



# 2019 AGM

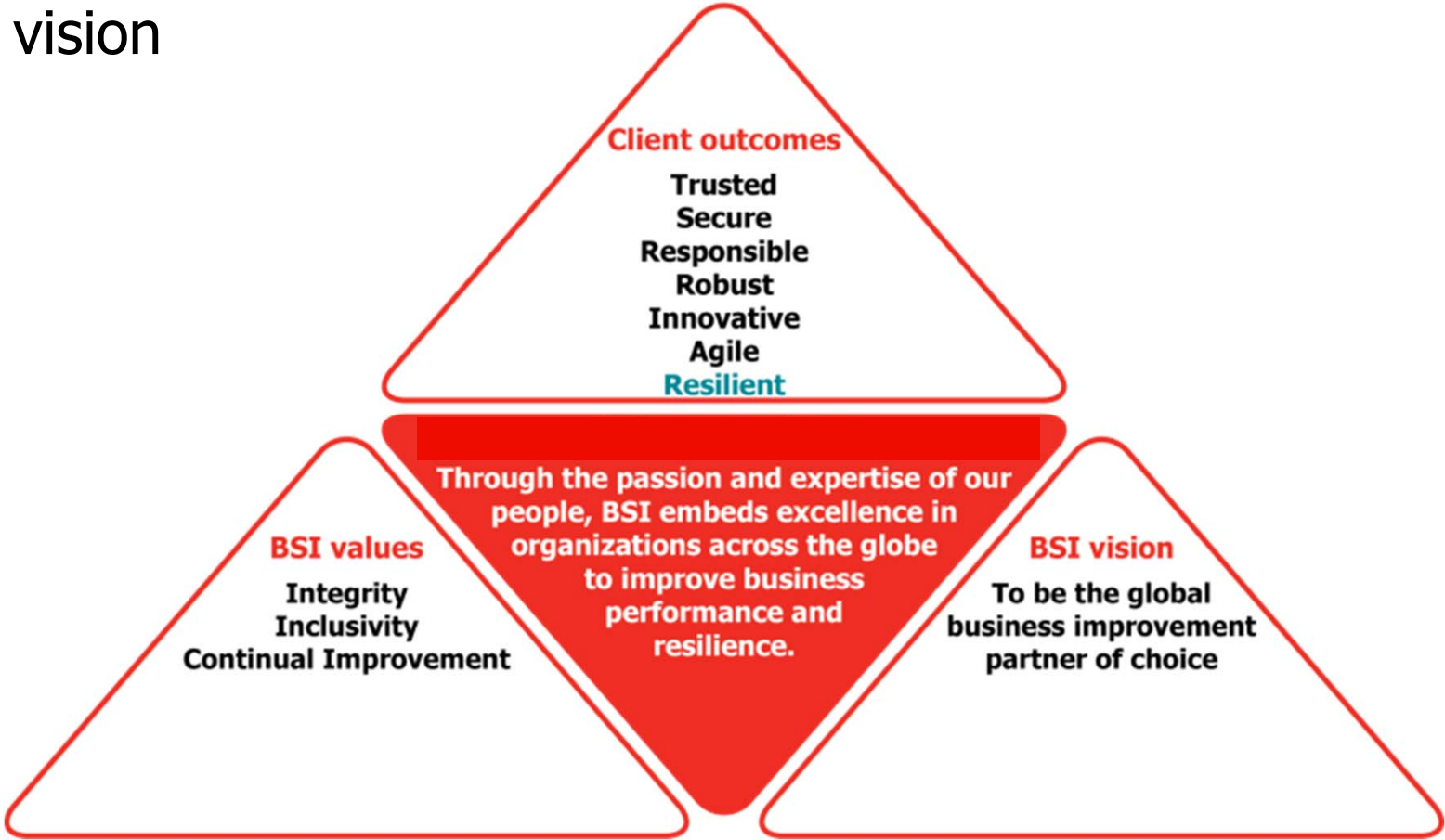
Howard Kerr, Chief Executive



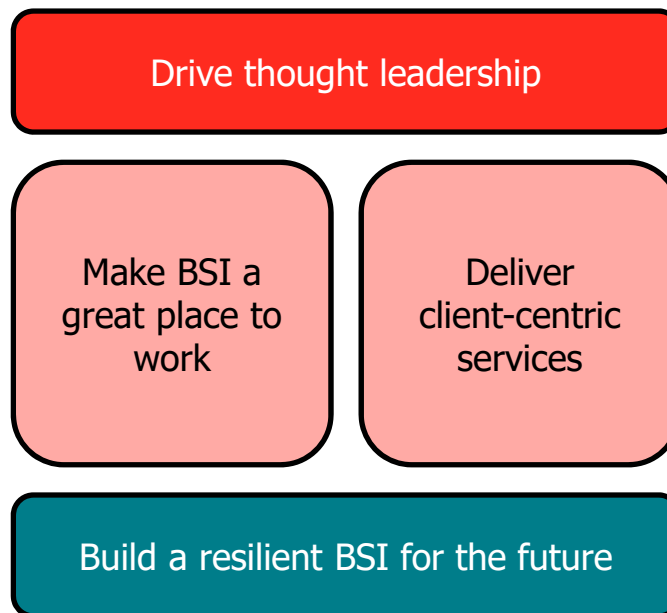
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- Our vision and strategy
- Brexit update
- 2018 highlights and financial results
- Business review
- Summary and outlook

