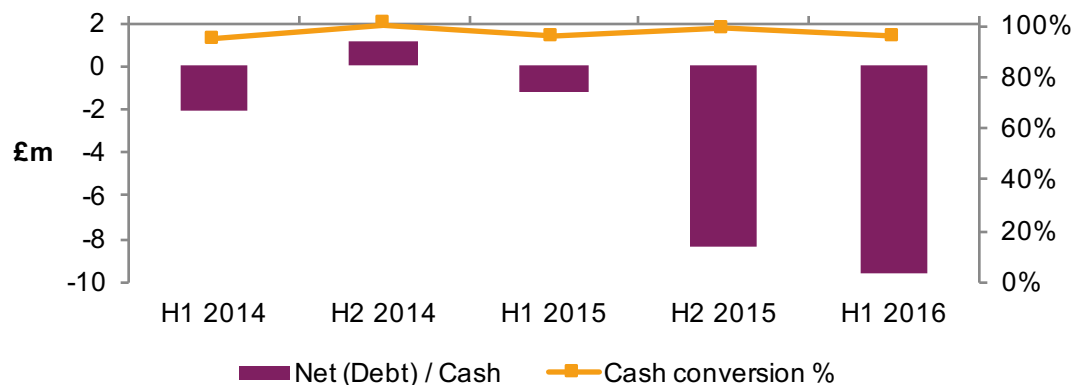
Robust balance sheet

£'000	Six months to 30 June 2016	Six months to 30 June 2015	Twelve months to 31 Dec 2015
Total fixed assets	69,481	44,315	67,949
Working capital	(4,079)	(5,839)	(4,551)
Cash & cash equivalents	6,522	9,324	10,056
Bank loans	(12,936)	(5,901)	(14,782)
Pre-LASPO ATE product liability	(3,167)	(4,610)	(3,601)
Adjusted net debt	(9,581)	(1,187)	(8,327)
Net assets	55,821	37,289	55,071

Continued excellent cash conversion

£'000	Six months to June 2016	Six months to 30 June 2015	Twelve months to 31 December 2015
Underlying operating profit	8,750	7,030	15,622
Depreciation and amortisation	86	104	177
Working capital movements	(459)	(421)	(587)
Net cash flow from operating activities	8,377	6,713	15,212
Cash conversion	95.7%	95.5%	97.4%

Net cash / (debt) and cash conversion



Dividend and EPS



Progressive dividend

	Interim Dividend 2016	Interim Dividend 2015	Total Dividend 2015
Dividend per share	6.35p	6.25p	18.75p
Total dividends	£2,879,701	£2,571,875	£8,230,000
Share price at period end*	206.50p	322.0p	224.8p
Dividend as % of share price*	3.1%	1.9%	8.3%

EPS growth

Pence	Six months to 30 June 2016	Six months to 30 June 2015	Twelve months to 31 December 2015
Group Basic EPS	13.2p	12.5p	25.6p
Group Diluted EPS	12.9p	12.3p	25.0p

- Interim dividend 6.35p per share up 1.6% (2015 H1: 6.25p)
- Policy remains to pay 66% of retained earnings on 1/3rd interim & 2/3rd final basis
- Dividend payable 31 October 2016 to shareholders registered 30 September 2016
- Earnings per share 13.2p, up 5.6% from 12.5p in 2015 H1

* Based on share price as at 30 June 2015 and 31 December 2015

Divisional Review

Personal Injury – Solid Margin Improvement



- H1 performance as expected
- Enquiries volumes deliberately reduced with focus on higher value case types
- Demand stabilised
- Improved margins
- Division right sized for lower enquiries
- Partnership strategy evolving
- Brand remains the most trusted and recognised
- NAH management team strengthened

NAH – Well Placed to Adapt to Regulatory Change



- Nov 15 Chancellor’s Autumn Statement
 - Removal of general damages for “low value” RTA
 - Possible increase to SCL for PI claims to £5000.(currently £1000)
 - RTA only or claims or other areas of PI?
- EU referendum causes further delays – H2 2017?
- Post consultation plans to move quickly post regulation
 - Brand strategy
 - Digitisation
 - Commercial models
 - Partnership strategy
 - Small Claims processing

