

WILMINGTON

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Review of the year ended 30 June 2006

September 2006

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Information and training for professional businesses

	Year to 30 June 2006	Year to 30 June 2005
	£m	£m
Revenue	89.8	80.5
Operating Profit (before non-recurring items, interest, amortisation and tax)	14.9	13.1
Adjusted Profit profit before tax, amortisation and non-recurring items	13.8	12.2
Cash inflow	16.9	14.6
Adjusted EPS	11.63p	9.43p
Dividend per Share	4.0p	3.6p

Business Highlights

- Year of excellent progress
- Revenue from continuing activities increased by 11.5%
- Operating profit up 14% to £14.9m
- Adjusted profit up 13.3% to £13.8m
- Adjusted EPS increased by 23.3%
- Operating cash inflow increased by 16.1% to £16.9m
- Dividend increased by 11.1%
- Developing platform for future growth

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Strategy

- To deliver sustainable and growing profits from servicing the information requirements of selected professional business markets
- To build strong management teams, with robust organisational structures, investment in technology and tight cost control
- To invest in our core business to generate strong levels of organic growth
- To make value enhancing acquisitions

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Merger Proposal

- Would have been a good deal for Wilmington's shareholders
- Wilmington is a strong growing business, with many opportunities
 - track record of value enhancing deals
- Wilmington's management delivered excellent results despite disruption of the merger discussions
- Transaction costs covered by inducement fee arrangements

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Income Statement Highlights

	Existing £m	Acquired £m	Year ended 30 June 2006 £m	Year ended 30 June 2005 £m
Revenue	82.9	6.9	89.8	80.5
Operating profit	13.9	0.9	14.8	13.0
Interest/facility fees			(1.0)	(0.9)
Adjusted profit			13.8	12.1
Non-recurring items			(1.2)	(0.9)
			12.6	11.2
Amortisation			(2.5)	(3.4)
Profit before tax			10.1	7.8
Income tax expense			(2.7)	(2.3)
			7.4	5.5
Discontinued			0.1	(0.3)
Net profit			7.5	5.2
Adjusted EPS			11.63p	9.43p

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Summary Cash Flow

	Year ended 30 June 2006	Year ended 30 June 2005
	£m	£m
Cash inflow from operations	16.9	14.6
Servicing of finance	(1.0)	(0.9)
Taxation	(3.5)	(2.9)
Net replacement capex	(1.5)	(2.0)
Free cash flow before dividends	10.9	8.8
Equity dividends	(3.7)	(2.8)
Free cash flow	7.2	6.0
Investment in new premises	-	(0.6)
Acquisition spend net of disposal proceeds	(13.7)	(9.5)
	(6.5)	(4.1)
New finance	-	0.3
Change in net debt during year	(6.5)	(3.8)
B/fwd net debt	(8.2)	
Cash acquired	1.6	
C/fwd net debt	(13.1)	

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Summary Balance Sheet

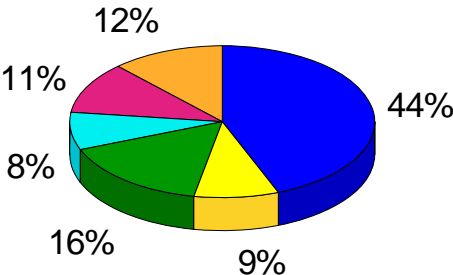
	30 June 2006	30 June 2005
	£m	£m
Goodwill/intangibles	78.5	68.7
PPE	11.2	11.8
Net debt	(13.1)	(8.2)
Working capital	0.3	1.7
Pension obligations	(0.3)	(0.4)
Acquisition liabilities	(0.9)	(2.5)
Deferred revenue	(10.5)	(8.8)
Deferred tax	(2.4)	(2.5)
Net assets	<u>62.8</u>	<u>59.8</u>

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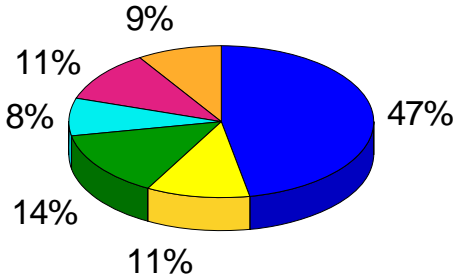
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Turnover by Market