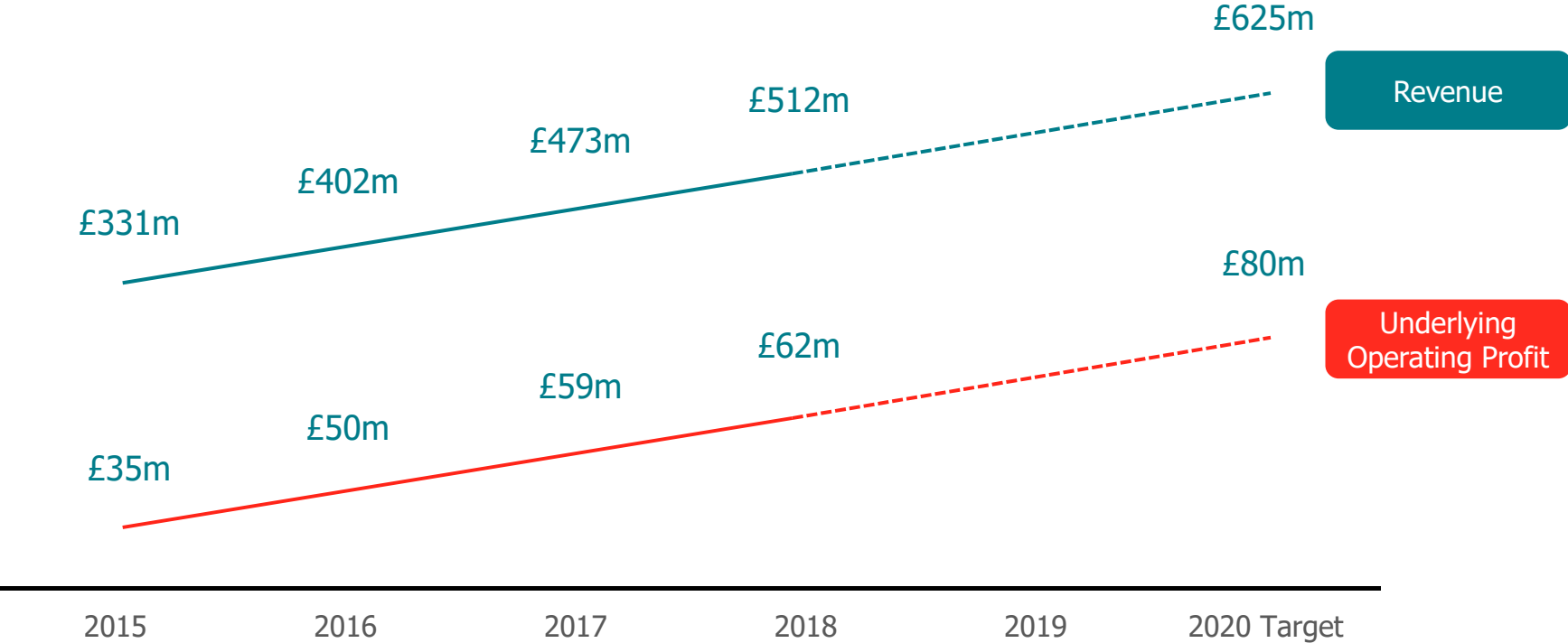
# Our vision



# Our strategy



# Our financial targets



# Brexit update

- BSI will help organizations achieve their goals, as we have for the past 118 years
- We have confirmation of continued membership of European Standards Organizations
  - CEN, CENELEC and ETSI
  - We remain full members of ISO and IEC
- We expect to continue as an EU (and UK) Notified Body, helping both UK and overseas clients demonstrate product conformity and providing market access
- We have successfully opened a second Notified Body in the Netherlands

## 2018 highlights

- Strong global performance in year of significant investment and reorganization
- Record underlying revenue for the nineteenth consecutive year
- Increased underlying profit delivered organically and through acquisitions
