



2018 AGM Presentation

Howard Kerr, Chief Executive



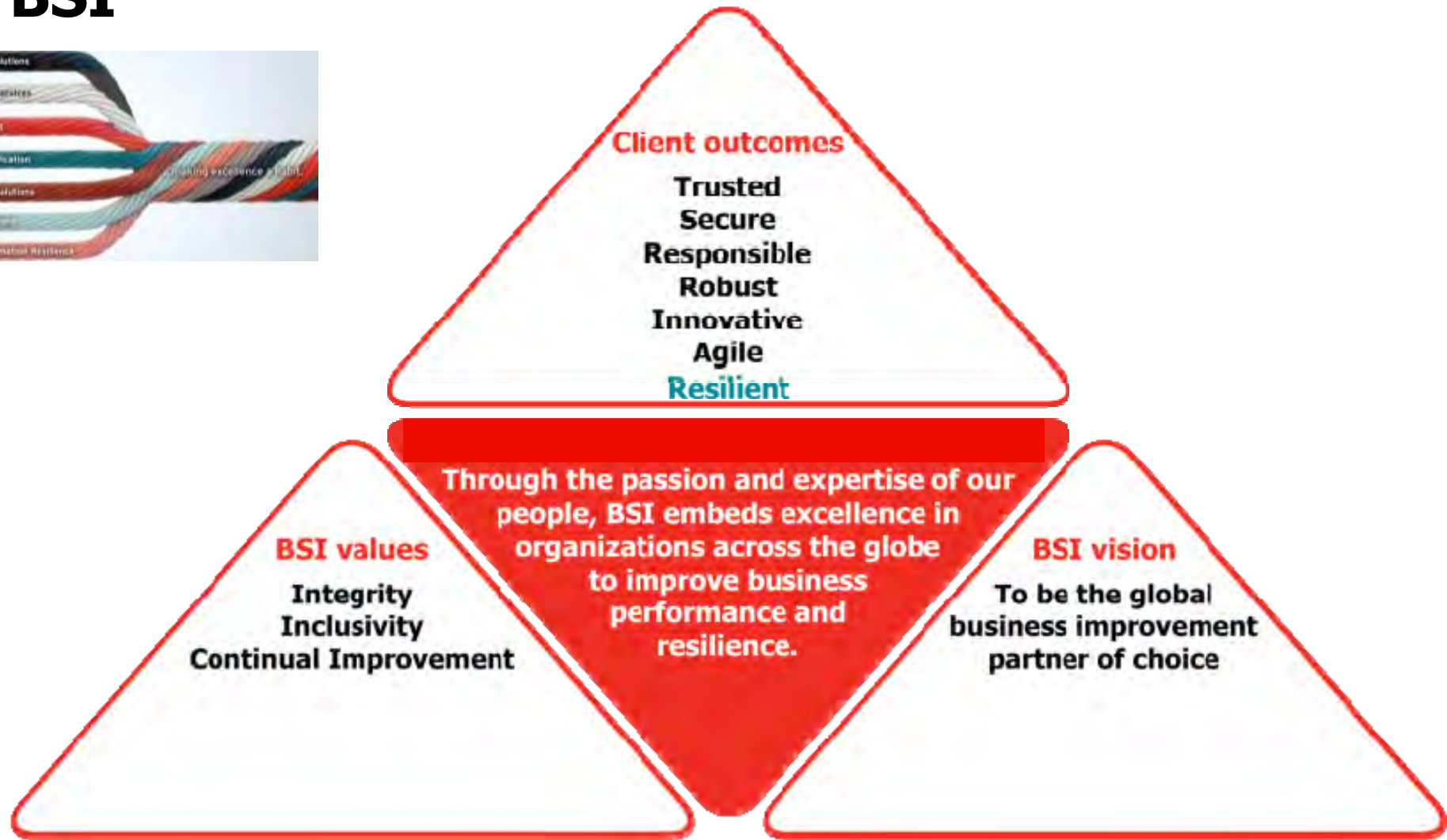
By Royal Charter



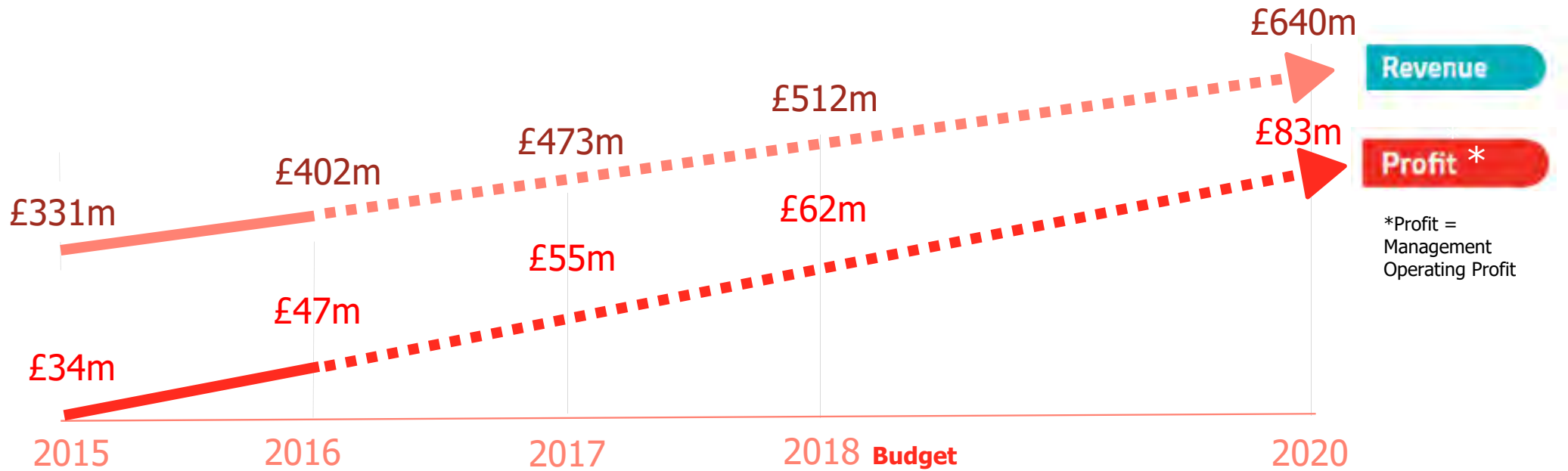
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- Strategy and Objectives
- 2017 Highlights and Financial Results
- Business review
 - By geography
 - By business stream
- 2018 Re-organisation
- Summary and outlook

One BSI



Our financial targets to 2020



Organic growth targets, without acquisitions

bsi. 2015, 2016 and 2017 numbers are at actual exchange rates, 2018 to 2020 numbers are at 2018 budget exchange rates

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Brexit - Following the triggering of Article 50:

- BSI will continue to help organizations achieve their goals as we have done for the past 117 years
- It is business as usual, BSI expects to remain a full member and influential participant in the single European Standards system (CEN and CENELEC)
 - We are working closely with HMG, UK stakeholders and our European counterparts to ensure this
 - We remain a full member of ISO and IEC
- BSI expects to continue to play an important role as an EU Notified Body in helping both British and overseas firms demonstrate product conformity
- Our intention is to secure and further develop BSI's EU Notified Body activity in mainland Europe by establishing a significant presence in the Netherlands over the next two years. This presence will focus upon the existing BSI Netherlands headquarters in Amsterdam

2017 Highlights

- Strong global performance in calmer economic conditions
- Record underlying revenue for the eighteenth consecutive year
- Record underlying profit delivered organically and through acquisitions
 - One acquisition in 2018 – Neville Clarke Group of companies
 - Training businesses in Singapore, Malaysia, Indonesia and the Philippines
- The implementation of our strategy continues as planned

