



Writtle

Writtle Holdings Limited
Interim Report 2016

Writtle is an investment and management services company that owns majority shareholdings in a portfolio of media and marketing services companies. We create value for our shareholders by using our experience in the media sector and capital to support these specialist businesses to achieve their full potential.

Our companies



arken
creators of award winning p-o-p

Beyond

**EPOCH
DESIGN**



[magnet**harlequin**]

T ≡ < h v i k ★

seymourpowell

theTeam.

Williams Murray Hamm

Writtle
PROPERTY

20.20 is a strategic design consultancy. We transform retail and leisure businesses into emotionally connected brand experiences; making it easier for customers, fans and colleagues to transact, engage and belong – in person, on the move or online.

Arken is a multi-award-winning, creative-led designer and manufacturer of retail display and signage, shop-in-shop theatre and point-of-purchase products.

Beyond creates beautifully distinct brands, memorable campaigns and retail environments that will turn heads, capture hearts, sell products and inspire loyalty.

Epoch is a creative agency specialising in packaging, in-store and online for global FMCG brands.

Maglabs is a global digital asset management, marketing resource and workflow technology provider. We support market-leading businesses and brands worldwide.

The Magnet Harlequin Group, comprising **Magnet Harlequin**, **Technik** and **Magnet Harlequin Asia**, provides pre-media production, business process management and creative services to retailers and brand owners alike.

Seymourpowell creates brilliantly integrated product and brand experiences. Experiences that people love, make a difference, add value and define a brand.

The Team is an award-winning integrated brand and communications business. We create clarity of brand purpose, promise and presence.

Williams Murray Hamm fuses serious strategic muscle with creatively adventurous design, resulting in out-of-the-ordinary innovation and branding.

Writtle Property Limited was formed to invest in certain properties owned or part-owned by the group and occupied by group companies.

It has been an eventful six months for Writtle and I am pleased to present the trading results for the period to 30 June 2016.

Results and dividends

Turnover from continuing operations was £27.45m (2015: £26.12m) and operating profit from continuing operations was £0.74m (2015: £0.32m). A profit of £5.13m was made on the sale of Creo Retail Marketing Ltd (Creo) on 22 June 2016 which contributed to a profit before tax of £6.22m (2015: £0.78m) for the period.

At 30 June 2016 Writtle was holding net cash balances of £6.53m (2015: debt of £8.56m). A special dividend of 50p per share was paid on 29 July 2016 to shareholders on the register on 22 June 2016 and an interim dividend of 3.75p will be paid on 31 October 2016 to shareholders on the register on 7 September 2016.

Review of trading

The first six months once again demonstrated the resilience of Writtle's business through having a portfolio of businesses operating in different fields within media and marketing services.

While the Writtle agencies most directly involved in innovation and new product design experienced a sharp slowdown in the second quarter, other businesses specialising in implementation enjoyed impressive growth.

It is too early to say whether the travails of the innovation and product design agencies are temporary or more long lasting, but action was taken to reduce their cost base resulting in restructuring costs of £0.14m being incurred in the period.

Magnet Harlequin and Technik produced strong performances in the period as they increased market share in the competitive retail sector and Arken opened additional premises in Sandy, Bedfordshire to expand capacity as it continued to win work in the health and beauty category of its largest retail client. These businesses continue to be busy as we approach the final quarter.

Other agencies performances were noteworthy for their consistency, with Epoch once again being the stand out performer in this regard.

Corporate activity

The year started with our ultimately unsuccessful bid for Tangent Communications PLC and the £0.12m bid costs have been expensed in these results. The profile gained for Writtle from the bid has been considerable and we continue to review potential acquisitions, favouring larger transactions over small bolt-ons. Our key criterion remains the increase in shareholder value and while scale and synergies can provide this, scale alone is not sufficient.

The sale of Creo on 22 June 2016 marked the conclusion of a nine-year journey from start-up that perfectly demonstrates the Writtle model. In a market it knew well, Writtle provided start-up funds, alongside management, and supported growth through loans and management support. The decision to sell was pragmatic: further growth would have required considerable investment in a continental European presence and a sale was the sensible course of action. The value created for shareholders has been considerable and Writtle's already strong balance sheet

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We repeated the share trading opportunity for shareholders in May 2016 with £0.6m changing hands in matched bargains for Writtle shares. This share trading once again avoided the significant costs associated with formal markets for those who wish to buy or sell their shares, although we are conscious that this internal market might not deliver the premium valuation of formal markets. Despite a growing interest from brokers in our sustainable business model, which has yielded consistent results and progressive dividends, we consider Writtle does not yet have the scale to benefit from a Stock Exchange flotation.

