



RM plc

6 months to 31 May 2013

David Brooks

Chief Executive Officer

Iain McIntosh

Chief Financial Officer

To be read in conjunction with the
Interim Results announcement
released on 8 July 2013

- **New Chairman and new CEO appointed**
- **Operationally improved first half**
 - Revenue excluding exited businesses declined 2.6%
 - Adjusted operating profit excluding exited businesses increased 16%
- **Strong cash flow and balance sheet**
 - Cash generated from operations of £19.6m
 - Net funds at May 2013: £51.8m (May 2012: £25.3m; Nov 2012: £37.8m)
- **Group adjusted operating profit**
 - £5.2m (H1 to May 2012: £3.9m; £4.4m excluding exited businesses)
- **Profit before tax**
 - £5.0m (H1 to May 2012: £0.6m)
- **Interim dividend per share increased by 12% to 0.84p** (2012: 0.75p)
- **Pension deficit £25.3m** (May 2012: £29.5m; Nov 2012: £20.4m)
- **Return of surplus cash to shareholders under review**
- **Bias to H2 expected to continue but less pronounced than last year**

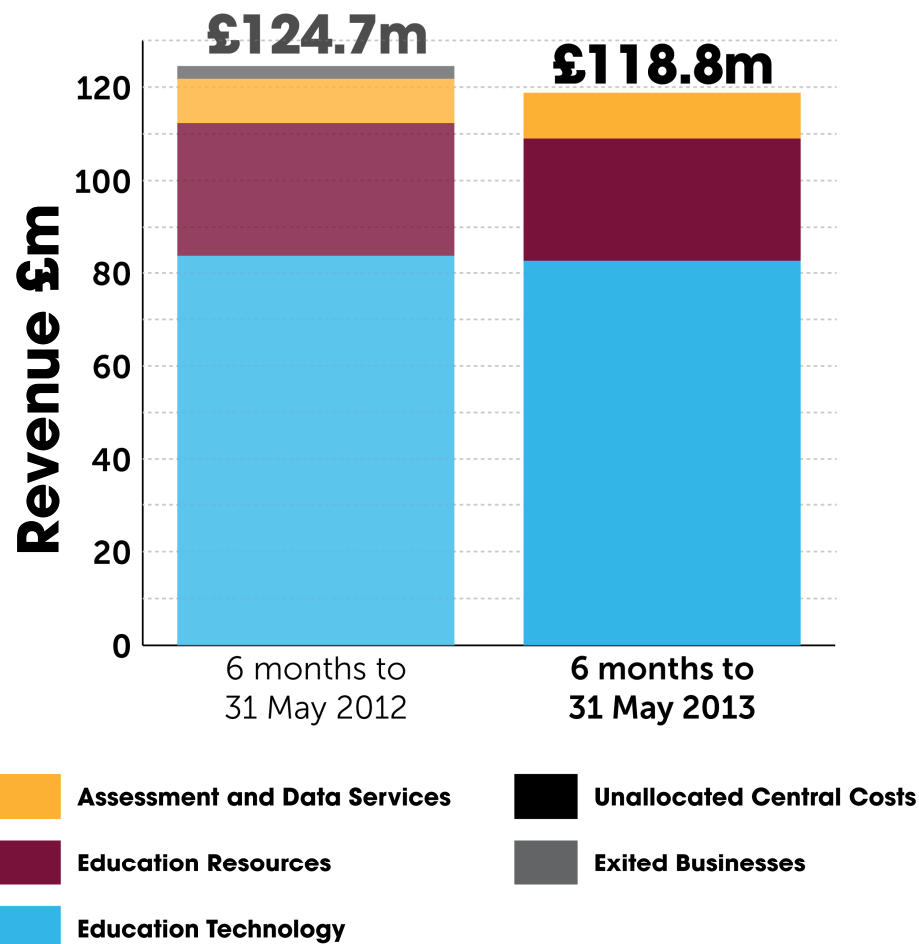
Group Financial Summary

£m	6 months to 31 May 2012	6 months to 31 May 2013	% Change	Year to 30 Nov 2012
Revenue excluding exited businesses	122.0	118.8	-2.6	285.9
Revenue including exited businesses	124.7	118.8	-4.7	288.7
Adjusted* operating profit excluding exited businesses	4.4	5.2	16.0	14.0
Adjusted* operating profit including exited businesses	3.9	5.2	33.4	13.6
Adjusted* profit before tax	3.4	4.9	43.3	13.1
Adjusted* EPS	2.9p	4.1p	41.4	10.9p
Dividend per share	0.75p	0.84p	12.0	3.00p

*Adjusted operating profit and EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; loss on sale of operations; share-based payment charges; restructuring costs; increase in provision for dilapidations on leased properties and onerous lease contracts; exceptional credit on settlement; release of deferred consideration; and an exceptional net pension credit on the Group's defined benefit pension scheme

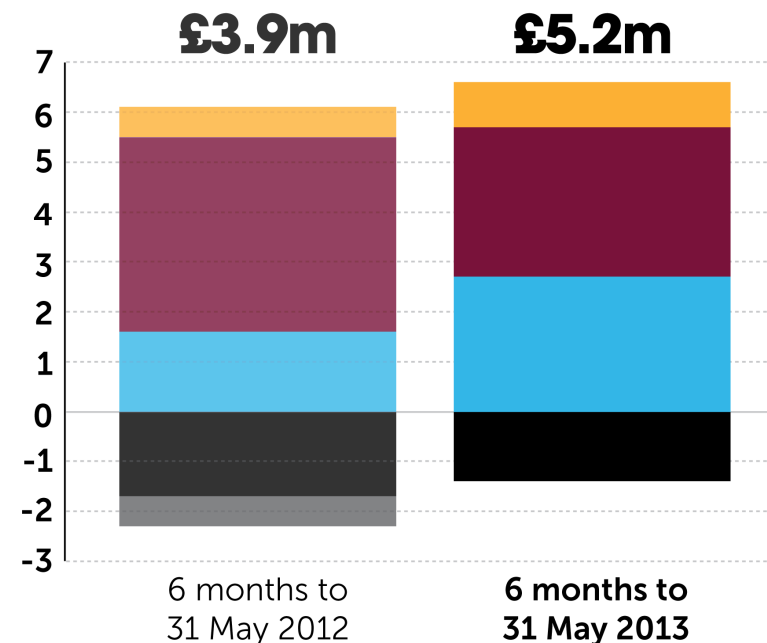
Group Revenue & Adjusted Operating Profit

