



RMTM plc

Year to 30 November 2013

David Brooks
Chief Executive Officer
Iain McIntosh
Chief Financial Officer

To be read in conjunction with the
Preliminary Results announcement
released on 3 February 2014

- **Revenue**

- Revenue excluding exited businesses fell 8.4% to £261.7m as anticipated (2012: £285.9m)

- **Profit**

- Adjusted operating profit increased to £17.2m (2012: £12.7m)
- Profit before tax increased to £9.4m (2012: £7.4m)

- **Cash flow and balance sheet**

- Cash generated by operations £34.7m (2012: £33.5m)
- Cash and short term deposits at Nov 2013 £63.2m (2012: £37.8m)

- **Adjusted diluted earnings per share 12.4p (2012: 9.8p)**

- **Proposed final dividend per share 2.46p (2012: 2.25p)**

- Full year paid and proposed dividend per share increased 10% to 3.30p (2012: 3.00p)

- **Proposed special dividend per share of 16p (£15m)**

- **Pension deficit before tax reduced to £15.8m (2012: £20.4m)**

- Proposal to establish an £8m escrow account for risk-mitigation exercises

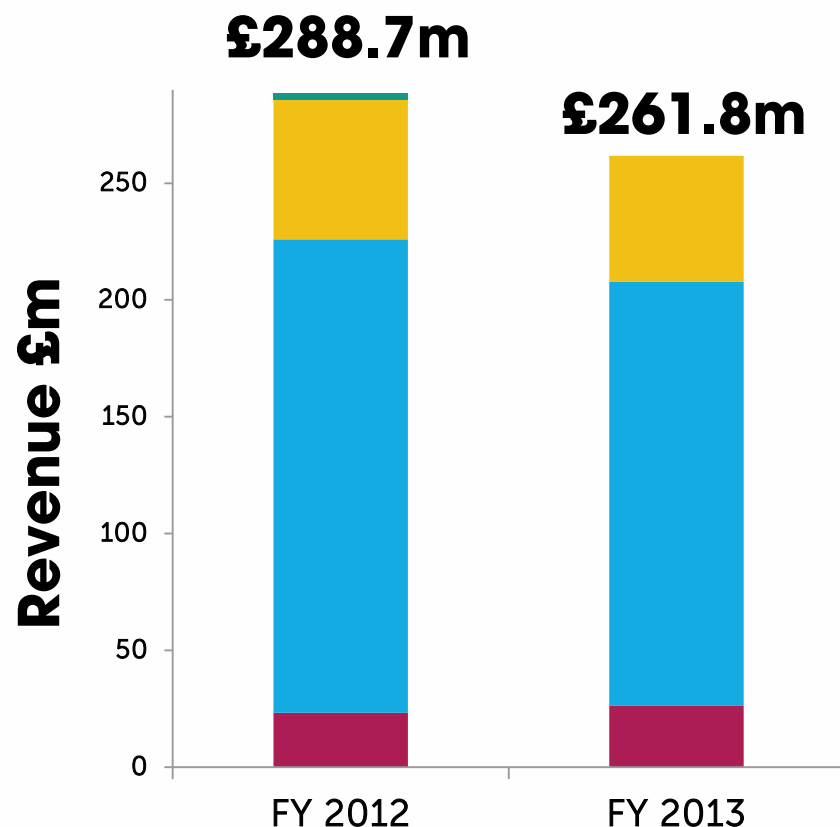
| £m | Year to 30 Nov 2012 ** | Year to 30 Nov 2013 | % Change |
|---|---------------------------|------------------------|----------|
| Revenue excluding exited businesses | 285.9 | 261.7 | (8.4)% |
| Adjusted* operating profit excluding exited businesses | 13.2 | 17.2 | 30.8% |
| Adjusted* profit before tax | 12.1 | 16.4 | 35.7% |
| Adjusted* diluted EPS | 9.8p | 12.4p | 26.5% |
| Paid & proposed normal dividend per share | 3.00p | 3.30p | 10.0% |

* Adjusted operating profit and diluted EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets and investments; gain/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.

**The Group has early adopted the IAS19(Revised) accounting standard changes for the defined benefit pension scheme.
The prior year financials have been revised for comparability. See appendix for reconciliation.

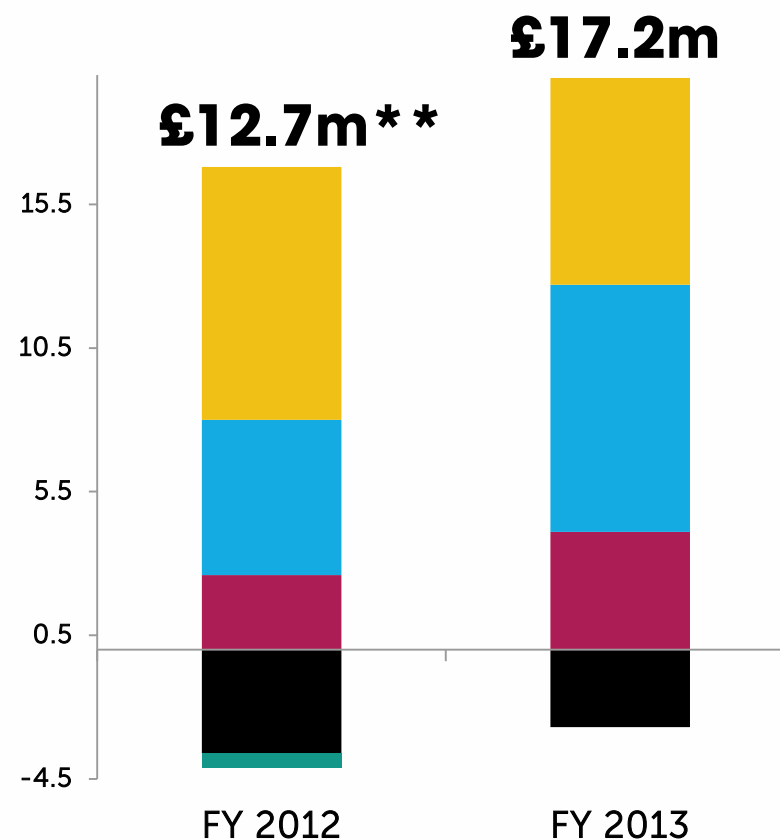
RMTM plc Group Revenue & Adjusted Operating Profit

Revenues excluding exited businesses declined by 8.4%
(9.3% including exited)



Adjusted operating profit excluding exited businesses increased by 30.8%
(35.5% including exited)