  - One acquisition in 2018 – AirCert GmbH
  - Specialist Aerospace certification company based in Munich, Germany
- New management structure instigated during 2018
- The implementation of our strategy continues as planned

## 2018 results

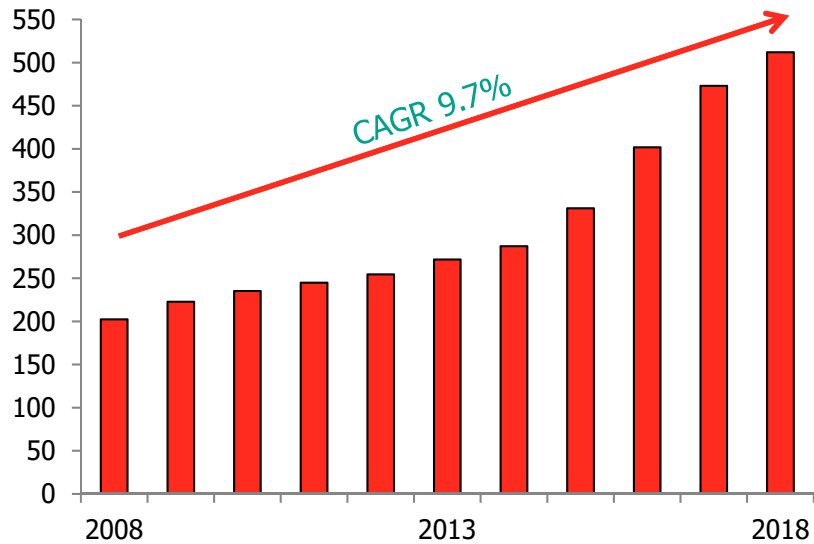
£m	2018	2017	2016	2018/2017 growth
Revenue	511.9	473.0	401.8	8%
Gross profit	240.2	220.6	192.0	9%
Gross profit margin	46.9%	46.6%	47.8%	0.3ppt
Underlying operating profit	61.8	59.5	50.1	4%
UOP margin	12.1%	12.6%	12.5%	-0.5ppt
Operating profit	56.5	55.3	47.3	2%
Cash	86.8	67.8	48.1	28%
Net assets	178.3	120.3	82.9	48%
UK pension scheme deficit	71.7	90.0	104.1	-20%

Revenue growth was 10% organic, 0% inorganic and -2% due to exchange rate movements  
 UOP growth was 5% organic, 1% inorganic and -2% due to exchange rate movements