Revenues excluding exited businesses declined by 2.6%
(4.7% including exited)



Adjusted operating profit excluding exited businesses increased by 16%
(33% including exited)

Adjusted Operating Profit
by Segment* £m



*Adjusted operating profit and EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; loss on sale of operations; share-based payment charges; restructuring costs; increase in provision for dilapidations on leased properties and onerous lease contracts; exceptional credit on settlement; release of deferred consideration; and an exceptional net pension credit on the Group's defined benefit pension scheme

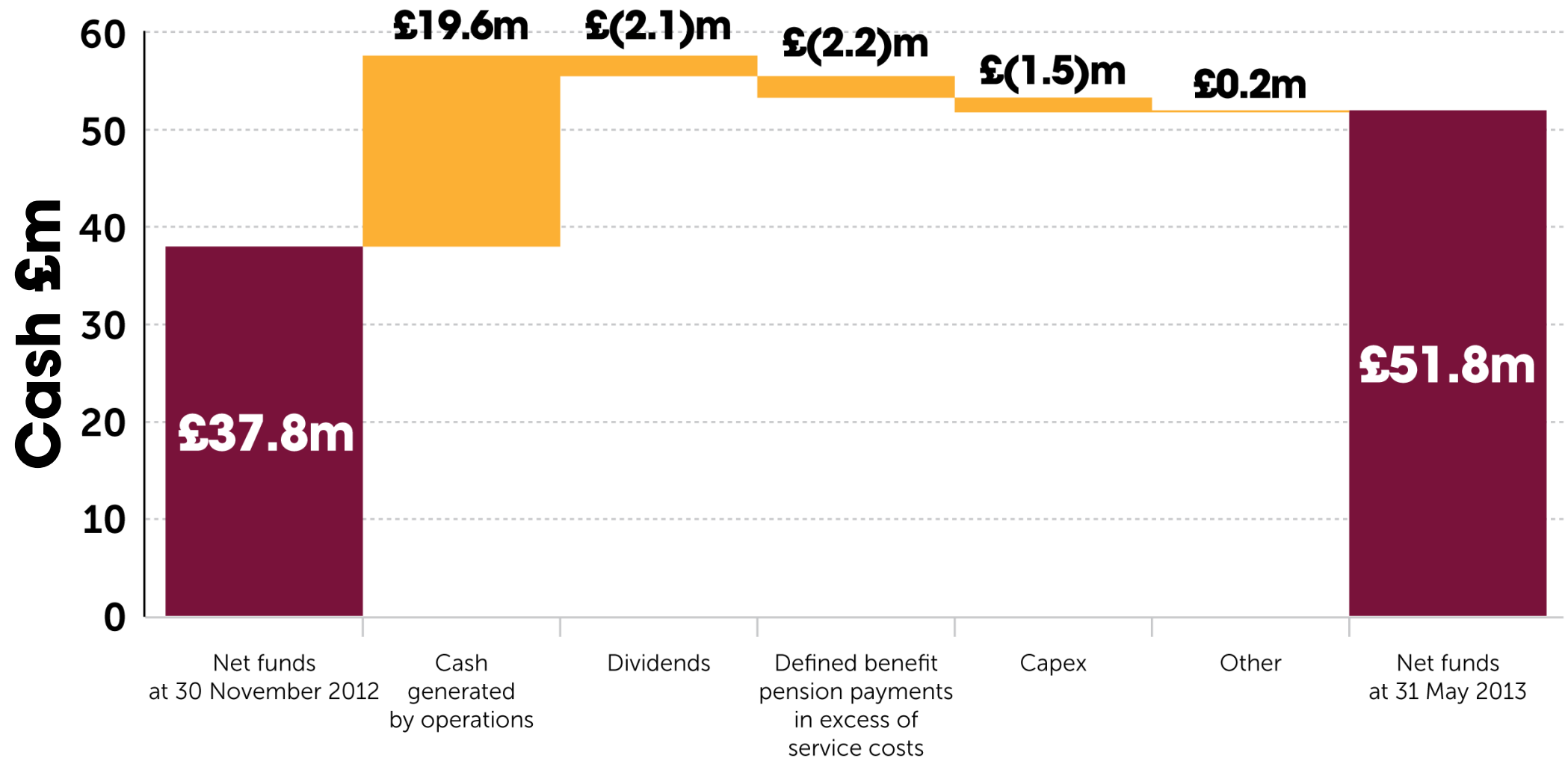
FY13 Half-Year Divisional Summary

6 months to 31 May 2013
 excluding exited businesses

£m	Education Technology		Education Resources		Assessment and Data Services		Unallocated Central costs		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Revenue	83.9	82.6	28.6	26.4	9.5	9.8	-	-	122.0	118.8
Adjusted Operating Profit*	1.6	2.7	3.9	3.0	0.6	0.9	(1.7)	(1.4)	4.4	5.2
% Profit	1.9%	3.3%	13.7%	11.3%	6.9%	8.7%	-	-	3.6%	4.3%

*Adjusted operating profit and EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; loss on sale of operations; share-based payment charges; restructuring costs; increase in provision for dilapidations on leased properties and onerous lease contracts; exceptional credit on settlement; release of deferred consideration; and an exceptional net pension credit on the Group's defined benefit pension scheme

Cash Flow Bridge



IAS 19 balance sheet deficit increased since last year end

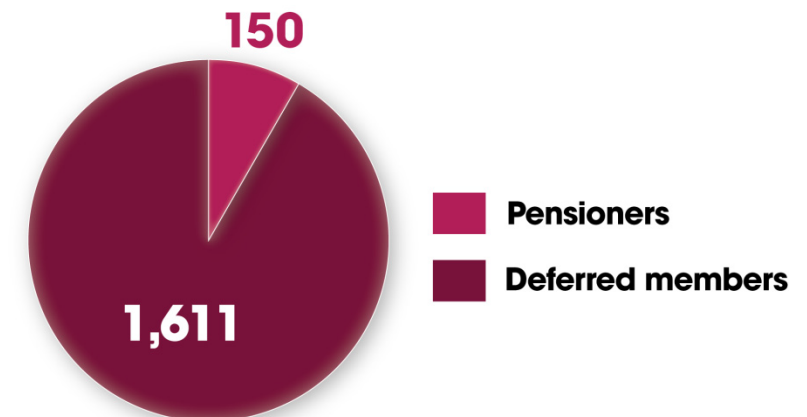
	£m	
Deficit at 30 Nov 2012	(20.4)	£(15.7)m net of tax
Cash in excess of service cost	2.2	
Asset returns	12.2	
Interest on liabilities	(3.4)	
Impact of market assumptions on liabilities	(15.9)	
Deficit at 31 May 2013	(25.3)	£(19.5)m net of tax

- Agreed cash deficit recovery payments set at £3.6m p.a. from 1 June 2013 plus scheme running costs as part of 15 year recovery plan agreed in 2012.