Adjusted Operating Profit
by Segment* £m

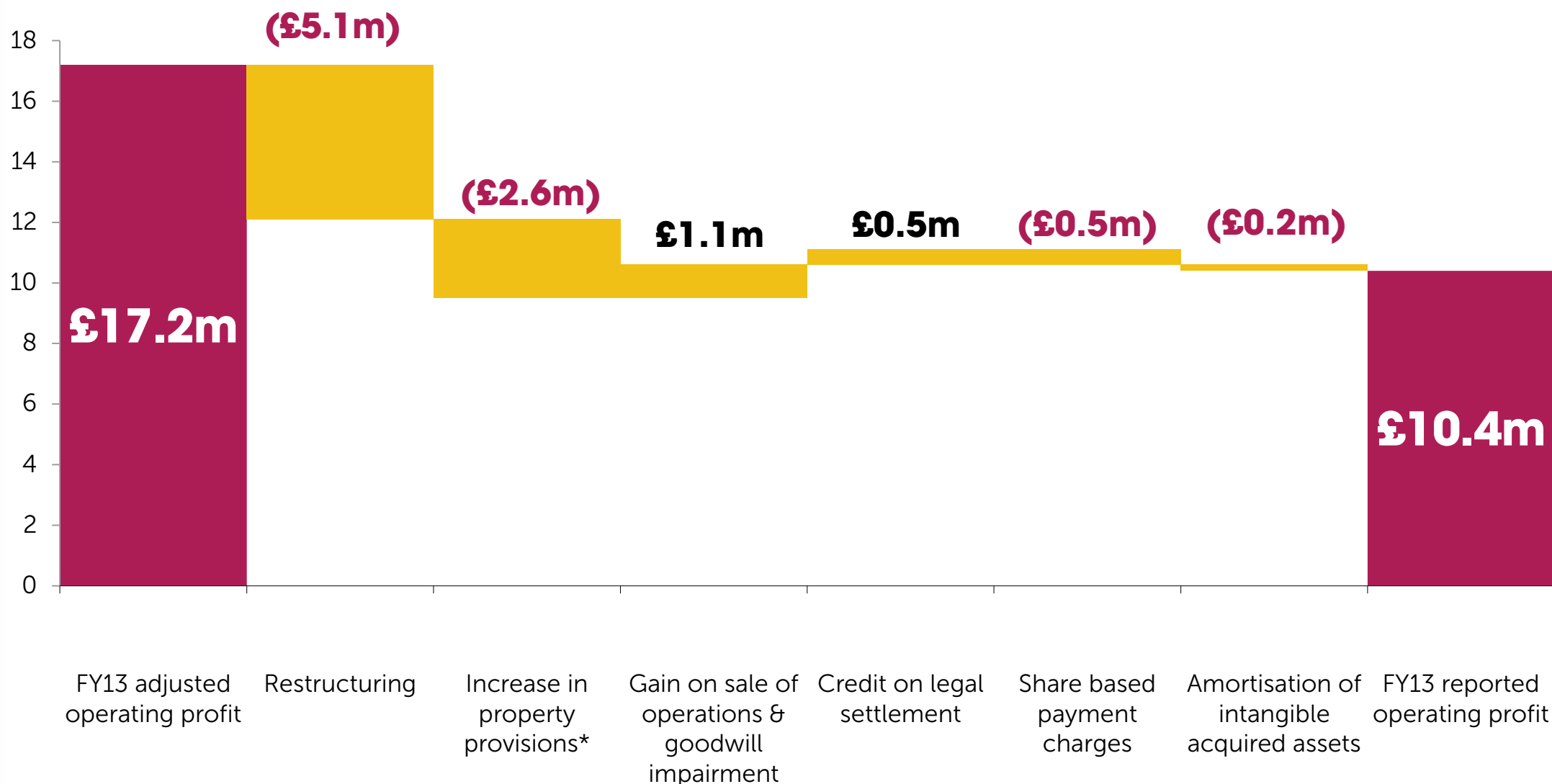


■ ADS ■ Education Technology ■ Education Resources ■ Exited ■ Unallocated Central Costs

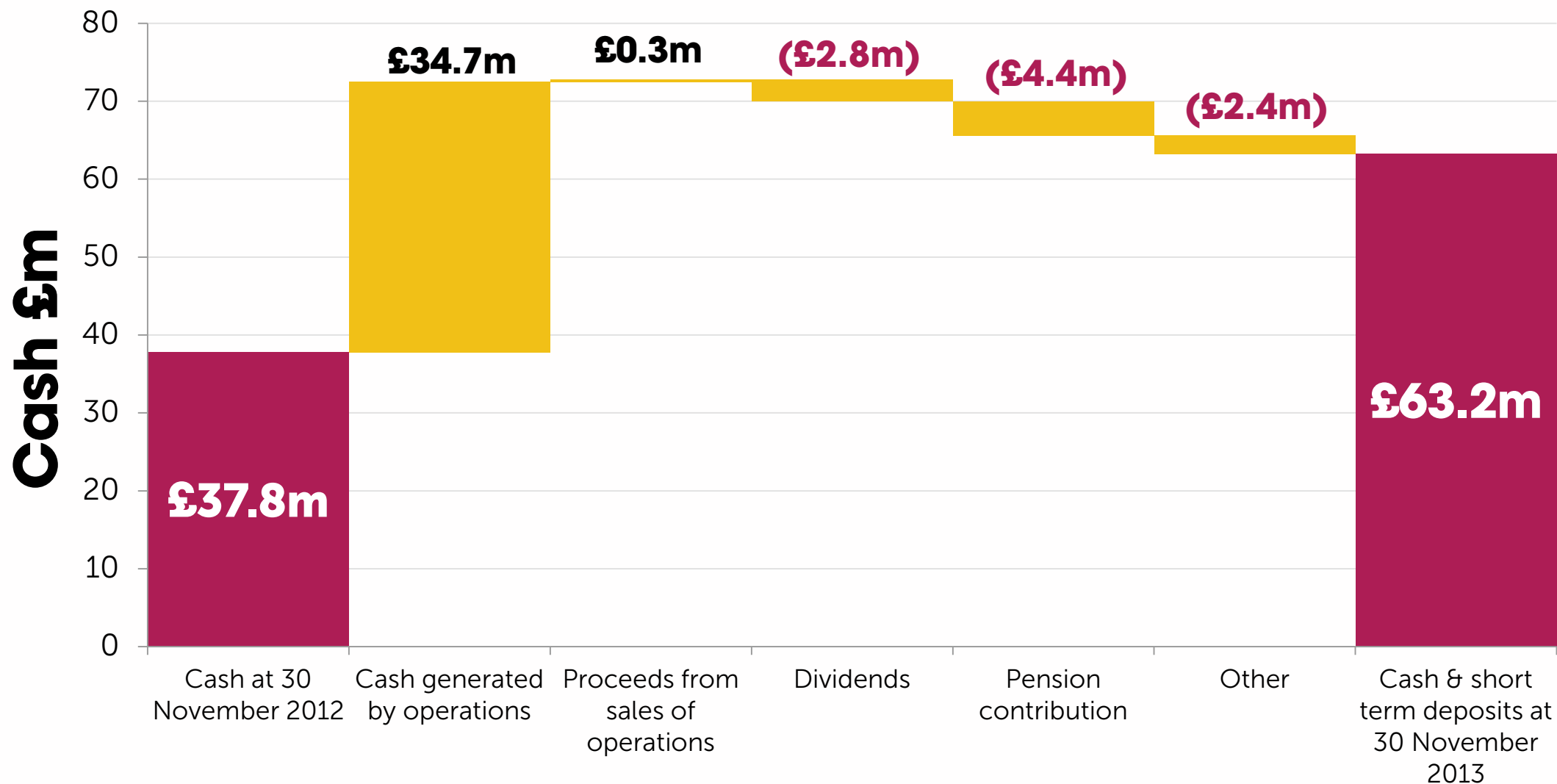
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Adjustments to Operating Profit



*Following the announcement of the Education Technology division re-structuring in October 2013, a further onerous lease provision of approximately £1.5m will be made in 2014 upon vacating the leasehold property.