2017 Financial Results

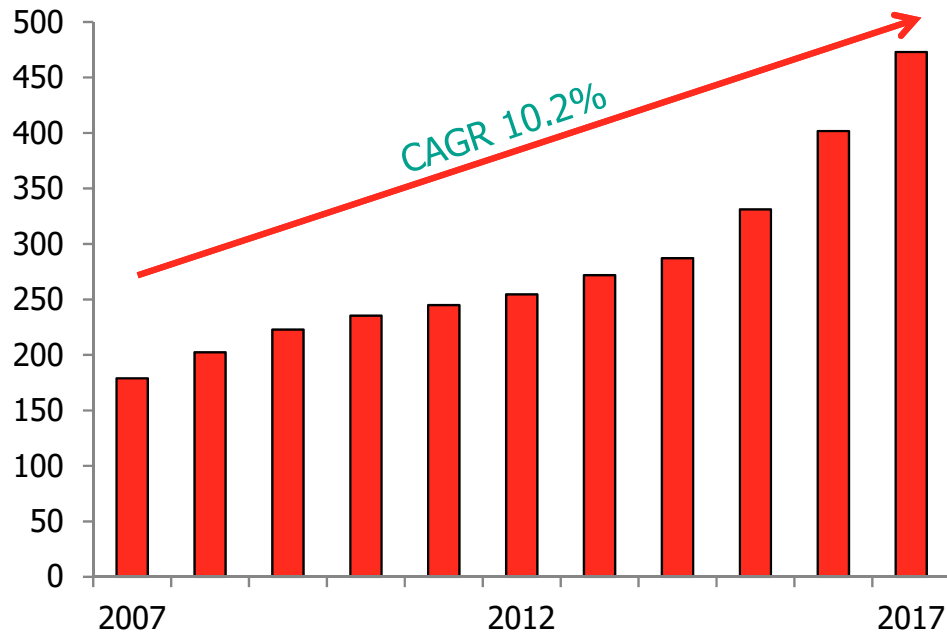
£m	2017	2016	2015	2017/2016 growth
Revenue	473.0	401.8	331.1	18%
Gross profit	220.6	192.0	155.2	15%
Gross profit margin	46.6%	47.8%	46.9%	-1.2ppt
Underlying operating profit	59.5	50.1	35.4	19%
UOP margin	12.6%	12.5%	10.7%	+0.1ppt
Operating profit	55.3	47.3	34.1	17%
Cash	67.8	48.1	51.0	41%
Net assets	120.3	82.9	78.4	45%
UK pension scheme deficit	90.0	104.1	70.9	-14%

*Revenue growth was 10% organic, 5% inorganic and 3% due to exchange rate movements

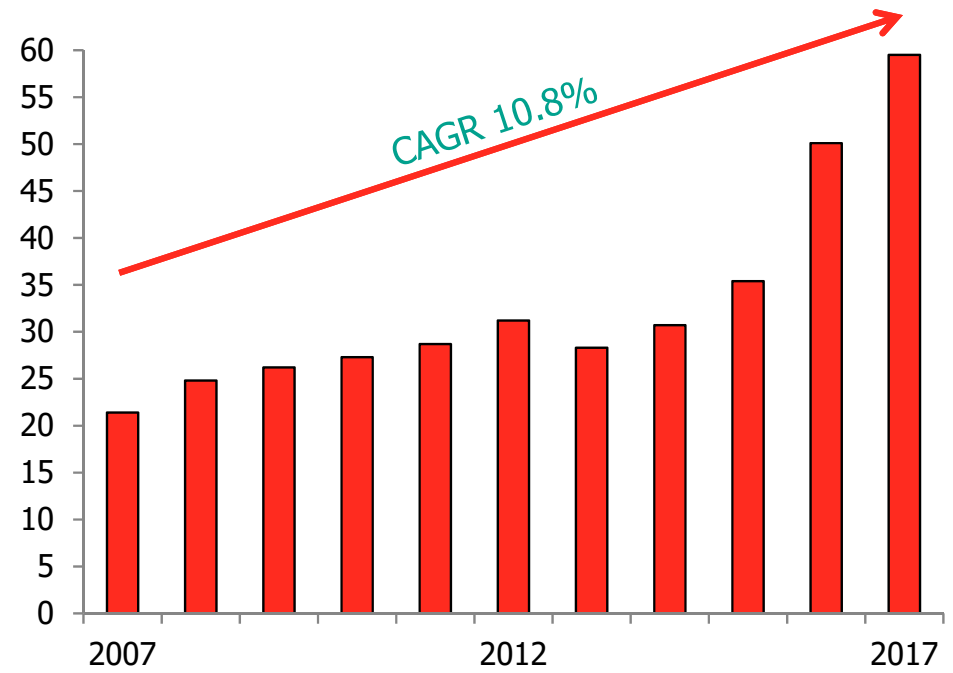
** UOP growth was 16% organic, 2% inorganic and 1% due to exchange rate movements

