RPS

2015 Results Presentation

3 March 2016

Introduction

Excellent Long Term Shareholder Returns

- including IPO proceeds in 1987 we have raised only £60m from shareholders;
- since IPO we have distributed over £145m in dividends*;
- last fund raising 2001: £40m; since paid over £140m in dividends*;
- dividend increased about 15% p.a. for the last 22 years.

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*including 2015 final dividend

Strategy

Our strategic objectives are to:

- continue to operate and be recognised as a market leader in large, “blue chip” markets;
- focus on delivering added value services which generate high level fees and margins;
- extend our range of services and geographical cover by bringing small/medium sized, high quality, specialist companies into the Group and support them to achieve further growth;
- manage costs carefully;
- convert profit into cash and manage our b/s effectively;
- deliver a growing dividend.

2015 Headlines

- segment profit only 17% down YoY*, despite 69% reduction in Energy contribution; reflects business model strength and Group diversity;
- Energy contributed 17% of segment profit*: (2014- 47% cc);
- increased RCF from £125m to £150m + £50m accordion until July 2020; significant reduction in interest charges;
- 4 acquisitions with total consideration of £61.3m completed;
- operating cash flow and conversion of profit to cash strong;
- net debt @ 31/12/15: £78.8m;
- FY dividend increased 15%.

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* constant currency, after £7m bad debt provision.

Group Performance

Results

	2015	2014	2014 (cc)	%(cc)
Revenue (£m)	**567.0**	572.1	554.7	2.2
Fee income (£m)	**506.1**	505.0	489.6	3.4
Operating profit(1) (£m)	**56.8**	70.2	68.9	(17.5)
PBTA1(£m)	**51.8**	66.1	65.0	(20.3)
Adjusted basic eps (2) (p)	**16.57**	22.04	21.67	(23.5)
Dividend per share (p)	**9.74**	8.47	8.47	15.0
Net bank borrowings (£m)	**78.8**	73.2	na	7.7
Adjusted effective tax rate(3) (%)	**29.6**	26.9	na	2.7

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

One off Adjustments

1. impairment of intangibles in acquired Group companies with significant oil and gas client exposure:

- Energy	£16.6m
- BNE:NAm	£ 2.9m
- AAP	£ 0.5m
Total	£20.0m

2. Energy doubtful debt provision : £7.0m
   : small number of long term debts.

Conversion of profit into cash

£m	2015	2014
PBTA	**51.8**	66.1
Adjust for:		
Depreciation	**8.1**	8.5
Interest	**5.1**	4.1
Share scheme costs	**1.9**	2.0
Transaction costs	**(1.2)**	(1.2)
Other items	**0.1**	(0.2)
EBITDAS	**65.8**	79.3
Working capital reduction/(increase)	**26.8**	(8.5)
Adjusted cash from operations*	**92.6**	70.8
Conversion of profit into operating cash flow	**141%**	89%

* before payment of deferred consideration treated as remuneration

Free Cash Flow + Net Debt

£m	**2015**	2014
Adjusted cash from operations	**92.6**	70.8
Interest	**(5.8)**	(3.6)
Tax	**(11.7)**	(19.5)
Capex (net)	**(7.5)**	(7.2)
Free cash flow	**67.6**	40.5
Acquisition consideration	**(56.5)**	(67.4)
Dividends	**(20.1)**	(17.4)
Other	**(0.1)**	-
Cash out flow	**(9.1)**	(44.3)
Net bank borrowings b/fwd	**(73.2)**	(32.4)
Cash flow	**(9.1)**	(44.3)
Acquisition net cash	**4.6**	2.7
Foreign exchange	**(1.1)**	0.8
Net bank borrowings	**(78.8)**	(73.2)

2015 Acquisitions

	Klotz	Metier	Iris	EIG	Total
	BNE:NA	BNE:E	BNE:NA	AAP	
PBT acquired (£m)	2.4	3.0	1.5	2.7	9.6
Consideration (£m)	15.6	22.2	8.6	14.9	61.3
P/E	10.2	10.6	8.8	8.0	9.5
	Extension of environmental services	Additional PM capability in Norway	Extension of Env. DD services	Addition to PM capability	

Headcount

	31/12/14	31/12/15	Change	Change ex Acquisition	Change Ex Acquisition %
BNE: Europe	2,793	3,193	400	261	9
: North America	382	455	73	(76)	(20)
AAP	939	1,008	69	8	1
Energy	565	457	(108)	(108)	(19)
Group	115	118	3	3	3
Total	4,794	5,231	437	88	2

Deferred Consideration (DC)

£m	2016	2017	2018	Total
DC at 31/12/15	20.4	9.7	0.2	30.3

Bank facilities

Lloyds + HSBC RCF (July 2015)

- £150m committed until July 2020
- Improved terms; c.£0.5m annual savings
- additional £50m accordion

Pricoa

- $150m US private placement 3 year "shelf"
- initial notes £52m issued in September 2014; 7 year term, 4% coupon
- balance of facility $69m (£46m) is uncommitted.

Covenants at 31/12/15

- total net debt/EBITDA 1.58x (maximum 3.0x)
- interest cover 11x (minimum 4x)

Segment Performance

Segment profit (1)

(£m)	2015		2014	2014 (cc) (2)	
BNE: Europe	**30.3**	47%	24.9	23.7	31%
: North America	**10.6**	17%	9.1	9.5	13%
Energy	**10.9**	17%	35.0	35.5	47%
Australia Asia Pacific (AAP)	**12.1**	19%	8.2	7.3	10%
Total	**63.9**	100%	77.2	75.9	100%

(1) after reorganisation costs

(2) 2014 results restated at 2015 currency rates.

