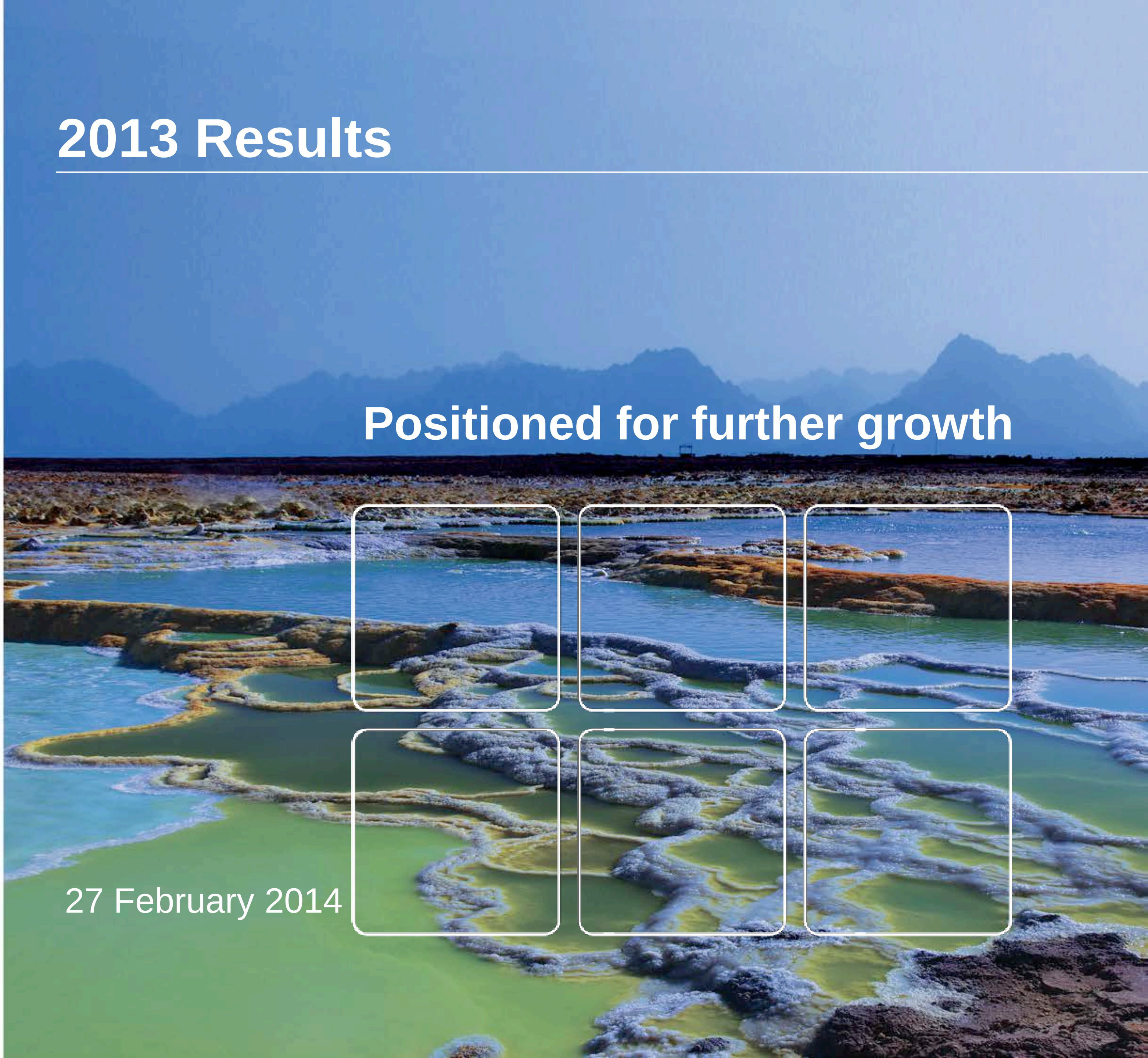
2013 Results

Positioned for further growth



27 February 2014

Headlines

- diversity of activity and geography enabled the Group to produce results in line with market expectations, despite the downturn in AAP;
- £77m committed to new acquisitions;
- balance sheet remains strong with year end net bank borrowings at £32.4m (2012: £13.5m) having invested £46.7m in acquisitions during 2013;
- bank facilities of £125m available until July 2016;
- (proposed) full year dividend increased by 15%; 20th consecutive annual increase of this scale.