We will announce with the annual report and accounts whether there will be a further share trading opportunity in May 2017. However, there will be an opportunity to purchase shares in Writtle before the end of the current year as our private equity shareholders, ABRY Partners and Veronis Suhler Stevenson, have notified us that they wish to exercise a put option over 650,916 shares, being a third of their current shareholdings. The put option was agreed at the time of the acquisition of Loewy Group in 2011

and recently updated to allow the sale of a third of the ABRY Partners and Veronis Suhler Stevenson shares in 2016, 2017 and 2018. These shares will be subject to independent valuation and offered to existing shareholders in the first instance and I will be writing to shareholders soon with details of the price, application process and timings.

Current trading

We are not immune from external factors but our portfolio approach gives Writtle the ability to weather turbulence in individual agencies. Overall, current trading is good and I look forward to another strong second half.

Robert Essex

Chairman
26 September 2016

Consolidated statement of comprehensive income for the six months ended 30 June 2016

	6 months to 30 June 2016 Unaudited £000	6 months to 30 June 2015 Unaudited £000	Year ended 31 December 2015 Audited £000
Turnover			
Continuing operations	27,451	26,119	57,459
Discontinued operations	11,233	13,129	25,661
	38,684	39,248	83,120
Cost of sales	(14,531)	(15,511)	(34,617)
	24,153	23,737	48,503
Gross profit			
Administrative expenses	(22,972)	(22,796)	(44,595)
Profit on sale of investments	5,134	–	–
	6,315	941	3,908
Operating profit			
Continuing operations	744	322	1,997
Discontinued operations	437	619	1,911
Profit on sale of investments	5,134	–	–
	6,315	941	3,908
Operating profit before the items listed below	1,887	1,435	4,727
Profit on sale of investments	5,134	–	–
Exceptional items	(260)	–	(559)
Amortisation	(338)	(364)	(731)
Share-based payments	(108)	(130)	471
	6,315	941	3,908
Operating profit			
Income from current asset investments	–	–	5
Interest payable and similar charges	(98)	(158)	(305)
	6,217	783	3,608
Profit on ordinary activities before taxation			
Taxation on profit on ordinary activities	(322)	(259)	(833)
	5,895	524	2,775
Profit on ordinary activities after taxation			
Non-controlling interests	(267)	(319)	(802)
	5,628	205	1,973
Profit for the financial year			

Consolidated statement of financial position as at 30 June 2016

	As at 30 June 2016 Unaudited £000	As at 30 June 2015 Unaudited £000	As at 31 December 2015 Audited £000
Fixed assets			
Intangible assets	10,371	11,441	11,076
Tangible assets	3,862	9,263	11,471
Investments	498	155	498
	14,731	20,859	23,045
Current assets			
Stocks	2,178	2,036	1,716
Debtors	17,851	24,960	22,183
Current assets investments	–	180	–
Cash at bank and in hand	7,905	3,479	3,061
	27,934	30,655	26,960
Creditors: Amounts falling due within one year	(14,242)	(25,980)	(20,218)
Net current assets	13,692	4,675	6,742
Total assets less current liabilities	28,423	25,534	29,787
Creditors: Amounts falling due after more than one year	(411)	(2,648)	(4,728)
Provisions for liabilities			
Deferred tax	(4)	(197)	(328)
Net assets	28,008	22,689	24,731
Capital and reserves			
Called up share capital	7,179	6,980	6,992
Share premium account	6,715	6,494	6,497
Other reserves	(772)	(403)	(428)
Profit and loss account	13,088	6,557	8,424
Equity attributable to owners of the parent company	26,210	19,628	21,485
Non-controlling interests	1,798	3,061	3,246
	28,008	22,689	24,731

Consolidated statement of changes in equity as at 30 June 2016

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent Company £000	Non-controlling interests £000	Total equity £000
At 1 January 2015	6,830	6,395	90	7,286	20,601	2,949	23,550
Profit for the period	–	–	–	205	205	319	524
Total comprehensive income for the period	–	–	–	205	205	319	524
Dividends: Equity capital	–	–	–	(478)	(478)	(104)	(582)
Shares issued during the period	150	99	–	–	249	–	249
Other movements	–	–	(493)	(456)	(949)	(103)	(1,052)
Total contributions by and distributions to owners	150	99	(493)	(934)	(1,178)	(207)	(1,385)
At 30 June 2015	6,980	6,494	(403)	6,557	19,628	3,061	22,689
Profit for the period	–	–	–	1,768	1,768	483	2,251
Total comprehensive income for the period	–	–	–	1,768	1,768	483	2,251
Dividends: Equity capital	–	–	–	(226)	(226)	(41)	(267)
Shares issued during the period	12	3	–	–	15	–	15
Other movements	–	–	(25)	325	300	(257)	43
Total contributions by and distributions to owners	12	3	(25)	99	89	(298)	(209)
At 31 December 2015	6,992	6,497	(428)	8,424	21,485	3,246	24,731
Profit for the period	–	–	–	5,628	5,628	267	5,895
Total comprehensive income for the period	–	–	–	5,628	5,628	267	5,895
Dividends: Equity capital	–	–	–	(565)	(565)	(195)	(760)
Shares issued during the period	187	218	–	–	405	–	405
Other movements	–	–	(344)	(399)	(743)	(1,520)	(2,263)
Total contributions by and distributions to owners	187	218	(344)	(964)	(903)	(1,715)	(2,618)
At 30 June 2016	7,179	6,715	(772)	13,088	26,210	1,798	28,008