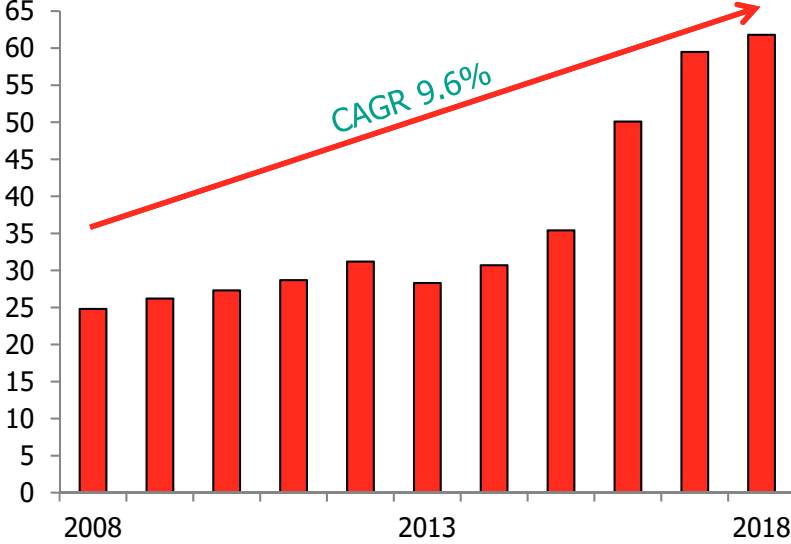


# Results evolution

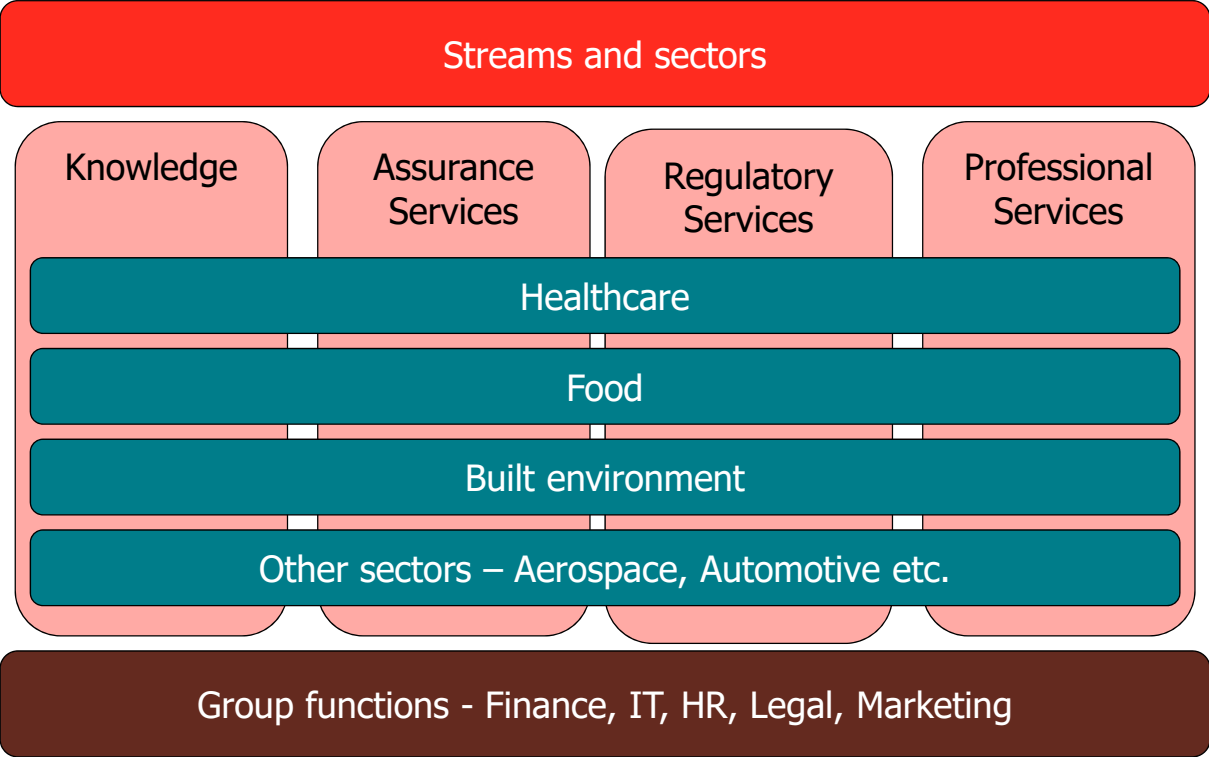
Revenue £m



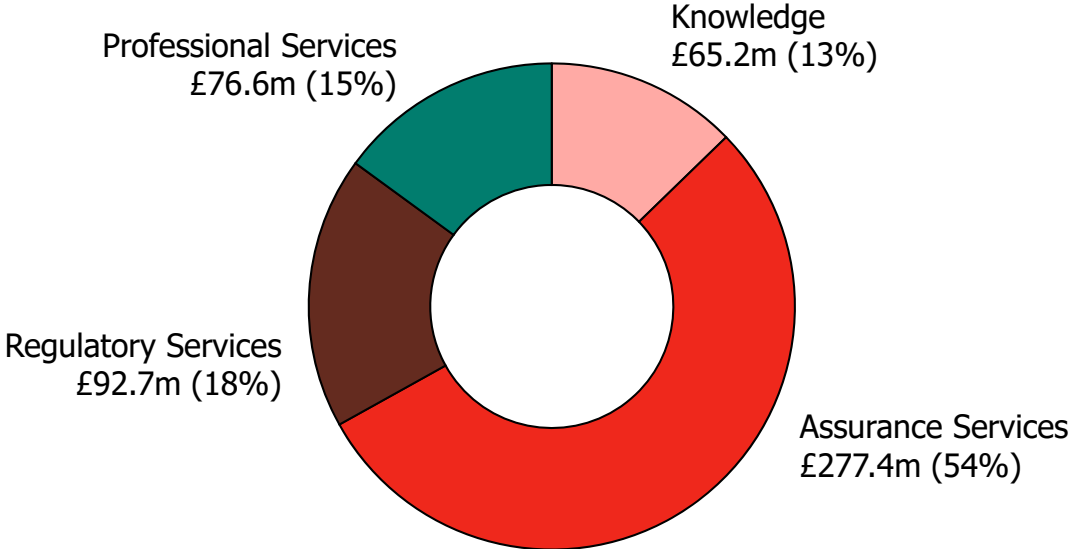
Underlying operating profit £m



# Management structure

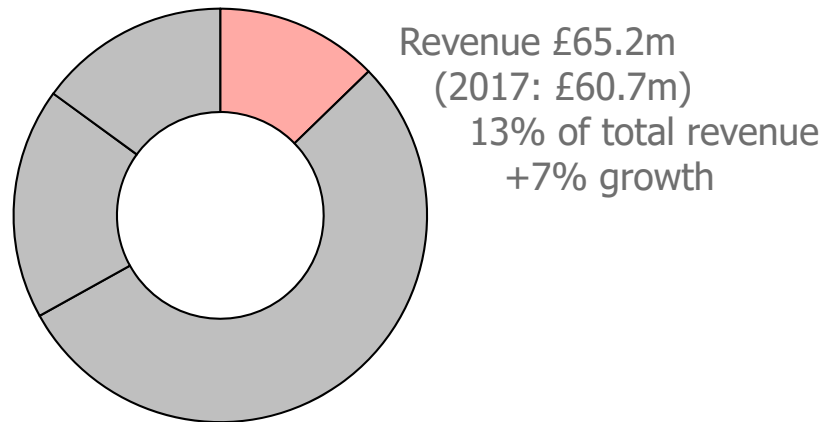


# Revenue by business stream



In 2008 Knowledge accounted for 23% of revenue and Assurance Services 77%

# Knowledge

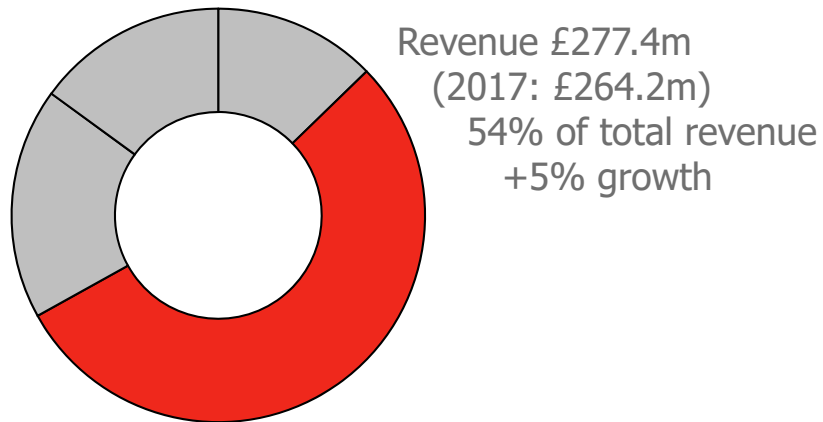


Comprises our Knowledge Services and Solutions business

## Knowledge

- 7% revenue growth at constant exchange rates – higher growth rate than in recent years
- Growth demonstrates level of trust that clients place on our range of services and products
- Strong performances in subscriptions, consultancy and advisory services and standards solutions
