christie group plc

David Rugg Chairman and Chief Executive

Dan Prickett Chief Operating Officer

Simon Hawkins Group Finance Director

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2019 Headlines

David Rugg
Chairman & Chief Executive

2019 First Half Headlines

"Increased investment opportunities in our mid-market 'alternatives' business sectors is fuelling demand for our portfolio of services."

- First half revenues broadly flat at £38.1m (H1 2018: £38.4m)
- First half operating profit in line with expectation at £1.5m (H1 2018: £2.0m)
- Interim dividend maintained at 1.25p per share (2018: 1.25p per share)
- An increased pipeline of current and ongoing projects
- We anticipate a stronger second half

An Introduction to Christie Group

David Rugg
Chairman and Chief Executive

About Us

A leader in the provision of professional and financial services to the hospitality, leisure, healthcare, medical, childcare and education and retail sectors

- Christie Group offers an extensive portfolio of professional services for the hospitality, leisure, healthcare, medical, childcare and education and retail sectors
- These include surveying, valuation, agency, consultancy, finance, insurance, stock control and business software solutions.
- Our focus on a limited number of sectors gives us an unrivalled market awareness in each of these areas
- We do not adopt a principal position or co-invest
- We never compete with our clients
- We operate in the sectors in which our experience allows us to deliver intelligent solutions
- The results: a greater understanding of our clients' operations and a heightened ability to help them improve efficiency, enhance trading profits and increase the value of their businesses. In these ways, and through our innovative use of technology, we have built a reputation for making a significant contribution to our clients' success.

'We exist to help our clients buy, operate, develop and sell their businesses.'

Our Businesses

Complementary specialist services classified into two divisions

Professional & Financial Services

CHRISTIE & CO

Christie & Co is the leading specialist firm providing business intelligence in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. A market leader in its sectors, it employs the largest teams of sector specialists in the UK providing professional agency, valuation and consultancy services. Internationally, it operates from offices in the UK, Austria, Finland, France, Germany and Spain.

CHRISTIE FINANCE

Part of the Christie & Co Network

Christie Finance has over 40 years' experience in financing businesses in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. Christie Finance prides itself on its speed of response to client opportunities and its strong relationships with finance providers.

CHRISTIE INSURANCE

Part of the Christie & Co Network

Christie Insurance, with over 40 years' experience arranging business insurance in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors, is a leading company in its markets. It delivers and exceeds clients' expectations in terms of the cost of their insurance and the breadth of its cover.

PINDERS

Pinders is the UK's leading specialist business appraisal, valuation and consultancy company, providing professional services to the licensed, leisure, retail and care sectors, and also the commercial and corporate business sectors. Its Building Consultancy Division offers a full range of project management, building monitoring and building surveying services. Pinders staff use business analysis and surveying skills to look at the detail of businesses to arrive at accurate assessments of their trading potential and value.

Stock & Inventory Systems & Services

venners

Maximised Profits. Optimised Controls.

Venners is the leading supplier of stocktaking, inventory, consultancy services and related stock management systems to the hospitality sector. Consultancy services include control audits, 'live' event stocktaking and Health & Safety implementation and control. Bespoke software and systems enable real-time management reporting to customers using the best available technologies. Venners is the largest and longest established stock audit company in the sector in the UK.

ORRIDGE

the Company that Counts

Orridge is Europe's longest established stocktaking business specialising in all fields of retail stocktaking including high street, warehousing and factory operations, pharmacy and supply chain services. It also has a specialised pharmacy division providing valuation and stocktaking services. Orridge prides itself its speed in supplying high-quality management information to its clients.

VENNERSYS

Vennersys operates in the UK and North America and delivers online Cloud-based ticketing sales and admission Systems to visitor attractions such as historic houses and estates, museums, zoos, safari parks, aquaria and cinemas. It has over 20 years' experience delivering purpose-designed solutions for clients' ticketing, admissions, EPoS and food and beverage sales requirements.

Our Services

Providing joined-up solutions throughout the client life cycle

The Christie Group has been able to distinguish itself and gain market share by developing a range of demand services for our clients.

The range of services provided by our businesses are designed to provide a full suite of professional services through the life cycle of owning and operating businesses in our chosen specialist sectors, through acquisition, development, operations and disposals

Leveraging the synergies that arise from this collaboration within and across companies enhances both revenue generation and profit conversion.

