

Interim Results

13 May 2020



Jon Bunting

Chief Executive Officer



Summary H1 performance

- ▶ Group performance in line with the Board's expectations
- ▶ Smiths News - £3.1m of cost savings offsetting margin decline
- ▶ Central Functions - £1m of cost efficiencies achieved

Delivery of key strategic priorities

- ▶ Tuffnells - strategic review and subsequent disposal completed
- ▶ Sale & Leaseback of selected Tuffnells properties
- ▶ Continued prudent capital management

Current challenging environment

- ▶ Maintaining full service to all our territories
- ▶ Working across the supply chain as restrictions ease
- ▶ Continuing to trade on a profitable and cash generative basis





Tony Grace

Chief Financial Officer

Group continuing performance



£m Adjusted	H1 2020	Restated H1 2019
Smiths News	19.4	20.3
DMD	0.5	1.3
Group operating profit	19.9	21.6
Net finance charges	(3.6)	(3.0)
Group PBT	16.3	18.6
Tax	(3.1)	(3.6)
Group PAT	13.2	15.0
Number of shares	245.9	246.2
Earnings per share	5.4p	6.1p

Continuing - Adjusting items

£m	H1 2020	H1 2019
Network and re-organisation costs	(2.3)	(1.2)
Goodwill impairment	(5.7)	-
Provision of expected credit losses	(0.9)	-
Impairment of investment in JV	(0.3)	-
Pension	(0.4)	(1.5)
IPR settlement income	-	0.3
Amortisation of acquired intangibles	-	(0.2)
Total before taxation	(9.6)	(2.6)
Taxation	0.8	0.6
Total after taxation	(8.8)	(2.0)

Free cash flow (continuing and discontinued)



£m	H1 2020	H1 2019
Adj. Operating profit – continuing	19.9	21.6
Adj Operating profit - discontinued	(9.2)	(8.7)
Depreciation and amortisation	10.5	5.1
Adjusted EBITDA	21.2	18.0
Working capital movement	(2.7)	2.4
Capital expenditure	(5.9)	(2.7)
Proceeds of sale & leaseback	14.6	-
Finance lease payments	(9.3)	(1.5)
Net interest paid	(4.4)	(2.6)
Taxation	0.3	(1.2)
Adjusted items	(5.0)	(6.8)
Other	0.3	0.2
Free cash flow	9.1	5.8
Free cash flow – continuing	5.0	19.4
Free cash flow – discontinued	4.1	(13.6)

Net debt



£m	H1 2020	H1 2019
Opening net debt	(73.9)	(83.4)
Free cash flow - continuing	5.0	19.4
Free cash flow - discontinued	4.1	(13.6)
Lease creditor movement	0.6	1.5
Pension deficit	(0.7)	(1.2)
Dividend paid	(2.4)	-
Other	(0.7)	(0.2)
Bank net debt	(68.0)	(77.5)
Bank net debt : EBITDA	2.0x	1.95x
Bank net debt	(68.0)	(77.5)
IFRS16 lease adjustment	(77.7)	
Closing net debt	(145.7)	-

Jon Bunting

Chief Executive Officer



1. Safety

The wellbeing of our colleagues and customers is paramount



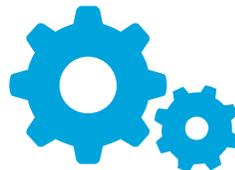
2. Service

Maintaining as full a service as possible



3. Capability

Mitigating actions must not damage our long term capability



4. Sustainability

Working with our partners to support the supply chain



Smiths News operations continue in all territories

- ▶ Adjustments to working practices for safety of colleagues and customers
- ▶ Up to 10% of retail outlets closed – typically high volume stores
- ▶ Customer support services in UK and India
- ▶ Mitigating cost savings across operations
- ▶ DMD and Instore operations suspended
- ▶ Furlough of over 500 colleagues

Uncertain impact on H2

- ▶ Margin reduction from lost sales
- ▶ Cancellation of UEFA championships
- ▶ Cost savings not sufficient to mitigate impact
- ▶ Cash flow implications
- ▶ Exit from lockdown remains uncertain

Operations remain profitable and cash generative



Managing through lockdown

- ▶ Working to guiding principles and mitigating the financial impact on H2

Preparing for exit and recovery phase

- ▶ Adapting service and processes for the 'new normal'