Investments at 31 May 2013

Equities	52%
Fixed income	
• Gilts	29%
• Corporate bonds	19%
Total	100%

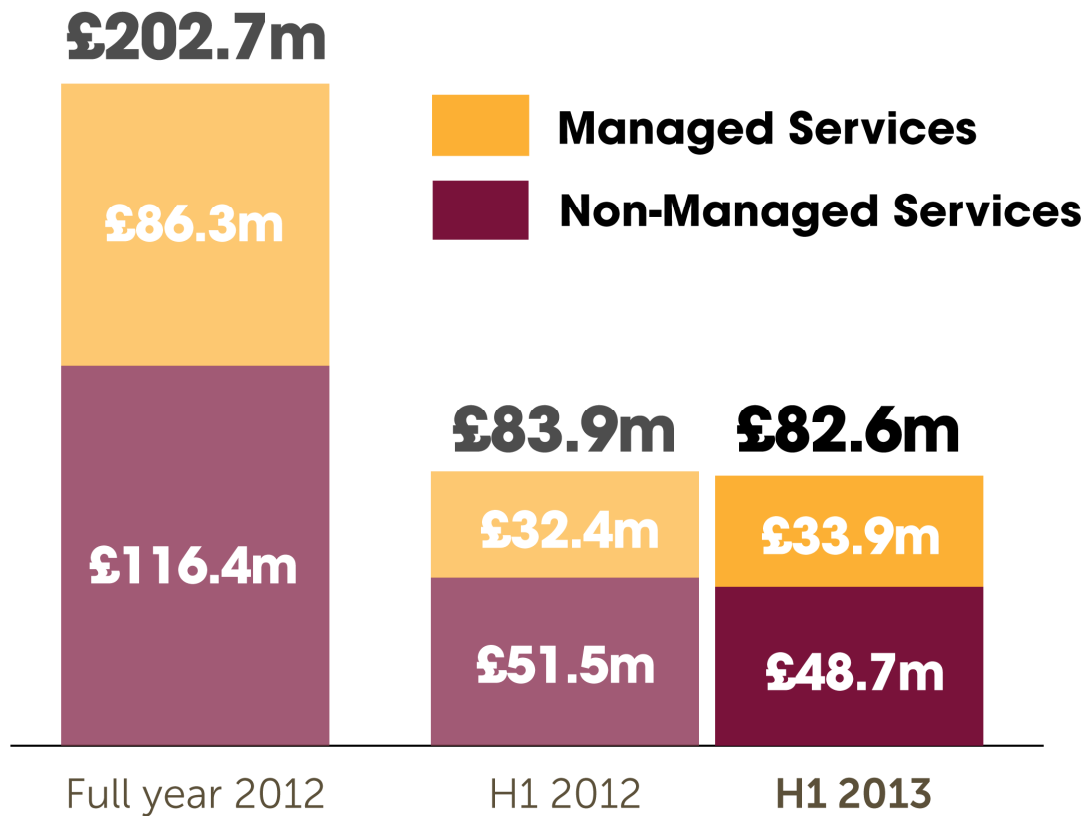
Number of members



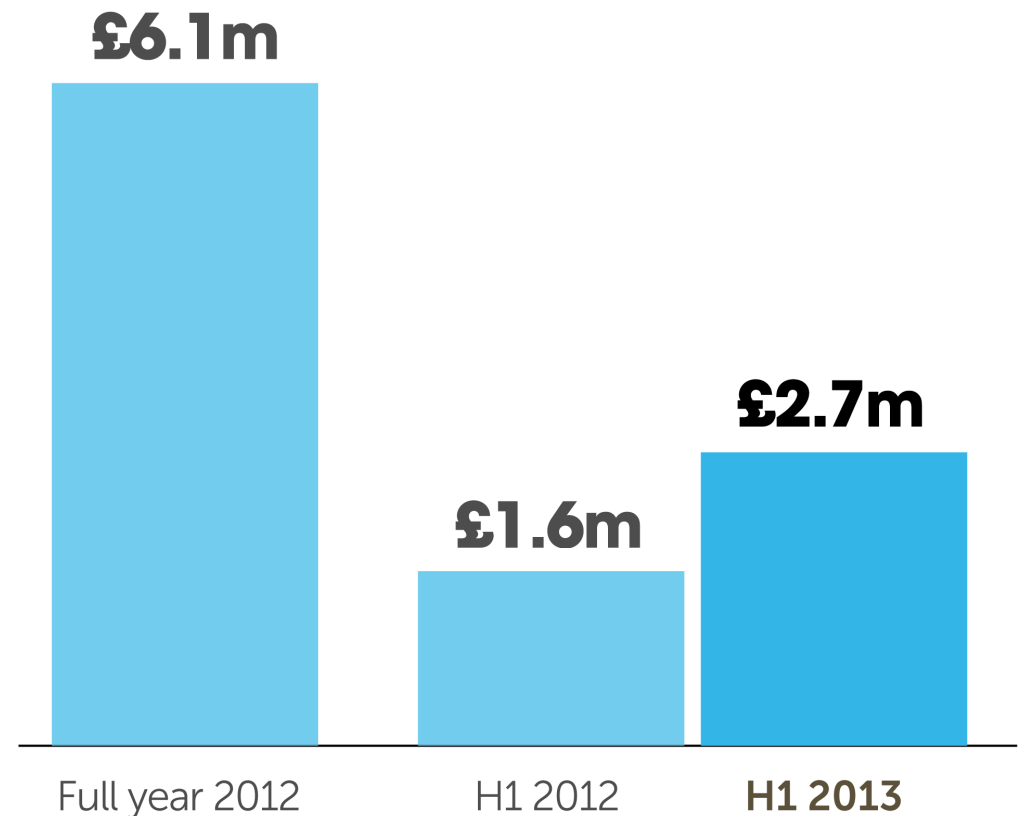


Divisional Summary

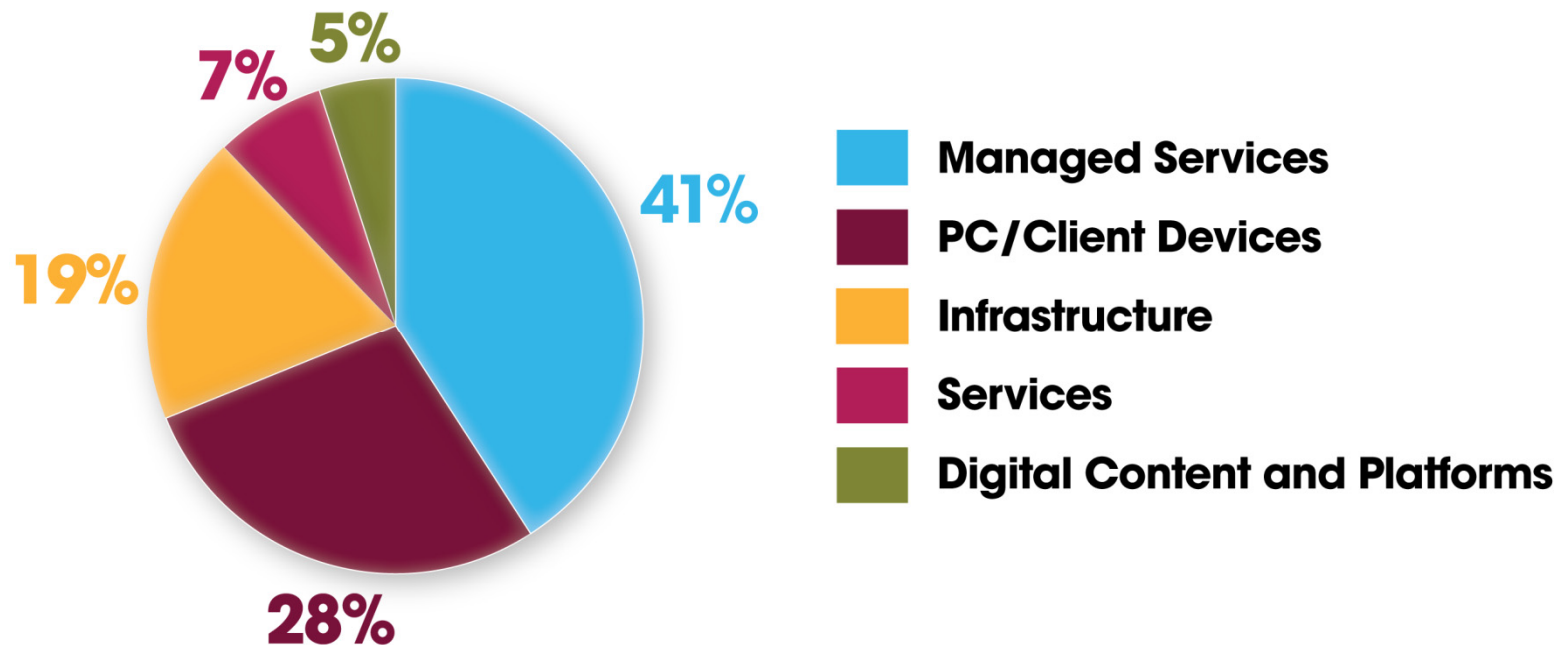
Revenue



Adjusted operating profit



- Demand for differentiated PC devices reduced with the commoditisation of