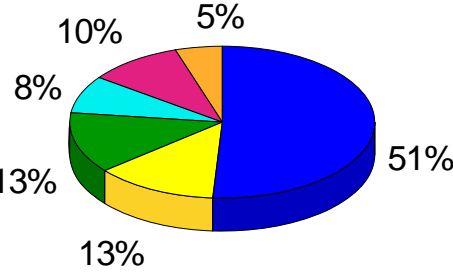
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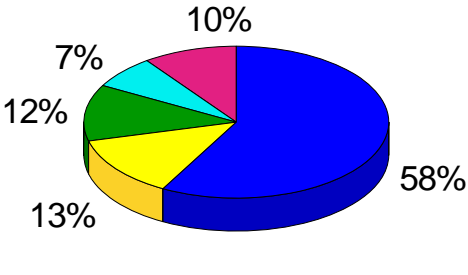
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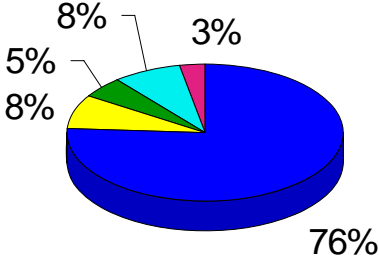
- Legal and Regulatory
- Healthcare
- Design and Construction
- Media and Entertainment
- Other
- Discontinued

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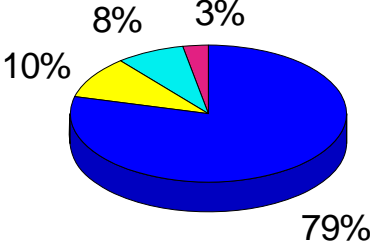
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Profitability by Market*

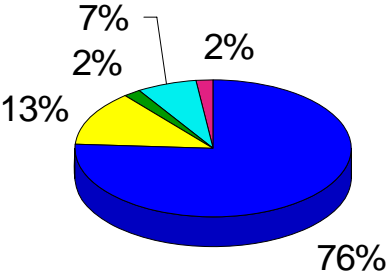
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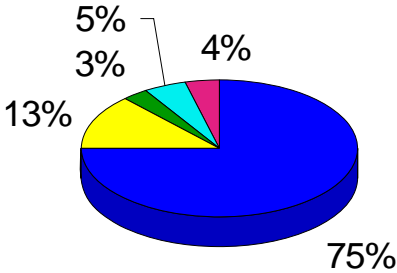
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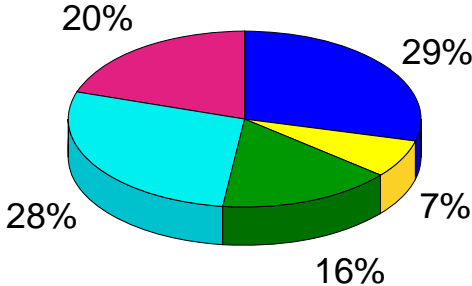
* Pre unallocated central overheads.

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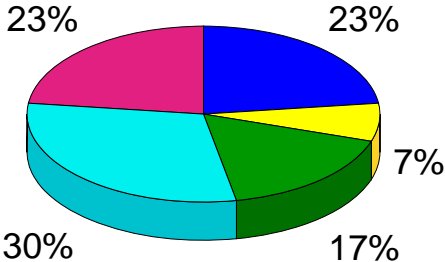
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Revenue Sources