IAS 19(Revised) balance sheet deficit decreased since last year end

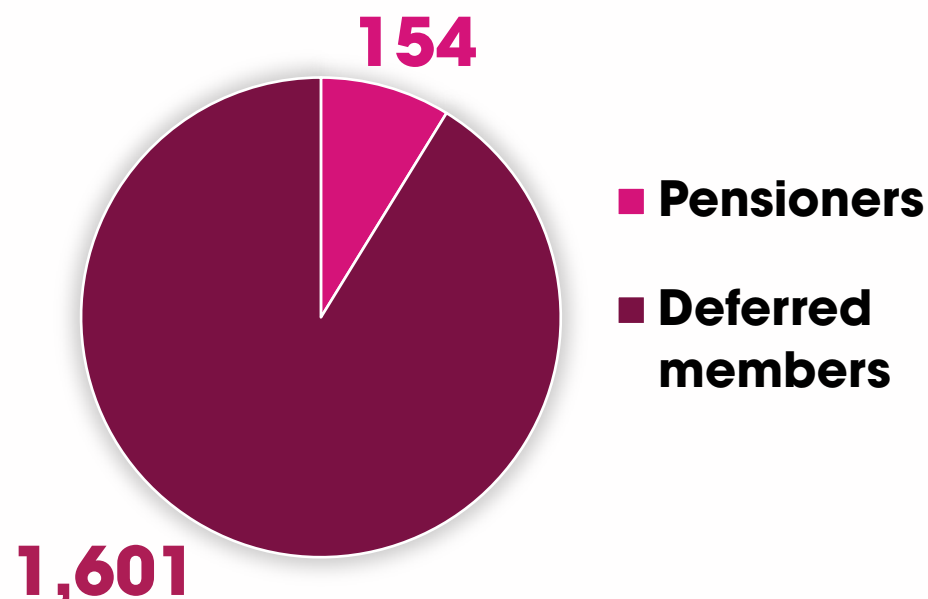
| | £m | |
|---|--------|---------------------|
| Deficit at 30 Nov 2012 | (20.4) | £(15.7)m net of tax |
| Cash contribution | 4.4 | |
| Asset returns less administration expense | 15.1 | |
| Interest on liabilities | (6.7) | |
| Impact of market assumptions on liabilities | (8.2) | |
| Deficit at 30 Nov 2013 | (15.8) | £(12.7)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
- Proposed £8m escrow account to fund risk mitigation initiatives

Investments at 30 Nov 2013

| | |
|-------------------|------|
| Equities | 51% |
| Fixed income | |
| • Gilts | 29% |
| • Corporate bonds | 20% |
| Total | 100% |

Number of members





Divisional Summary

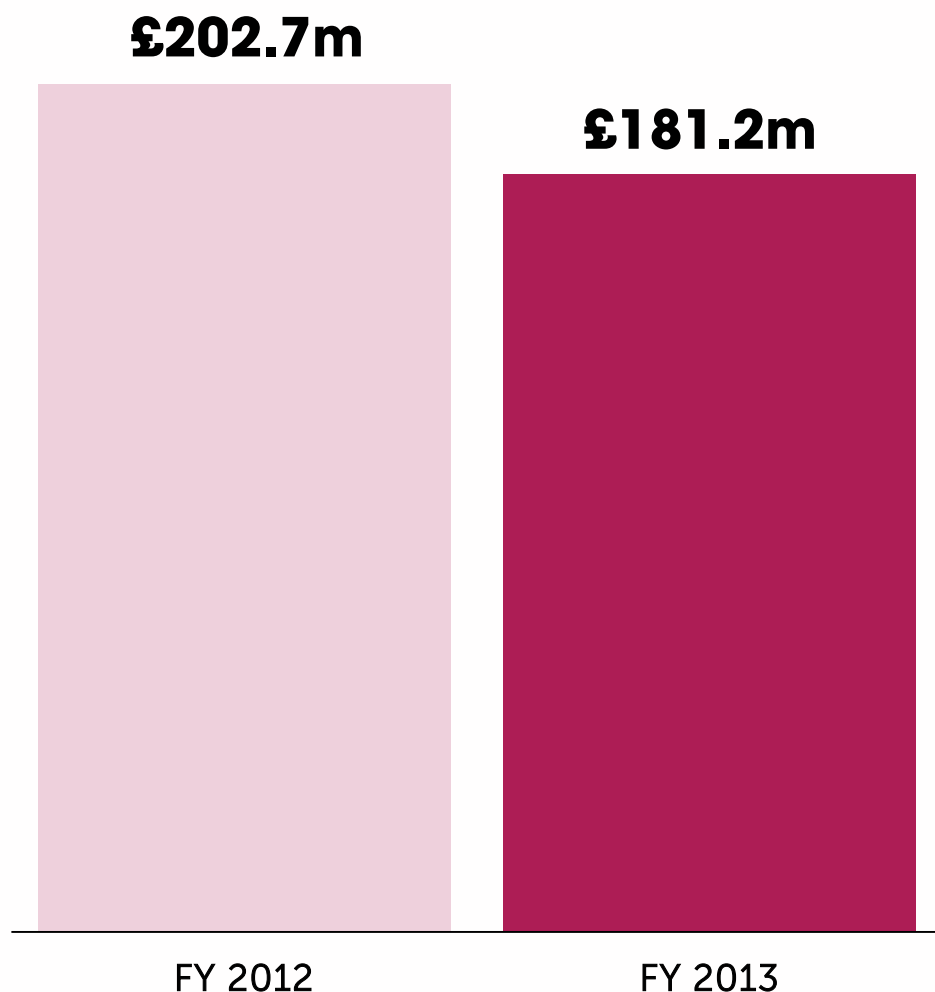
Year to 30 Nov 2013
excluding exited businesses

| £m | Education Technology | | Education Resources | | Assessment and Data Services | | Unallocated Central costs | | Total | |
|----------------------------|----------------------|--------------|---------------------|--------------|------------------------------|--------------|---------------------------|--------------|-------|--------------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Revenue | 202.7 | 181.2 | 59.8 | 54.0 | 23.3 | 26.5 | - | - | 285.9 | 261.7 |
| Adjusted Operating Profit* | 5.4 | 8.6 | 8.8 | 7.2 | 2.5 | 4.1 | (3.6) | (2.7) | 13.2 | 17.2 |
| % Profit | 2.6% | 4.8% | 14.8% | 13.3% | 10.8% | 15.6% | - | - | 4.6% | 6.6% |

