2012 Results: a record year

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Highlights: a record year

- diversity of activity and geography enabled the Group to produce results at the top end of market expectations;
- all 3 reported segments increased profit contribution and margin;
- balance sheet remains strong with year end net bank borrowings at £13.5m (2011: £23.5m) having invested £24.2m in acquisitions during 2012; debt at 8 year low;
- bank facilities of £125m available until July 2016;
- (proposed) full year dividend increased by 15%; 19th consecutive annual increase of this scale.

Summary of results

	2012	2011	
Revenue (£m)	555.9	528.7	*+5%*
Fee income (£m)	478.8	452.7	*+6%*
Operating profit[1] (£m)	62.1	53.0	*+17%*
PBTA[1](£m)	60.1	50.8	*+18%*
Adjusted basic eps[2] (p)	19.48	16.68	*+17%*
Dividend per share (p)	6.40	5.56	*+15%*
Net bank borrowings (£m)	13.5	23.5	*-43%*
Profit[3] conversion to cash	105%	113%	

[1]before amortisation of acquired intangibles and transaction related costs.

[2] based on earnings before amortisation of acquired intangibles, transaction related costs.

[3] based on operating profit adjusted for depreciation, share scheme costs, amortisation, deferred consideration treated as remuneration and non-cash transaction related costs.

Excellent conversion of profit into cash

£m	2012	2011
PBTA	60.1	50.8
Adjust for:		
Depreciation	9.0	8.0
Interest	2.0	2.2
Share scheme costs	2.1	2.4
Transaction costs	(0.8)	(0.8)
Other items	(0.3)	0.1
	72.1	62.7
Working capital decrease	3.9	8.4
Adjusted cash from operations*	76.0	71.1
Conversion of profit into operating cash flow	105%	113%

*before payment of deferred consideration treated as remuneration.

Balance sheet and debt managed effectively

£m	2012	2011
Adjusted cash from operations	76.0	71.1
Interest	(2.0)	(2.1)
Tax	(18.2)	(12.8)
Capex (net)	(9.2)	(8.7)
Free cash flow	46.6	47.5
Acquisitions	(23.9)	(25.9)
Dividends	(13.4)	(11.4)
Other	0.2	(0.1)
Cash flow	9.5	10.1
Net bank borrowings b/fwd	(23.5)	(31.5)
Cash flow	9.5	10.1
Acquisition debt	(0.3)	(1.2)
Foreign exchange	0.9	(0.8)
Net bank borrowings c/fwd	(13.5)	(23.5)

Funding: new facility - modest usage

Revolving credit facility:	£75m:	expires July 2016
Accordion:	£50m:	expires July 2016

Net bank debt (31/12/12): £13.5m

Expected deferred consideration cash payments:

£m	Total	2013	2014
Total	18.4	11.3	7.1

Bank covenants:

- total net debt/EBITDA	0.45	(maximum 2.5x)
- interest cover	30.2	(minimum 4x)

Resilient performance during the GFC

1991-2007: profits grew at a compound rate of well over 20% pa.

	Fee Income (£m)	PBTA* (£m)	Net Bank Debt (£m)	Dividend (p)
2008	392 (+29%)	57.5 (+28%)	28.6	3.66 (+15%)
2009	374 (-5%)	52.5 (-9%)	32.8	4.20 (+15%)
2010	393 (+5%)	48.0 (-9%)**	31.5	4.83 (+15%)
2011	453 (+15%)	50.8 (+6%)	23.5	5.56 (+15%)
2012	479 (+6%)	60.1 (+18%)***	13.5	6.40 (+15%)

* after reorganisation costs
** peak to trough: --17%
*** 25% above trough

Segment results: further emphasis on Energy and energy infrastructure.

Underlying Profit (£m)	2012	2011	
Energy	39.7	32.1	*+24%*
Built and Natural Environment			
- Europe	18.9	18.0	*+ 5%*
- Australia Asia Pacific (AAP)	13.0	11.0	*+18%*
	31.8	29.0	*+10%*
Total	71.6	61.1	*+17%*

"Underlying profit" is segment profit before reorganisation costs.