Revenue and Profit Evolution

Revenue £m



Underlying operating profit £m

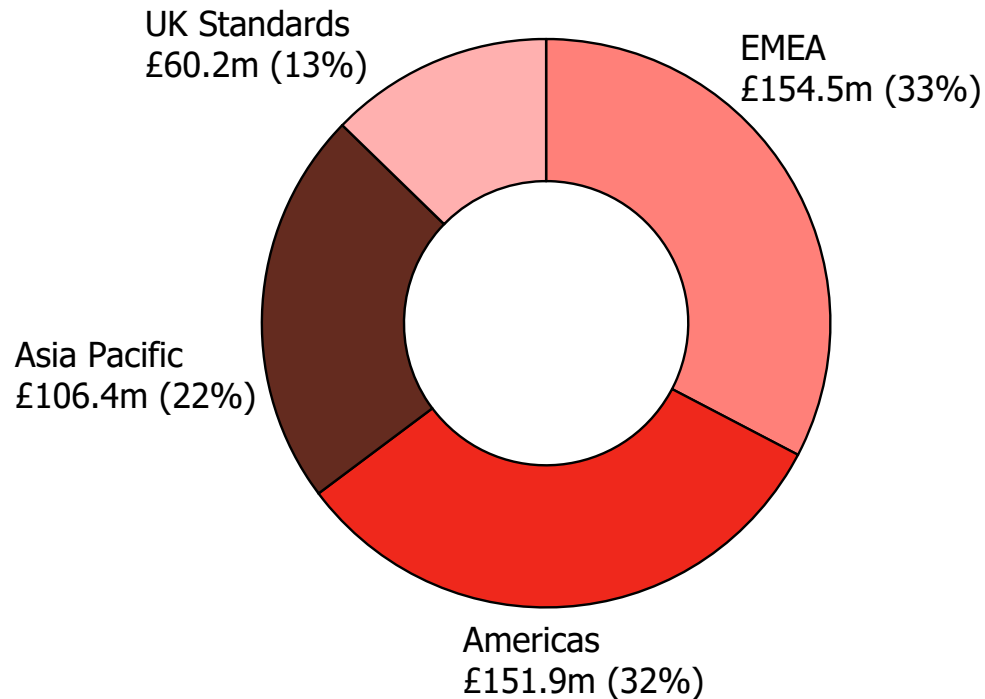


Use of Funds

£m	2017	2016	2015
Cash generated from operations	61.3	61.1	45.7
Funds have been deployed as follows:			
- UK defined benefit pension fund	(13.5)	(12.5)	(12.5)
- Tax payments	(15.4)	(12.5)	(8.6)
- Investment in acquisitions	(1.9)	(29.3)	(19.7)
- Investment in fixed assets	(5.5)	(8.8)	(3.8)
- Investment in IT systems & training products	(5.3)	(3.3)	(3.0)
- Other movements		2.4	0.1
Net increase in funds	19.7	(2.9)	(1.8)