the hardware market, offset by movement to tablet and consumer-led devices at lower margins
- Annual BSF revenues within Managed Services expected to decline by c.£40m between 2013 and 2015
- Winning share of Free Schools and Academies in line with historic share



**Total H1 revenue =
£82.6m**

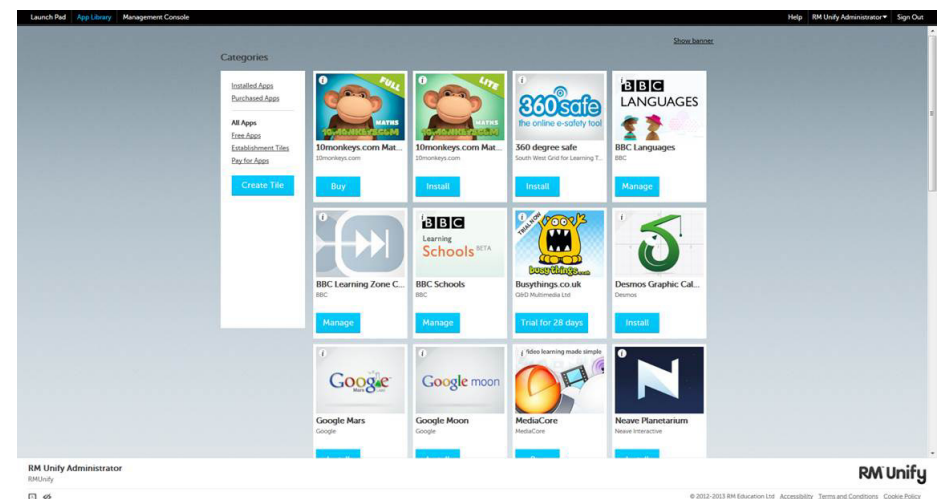
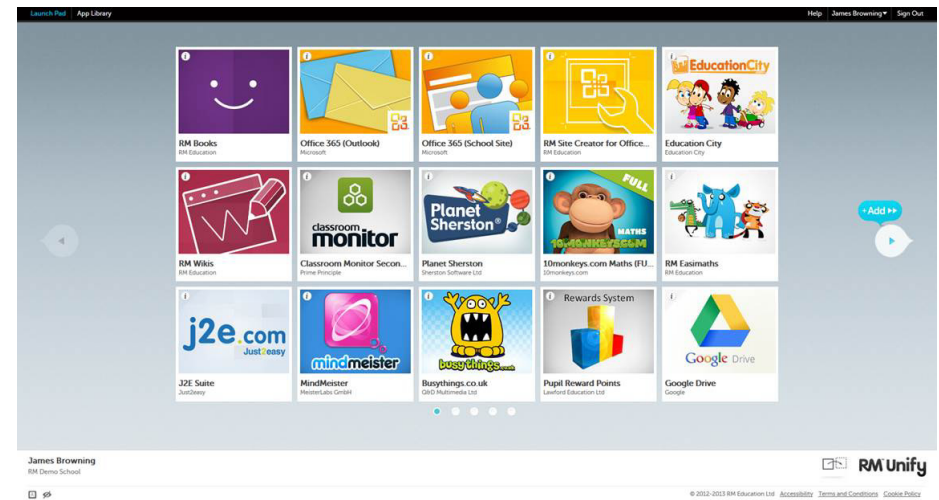