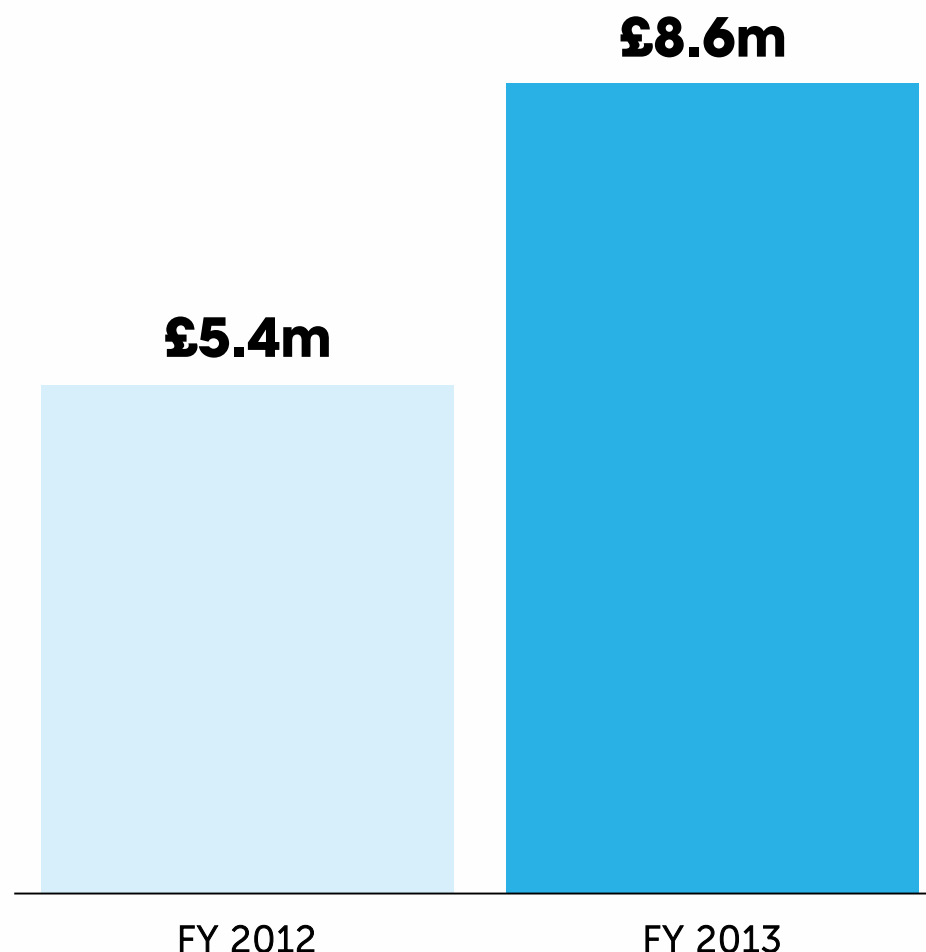
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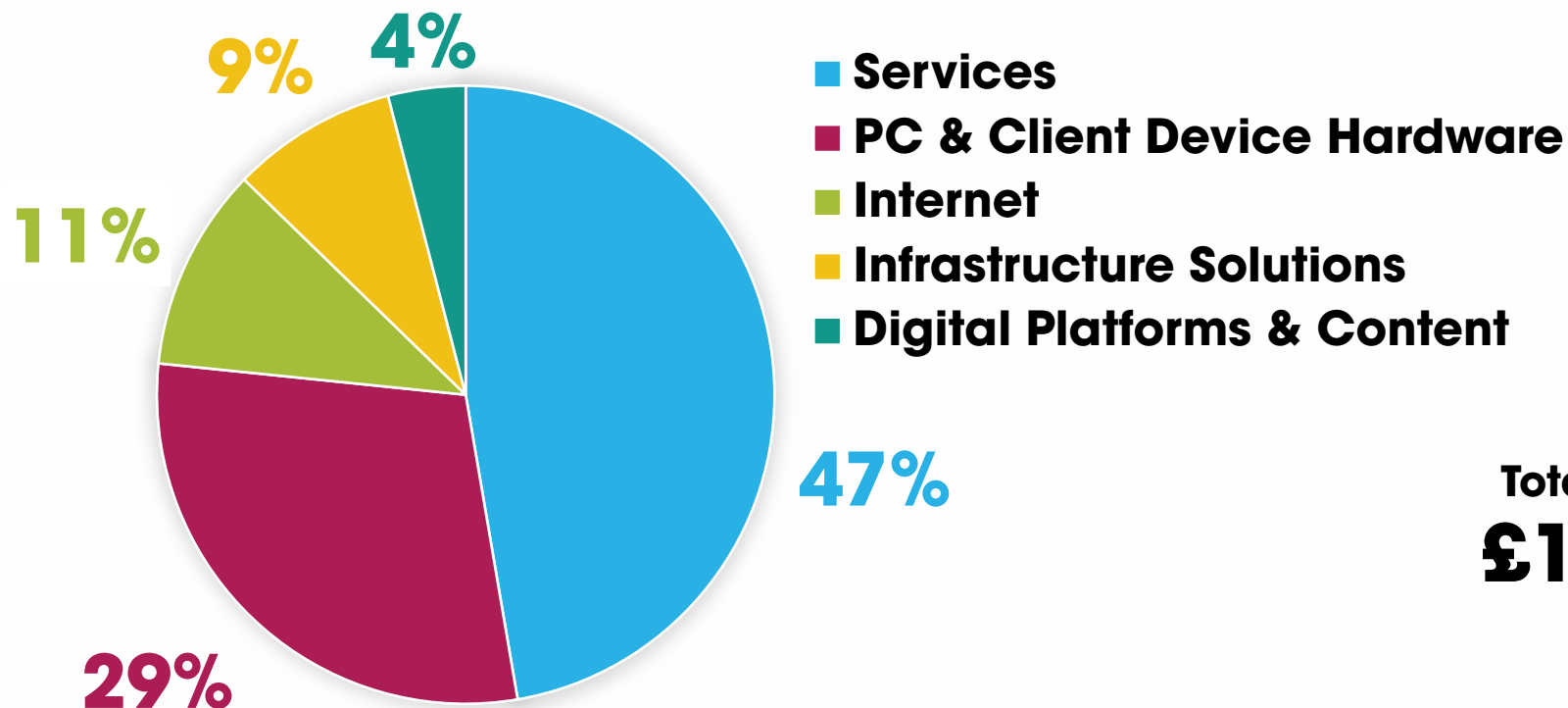
Revenue



Adjusted operating profit*



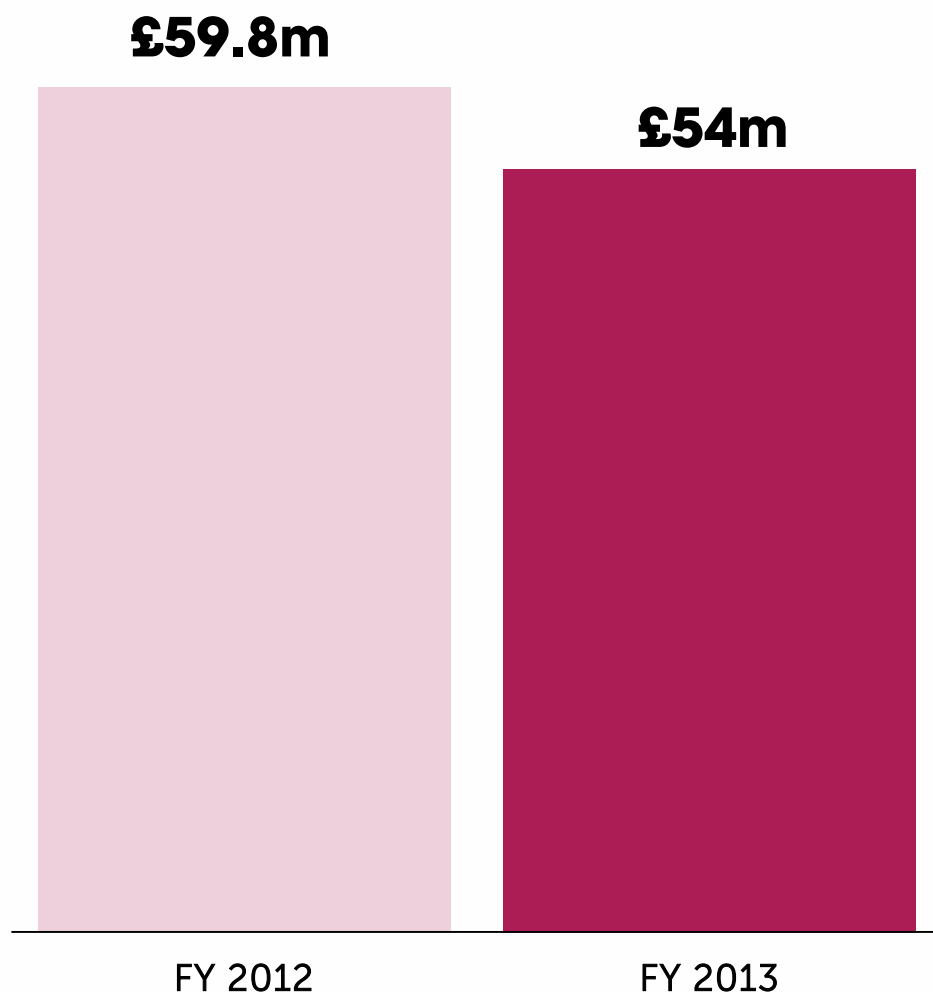
- Decision to focus on software and services and to exit end user device hardware business
- Decline in Managed Services revenues as expected with reduction of BSF school openings will continue in 2014 and 2015
- Extended contractual relationships with Scotland (Glow) and South Lanarkshire Council
- Profit in 2014 will be reduced by phasing of cost run down over the year
- Innovative new hardware agnostic proposition launches continue with RM Neon network tools following RM Books and RM Unify
- Repositioned software & services business expected to be higher margin by 2015