Revenue by Geography and Business Stream

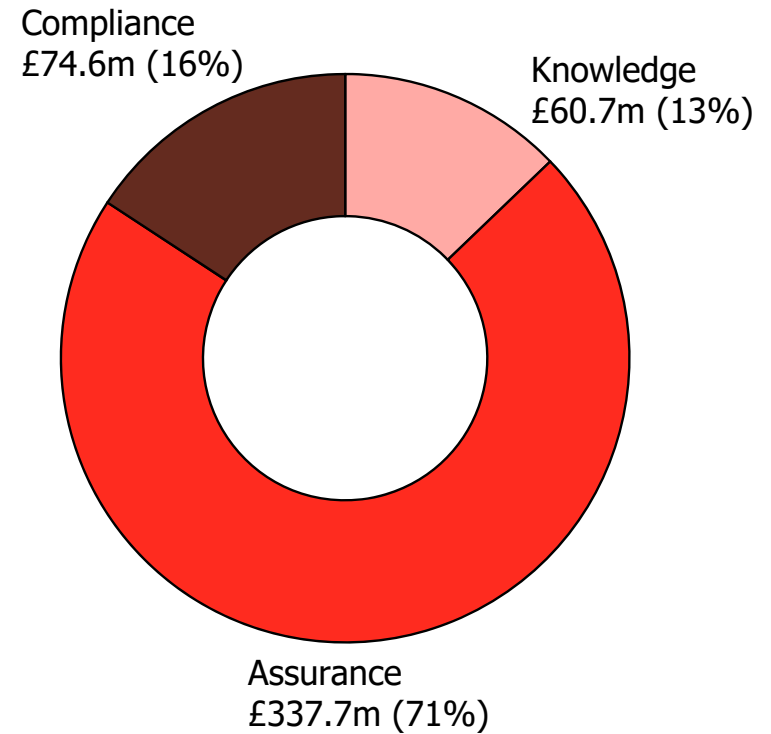
Geography



In 2008:

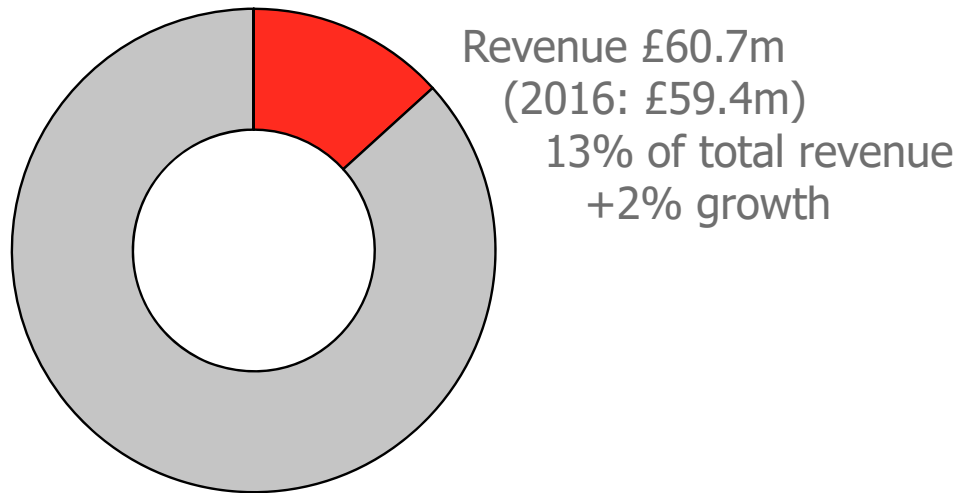
*UK/EMEA accounted for: 57% of Revenue
Americas: 22%, Asia Pacific: 21%*

