



...making excellence a habit.™

2016 AGM presentation

Howard Kerr, Chief Executive



INVESTORS
IN PEOPLE | Silver



- Introduction
- 2015 highlights
- 2015 financial results
- Business review
 - By geography
 - By business stream
- Summary and outlook

Our Strategy

Strategic vision and objective

Our strategic vision is to become the global business improvement partner of choice

Our strategic objective is to achieve a sustainable level of scale and relevance in our selected global and increasingly competitive Knowledge, Assurance and Compliance markets.

How will we do this?

We aim to become the knowledge leader providing the most relevant smart content

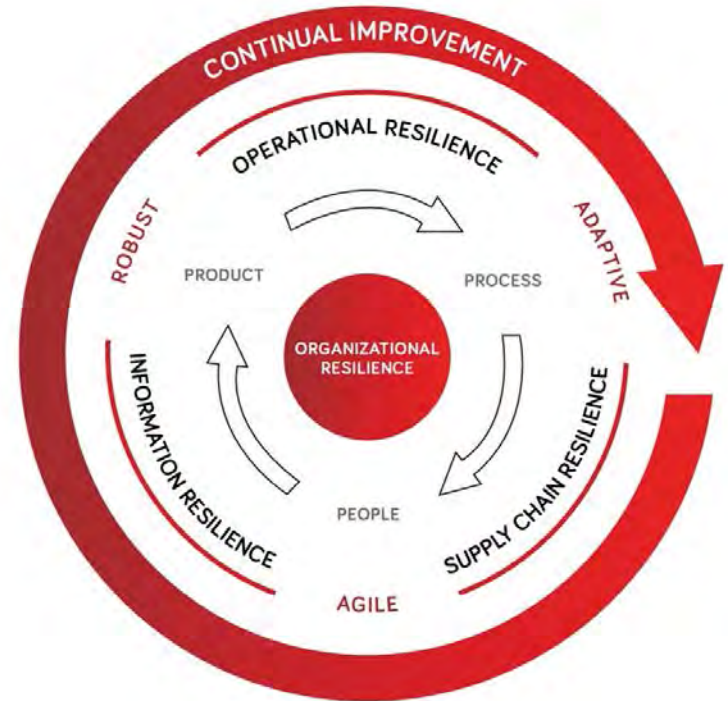
We aim to be the most trusted authority for approving products and processes

We aim to be the leading provider of organizational learning and development

We aim to be the most innovative developer of expertise and tools for continual development

Our Strategy

- This year, we launched a new unifying theme of '**Organizational Resilience**'
The principle that all of BSI's products and services help ensure Organisations are:
 - agile, adaptable, robust and competitive and
 - can 'pass the test of time'.
- BSI believes this is achieved through:
 1. Product Excellence
 2. Process Reliability
 3. And the right People Behaviours
- To deliver these, we have chosen to focus on the following domains:
 1. Operational Resilience
 2. Information Resilience
 3. Supply Chain Resilience



Why Do We Need 'Organizational Resilience'?

- The ultimate benefit or result of '**making excellence a habit**' is a **resilient organisation**
- It **elevates our 'pitch'**, raising awareness of BSI among key decision makers, especially the 'C-Suite'.
- It provides us with a **distinctive 'voice'**, and **competitive differentiation as a thought leader**.
- It provides **clarity and leadership** for BSI's global marketing and communication teams
- It demonstrates our **expertise** in selected topics aligned to BSI's global offering
- It draws together our **unique strengths**, into a clear set of **customer benefits**.

Our Strategic Initiatives

- 1.1. Develop leadership under the theme of '**Organizational Resilience**'
- 1.2. Develop leadership in our chosen **sectors: Healthcare, Food and Built Environment**
- 1.3. Develop leadership in our chosen **domains: Supply Chain, Information and Operational Resilience**

2. Expand our **NSB services**: increase UK engagement & international development

3. Develop our **Standards Publishing business** into an information solutions provider

4. Build a sustainable, higher margin, **Systems Certification business**

5. Expand our global **Training** business and improve its margins

6. Globalize our **Product Certification** offering

7. Build our **Professional Services** offering:
7.1 EHS
7.2 Non-EHS

8. Identify and execute **acquisitions**

9. Address the challenges and opportunities of technology shift: the '**Digitalization of BSI**'

10. Develop strategic **resources planning**

11. Optimize **business and IT process and systems**

12. Deploy effective **go to market**

2015 Highlights

- Strong global performance in improving economic conditions albeit with increased volatility towards year end.
- Record underlying revenue for sixteenth consecutive year
- 2013 investments paying back as expected, delivering record profit performance
- Cash remained over £50m at year end despite:
 - Acquisitions of EORM and HCE in US and PwC Systems Certification business in South Africa costing £19.7m during year
 - Contribution to UK defined benefit pension scheme of £12.5m
- Net assets increased by 39% as pension deficit decreased, BSI remains debt free
- The implementation of our strategy continued as planned