Summary of results

	2013	2012	
Revenue (£m)	**567.6**	555.9	*+2%*
Fee income (£m)	**492.1**	478.8	*+3%*
Operating profit[1] (£m)	**65.3**	62.1	*+5%*
PBTA[1](£m)	**63.0**	60.1	*+5%*
Adjusted basic eps[2] (p)	**20.22**	19.48	*+4%*
Dividend per share (p)	**7.36**	6.40	*+15%*
Net bank borrowings (£m)	**32.4**	13.5	
Adjusted effective tax rate[(3)] (%)	**29.9**	29.7	

[1]before amortisation of acquired intangibles and transaction related costs.
[2] based on earnings before amortisation of acquired intangibles and transaction related costs,
[3] based on profit before tax, amortisation of acquired intangibles and transaction related costs.

Excellent conversion of profit into cash

£m	2013	2012
PBTA	**63.0**	60.1
Adjust for:		
Depreciation	**9.4**	9.0
Interest	**2.3**	2.0
Share scheme costs	**1.9**	2.1
Transaction costs	**(1.2)**	(0.8)
Other items	**(0.2)**	(0.3)
	75.2	72.1
Working capital (increase)/decrease	**(3.2)**	3.9
Adjusted cash from operations*	**72.0**	76.0
Conversion of profit into operating cash flow	**96%**	105%

*before payment of deferred consideration treated as remuneration.

Debt managed effectively

£m	2013	2012
Adjusted cash from operations	**72.0**	76.0
Interest	**(1.8)**	(2.0)
Tax	**(19.8)**	(18.2)
Capex (net)	**(7.5)**	(9.2)
Free cash flow	**42.9**	46.6
Acquisitions	**(42.4)**	(23.9)
Dividends	**(15.3)**	(13.4)
Other	**0.6**	0.2
Cash flow	**(14.2)**	9.5
Net bank borrowings b/fwd	**(13.5)**	(23.5)
Cash flow	**(14.2)**	9.5
Acquisition debt	**(4.4)**	(0.3)
Foreign exchange	**(0.3)**	0.9
Net bank borrowings	**(32.4)**	(13.5)

Modest use of facility

Revolving credit facility: £90m: expires July 2016

Accordion: £35m: expires July 2016

Net bank debt (31/12/12): £32.4m

Expected deferred consideration cash payments:

£m	Total	2014	2015	2016
	37.0	22.1	10.8	4.1

Bank covenants:

- total net debt/EBITDA 0.9 (maximum 2.5x)
- interest cover 28 (minimum 4x)

Currency effects

Sterling was stronger vs AUD, CAD, USD and Euro at the year end than on average during 2013.

	2012 profit at 2013 average rate	2013 profit at Dec 13 rate
BNE – Europe	+ 0.3	(0.1)
BNE – NA	+ 0.1	(0.5)
AAP	(0.8)	(1.1)
Energy	+ 0.1	(1.0)
Constant currency effect	(0.3)	(2.7)

- 47% of segment profit reported in GBP.

Segment results

Underlying profit* (£m)	**2013**	2012	
Energy	**37.1**	31.2	*+19%*
Built and Natural Environment			
- Europe	**19.2**	18.9	*+ 2%*
- North America	**7.6**	6.3	*+21%*
Sub total	**26.8**	25.2	*+ 6%*
Australia Asia Pacific (AAP)	**10.0**	15.2	*(34%)*
Total	**73.9**	71.6	*+ 3%*

*Segment profit before reorganisation costs.