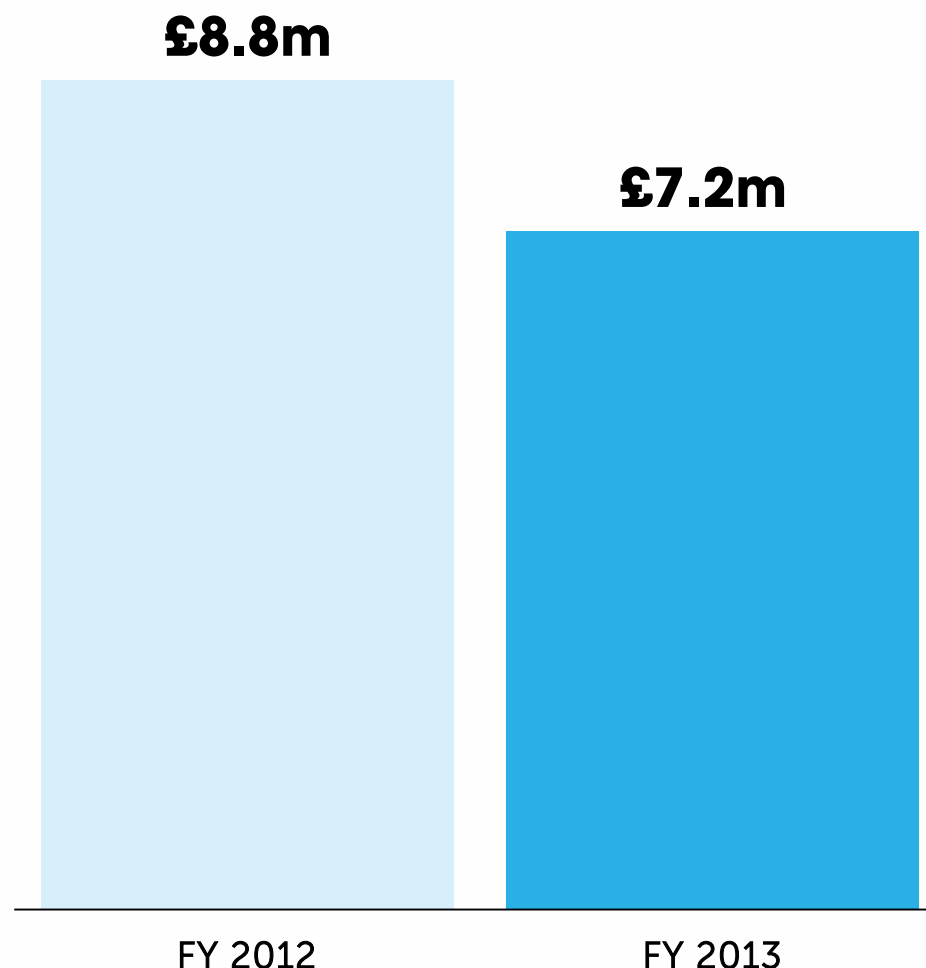
**Total revenue =
£181.2m**

Financial performance

Revenue

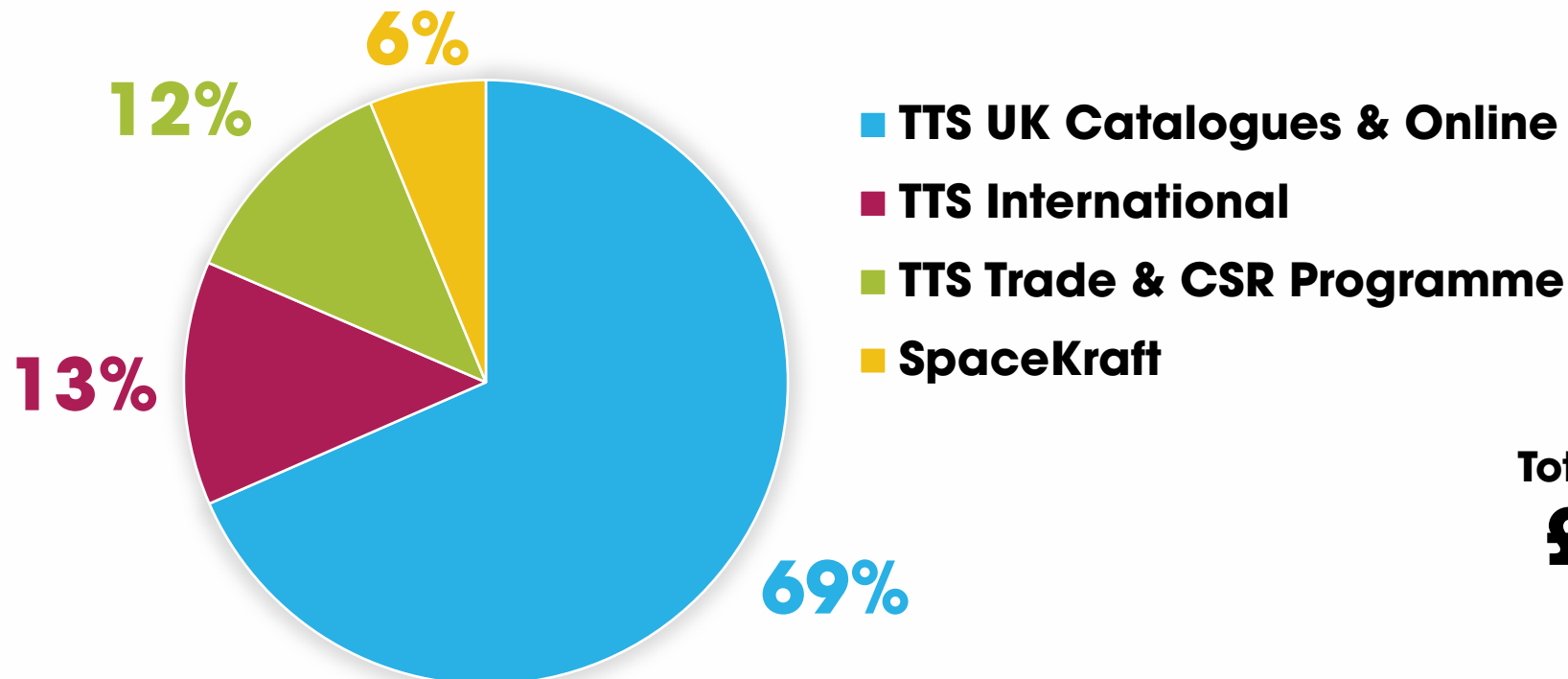


Adjusted operating profit*



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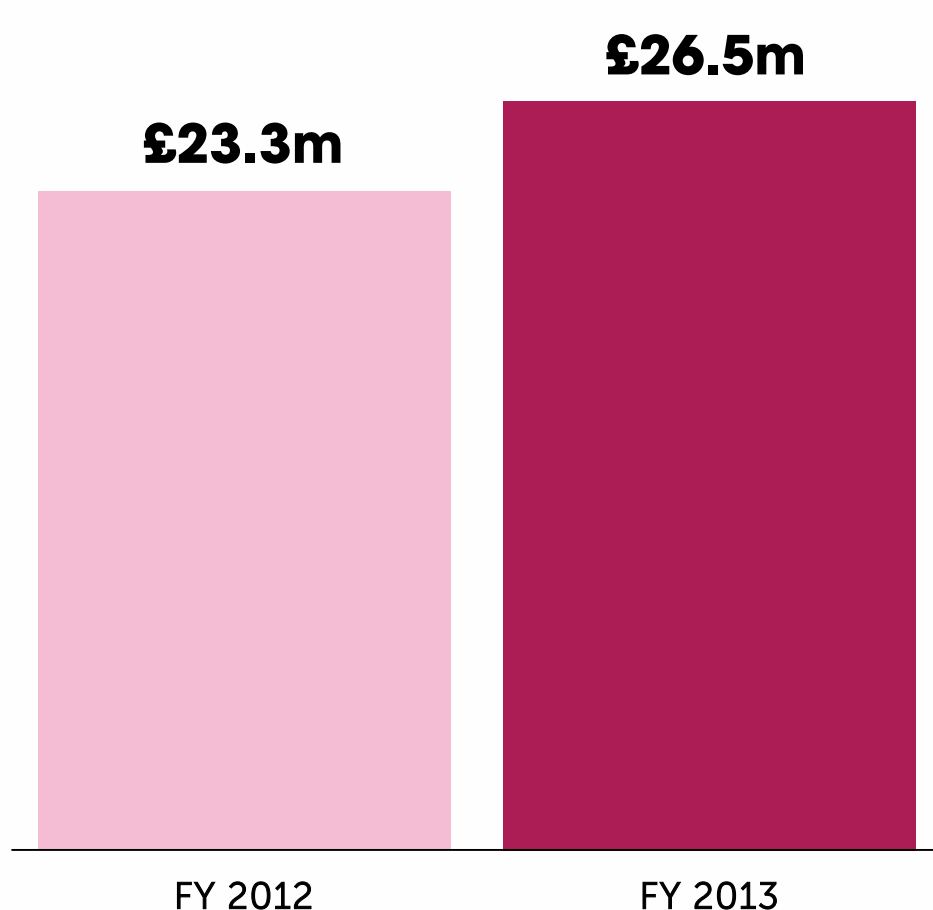
- Revenue declined by 9.7% due to absence of Corporate Social Responsibility ('CSR') programme
 - TTS UK Catalogue & Online revenues increased 2%
 - TTS International revenues increased 11%
 - TTS CSR programme and UK trade decreased by 49%
 - SpaceKraft business declined 15% and loss making. New management team appointed October 2013
- Margins remained strong at 13.3%
- Campaigns
 - New TTS School Fundraising catalogue launched