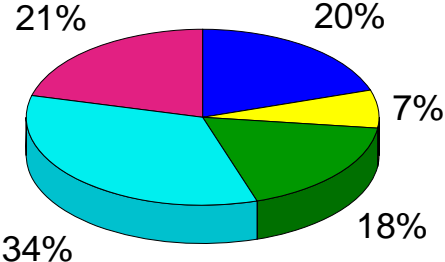
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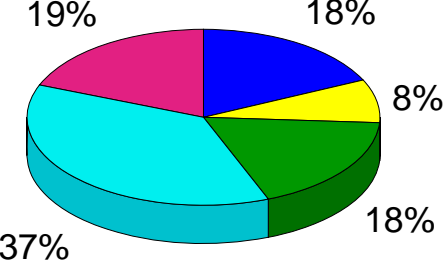
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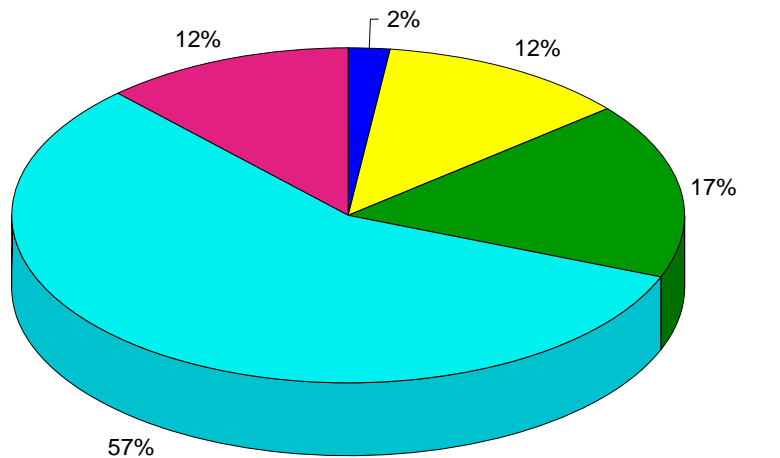
- Magazine Advertising
- Events
- Directory Advertising
- Information Sales and Professional Services
- Subscriptions and Copy Sales

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Legal and Regulatory

	Year to 30 June 2006	Year to 30 June 2005	% Change
Revenue	52.0	43.2	20.3
Profit Contribution	12.3	10.9	12.8



Business Highlights

- Revenue grown by 20.3%, profits up 12.8%
- Profit margin 23.6% (2005: 25.2%). Excluding acquisitions margin stable
- Profits ahead of prior year notwithstanding the one- off benefit from Immigration and Asylum that assisted last year
- Expansion of e-revenues and digital capability across the division
- High levels of repeat revenues

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Legal and Regulatory - Key Trends

- Publishing/information revenues, excluding acquisitions, up 6.3% to £16m, profit up 15.2% to £5.4m
- Growing importance of electronic publishing - 57% of publishing/information revenue (+1% Y on Y) and 60% of publishing/information profits(+ 5% Y on Y)
- Print revenues remain robust and high margin (+ £570k organic sales growth, with c40% margins). Electronic revenues grown strongly (+ £874k organic sales growth, with c56% margins).
- Subscriptions up 38.2% to £4.7m
- Publishing/information margin, excluding acquisitions, 33.7%. Post acquisitions, margin 28%
- Acquisitions £6.8m revenues, £900k profits, margin 13.9%
- Pendragon – growing client base, revenues up 18.3%. Profits 27.6% ahead of prior year
- Charity sector – excellent performance from Charity Choice and Caritas. Smee & Ford strengthening overall position
- Strong contribution from Legal magazines.