Resizing the Group functions

- ▶ Pressing ahead with restructuring opportunities

Renewal of Group banking facilities

- ▶ Complete by autumn 2020

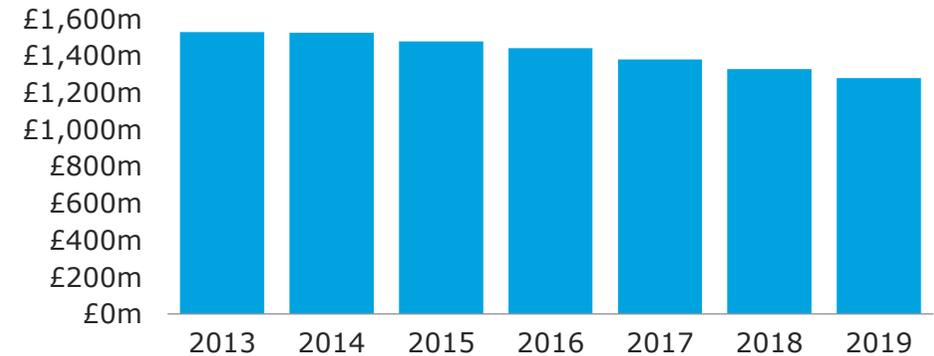
Strategy to deliver shareholder value

- ▶ Clarity on deliverables for all stakeholders



- ▶ Declining but predictable revenues
- ▶ Cost savings offsetting margin decline
- ▶ Consistently strong profits and cash
- ▶ Capital light, cash generative model
- ▶ Reduced central overheads offering further opportunity
- ▶ Contracts successfully renegotiated - 80% of revenue secured to 2024
- ▶ Industry leader for service to publishers and retailers

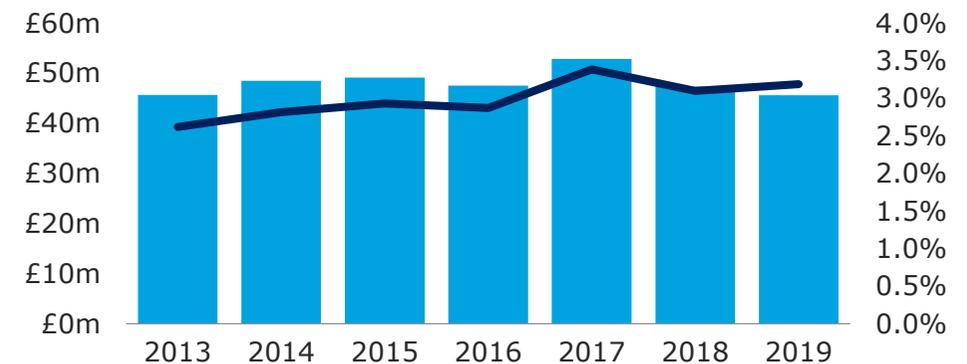
Gross Revenue



Margin Decline & Network Savings



EBITDA & Operating Margin



Trading H1

- ▶ Performance in line with expectations
- ▶ All strategic priorities delivered
- ▶ Smith News exceeding expectations

Current priorities

- ▶ Manage through lockdown and exit
- ▶ Press ahead with Group resizing
- ▶ Renegotiation of banking facilities

Future

- ▶ Lockdown - uncertain impact
- ▶ 'New normal' evolving in the supply chain
- ▶ Roadmap for shareholder value underway



Cautionary statement



This document contains certain forward-looking statements with respect to Connect Group PLC's financial condition, its results of operations and businesses, strategy, plans, objectives and performance. Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of Connect Group PLC's future performance and relate to events and depend on circumstances that may occur in the future and are therefore subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document. Unless otherwise required by applicable law, regulation or accounting standard, Connect Group PLC undertakes no responsibility to publicly update any of its forward-looking statements whether as a result of new information, future developments or otherwise.

Nothing in this document should be construed as a profit forecast or profit estimate. This document may contain earnings enhancement statements which are not intended to be profit forecasts and so should not be interpreted to mean that earnings per share will necessarily be greater than those for the relevant preceding financial period.

The financial information referenced in this document does not contain sufficient detail to allow a full understanding of the results of Connect Group PLC. For more detailed information, please see the interim results announcement for the half-year ended 29 February 2020 which can be found on the Investor Relations section of the Connect Group PLC website – www.connectgroupplc.com. However, the contents of Connect Group PLC's website are not incorporated into and do not form part of this document.

The following definitions have been applied consistently throughout this interim results announcement:

- Adjusted H1 2020 and H1 2019 results exclude adjusted items and amortisation of acquired intangibles and include the results of acquired businesses from the date of acquisition and excludes results from businesses disposed and / or held for sale in the prior period.
- Adjusted earnings per share are calculated using adjusted profit before tax and the Group adjusted effective tax rate of 19.0% for H1 2020 and 19.4% for H1 2019.
- Free cash flow is cash flow excluding the following: payment of the dividend, acquisitions and disposals, repayments of obligations under leases, the repayment of bank loans, pension deficit repairs and EBT share purchase.
- Net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings, overdrafts and obligations under leases.
- H1 2020 refers to the half year ended 29 February 2020, H1 2019 refers to the half year ended 28 February 2019 and FY2019 refers to the year ended 31 August 2019.