- International Projects won projects from sources other than its traditional base of the EU – Commonwealth Standards Network deal signed in April by the UK Prime Minister
- Focus on innovation accelerated in areas such as artificial intelligence, blockchain and IoT

# Assurance Services



Comprises our Systems Certification, Product Certification and Training businesses

## Systems Certification

- 7% growth at constant exchange rates
- Transition period to new versions of ISO 9001 and ISO 14001 ended in September
- BSI Assurance Portal deployed, giving clients real-time access to their status

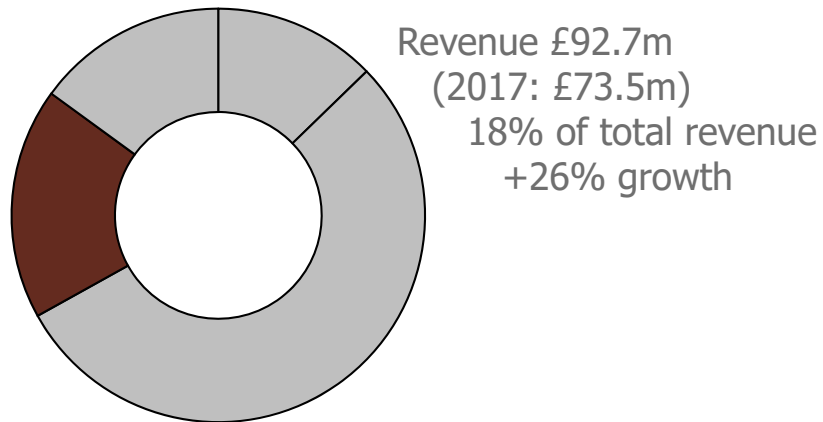
## Product Certification

- 7% growth at constant exchange rates – lower than in recent years
- Brexit uncertainty affected business – Notified Body moved to the Netherlands

