

Financial Results

for the six months ended 30 June 2017

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Operational highlights

- Group complexity and losses continue to be reduced through disposal/ closure/ reshaping of cash consuming activities
- Largest businesses ptHealth and ingenie now well positioned and being invested in for growth
- Profitable disposal of Business Advisory Services
- Reshaping of Hubio completed - very substantial reduction of cash requirements
- Successful resolution of a number of outstanding historic tax matters

Key financial results

for the six months ended 30 June 2017

- Underlying business revenues improved to £26.3m (2016: £25.2m)*
- Underlying EBITDA loss of £2.4m (2016: £3.5m)*
- Total loss before tax of £2.1m (2016: loss of £8.1m)
- Group net assets of £66.5m at 30 June 2017 (as at 31 December 2016: £68.5m)
- Group cash and term deposits at 30 June 2017 of £67.2m, with a further £50m in escrow
- Group cash and term deposits at 15 September 2017 of £65.8m

*BAS, Maine Finance and Hubio Telematics have been classified as non-underlying in 2017, the 2016 amounts are presented on a comparable basis.

Consolidated Income Statement

for the six months ended 30 June	2017 Underlying	2017 Non- underlying	2017 Total	2016 Underlying	2016 Non- underlying	2016 Total
	£'m	£'m	£'m	£'m	£'m	£'m
Revenue	26.3	1.9	28.3	25.2	5.1	30.2
Cost of sales	(13.3)	(1.3)	(14.6)	(12.9)	(3.2)	(16.1)
Gross profit	13	0.6	13.7	12.3	1.8	14.1
Administrative expenses	(16.3)	0.9	(15.4)	(17.0)	(6.0)	(23.0)
Other income	-	-	-	-	0.2	0.2
Group operating (loss)/profit	(3.3)	1.5	(1.8)	(4.7)	(4.0)	(8.7)
Finance income	0.3	-	0.3	0.9	0.1	1.0
Finance expense	(0.3)	(0.2)	(0.5)	(0.4)	-	(0.4)
(Loss)/profit before taxation	(3.3)	1.3	(2.1)	(4.2)	(4.0)	(8.1)
Taxation	0.5	0.1	0.6	0.2	-	0.2
(Loss)/profit after taxation for the period from continuing operations	(2.8)	1.4	(1.5)	(3.9)	(4.0)	(7.9)
Net gain on disposal of discontinued operations	-	-	-	-	0.3	0.3
Loss for the period from discontinued operations	-	(0.1)	(0.1)	-	(0.1)	(0.1)
(Loss) /profit after taxation for the period	(2.8)	1.3	(1.6)	(3.9)	(3.8)	(7.7)

- Underlying comprises: Hubio, ingenie, ptHealth and Central
- Non-underlying includes Hubio Telematics, Maine Finance, exceptional and other non-recurring items as well as discontinued business (BAS)
- Underlying revenues £26.3m (2016: £25.2m)
- Underlying operating loss of £3.3m (2016: £4.7m)
- Underlying EBITDA loss £2.4m (2016: £3.5m) (Further details on the next slide)
- Non-underlying operating profit of £1.5m (2016: loss of £4.0m). Current period benefits from the release of £7.5m of provisions held at 31 December 2016
- Roundings from £'000 to £'m have been left uncorrected to preserve the accuracy of the amounts

Underlying business results - segments

2016 Segments		2017 Segments	
Hubio	Hubio Technologies	Hubio	Hubio Technologies
	Hubio Fleet		Hubio Fleet
	Iter8		Iter8
	<i>Metaskil</i>		<i>Non-underlying</i>
	<i>Evogi</i>		<i>Non-underlying</i>
	<i>Hubio USA</i>		<i>Non-underlying</i>
	<i>Hubio Solutions</i>		<i>Non-underlying</i>
	<i>RAG Consumer</i>		<i>Non-underlying</i>
	<i>HSOL Telematics</i>		<i>Non-underlying</i>
Ingenie	Ingenie Broker	Ingenie	Ingenie Broker
	Ingenie TSP		Ingenie TSP
Healthcare services	PTH	Healthcare services	PTH
	Innocare		Innocare
BAS/Other	<i>BAS</i>		<i>Discontinued</i>
	<i>Maine Finance</i>		<i>Non-underlying</i>
	<i>Other</i>		<i>Non-underlying</i>

- The segmental analysis provides details of the results of the underlying businesses. It has therefore been adjusted from the year end to represent the changes to underlying and non-underlying noted on the previous slide.
- Comparative amounts represented on a consistent basis.
- Given BAS has been classified as discontinued, this is also no longer presented as its own segment.