Business stream



*Knowledge accounted for 23% of Revenue
and Assurance: 77%*

Knowledge

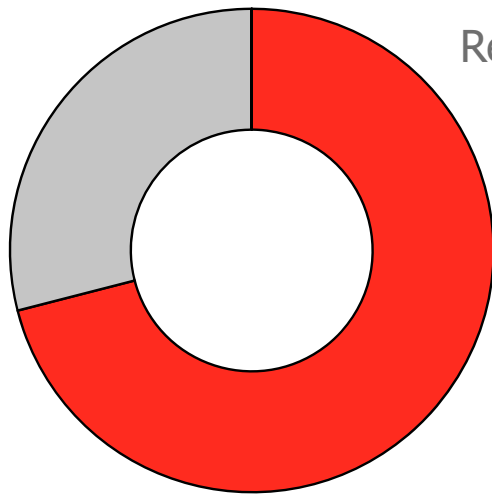


Comprises our Standards sub-stream

Standards

- 2% revenue growth at constant exchange rates
- Main growth areas are online subscription model, direct digital content and international partnering
- International Projects wins in Morocco, Tanzania, Guatemala and Georgia
- Focus on innovation saw launch of Knowledge Labs initiative to support new product development

Assurance



Revenue £337.7m
(2016: £295.5m)
71% of total revenue
+14% growth

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

Systems Certification

- 8% growth at constant exchange rates
- Continued demand during transition period to new versions of ISO 9001 and ISO 14001

Training

- 14% growth at constant exchange rates
- Strong year fuelled by successful penetration into Healthcare and Aerospace and Automotive sectors
- Successful acquisition of Neville Clarke business in Asia Pacific region

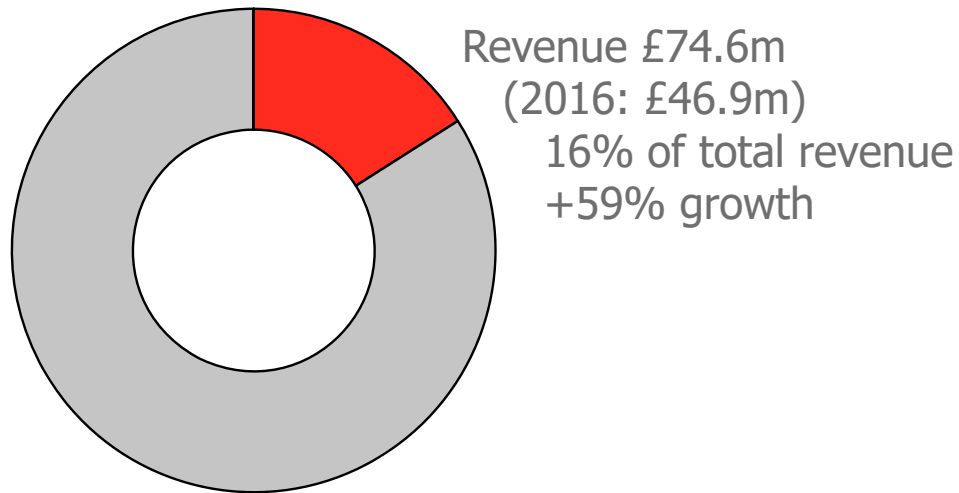
Product Certification

- 12% growth at constant exchange rates
- Double digit growth for third consecutive year as the stream globalizes

Healthcare

- Constant exchange rate growth of 18% was significantly higher than market

Compliance



Comprises our Consultancy and Supply Chain Solutions sub-streams

Consultancy

- EHS consultancy business now consolidated on East and West coasts of the US and New York delivered increased margins
- CSIR consultancy business in UK and Ireland broadened Information resilience portfolio – business enhanced by GDPR initiative