 - New TTS Everyday Essentials catalogue launched



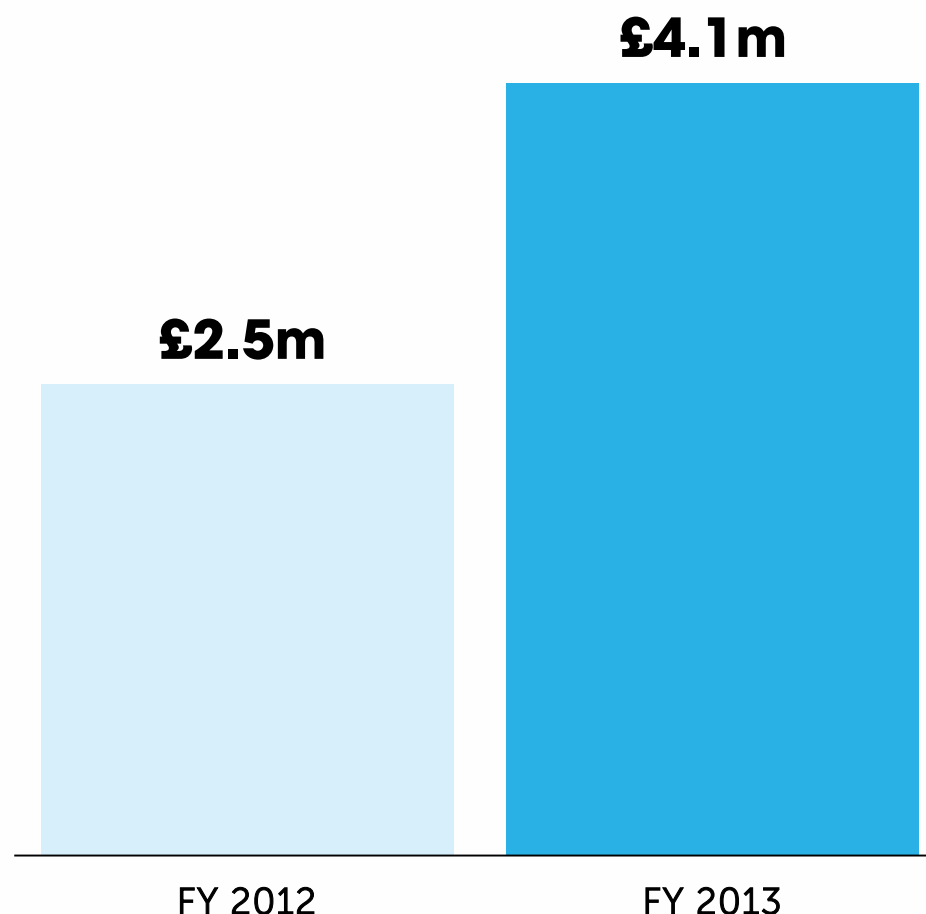
**Total revenue =
£54.0m**

Financial performance

Revenue

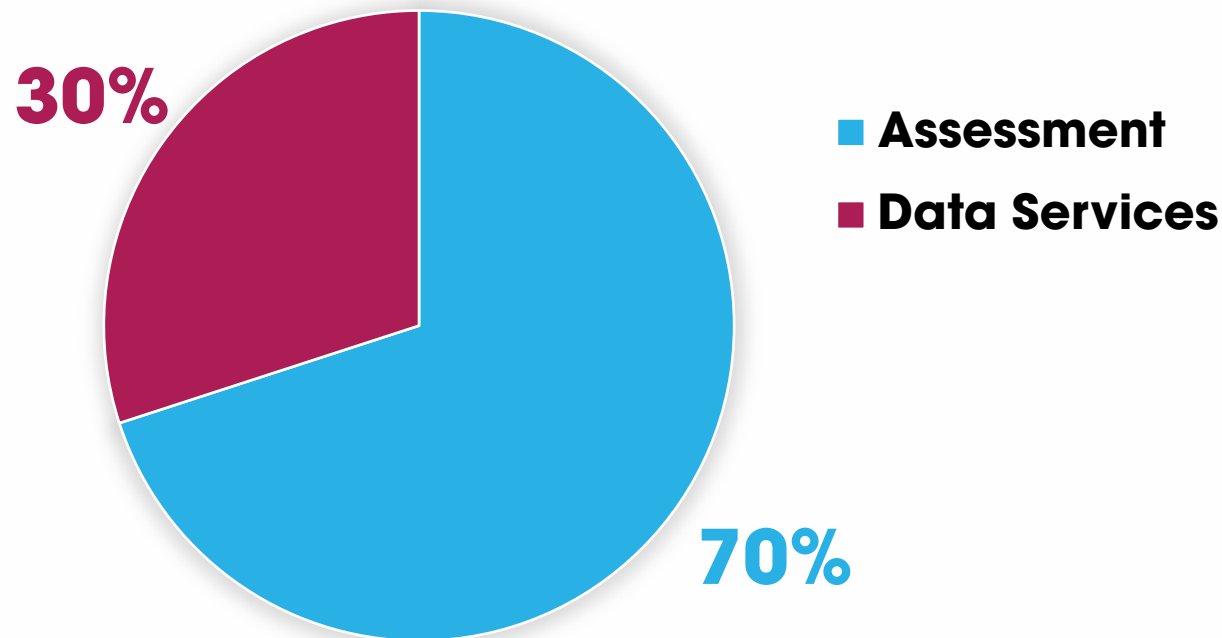


Adjusted operating profit*

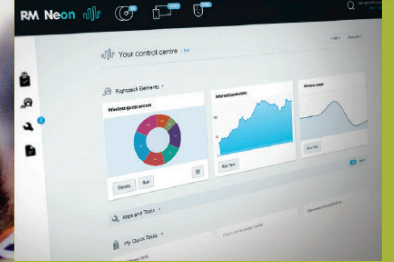


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- Revenue increased 13.8% with volume expansion from existing customers
- Won English School Performance Data Programme contract with Department of Education to 2018
- Extended Cambridge Assessment onscreen marking contract to 2019
- Extended ACCA onscreen marking contract until 2018
- Focus in 2014 is on winning new customers in the UK and overseas