2015 Financial Results

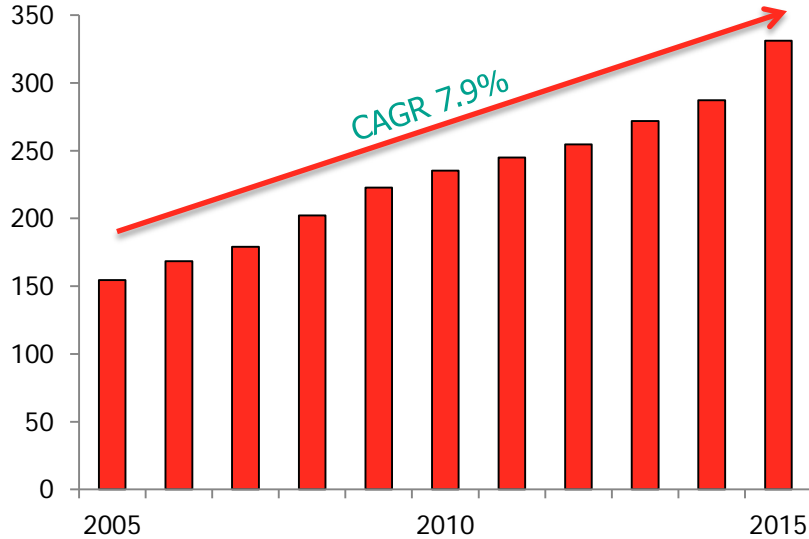
£m	2015	2014	2013	2015/14 growth (%)
Revenue	331.1	287.1	271.8	15%*
Gross profit	155.2	137.0	131.6	
Gross profit margin	46.9%	47.7%	48.4%	
Underlying operating profit	35.4	29.1	28.3	22%**
UOP margin	10.7	10.1%	10.4%	
Operating profit	34.1	30.7	26.8	11%
Cash	51.0	52.8	43.4	-3%
Net assets	78.4	56.5	63.4	39%
UK pension scheme deficit	70.9	82.0	58.7	14%

*Revenue growth was 9% organic and 6% inorganic. Exchange rates had a negligible overall effect in 2015

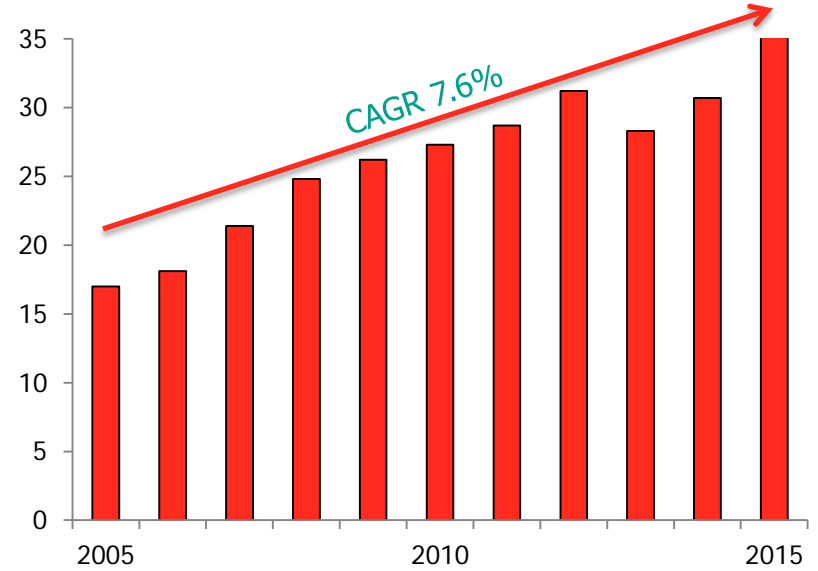
** UOP growth was 18% organic and 4% inorganic. Exchange rates had a negligible overall effect in 2015