Supply Chain Solutions

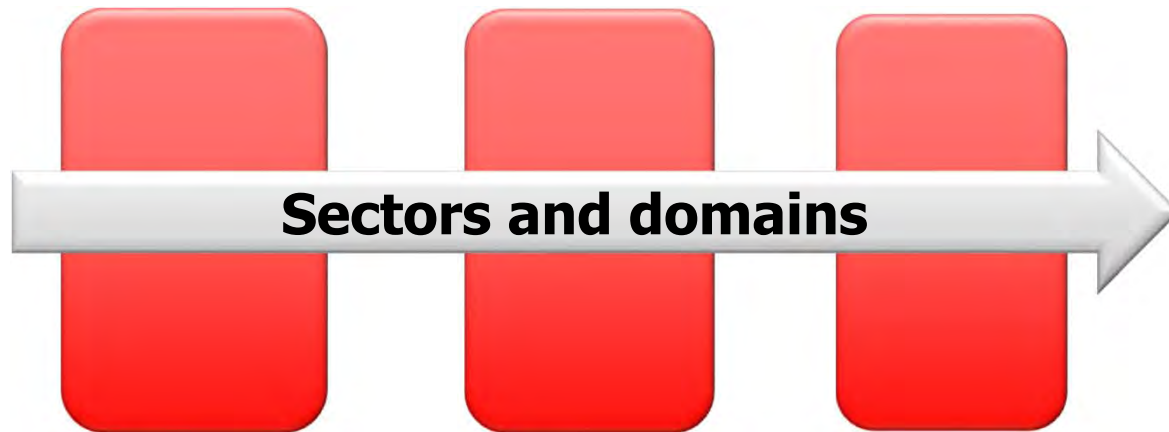
- Business benefited from refocus of structure and delivered 25% revenue growth at constant exchange rates

'We build **compelling One BSI propositions** that **offer integrated global solutions** to our **clients**'

**Standards &
Knowledge Solutions**

Assurance

**Professional
Services**



Integrated solutions that combine products and services in our priority sectors, building on our core domains

3 Priority Global Sectors

- Built Environment
- Food
- Healthcare

3 Domains

- Operational Resilience
- Information Resilience
- Supply Chain Resilience

bsi. We also have other sectors such as Aerospace, Automotive, etc

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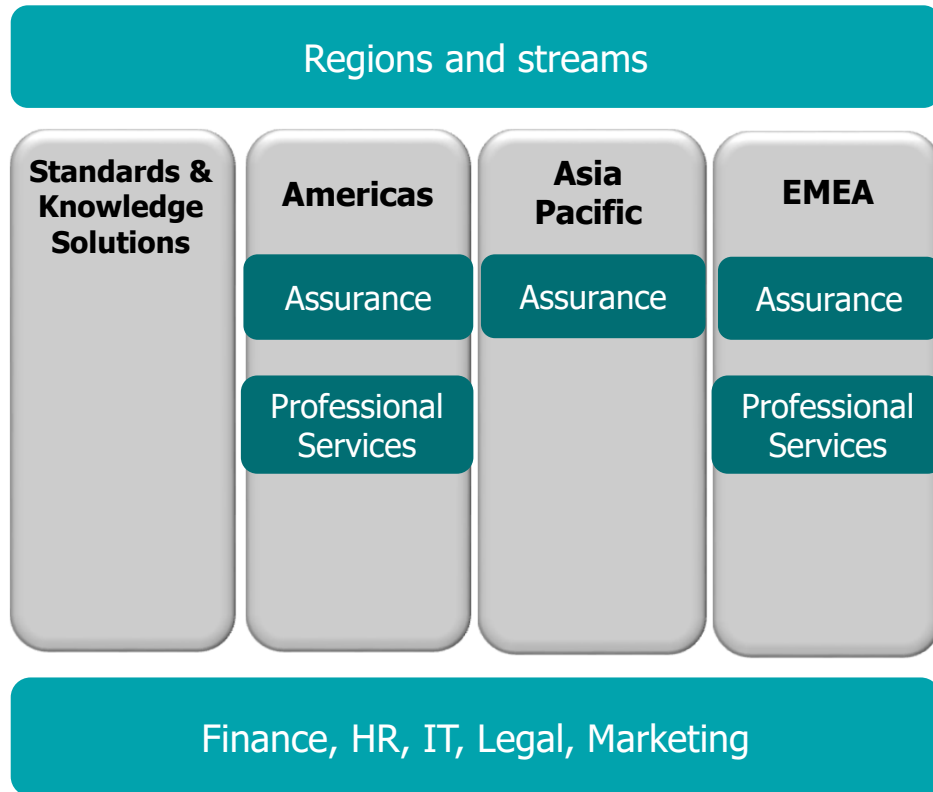
Delivering our strategy and goals