## Training

- 9% growth at constant exchange rates
- Challenging year as transition ended and clients reduced their training requirements

# Regulatory Services

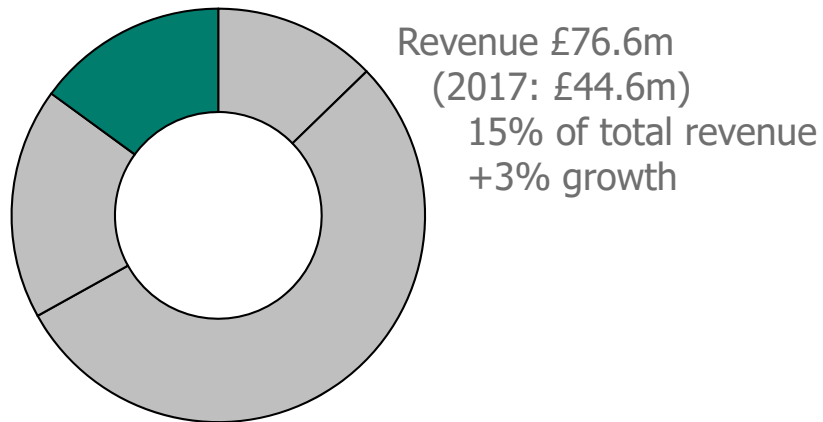


Comprises our Medical Devices systems and product certification business

## Medical Devices

- Constant exchange rate growth of 29%
- New, truly global, stream created in 2018 to reflect regulatory rather than voluntary nature of Medical Devices business
- Notified Body opened in the Netherlands in anticipation of uncertain Brexit outcome
- Growth underlines market-leading position and trust that clients have in our services
- Future opportunities come from new MDR and IVDR requirements
- Strategic resource planning and investment in systems and processes continues at high pace to satisfy increasing client demand