Revenue and Profit Evolution

Revenue £m



Underlying operating profit £m

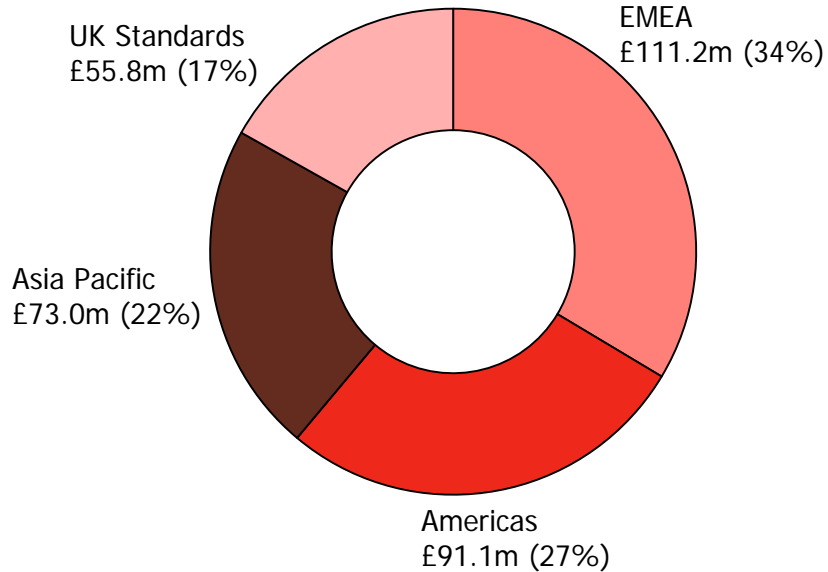


Use of Funds

£m	2015	2014
Cash generated from operations	45.7	38.5
Funds have been deployed as follows:		
- UK defined benefit pension fund	(12.5)	(12.5)
- Tax payments	(8.6)	(8.5)
- Investment in acquisitions	(19.7)	
- Investment in fixed assets	(3.8)	(3.6)
- Investment in IT systems & training products	(3.0)	(4.8)
- Other movements	0.1	0.3
Net increase in funds	(1.8)	9.4

Revenue by Geography and Business Stream

Geography

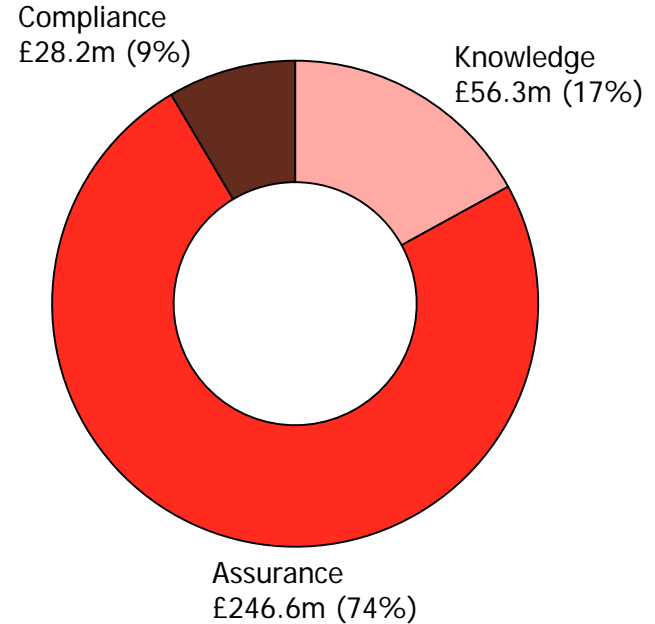


In 2008:

UK/EMEA accounted for: 57% of Revenue

Americas: 22%, Asia Pacific: 21%

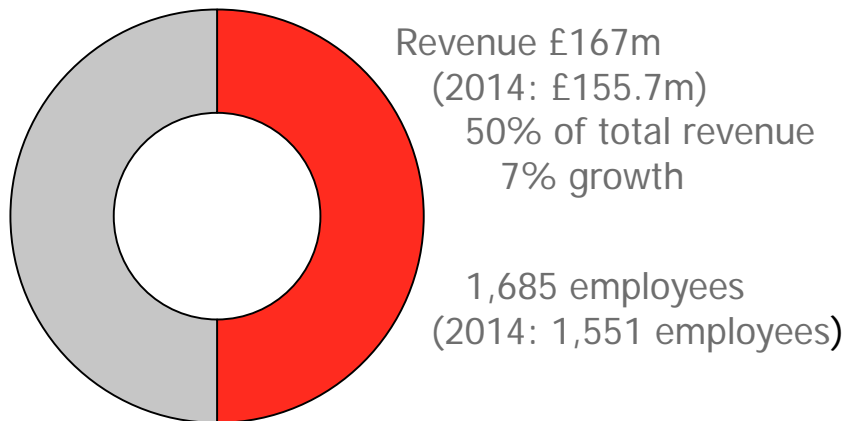
Business stream



Knowledge accounted for 23% of Revenue

and Assurance: 77%

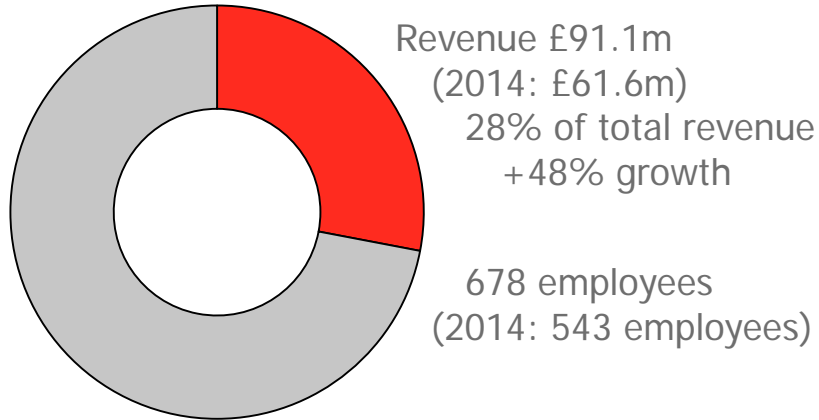
Europe, Middle East and Africa (including Standards)



Offices in the UK (including Head Office), the Netherlands, France, Spain, Italy, Germany, Turkey, Poland, Russia, UAE, Qatar, Saudi Arabia and South Africa

- Revenue growth was 9% at constant exchange rates
- Focused leadership continued to have desired effect on client experience
- Stronger trading conditions in the UK tempered by greater challenges in the Middle East and Central and Southern Europe
- Systems Certification business acquired from PwC in South Africa in January
- Decision taken to combine UK and German Medical Devices Notified Bodies

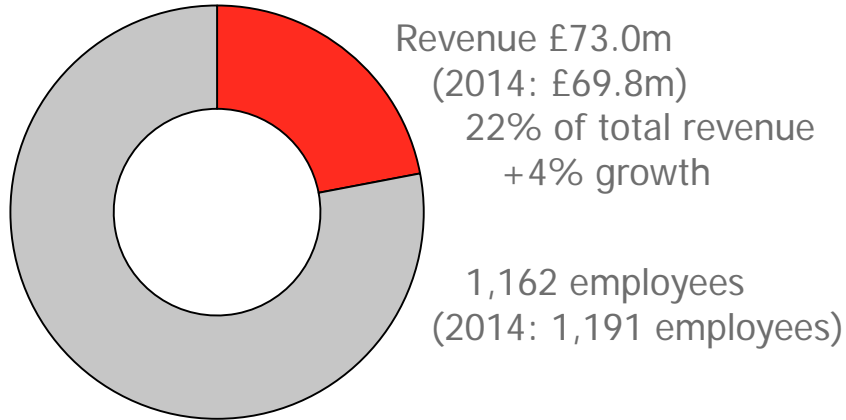
Americas



Offices in the US, Canada, Mexico and Brazil

- Growth was 12% organic and 31% inorganic at constant exchange rates
- Positive economy in US and Canada helped business to prosper
- Healthcare business grew by around 15% and remains clear market leader
- Acquisitions of EORM and HCE boosted Consultancy business
- Brazilian business restructured in light of macro-economic issues
- Mexico gained good momentum during year to deliver over 20% growth

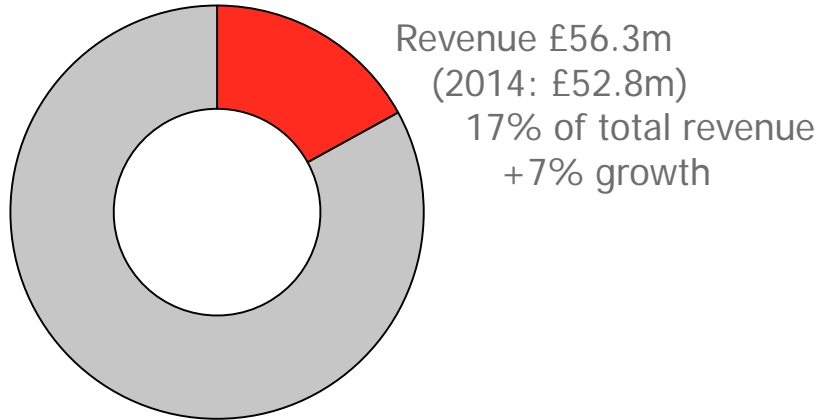
Asia Pacific



Offices in Hong Kong, Australia, China, Japan, India, Indonesia, Korea, Malaysia, Singapore, Thailand and Vietnam