- Delivering our strategy and achieving our goals requires us to:
 - Develop global integrated solutions for our clients across our key sectors
 - Work collaboratively as One BSI
- Our organization structure was not optimized to enable us to do this. We needed to align our structure more closely to our strategy
 - As a result, we have evolved our structure to one that is focused on global streams and sectors rather than regions
 - This structure was implemented on the 1st May 2018

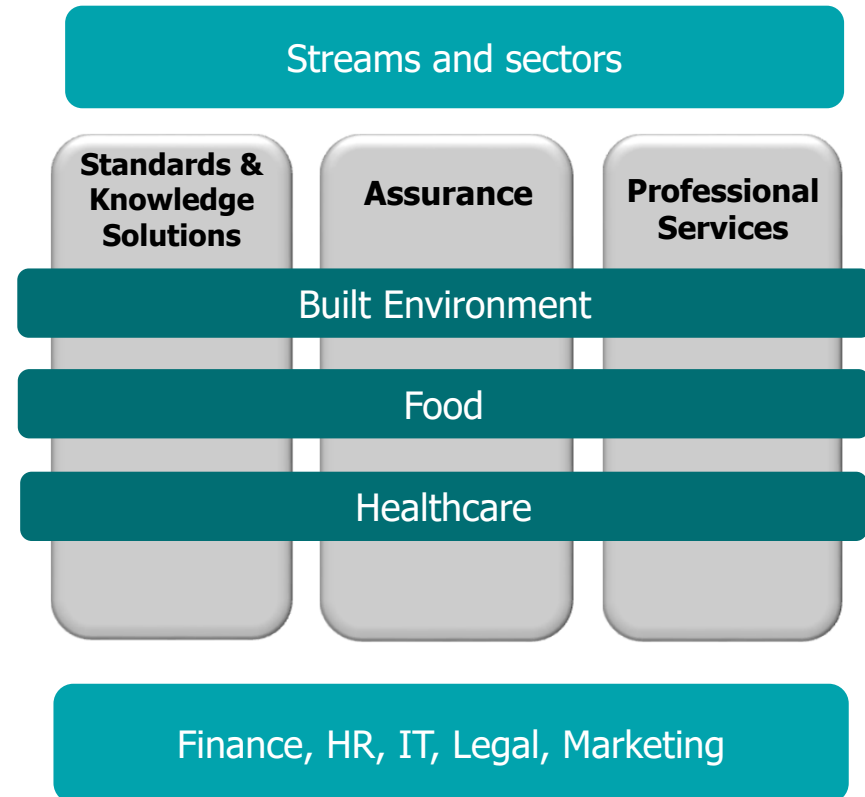
This is a significant step forward for BSI

BSI structure

Now



Future



Including other sectors such as Aerospace, Automotive, etc

Summary and Outlook

- **Proven strength of brand, reputation and portfolio** – business model in place with reduced reliance on any one geography, business stream or sector
- **Standards continue to provide confidence, value and benefits** in dynamic markets. The National Standards Body fully supports HMG and the UK business agenda, exerting stronger influence internationally.
- **Steady growth every year** for past decade from increased linkage across the business to enhance client benefits, based on the expertise and passion 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)
- **Significantly increased investment in 2018 and 2019** in: business systems and IT infrastructure, services and products, people and facilities, to ensure BSI's future relevance and resilience.