Energy: results

	2013	2012	
Fee income (£m's)	**189.5**	164.4	*+15%*
Underlying profit (£m's)	**37.1**	31.2	*+19%*
Margin (%)	**19.6**	19.0	

Energy: underlying profit - half on half progression

	2012			**2013**		
£m	H1	H2	FY	**H1**	**H2**	**FY**
Underlying profit	14.6	16.6	31.2	**16.7**	**20.4**	**37.1**

Energy: good performance and prospects

- generally good level of demand despite client “belt tightening” in Q4;
- potash market severely disrupted early in year; significant drag on overall results; likely to continue;
- continued to deliver high margin;
- 5 significant acquisitions;
- global E&P spend will again be very significant in 2014;
- confident of remaining on positive growth trajectory.

Built and Natural Environment (BNE) Results

(£m's)	Europe 2013	Europe 2012		North America 2013	North America 2012		Total 2013	Total 2012	
Fee income	**149.3**	157.2	*(5%)*	**30.0**	26.9	*+12%*	**179.3**	184.1	*(3%)*
Underlying profit	**19.2**	18.9	*+2%*	**7.6**	6.3	*+21%*	**26.8**	25.2	*+6%*
Margin (%)	**12.8**	12.0		**25.3**	23.2		**14.9**	13.6	

BNE: underlying profit - half on half progression

£m	2012 H1	2012 H2	2012 FY	**2013 H1**	**2013 H2**	**2013 FY**
Europe	9.8	9.1	18.9	**9.6**	**9.6**	**19.2**
North America	3.5	2.8	6.3	**3.9**	**3.7**	**7.6**
Total	13.3	11.9	25.2	**13.5**	**13.3**	**26.8**

BNE: Europe – resilient performance in flat markets

- performed as anticipated in H2;
- in FY significant decline in UK Water covered by growth elsewhere;
- particularly strong performance in NL (labs) and UK risk management (nuclear);
- “rising tide” in respect of UK commercial and residential planning markets;
- more organic growth likely this year;
- acquisitions back on the agenda.

BNE: North America – exceptional performance

- strong growth and excellent margin driven by high level of activity in energy infrastructure market;
- particularly good performance in oceanography businesses and high utilisation of measuring equipment;
- positioning to take advantage of significant and growing market opportunity in energy infrastructure.

AAP Results

	2013	2012	
Fee income (£m's)	**127.2**	133.9	*(5%)*
Underlying profit (£m's)	**10.0**	15.2	*(34%)*
Margin (%)	**7.9**	11.3	

AAP: underlying profit – half on half progression

	2012			2013		
£m	H1	H2	FY	**H1**	**H2**	**FY**
Underlying profit	7.3	7.9	15.2	**5.5**	**4.5**	**10.0**

AAP: significant slowdown

- reduction in level of demand from mining and energy clients as they cut back capex; sector suffering soft demand, high cost base;
- likely to remain unpredictable, but weak for some time;
- reduced interest rates and A$ is enabling a rebalancing of the economy;
- we are benefiting in Sydney/Melbourne from private and public sector non-resources spend;
- weak A$ will affect results on consolidation;
- as a result of cost reduction our performance should improve ahead of the market.

Strategy for Growth

- as global growth picks up we see *Energy* + *Energy Infrastructure* + *Urban Infrastructure* as strong positioning;
- in Energy we want to continue to strengthen our skill base internationally;
- in North America we want to:
  - add to our existing portfolio of services activities and particularly broaden into Built & Natural Environment;
  - build on our energy market presence to capture more of the energy infrastructure market.
- in Europe we see signs of recovery and opportunity emerging and are open to further acquisitions;
- in AAP after the resources boom the Australian economy is rebalancing slowly; will remain our gateway to Asia Pacific.

Group prospects

- well positioned in markets of long term importance;
- focus on energy/energy infrastructure/urban infrastructure underpins our prospects;
- further acquisitions likely and will increase internationalisation of the Group;
- on track to perform well in 2014.

Forward looking statements

This presentation contains certain forward looking statements with respect to the financial condition, results of operations and businesses of RPS Group plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The continuing uncertainty in global economic outlook inevitably increases the risks to which the Group is exposed. Nothing in this presentation should be construed as a profit forecast.