- Organic growth at constant exchange rates was 7%
- Transformation project continued, driving significant value from the region
- Business broke even fully five months earlier than in 2014.
- Chinese business grew profitably despite economic slowdown in country
- Restructuring programme completed in Japan with investment in Training facilities
- Very strong performances elsewhere in region – Australia, India, Taiwan

Knowledge

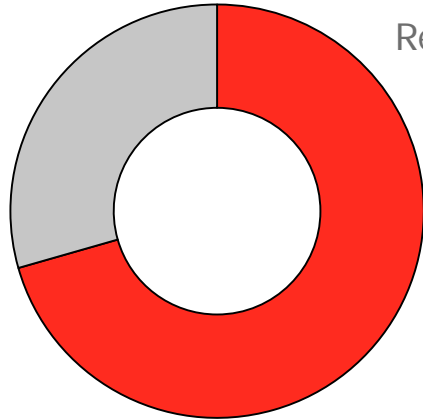


Comprises our Standards sub-stream

Standards

- Strong results with 7% revenue growth at constant exchange rates
- Growth driven by BSOL, digital services, international partner programmes, licensing and standards development programmes
- Four major standards published during year – ISO 9001, ISO 14001, BS 5500, BS 7671
- International Projects won in Egypt, Rwanda and Malawi
- Further investments in digital solutions, product delivery platforms and content creation assets

Assurance



Revenue £246.6m
(2014: £202.6m)
74% of total revenue
+7% growth

Comprises our Systems Certification, Training, Product Certification and Healthcare sub-streams

Systems Certification

- 7% growth at constant exchange rates
- Major event was transition to new versions of ISO 9001 and ISO 14001 - BSI was first CB to be accredited to these at a global level

Training

- 4% growth at constant exchange rates
- Challenging year as clients delayed their training requirement until after transition – picked up recently

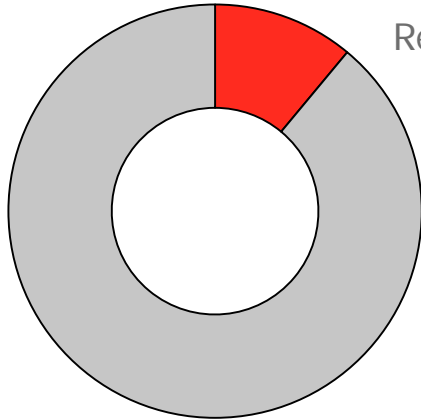
Product Certification

- 7% growth at constant exchange rates
- Significant growth outside the UK as business continues to globalize

Healthcare

- Constant exchange rate growth of 18% was significantly higher than market
- Market leadership in US consolidated
- Good global growth outside traditional markets of UK and US

Compliance



Revenue £28.2m
(2014: £4.8m)
9% of total revenue
+32% organic growth

Comprises our Consultancy, Supply Chain Solutions and Entropy sub-streams

Consultancy

- Acquisitions of EHS consultancy businesses built robust West-Coast US portfolio
- Clients across BSI benefiting from broader product range

Supply Chain Solutions

- Strong year in software sales, verification and consultancy, with revenue almost doubling
- Continued investment in SCREEN product which has received good client feedback

Entropy

- Difficult year with declining revenues led to reorganization and clear roadmap for future

Summary and Outlook

- Proven strength of brand, reputation and portfolio – business model in place with no over-reliance on any geography, business stream or sector
- Standards continue to provide confidence, value and relevance in dynamic markets. The National Standards Body fully supports HMG and the UK business agenda, exerting strong influence internationally.
- Steady growth every year for past decade from increased linkage across the business to enhance client benefits, based on the expertise and commitment of our people
- Clear strategy for future growth with ambitious targets
 - Led by organic growth (existing and new clients)
 - Supported by targeted acquisitions (where appropriate)
- Acquisition of Espion announced in April 2016 – brings Information Security Consultancy into the Group portfolio
- Projecting further expansion in 2016 and continued revenue and profit growth