RM Unify has launched:

- Launched to Scotland (via Glow contract) in late 2012
- Launched to rest of UK in April 2013

Over 3,500 schools signed up:

- 3,205 via the Glow contract
- 168 via Staffordshire Local Authority contract
- Over 200 via individual school contracts
- Opportunity to transition over 500 existing Learning Platform customers



Well positioned for when wider adoption of digital books in schools starts

23 publishers/imprints signed

Agnostic on hardware and operating system

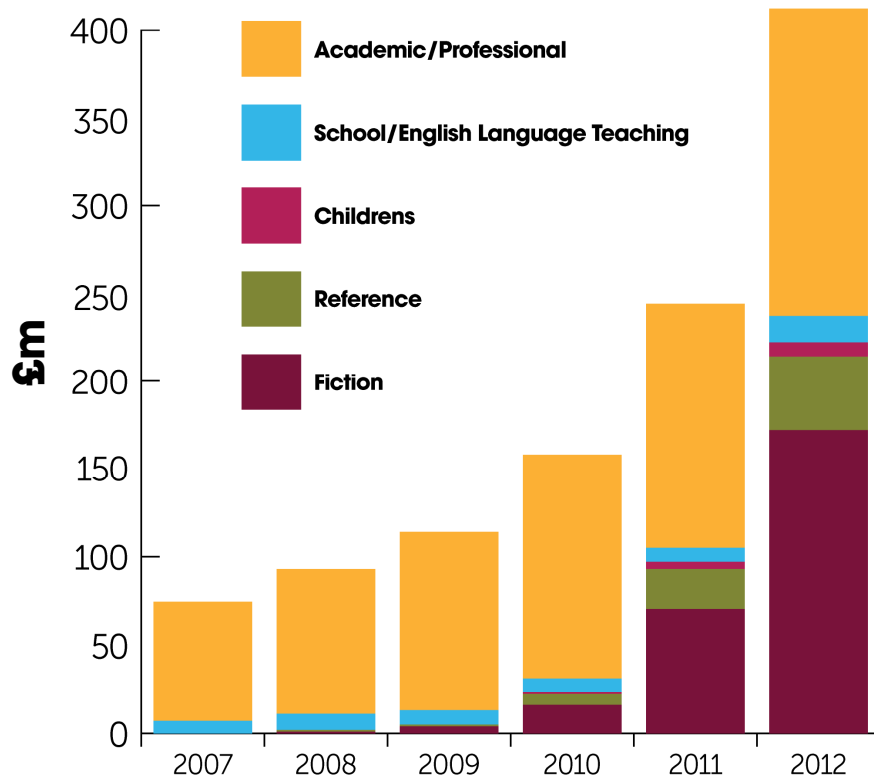
Over 3,700 ebooks available

Revenues insignificant

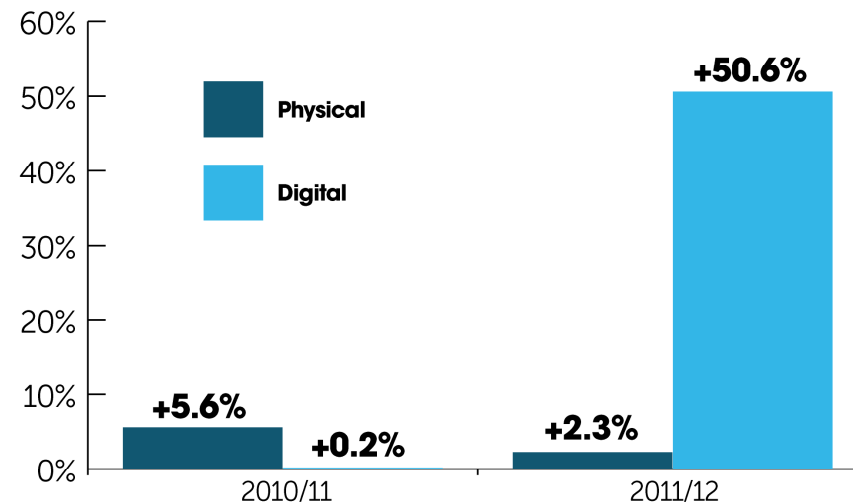
Over 4,000 schools registered

UK ebook market

UK publisher sales of digital books¹



% increase in UK publisher sales of books to schools¹