BNE: Europe

	2015	2014	2014 (cc) [1]	cc change
Fee income (£m)	**222.4**	186.3	177.3	+25%
Segment profit (£m) [2]	**30.3**	24.9	23.7	+28%
Margin (%)	**13.6**	13.4	13.3	+0.3%

(1) 2014 results restated at 2015 currency rates.
(2) after reorganisation costs of £0.5m (2014: £0.3m).

BNE Europe: half on half progression

	2014		2015	
£m	H1	H2	**H1**	**H2**
Segment profit	11.6	13.3	**14.3**	**16.1**
		+14.3%	+7.4%	+12.5%

BNE: Europe –strong performance in improving markets

- fees, profit and margin all increased;
- P&D had excellent year responding to increased client investment in development markets: housing, distribution, retail and infrastructure;
- environmental management support remains under client budget pressure…
- … but still particularly good performances in UK Water;
- 2014 acquisitions: Clear (UK Water) CgMs (UK P&D) integrated and performed well;
- now includes Norway (OEC + Metier); integration progressing well; O&G softness;
- further growth expected in 2016.

BNE: North America

	2015	2014	2014 (cc) [1]	cc change
Fee income (£m)	**58.7**	41.3	43.4	+35%
Segment profit (£m) [2]	**10.6**	9.1	9.5	+11%
Margin (%)	**18.0**	22.0	21.9	(3.8%)

(1) 2014 results restated at 2015 currency rates.

(2) after reorganisation costs of £0.2m (2014: nil).

BNE: North America: half on half progression

	2014		**2015**	
£m	H1	H2	**H1**	**H2**
Segment profit	4.2	4.9	**5.3**	**5.2**
		+17.7%	+8.4%	-2.0%

BNE: North America – significant opportunity

- growth underpinned by acquisition of GaiaTech (May 2014), Klotz (February 2015) and Iris (October 2015); accelerated diversification into traditional environmental consultancy;
- significant part of business (c40%) still affected by slowdown in energy infrastructure markets;
- still anticipating further growth 2016;
- remains significant market opportunity: looking to create national footprint.

Energy

	2015	2014	2014 (cc) [1]	cc change
Fee income (£m)	**123.0**	175.5	177.5	(31%)
Segment profit (£m) [2]	**10.9**	35.0	35.5	(69%)
Margin (%)	**8.9**	19.9	20.0	(11.1%)

(1) 2014 results restated at 2015 currency rates.
(2) after reorganisation costs of £0.9m (2014: £0.2m) .

Energy: half on half progression

	2014		2015	
£m	H1	H2	**H1**	**H2**
Segment profit	16.7	18.3	**9.6**	**1.3**
		+9.7%	-47.3%	-86.9%

Energy: business split/sequential fee income

(£m)	2014			2015		
	H1	H2	Total	H1	H2	Total
Consultancy	34.5	34.0 -1.3%	68.5	26.5 -22.2%	23.3 -11.9%	49.8 -27.3%
Operations	54.3	52.7 -3.1%	107.0	40.8 -22.5%	32.4 -20.7%	73.2 -31.6%
Total	88.8	86.7 -2.4%	175.5	67.3 -22.4%	55.7 -17.2%	123.0 -29.9%

Energy: resilient performance

- clients E&P budgets cut significantly, many project start ups delayed;
- significant fee reduction unavoidable; but protected by:
  - range of services in different parts of the industry;
  - breadth of clients: IOC, NOC, financial services;
  - geographical reach: genuinely global;
  - not dependent on “big ticket” projects.
- margin also protected:
  - significant internal cost reduction; (£11m annualised);
  - flexible sub consultant model (£25m saving in 2015).
- bad debt provision; £7m from small number of African/Asian clients;
- 2016 likely show further decline in fee income and profit.

Australia Asia Pacific

	2015	2014	2014 (cc) [1]	cc change
Fee income (£m)	**104.2**	103.6	93.1	+12%
Segment profit (£m) [2]	**12.1**	8.2	7.3	+67%
Margin (%)	**11.6**	7.9	7.8	+3.9%

(1) 2014 results restated at 2015 currency rates.

(2) after reorganisation costs of £0.4m (2014: £1.4m).

AAP: half on half progression

	2014		**2015**	
£m	H1	H2	**H1**	**H2**
Segment profit	3.9	4.3	**5.8**	**6.4**
		+9.2%	+34.2%	+10.6%

AAP: repositioning working well

- private development/public infrastructure markets increasingly buoyant after changes of Government in QLD and Vic; reduced tax take focussing attention on vfm projects for Federal government;
- resources sector, mining and gas, continued to reduce capex on new projects;
- we have changed the balance of our business to focus on the development/infrastructure markets; (West to East);
- Point acquisition (September 2014) provided a major shift into these buoyant sectors; followed by EIG (October 2015);
- likely to deliver further growth in 2016.

Prospects

"The acquisitions made in 2015 are integrating well and will make an important contribution this year. The Board is currently expecting a further reduction in Energy profit in 2016. The other three segments are expected to grow".

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 turmoil in the oil and gas sector and increasing uncertainty in economic prospects in many parts of the world inevitably increases the risks to which the Group is exposed. Nothing in this presentation should be construed as a profit forecast.