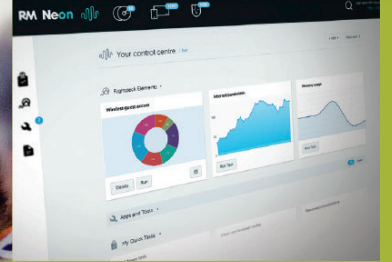


**Total revenue =
£26.5m**



Outlook

- **Cash and short term investments of £63.2m**
- **10% increase in total 'normal' dividend to 3.30p per share**
- **Proposed return of cash via 16p per share (£15m) special dividend**
- **ADS and TTS businesses performing well with good margins both pursuing growth in the UK and overseas**
- **Major strategic re-positioning of Education Technology on track with transition to a software and services focused business over 2014**
- **Proposed £8m pension escrow account for risk mitigation exercises**



Appendices

| £m | 12 months to 30 Nov | | | | | |
|---|---------------------|-------------|---------|----------|-------------|---------|
| | 2012* | | | 2013 | | |
| | Adjusted | Adjustments | Total | Adjusted | Adjustments | Total |
| Revenue | 288.7 | - | 288.7 | 261.8 | - | 261.8 |
| Cost of sales | (217.9) | - | (217.9) | (187.8) | - | (187.8) |
| Gross profit | 70.8 | - | 70.8 | 74.0 | - | 74.0 |
| Gross profit % | 24.5% | - | 24.5% | 28.3% | - | 28.3% |
| Operating expenses | (58.1) | - | (58.1) | (56.8) | - | (56.8) |
| Amortisation of acquisition related intangible assets | - | (0.3) | (0.3) | - | (0.2) | (0.2) |
| Impairment of goodwill, intangible assets and investments | - | (3.2) | (3.2) | - | (0.3) | (0.3) |
| (Loss) / gain on sale of operations | - | (2.4) | (2.4) | - | 1.4 | 1.4 |
| Share-based payment charges | - | (0.1) | (0.1) | - | (0.5) | (0.5) |
| Restructuring costs | - | (0.3) | (0.3) | - | (5.1) | (5.1) |
| Increase in property related provisions | - | (0.5) | (0.5) | - | (2.6) | (2.6) |
| Exceptional credit on settlement | - | 0.7 | 0.7 | - | 0.5 | 0.5 |
| Release of deferred consideration | - | 0.2 | 0.2 | - | - | - |
| Exceptional net pension credit | - | 1.3 | 1.3 | - | - | - |
| | (58.1) | (4.6) | (62.7) | (56.8) | (6.9) | (63.6) |
| Profit from operations | 12.7 | (4.6) | 8.1 | 17.2 | (6.9) | 10.4 |
| Profit from operations % | 4.4% | - | 2.8% | 6.6% | - | 4.0% |
| Net investment income and finance costs | (0.6) | (0.1) | (0.7) | (0.8) | (0.1) | (1.0) |
| Profit before tax | 12.1 | (4.7) | 7.4 | 16.4 | (7.0) | 9.4 |
| Tax | (3.1) | (0.4) | (3.5) | (4.9) | 1.6 | (3.2) |
| Profit for the year | 9.0 | (5.1) | 3.9 | 11.5 | (5.4) | 6.2 |
| Basic earnings per ordinary share | 9.8p | (5.5)p | 4.3p | 12.6p | (5.9)p | 6.7p |
| Dividend per share | | | 3.00p | | | 3.30p |
| Special dividend per share | | | - | | | 16.00p |

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| £m | 30 Nov 2012** | 30 Nov 2013 |
|--|------------------|----------------|
| Goodwill and acquisition intangibles | 15.4 | 14.8 |
| Property, plant & equipment and software intangibles | 13.7 | 10.2 |
| Interest in associate | 0.1 | - |
| Other receivables | 1.9 | 1.9 |
| Deferred tax assets | 6.3 | 4.6 |
| Total non-current assets | 37.4 | 31.5 |
| Inventories | 14.8 | 10.5 |
| Trade & other receivables | 55.6 | 35.1 |
| Tax assets | 0.8 | 0.4 |
| Cash & short-term deposits | 37.8 | 63.2 |
| Total current assets | 109.0 | 109.2 |
| Total assets | 146.4 | 140.7 |
| Current liabilities | (92.2) | (86.1) |
| Retirement benefit obligation | (20.4) | (15.8) |
| Other non-current liabilities | (8.6) | (9.8) |
| Total liabilities | (121.2) | (111.7) |
| Net assets / total equity | 25.2 | 29.0 |

** The long-term contract balances at 30 November 2013 were re-assessed and the balances at 30 November 2012 have been re-presented to aid comparison with 2013.

| Operating cash flows – £m | 12 months to 30 Nov 2012* | 12 months to 30 Nov 2013 |
|--|------------------------------|-----------------------------|
| Profit from operations | 8.1 | 10.4 |
| Amortisation | 1.5 | 0.8 |
| Depreciation | 5.7 | 3.9 |
| Share-based payments | 0.1 | 0.5 |
| Other adjustments | 6.1 | 7.8 |
| Operating cash flows before movements in working capital | 21.5 | 23.4 |
| Decrease in inventories | 3.6 | 4.2 |
| Decrease in receivables | 3.9 | 20.4 |
| Increase/(decrease) in payables | 4.5 | (13.3) |
| Cash generated by operations | 33.5 | 34.7 |
| Non-operating cash flows – £m | | |
| Defined benefit pension contribution in excess of current service cost | (7.3) | (4.4) |
| Tax paid | (0.1) | (1.8) |
| Net capital expenditure less proceeds on disposal | (1.4) | (1.6) |
| Loan repayments from joint venture | 1.9 | - |
| Dividends paid | (2.1) | (2.8) |
| Proceeds from sale of operations | 2.5 | 0.3 |
| Repayment of borrowings | (13.0) | - |
| Other | (0.7) | 1.0 |
| Short-term deposits | - | (6.0) |
| Net increase in cash and cash equivalents | 13.3 | 19.4 |

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RMTM plc Impact of Revised IAS19 Pension Standard

The adjustments made as a result of adopting IAS19 *Employee Benefits* in the Income Statement are as follows:

| £m | Education Technology | Education Resources | Assessment and Data Services | Unallocated Central costs | Exited | Total |
|--|----------------------|---------------------|------------------------------|---------------------------|--------------|-------------|
| FY12 Adjusted operating profit | 6.2 | 8.8 | 2.6 | (3.6) | (0.5) | 13.6 |
| IAS19 (Revised) adjustment | (0.8) | - | (0.1) | - | - | (0.9) |
| FY12 Restated adjusted operating profit | 5.4 | 8.8 | 2.5 | (3.6) | (0.5) | 12.7 |