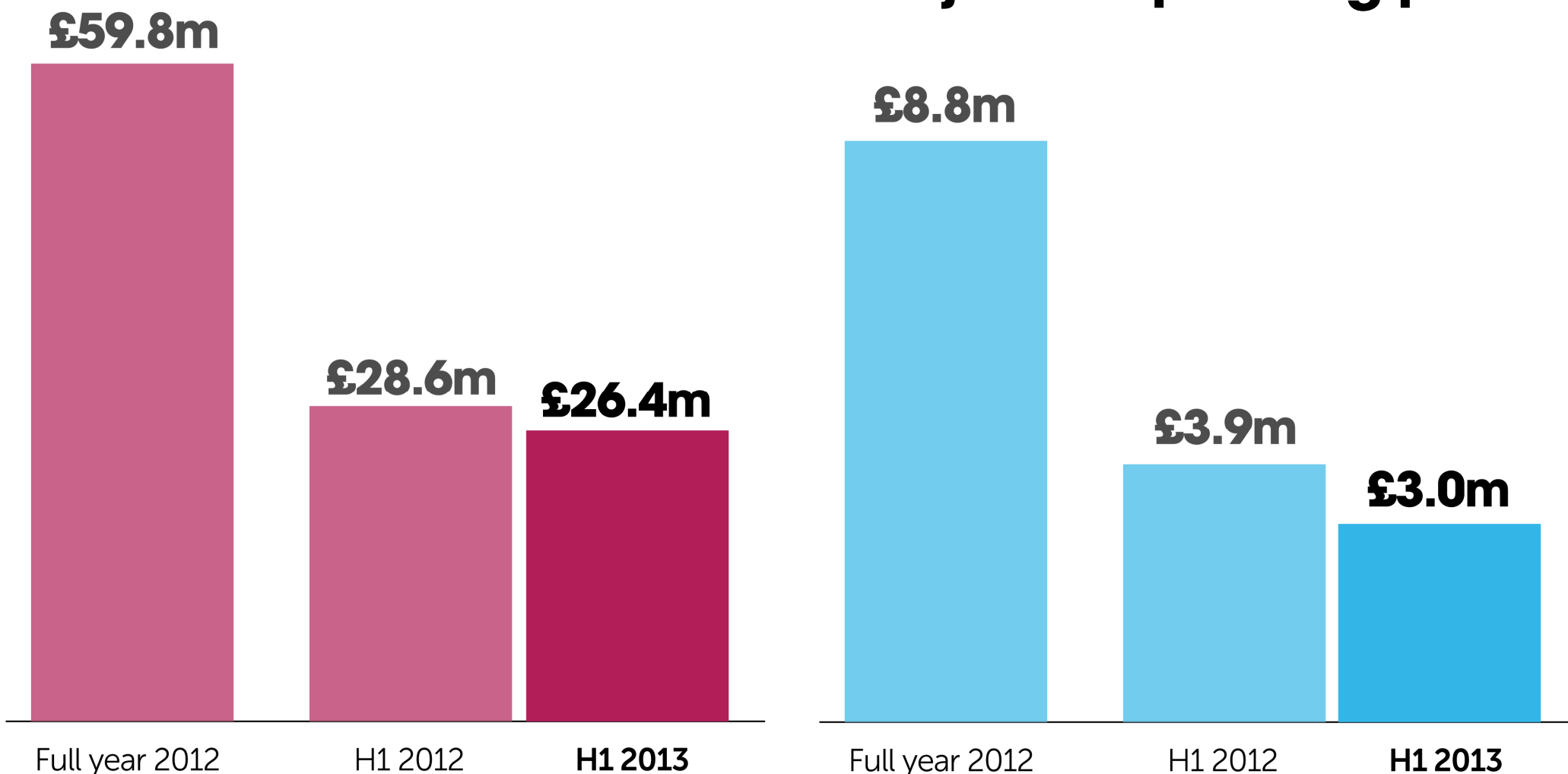
- UK publisher sales of school books: c.£290m¹
- Average spend per school on books²
 - Secondary: £25k
 - Primary: £5k
- Average spend per pupil per year on books
 - Secondary: £25
 - Primary: £19

¹ Publishers Association 2012

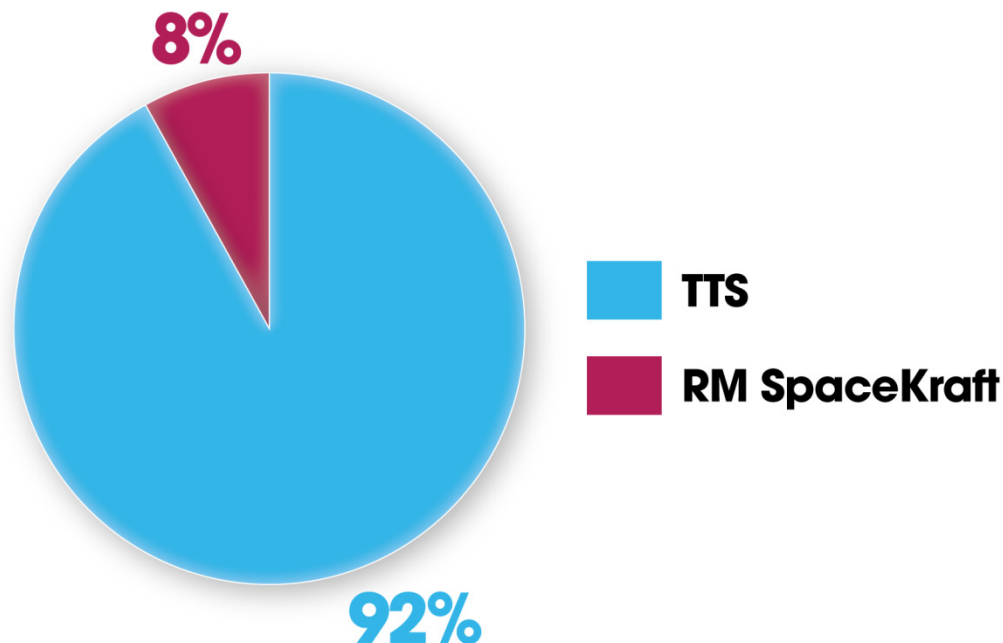
² BESA 2013

Revenue

Adjusted operating profit



- Modest revenue decline in tough budgetary environment
 - Decline in TTS catalogue orders
 - TTS Supermarket voucher programme delayed and changed at customer request, so minimal revenue and contribution expected in H2
 - RM SpaceKraft revenue continues to decline
- Margins remain strong at 11.3%
- Campaigns to grow Education Resources Division
 - Secondary school market
 - International growth (via distributors)