NAH well placed to capitalise on market leading position, brand recognition, expertise and flexible model

Conveyancing – Good Organic Growth, Positive Outlook Despite Market Disruption



- Good organic revenue and profit growth
- Division moves towards 'one-stop shop' model for B2B as well as B2C
- Reduced volumes since EU referendum but now improving
- Opportunities in highly fragmented sector
- Changing consumer habits for procuring legal services creates opportunities
- Continued focus on new commercial opportunities:
 - New customer acquisition
 - Margin and pricing optimisation initiatives
 - Digital marketing investment
 - Investment in telecoms infrastructure
 - Develop new product propositions

Board remains confident of longer term outlook for Conveyancing



Critical Care – Strong Performance, Ahead of Plan



- Strong contribution from division
- Investment in people and strengthening / focus of business development activities
- Continued investment in marketing
- Continued focus on new commercial opportunities:
 - Develop and expand markets with simplified service offering
 - Individual customer development plans
 - Investment in IT infrastructure
 - Expand new product propositions
- Management team strengthened

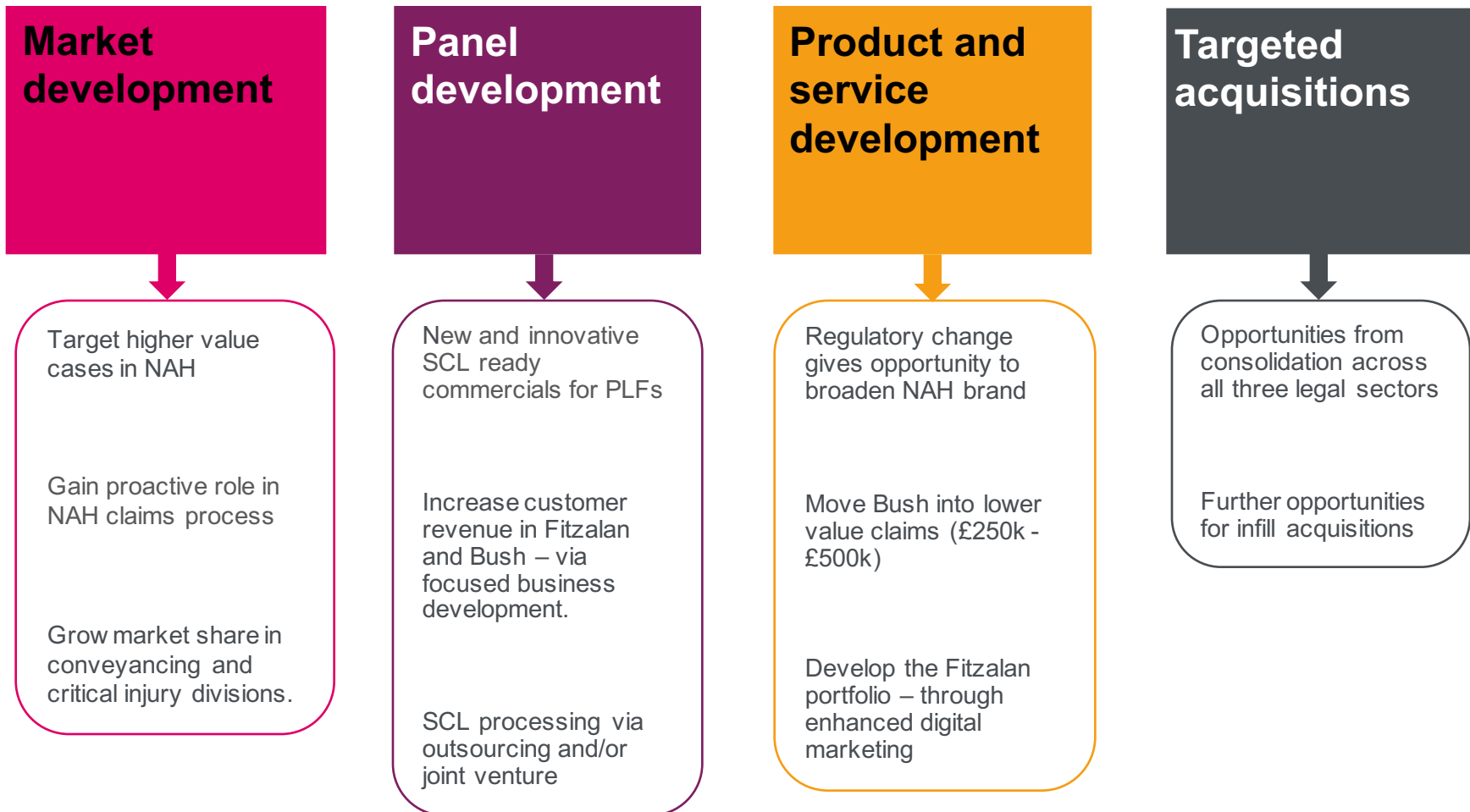
Strong performance gives Board optimism about growth prospects for Critical Care