Consolidated statement of cash flows for the six months ended 30 June 2016

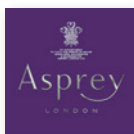
	6 months to 30 June 2016 Unaudited £000	6 months to 30 June 2015 Unaudited £000	Year ended 31 December 2015 Audited £000
Cash flows from operating activities			
Profit for the financial period	5,895	524	2,775
Adjustments for:			
Depreciation of tangible fixed assets	1,022	915	1,899
Amortisation of intangible fixed assets	338	364	731
Profit on disposal of tangible fixed assets	(27)	–	(2)
Profit on disposal of investment in subsidiary	(5,134)	–	–
Profit on disposal of current asset investments	–	–	(25)
Income from current asset investments	–	–	(5)
Share-based payment charge/(credit)	108	130	(471)
Interest charge	98	158	305
Corporation tax charge	322	259	833
Corporation tax paid	(256)	(717)	(973)
(Increase)/decrease in stocks	(1,166)	(192)	128
(Increase)/decrease in debtors	(2,025)	(361)	2,405
Increase/(decrease) in creditors	1,926	(788)	618
Net cash generated from operating activities	1,101	292	8,218
Cash flows from investing activities			
Purchase of tangible fixed assets	(765)	(1,518)	(4,712)
Purchase of additional equity in subsidiaries	(86)	(280)	(493)
Purchase of fixed asset investments	–	–	(25)
Sale of tangible fixed assets	71	–	4
Sale of non-controlling equity in subsidiaries	58	–	–
Sale of subsidiaries	8,336	–	–
Sale of current asset investments	–	–	205
Cash disposed with subsidiaries	(969)	–	–
Dividends received	–	–	5
Net cash used in investing activities	6,645	(1,798)	(5,016)

Consolidated statement of cash flows continued for the six months ended 30 June 2016

	6 months to 30 June 2016 Unaudited £000	6 months to 30 June 2015 Unaudited £000	Year ended 31 December 2015 Audited £000
Cash flows from financing activities			
Issue of ordinary shares	405	249	264
New secured loans	–	4,514	–
Repayment of loans	(1,031)	(3,277)	(3,633)
New finance leases	–	889	1,120
Repayment of finance leases	(200)	(251)	(407)
Movements on invoice discounting	(874)	481	573
Equity dividends paid	(565)	(478)	(704)
Interest paid	(98)	(158)	(305)
Dividends paid to non-controlling interests	(195)	(105)	(145)
Purchase of shares by ESOT	(344)	(493)	(518)
Net cash (used in)/generated from financing activities	(2,902)	1,371	(3,755)
Net increase/(decrease) in cash and cash equivalents	4,844	(135)	(553)
Cash and cash equivalents at beginning of period	3,061	3,614	3,614
Cash and cash equivalents at the end of period	7,905	3,479	3,061
Cash at bank and in hand	7,905	3,479	3,061

Analysis of net cash/(debt) as at 30 June 2016

	As at 30 June 2016 Unaudited £000	As at 30 June 2015 Unaudited £000	As at 31 December 2015 Audited £000
Cash at bank and in hand	7,905	3,479	3,061
Debt			
Finance leases	(7)	(1,225)	(1,301)
Debts due within one year	(960)	(8,169)	(2,163)
Debts falling due after more than one year	(411)	(2,645)	(3,873)
Net cash/(debt)	6,527	(8,560)	(4,276)



[magnetcharlequin]

Creative Production – Asprey Providing high end design, photography, post production, artwork and print production for the internationally renowned jeweller Asprey.



REVLON
LOVE IS ON™

LOOKING FOR THE ONE?

Revlon ColorStay Foundation
WHATEVER YOUR SKIN,
WE'VE GOT IT COVERED

Revlon ColorStay Foundation is fragrance free. It comes in 32 shades and 2 finishes, for oily/combi and normal/dry skin.

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Design and Shopper Partner Agency – Revlon Epoch ensure Revlon is 'best in class', providing them with insight-driven creative from photoshoots, video, packaging and digital to shopper and instore.

Writtle

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