



Delivering managed procurement and business critical services

Half Yearly Results for the six months to 30 June 2009



accessplus
an office2office company





Highlights

- Solid performance against a difficult backdrop
- Banner Business Services (BBS): performed resiliently - significant contract wins and retentions
- AccessPlus: business process outsource (BPO) service offering proving attractive to BBS customers with wins in H1, although decline in non-contracted print volumes
- Accord: volume decline stabilised by end of H1 & gross margin improvement in Q2
- Further cost efficiencies achieved across the Group
 - Group logistics costs held at 2008 levels - £9.8m (2008: £9.7m) with sales growth being absorbed through efficiencies
 - Logistics and warehouse integration of acquisitions materially complete
- Underlying profit increased by 13% to £6.4m (2008: £5.6m)
- Recommended interim dividend 3.6p (2008: 3.5p)





Strategic objectives

Review and update of objectives presented at 2008 finals

- Maintain our market leading position in the large public and corporate sector

- ✓ Winning and retaining contracts
- ✓ Develop and expand the managed procurement model
- ✓ Robustly defend our margins



- Build our position in the small to medium enterprise sector through acquisition and consolidation

- ✓ Broaden our spread of customers
- ✓ Leverage group scale and supply chain
- ✓ Higher gross margins



- Acquire and develop a range of complementary services to add value

- ✓ BPO presents significant added value and margins
- ✓ Document destruction identified as a key differentiator and growth opportunity
- ✓ Cross sell to build a strategic supplier position to all our customers



accessplus
an office2office company





Key financials

- Turnover increased to £96m (2008: £84m)
 - Including £22.0m contribution from AccessPlus, Accord & Banner Document Services (BDS) (2008: £6.9m)
- Gross profit £29.8m (2008: £25.7m)
- Gross margin percentage increased to 31.0% (2008: 30.6%)
 - Reflects accretive contribution from acquisitions
- Underlying profit increased to £6.4m (2008: £5.6m)
 - Pre-tax profit, after exceptional restructuring costs of £1.3m, amortisation charge and share options costs of £0.6m, £4.5m (2008: £5.6m)
- Basic earnings per share of 9.1p (2008: 11.2p)
- Net debt £30.2m (2008: £30.9m)
 - Including investment for growth £1.8m (2008: £0.1m), of which £1.0m related to BDS
- Recommended interim dividend 3.6p (2008: 3.5p)



Income statement

	2009 H1 £'m	2008 H1 £'m	2008 Full Year £'m
Revenue	96.0	84.0	181.0
Gross profit	29.8	25.7	56.8
Gross margin %	31.0%	30.6%	31.4%
Underlying profit before finance costs and income tax*	6.9	5.9	13.5
Finance costs**	(0.5)	(0.3)	(1.4)
Underlying profit before income tax	6.4	5.6	12.1
Share option costs	(0.1)	0.1	(0.1)
Restructuring / non-recurring items	(1.3)	0.0	(1.8)
Amortisation	(0.5)	(0.1)	(0.6)
Profit before income tax ("statutory")	4.5	5.6	9.6

*Underlying profit before finance costs and income tax, exceptional and non-recurring costs, amortisation and share option expense

**Including GPC charges of £87k (2008H1 £85k, 2008FY £160k)



Balance sheet

	2009 H1 £'m	2008 H1 £'m
Non-current assets		
Intangible assets	58.8	59.8
Plant and equipment	4.0	2.9
Deferred tax	1.2	1.4
	64.0	64.1
Current assets		
Stock	8.5	9.3
Debtors	27.4	34.2
Cash*	1.9	3.0
	37.8	46.5
Trade creditors, accruals and income tax liability <1 year	(43.4)	(52.9)
Bank overdrafts and finance leases <1 year*	(8.5)	(8.5)
Term loan and finance leases >1 year*	(23.6)	(25.4)
Provisions and deferred tax liability	(5.5)	(5.3)
Net assets	20.8	18.5
Stock days	32	34
Debtor days	40	45
Creditor days	84	79
*Net debt	(30.2)	(30.9)

£45m committed facility



Cash flow statement

	2009 H1 £'m	2008 H1 £'m	
Net cash from operating activities	3.9	(2.0)	incl. working capital movement: H1 09 £nil, H1 08 (£7.7m)
Capital expenditure	(1.8)	(0.1)	incl. £0.8m of new leased shredding vehicles
Acquisitions	0.0	(32.8)	
Dividends	(2.6)	(2.4)	2009 interim dividend £1.3m
Increase in net debt	(0.5)	(37.3)	
Net (debt) / cash at 1 January	(29.7)	6.4	
Net debt at 30 June	(30.2)	(30.9)	



Managed procurement



Significant product cost inflation in H1

Good performance from BBS - large public and private sector business

- New business wins and retentions during the period
 - NHS
 - Ministry of Justice
 - Barclays
- Further cost efficiencies achieved
- Successful award to Central Buying Consortium framework

Difficult period for mid market private sector business

- Sales volumes stabilised post H1 after 7 months of decline
- Gross margin percentage recovered to 2008 levels



Business critical services

accessplus
an office2office company



AccessPlus: Progress from Business Process Outsourcing activities tough H1 overall

- BPO activities delivering benefits within BBS corporate and public sector base
 - NHS Direct, Audit Commission, SSAT collectively £1.5m annualised
- Marked decline in low-margin, non-contracted print volumes
- Cost saving measures implemented to combat shortfall

Banner Document Services: Strong performance H1 as expected

- Completed UK wide roll out of supply arrangement with HMRC
- New corporate and public sector contracts secured e.g.
 - Valuation Office, Wales Audit Office, HMP, VOSA & ARCO
- Actively pursuing further opportunities, particularly in public sector



Outlook

- Board confidence in Group's trading prospects arising from:
 - Management handling of various trading issues over past 18 months
 - Recent new wins and retentions
- New collaborative frameworks provide significant opportunity for Group to retain and increase public sector business
 - Transparent pricing principles now adopted – reflects managed procurement model
 - Group now capable of delivering expanded service offering
 - Collaborative and compliant purchasing across public sector presents opportunities
- Strong pipeline of cross selling opportunities – AccessPlus/BDS
- BDS – National infrastructure for growth in place
- Clear focus on reducing net debt