Growth Strategy & Outlook

Group Strategic Priorities

Strategic Focus Remains Unchanged



Summary & Outlook



- Results in line with expectations
- Further progress with strategic diversification
- Positive contributions from Critical Care and Conveyancing
- Searches UK extends Conveyancing offering
- NAH well positioned to respond to regulatory changes
- Group operates across a number of highly fragmented markets
- Board remains committed to progressive dividend policy
- Second half trading has commenced in line with our expectations

A solid financial performance with results in line with expectations

Questions

NAHL Group plc – a Broader, More Diversified Business



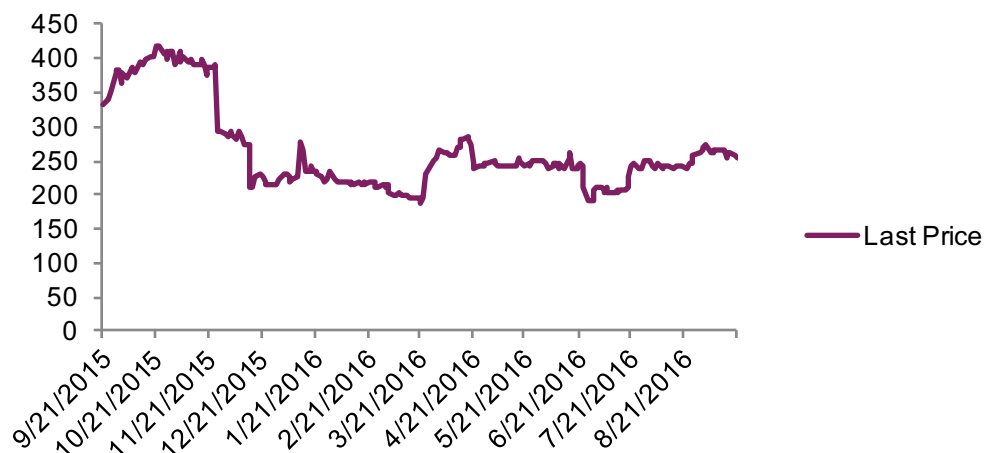
- **NAHL Group plc** is a leading UK consumer marketing and services business focused on the UK consumer legal services market
- The Group comprises three divisions:
 - **Personal Injury** via NAH which provides outsourced marketing services and products to law firms
 - **Conveyancing** via Fitzalan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



NAHL At a Glance



Twelve month share price



Significant shareholders

Name	Holding (%)
Schroder Investment Management	16.42
AXA Framlington	9.98
Hargreave Hale	8.36
Miton Asset Management Limited	7.71
JP Morgan Asset Management	7.29
River & Mercantile Asset Management	6.75
Investec Asset Management	5.79
Blackrock Investment Mgt (UK)	4.33
Invesco AIM Capital Management	3.74
Baillie Gifford & Co Limited	3.53

Industry data & sector

Current index	FTSE AIM All-Share
Sector	Media
Market capitalisation	£117.66 million
Shares in issue	45.35m
Free float	42.87m
Share Price Year High	420.00p
Share Price Year Low	189.00p
Total 2015 Dividend	18.75p

The Board

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

Analyst coverage

Broker	Target Price	Recommendation
Investec	490p	BUY
Arden	N/A	BUY