Energy: excellent results – sustained high margin

	2012	2011	
Fee income (£m's)	225.9	186.1	*+21%*
Underlying profit (£m's)	39.7	32.1	*+27%*
Margin (%)	17.6	17.2	

Energy: underlying profit - half on half progression (£m)

	2011			2012		
£m	H1	H2	**FY**	H1	H2	**FY**
Underlying profit	14.3	17.8	**32.1**	19.1	20.6	**39.7**

Energy: strong performance and good prospects

- client investment in conventional O&G E&P strong throughout the year;
- global investment in unconventionals buoyant; switch from shale gas to liquids in US;
- also busy on transactions + asset valuations;
- strong performance in US: good activity in GoM;
- North Africa still subdued (political unrest): rest of Africa opportunities improved;
- good levels of activity in ME (Iraq/Kurdistan);
- training performed well – PEICE acquisition expands into Canada;
- oceanographic business also had good activity levels;
- prospects for 2013 remain positive: O&G E&P capex seems likely to grow again.

Built and Natural Environment (BNE): another solid performance in uncertain markets

(£m's)	Europe			AAP			Total		
	2012	2011		2012	2011		2012	2011	
Fee income	157.2*	178.2	*(12%)*	98.3	91.0	*+ 8%*	255.3*	269.1	*(5%)*
Underlying profit	18.9	18.0	*+5%*	13.0	11.0	*+18%*	31.8	29.0	*+10%*
Margin (%)	12.0	10.1		13.2	12.1		12.5	10.8	

* sale of Irish business reduced by c£10m.

BNE: underlying profit - half on half progression (£m)

£m	2011 H1	2011 H2	2011 FY	2012 H1	2012 H2	2012 FY
Europe	9.0	9.0	**18.0**	9.8	9.0	**18.9**
AAP	4.7	6.3	**11.0**	6.3	6.7	**13.0**
Total	13.7	15.3	**29.0**	16.1	15.7	**31.8**

BNE: Europe – resilient performance in flat markets

- improved performance largely due to self help: overall markets did not improve in 2012; reorganisation cost £0.8m spread over year;
- H&S and risk management (Nuclear) did well: good market positioning;
- traditional development clients became noticeably quieter in Q3 and remained subdued until the year end;
- energy infrastructure projects became more significant; a new “dash for gas” in UK could be helpful;
- a number of significant UK water projects ended in mid year; building volumes back again, but tough H1 comparables;
- Irish/NL businesses performed well despite Eurozone problems;
- assuming markets unlikely to improve in 2013; more self help.

BNE: AAP – a story of two halves

- H1: continued to benefit from high levels of investment in infrastructure to deliver mining products, CSG and offshore gas to market;
- H2: change of sentiment caused by softening of demand, escalating project costs, and trimming of growth in Oz economy; delay in starting some new projects and phases of some existing projects; cost pressures;
- taking steps to reduce cost base to accommodate reduced volumes and pricing pressure; (H2 reorganisation cost £0.9m);
- outside resources sector economy remained subdued although Federal and State governments have ambitious infrastructure plans, which will assist us; the September election likely to cause uncertainty about new projects;
- well positioned to benefit from resource market recovery and Government stimulus/infrastructure spend.

Acquisition strategy

- strategy remains to build Energy and multi-disciplinary businesses in Australia and North America;
- balance sheet strength makes continued investment possible; we remain cautious about investment due to economic uncertainty, particularly in Europe; but likely to see further activity in 2013;
- future deals likely to increase international activity of the Group further over the next few years.

Group prospects

- well positioned in markets of long term importance;
- focus on energy/energy infrastructure underpins our prospects;
- further acquisitions likely and will increase internationalisation of the Group;
- on track to deliver further growth in 2013; likely to be greater in H2.

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.