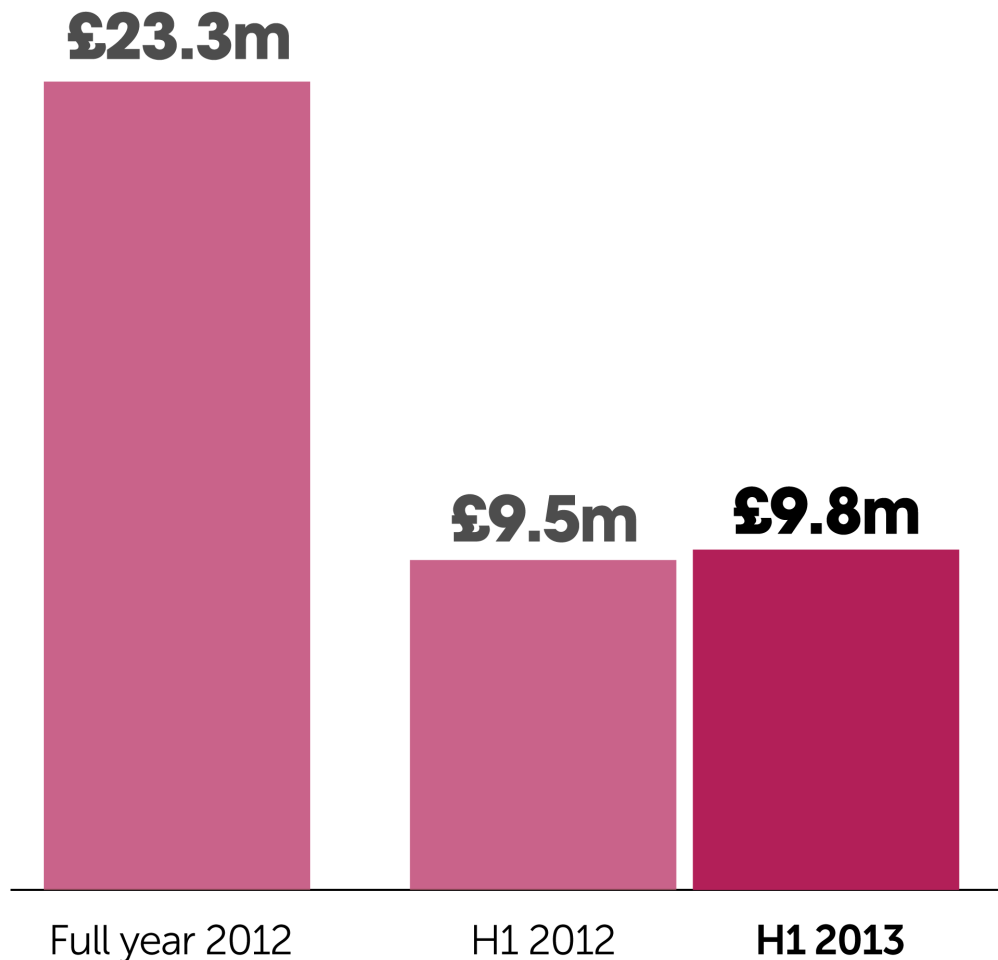


**Total H1 revenue =
£26.4m**

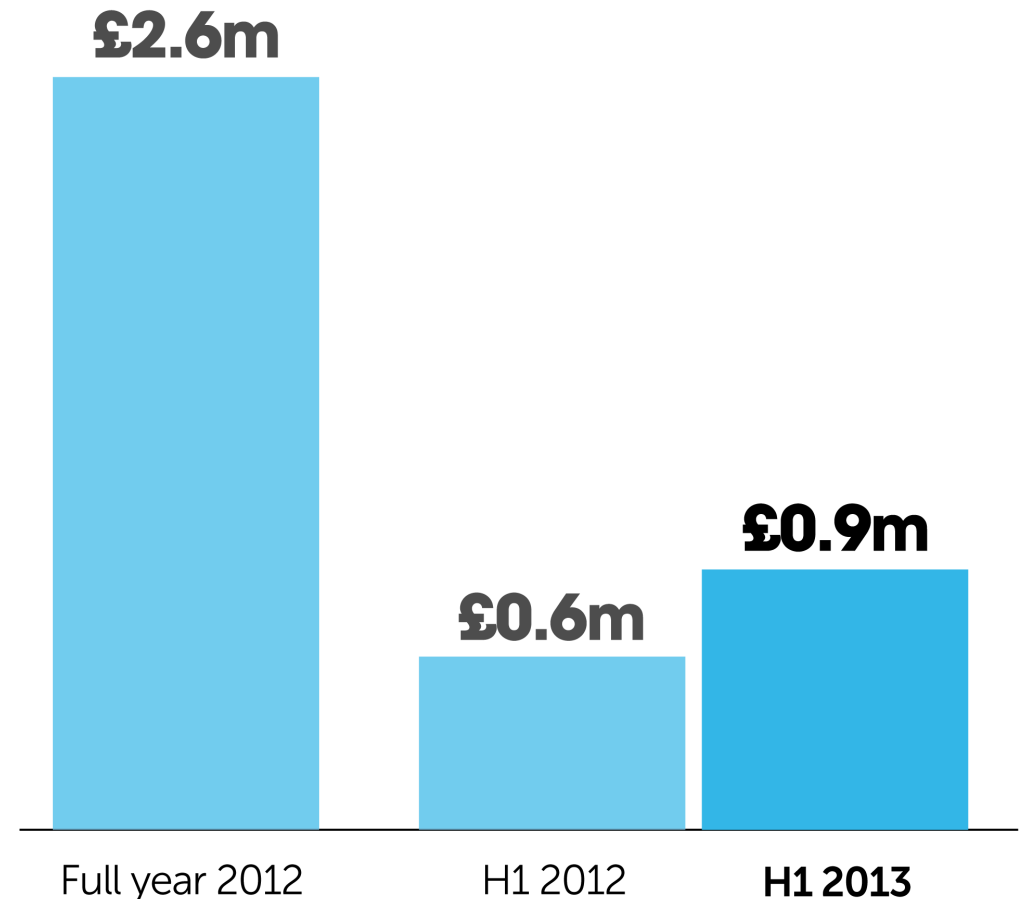
Assessment and Data Services

Financial performance

Revenue

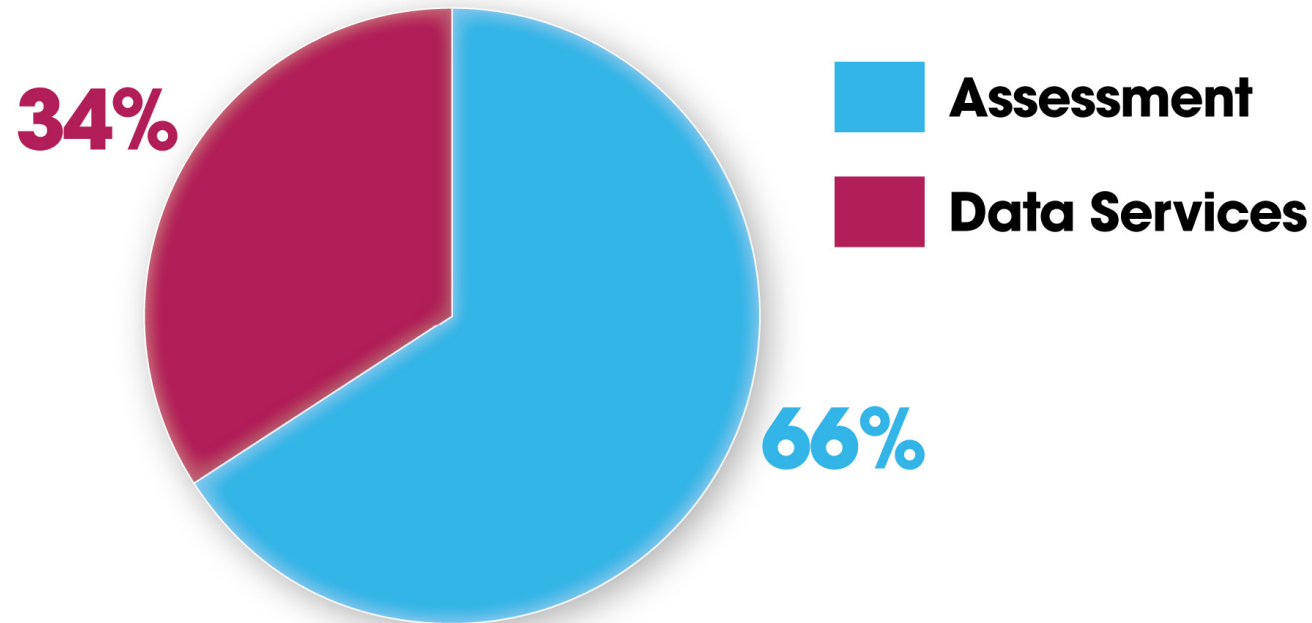


Adjusted operating profit



Assessment and Data Services

- Steady revenues reflecting growing Assessment examination volumes
- Assessment pilot completed in Singapore
- NPD (National Pupil Database) contract extended to December 2014
- Preferred bidder under English SPDP (Schools Performance Database Programme) new procurement process



**Total H1 revenue =
£9.8m**



Outlook

- **Continued tight budgetary conditions and policy changes for UK education**
- **Education Resources and Assessment and Data Services divisions continuing to trade successfully**
- **Focus is on improving profitability in Education Technology which faces significant declines in revenue**
- **Strong balance sheet and cash position with returns to shareholders under consideration**
- **Bias to H2 expected to continue but less pronounced than last year**

Appendices

Income Statement

£m	6 months to 31 May					
	2012			2013		
	Adjusted	Adjustments*	Total	Adjusted	Adjustments*	Total
Revenue	124.7	-	124.7	118.8	-	118.8
Cost of sales	(92.1)	-	(92.1)	(85.3)	-	(85.3)
Gross profit	32.6	-	32.6	33.5	-	33.5
Gross profit %	26.1%	-	26.1%	28.2%	-	28.2%
Operating expenses	(28.7)	-	(28.7)	(28.3)	-	(28.3)
Amortisation of acquisition related intangible assets	-	(0.1)	(0.1)	-	(0.1)	(0.1)
Gain / (loss) on sale of operations	-	(2.9)	(2.9)	-	0.2	0.2
Share-based payment charges	-	(0.5)	(0.5)	-	(0.2)	(0.2)
Restructuring costs	-	0.2	0.2	-	(0.2)	(0.2)
Exceptional credit on settlement	-	-	-	-	0.5	0.5
Release of property related provisions	-	0.3	0.3	-	-	-
Change in deferred consideration	-	0.2	0.2	-	-	-
	(28.7)	(2.8)	(31.5)	(28.3)	0.2	(28.1)
Profit/(loss) from operations	3.9	(2.8)	1.1	5.2	0.2	5.4