# Professional Services



Comprises our Consultancy and Supply Chain Solutions businesses

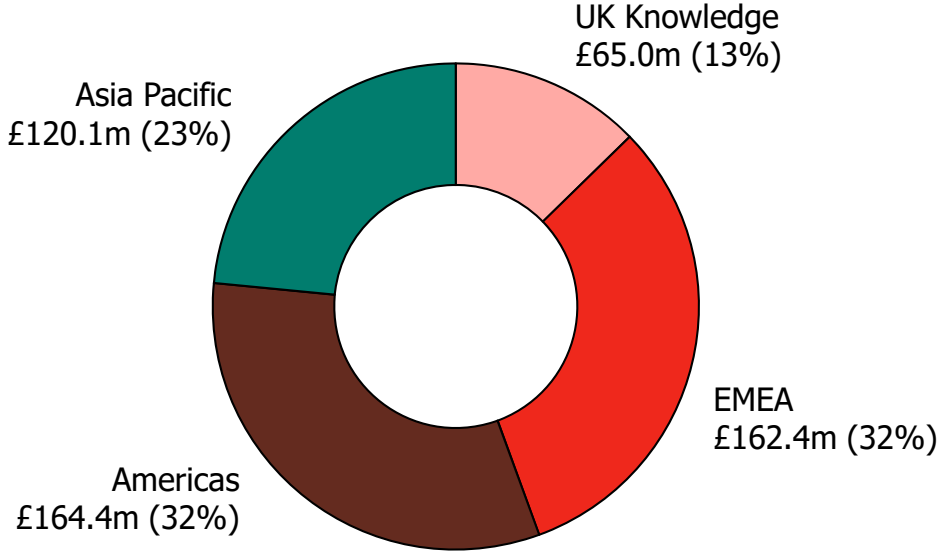
## Consultancy

- EHS consultancy grew at 10% at constant exchange rates
- Business now organised in three regions in the US
- CSIR consultancy revenue reduced by 2% at constant exchange rates as business was refocused into headquarters in Dublin
- Acquisition of AppSec Consulting in California in April 2019 strengthens and internationalizes offering of stream

## Supply Chain Solutions

- Revenue grew from low base in all product lines: consultancy, verification and software tools
- Significant investment in 2018 and planned for 2019 for next generation of offering

# Revenue by geographical region



In 2008 UK/EMEA accounted for 57% of revenue, the Americas 22% and Asia Pacific 21%



## Use of funds

£m	2018	2017	2016
Cash generated from operations	63.6	61.3	61.1
Funds have been deployed as follows:			
- UK defined benefit pension fund	(13.5)	(13.5)	(12.5)
- Tax payments	(20.6)	(15.4)	(12.5)
- Investment in acquisitions	(0.6)	(1.9)	(29.3)
- Investment in fixed assets	(5.3)	(5.5)	(8.8)
- Investment in IT systems & training products	(5.6)	(5.3)	(3.3)
- Other movements	1.0		2.4
Net increase in funds	19.0	19.7	(2.9)

# Summary and outlook

- Proven strength of brand, reputation and portfolio – business model in place with reduced reliance on any one business stream, geography, or sector
- Standards continue to provide confidence, value and benefits. The National Standards Body fully supports HMG and the UK business agenda, exerting “soft power” internationally
- Increased growth will be driven by stronger market engagement and increased collaboration with key partners and local, regional and global clients in our priority sectors and domains
- BSI’s success is built by the expertise, commitment and increasing diversity of our people and members
- Clear strategy for growth with ambitious targets led by organic growth with both existing and new clients, supported by targeted acquisitions where appropriate
- 2019 will be a year of significant investment and consolidation, building a resilient platform for the future
- Successful delivery of our Business Transformation and Innovation programmes are key to future success