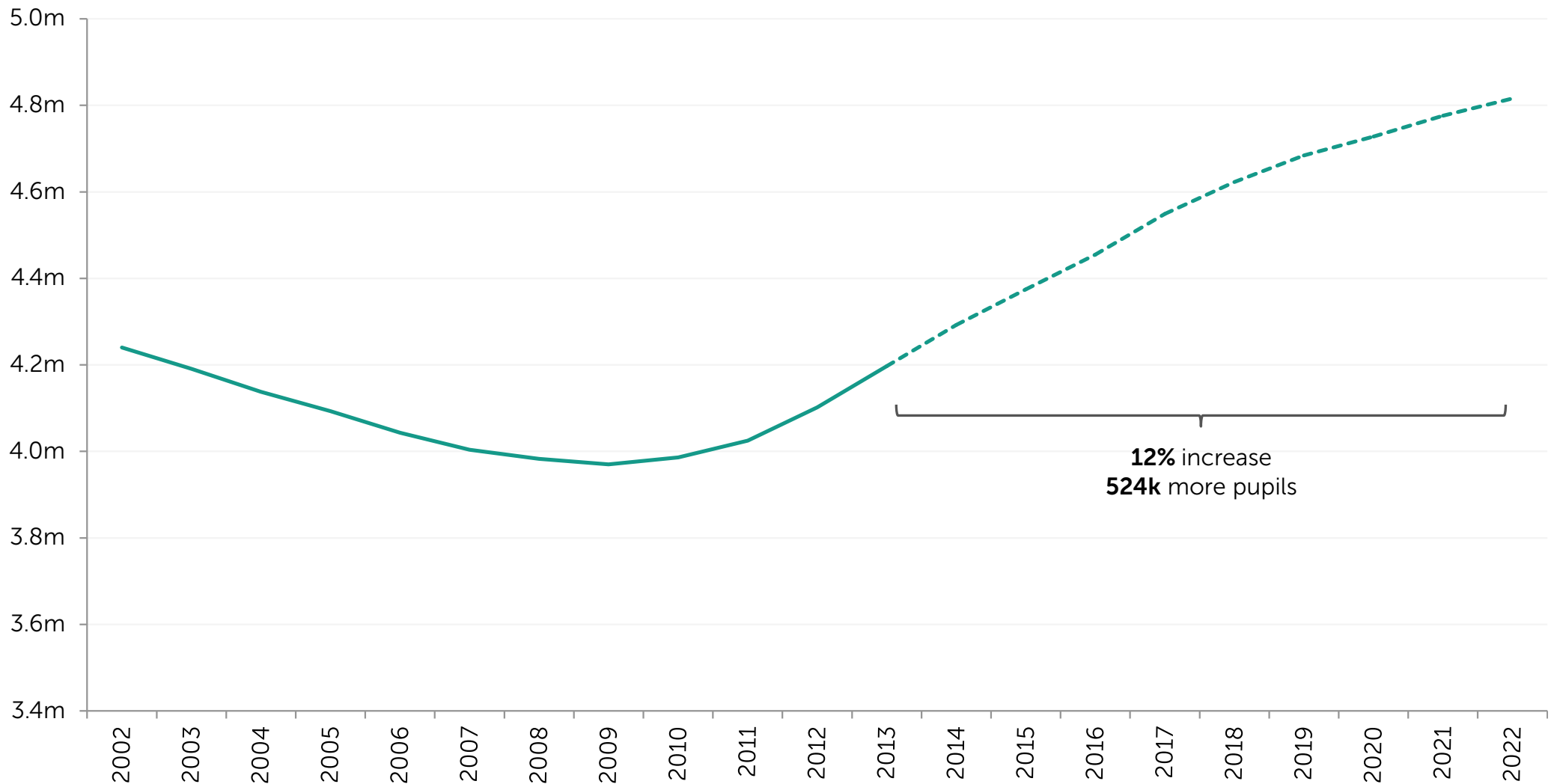
| | |
|-----------------------------------|--------------|
| FY12 Net interest | (0.5) |
| IAS19 (Revised) adjustment | (0.1) |
| FY12 Restated net interest | (0.6) |

| | |
|--|-------------|
| FY12 Adjusted profit before tax | 13.1 |
| IAS19 (Revised) adjustment | (1.0) |
| FY12 Restated profit before tax | 12.1 |

Adoption affected results for FY13 by reducing adjusted operating profit by £0.4m, interest payable by £0.5m and reducing adjusted profit before tax by £0.9m.

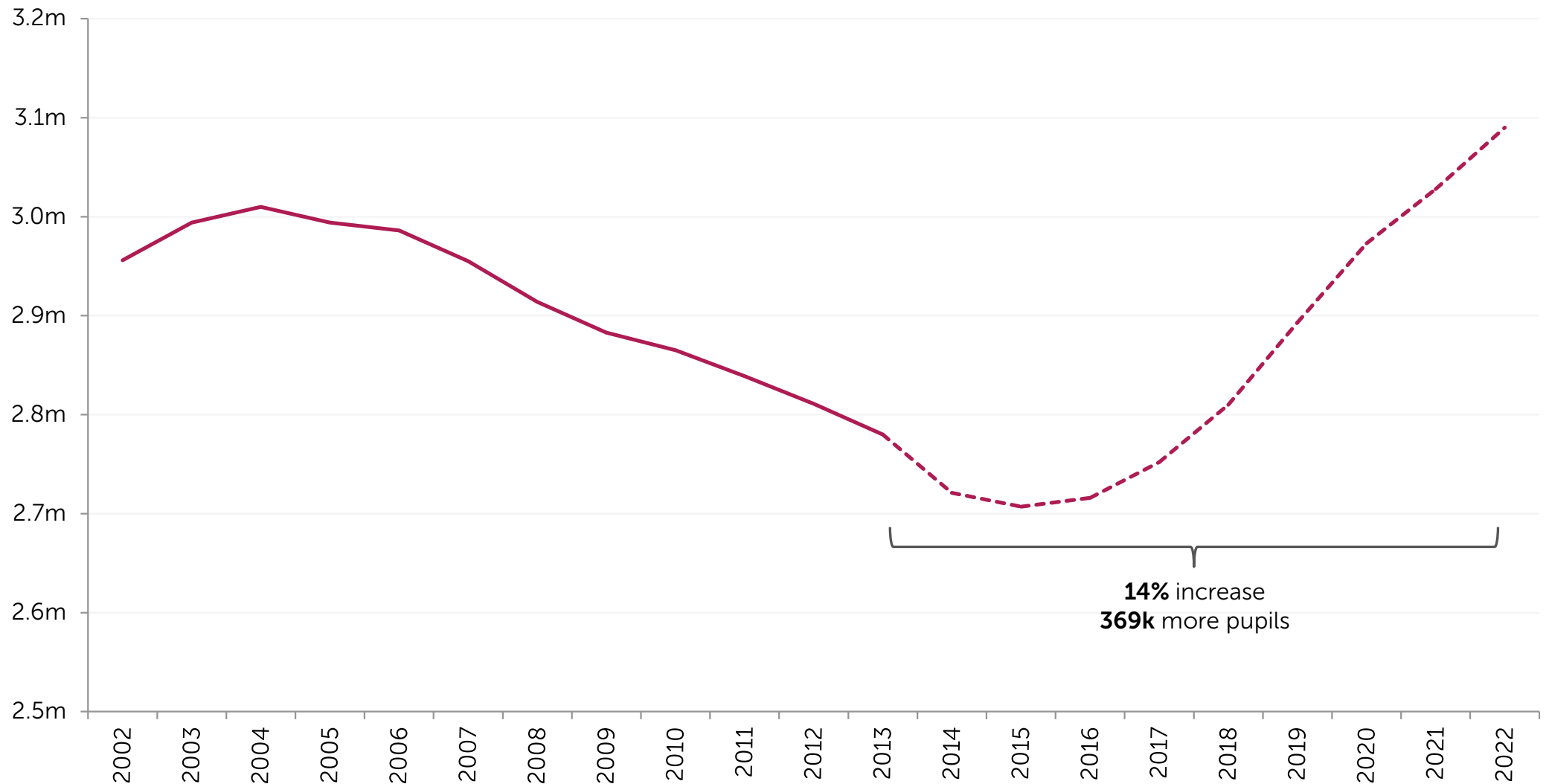
Pupil Projections - Primary

Pupil projections in England in maintained nurseries
and state-funded primary schools



Pupil Projections - Secondary

Pupil projections in England in state-funded secondary schools



UK Education Spend