Profit / (loss) from operations %	3.1%	N/A	0.9%	4.3%	N/A	4.5%
Net investment income and finance costs	(0.5)	-	(0.5)	(0.3)	(0.1)	(0.4)
Profit/(loss) before tax	3.4	(2.8)	0.6	4.9	0.1	5.0
Tax	(0.8)	-	(0.8)	(1.2)	-	(1.2)
Profit/(loss) for the period	2.6	(2.8)	(0.2)	3.7	0.1	3.8
Basic earnings/(loss) per ordinary share	2.9p	(3.1)p	(0.2)p	4.1p	0.1p	4.2p
Dividend per share			0.75p			0.84p

*Adjustments are highlighted in detail on page 3.

£m	31 May 2012	31 May 2013
Goodwill and acquisition intangibles	18.4	15.3
Property, plant & equipment and software intangibles	16.8	12.7
Interest in associate	0.3	-
Other Receivables	1.9	1.9
Deferred tax assets	8.5	7.4
Total non-current assets	45.9	37.3
Inventories	20.3	17.0
Trade & other receivables	56.5	42.2
Tax asset	0.9	0.3
Cash & cash equivalents	25.3	51.8
Total current assets	103.0	111.3
Total assets	148.9	148.6
Current liabilities	(87.2)	(91.2)
Retirement benefit obligation	(29.5)	(25.3)
Other non-current liabilities	(12.0)	(10.1)
Total liabilities	(128.7)	(126.6)
Net assets / total equity	20.2	22.0

Operating cash flows – £m	6 months to 31 May 2012	6 months to 31 May 2013
Profit from operations	1.1	5.4
Amortisation	0.7	0.4
Depreciation	3.2	1.8
Share-based payments	0.4	0.2
Other adjustments	2.1	0.3
Operating cash flows before movements in working capital	7.5	7.9
Increase in inventories	(2.0)	(2.2)
Decrease in receivables	5.6	16.3
Increase/(decrease) in payables	0.8	(2.4)
Cash generated by operations	11.9	19.6
Non-operating cash flows – £m		
Defined benefit pension contribution in excess of current service cost	(0.9)	(2.2)
Tax received / (paid)	0.7	(0.1)
Net capital expenditure less proceeds on disposal	(0.1)	(1.3)
Loan repayments from joint venture	1.9	-
Dividends paid	(1.4)	(2.1)
Proceeds from sale of operations	2.6	-
Repayment of borrowings	(13.0)	-
Other	(0.9)	-
Net increase in cash and cash equivalents	0.8	13.9

Operating Profit Bridge

6 months to 31 May 2013