Underlying business results

for the six months ended 30 June	Hubio	ingenie	Health	Central	Total
	£'m	£'m	£'m	£'m	£'m
2017					
Revenue	3.8	7.7	14.8	-	26.3
Cost of sales	(1.4)	(4.1)	(7.8)	-	(13.3)
Gross profit	2.4	3.7	6.9	-	13.0
Administrative expenses excluding depreciation and amortisation	(3.1)	(2.8)	(6.4)	(3.1)	(15.4)
Underlying EBITDA before allocation of central costs	(0.7)	0.9	0.5	(3.1)	(2.4)
Allocation of central costs	(0.6)	(0.4)	(0.3)	1.3	-
Underlying EBITDA after allocation of central costs	(1.2)	0.5	0.2	(1.8)	(2.4)
Depreciation and amortisation					(0.9)
Underlying group operating loss					(3.3)
2016					
Revenue	4.6	7.0	13.6	-	25.2
Cost of sales	(1.8)	(3.8)	(7.2)	-	(12.9)
Gross profit	2.7	3.2	6.3	-	12.3
Administrative expenses excluding depreciation and amortisation	(3.7)	(2.4)	(5.8)	(4.0)	(15.9)
Underlying EBITDA before allocation of central costs	(1.0)	0.9	0.6	(4.0)	(3.5)
Allocation of central costs	(0.4)	(0.3)	(0.2)	0.9	-
Underlying EBITDA after allocation of central costs	(1.4)	0.6	0.4	(3.1)	(3.5)
Depreciation and amortisation					(1.2)
Underlying group operating loss					(4.7)

- Note: Roundings from £'000 to £m have been left unsmoothed to preserve the accuracy of the amounts

Central costs

for the six months ended 30 June	2017	2016
	£'m	£'m
Allocated to underlying businesses segments	1.3	0.9
Plc and central costs	1.8	3.1
Total underlying	3.1	4.0
Non-underlying	0.4	1.0
Total	3.4	5.0

- Central costs continue to reduce from previous periods.
- Change in the focus of the Group is expected to result in significant underlying savings being possible in H2 2017 and in to 2018.
- Plc and central costs reflective of nature of the WTG organisation and history – likely to be above average for the foreseeable future but falling.
- Roundings from £'000 to £'m have been left uncorrected to preserve the accuracy of the amounts

Cash Flow

for the six months ended 30 June	2017	2016
	£'m	£'m
Underlying cash outflows (inc discontinued)	(2.2)	(4.5)
Non-underlying and exceptional cash outflows (excl. discontinued)	(7.4)	(14.4)
Corporation tax cash flows	0.5	6.8
Investing activities	3.9	(43.7)
Financing activities	(0.6)	0.7
Net cash movement	(5.8)	(55.0)

Reconciliation of cash to net funds	2017
	£'m
Term deposits	30.0
Cash	37.2
Cash included within amounts held for sale	0.4
Net funds	67.6

- Cash used by operating activities includes discontinued business cash flows as it follows the accounting standards requirements.
- Non underlying cash flows mostly relate to net settlement of liabilities and provisions as at 31 December 2016.
- Investing activities impacted by £7.5m net term deposits maturing not reinvested.

Analysis of Balance Sheet

	30 June 2017	31 December 2016
	£'m	£'m
Net cash plus term deposits	67.2	81.2
Deferred income	(7.3)	(9.1)
Other net current liabilities/assets	(21.6)	(32.0)
Escrow net of impairment provision	-	-
Creditors, loans and provisions over one year	(6.7)	(7.3)
Non-cash assets	34.9	35.8
Net assets	66.5	68.5

- The closing net assets can be analysed by their proximity to cash.
- £50m remains in escrow pending resolution of the claim in respect of the disposal of the Professional Services Division in 2015. This is currently held at nil on the balance sheet.
- Deferred income is a non cash liability.
- Included in liabilities are provisions of £18.5m.
- Roundings from £'000 to £'m have been left uncorrected to preserve the accuracy of the amounts

Disposals

BAS	£'000
Sales proceeds	1,500
Net liabilities/(assets) at disposal	1,391
Expenses and other costs of sale	(293)
Profit arising on sale	2,598

BAS	£'000
Enterprise value	2,500
Satisfied by:	
Cash consideration	(1,500)
Assumption of debt	(1,000)

Business Advisory Services Limited (“BAS”)

- BAS returned a loss of £0.1m during H1 2017 (H1 2016 loss: £0.1m).
- BAS was exposed to a very competitive and cyclical market with low barriers to entry.
- Shareholder value realised through disposal of the business at an enterprise value of £2.5m.

Ongoing actions and plans

- Robustly and successfully defend the claim arising from the disposal of the Professional Services Division in 2015.
- Reshape operating businesses for growth and value while reducing losses and cash outflows.
- Continue to resolve and mitigate legacy matters both at the plc level and within our operating companies.
- Maximise shareholder value through the disposal of operating businesses when appropriate.
- Manage cash and other assets with care and prudence.
- Operate with strong corporate governance.

Watchstone.