Legal and Regulatory - Key Trends

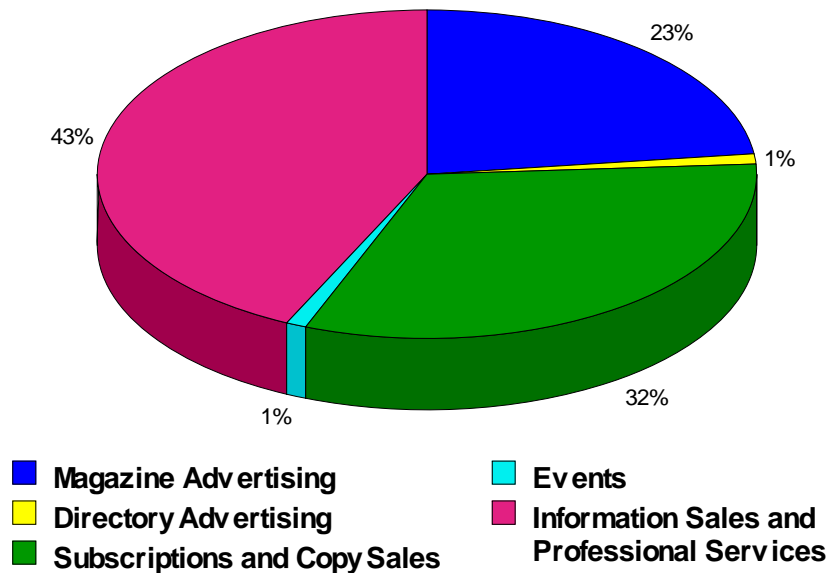
- Continuing Legal education in England and Wales maintained strong profit contribution and profit margin
 - underpinned by growing subscription membership: 4,636 subscribers (2005: 4,587)
 - over 90% of public course delegates are subscribers
 - substantial increase in web bookings (currently c45%)
- Excellent performance from CLT Scotland – revenues up 20.2% and trading profits ahead by 38% to a record £487k
- Strong growth from Diploma programmes in Trust and Estate Management in the UK and internationally. Compliance Training, Anti Money Laundering and Financial Crime programmes continue to develop
- Quorum, training for accounts professionals, excellent first full year

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Healthcare

	Year to 30 June 2006	Year to 30 June 2005	% Change
Revenue	11.2	10.7	4.6
Profit Contribution	2.1	1.9	6.6



Business Highlights

- Turnover grown 4.6%, profits up 6.6%
- Profit margin 18.5% (2005: 18.1%) despite ongoing investment in new initiatives
- Net investment of £300k incurred in the launch of APM Health Europe
- Binley's researched market information product received positively by pharmaceutical company clients
- Specialist magazines performed strongly

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Business Communications

	Year to 30 June 2006	Year to 30 June 2005	% Change
Revenue	26.5	26.5	-
Profit Contribution	2.0	1.7	22.4

	Revenue		Trading profit	
	2006 £m	2005 £m	2006 £m	2005 £m
Media & entertainment	6.5	6.8	0.9	1.1
Design & construction	10.9	11.4	0.4	0.3
Specialist	9.1	8.3	0.7	0.3
	<u>26.5</u>	<u>26.5</u>	<u>2.0</u>	<u>1.7</u>

Business Highlights

- Overall revenue static, profits up 22.8%
- Muze Europe revenues increased 4.7%, trading profits up 28.6%
- Hollis which provides data to PR, sponsorship and performing arts markets has had a difficult year
 - new MD, strengthened management team
 - acquisition, The Knowledge and Benns Media
- Design & Construction made continued progress, benefiting from prior year structural changes
- Specialist sectors of catering and automotive made good progress
- Overall strong management teams producing results

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Key Strengths

- A strong focused business providing essential information and training
- Organic growth from new initiatives
- Experienced management team with a solid track record of
 - strategic acquisitions
 - delivering profit growth
- Strong balance sheet to enable Wilmington to take advantage of market opportunities
- Strong brands in key professional information markets

The ingredients to generate strong growth in shareholder value

Outlook

- We are set to make further progress this financial year
- Increasing subscription and repeat revenues
- Recent acquisitions will generate additional profitability and facilitate growth in core markets
- Charity sector remains buoyant
- Pendragon ability to extend its client base in the pensions sector
- Healthcare sector positive
- Continued restoration of profits from design and construction
- Compliance, AML and Financial Crime Diplomas set to grow
- Anticipate growth from extending activities in core markets, driven by e-revenues, information products and events
- Investment in electronic systems increase operational efficiency

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Legal and Regulatory

- Central Law Training
- Waterlow
- Bond Solon
- Solicitors Journal
- Pendragon Professional Publishing
- International Compliance Training
- Caritas
- Charity Choice
- ICP
- Quorum Training
- Ark
- Smee & Ford

Healthcare

- Binleys
- Agence de Presse Medicale
- Medical Laboratory World
- Hospital Development
- Manufacturing Chemist

Design and Construction

- Blueprint
- FX
- IDFX
- Architects Standard Catalogue
- Timber Trades Journal
- Modern Power Systems
- Water Power
- Tunnels and Tunnelling

Media and Entertainment

- Hollis
- WDIS
- PCR
- Muze Europe