Our Areas of Expertise

We focus on a section of areas covering a wide range of property-based businesses in Hospitality, Leisure, Healthcare, Retail, Medical and Childcare & Education sectors

Hotels	Public Houses	Restaurants	Leisure	Healthcare	Retail	Medical	Childcare & Education
• Luxury hotels • Mid-market hotels • Upscale hotels • Budget hotels • Boutique hotels • Aparthotels • Guest houses • B&Bs	• Freehouses • Tenanted pubs • Managed houses • High street bars • Late night venues • Nightclubs	• Casual dining • Fine dining • Independents • Sandwich bars • Coffee shops • Tea rooms • Takeaways	• Cinemas • Health & fitness • Sports clubs • Bingo halls • Holiday parks • Golf courses • Gaming sector	• Elderly care • Specialist care • Private hospitals • Nursing and residential • Supported living • Funeral directors	• Supermarkets • Convenience stores • PFS Forecourts • CTNs • Off licences • Post offices • Garden centres	• Pharmacies • Dentists • GP Surgeries • Vets • Opticians	• Education • Childcare • Independent schools • Nurseries • Fostering

Estimated Market Sizes - UK

- 45,000 hotels
- 48,000 pubs
- 27,000 table service restaurants
- 26,000 healthcare facilities
- 14,000 pharmacies
- 10,700 dental practices
- 2,500 independent schools
- 46,000 convenience stores
- 7,200 health clubs
- 8,900 GP's
- 16,000 day nurseries
- 8,400 filling stations
- 100,000 + retail

Estimated Market Sizes - Europe

- Over 132,000 hotels (source Otus & co)

Group Strategy

We aim to be the recognised knowledge leader and pre-eminent advisor in our sectors

- We partner with our clients throughout their business life cycle to optimise and enhance value
- We exist to help our clients buy, operate, develop and sell their businesses
- We do this through supplying a range of demand services that they require, with a focus on quality of service
- We enjoy the synergistic benefits of common markets and common client bases
- We have committed management teams running our businesses. As a professional services conglomerate, we benefit from a diversity of sectors and services
- The five key areas of strategy which underpin how we believe our vision can be achieved are Growth, People, Technology, Return On Investment and Resilience & Sustainability

Business Review

Dan Prickett
Chief Operating Officer

Professional & Financial Services

Our core sectors are now recognised as a mainstream area for investors in operational real estate

- Buyer appetite is strong for alternative investments which we feel bodes well for 2020 as yields continue to compress
- We have seen activity across all of our sectors and in both the UK and internationally
- Our Care, Childcare and Medical team were awarded Property Consultants of the Year highlighting our commitment to ground-breaking research and market studies
- Our Childcare & Education team continue to be very active, with H1 deals including the sale of Little Garden Day Nurseries and Rainbow Day Nurseries
- The breadth of our presence in the Care sector is illustrated by us currently marketing 475 homes for 344 providers
- Likewise our Dentistry and Pharmacy teams have been busy – in the latter we have agreed the sale of over 135 pharmacies already this year

CHRISTIE & CO

Professional & Financial Services

Our core sectors are now recognised as a mainstream area for investors in operational real estate

- In Pubs, Greene King's recently announced acceptance of a recommended bid from a subsidiary of Hong Kong based CK Asset Holdings Ltd follows from previous valuation advice which Christie & Co have provided, while we have also achieved the sale of 18 pubs for Wadworth to Red Oak Taverns

- We generated significant investor interest in a process which resulted in the sale of the Days Hotel, Waterloo

- In mainland Europe we have been instructed by Louvre Hotels to market a portfolio of 8 hotels across the UK, Germany, Spain, Italy and the Netherlands

- NPL portfolios and individual assets in Spain, Portugal and Italy are attracting interest form investment funds and we have advised a number accordingly

- Our agency and advisory services are based on leveraging sector specific intelligence and data

    - Christie & Co alone has access to 81 million data points
    - That data underpins our research and advisory capabilities

Professional & Financial Services

Christie Finance showcases its ability to provide borrowers with a number of complementary lending products and solutions

- Christie Finance is now benefitting from 15% of our core business mortgage borrowers taking an advance or tandem unsecured loan facility

- At the same time, we are seeing 14% of those core borrowers taking Life Assurance through Christie Insurance

- Pinders – now 50 years old – continues to thrive. Their diversity of expertise was highlighted by a bank review of a new build pool and functions facility for the 'Water Babies' franchise, and their advice to Allcures plc in the acquisition of 10 pharmacies

CHRISTIE FINANCE CHRISTIE INSURANCE PINDERS

Stock & Inventory Systems & Services

Venners continues its profit growth in H1, supporting franchised and managed operations and working internally as well in the UK

- Our hospitality stock audit, compliance and consultancy business, Venners, has continued its profit growth in H1 2019
- It remains the largest business in its sector, carrying out over 42,000 audits per annum
- H1 revenues were up on the previous year, with regional gains continuing
- New clients won in the period included The New World Trading Co and Michels & Taylor
- Venners range of services provide hospitality sector owners and operators with profit-enhancing solutions which drive tangible profit improvement

The UK's largest hospitality stock auditor

42,000 audits carried out annually

Over 850 clients

Stock & Inventory Systems & Services

Vennersys is winning clients as the strength of its Venpos Cloud product becomes apparent in its chosen sectors

- Venpos Cloud, our online ticketing and enterprise system, is attracting growing interest
- We have seen our system selected over a number of competitors as our pipeline of opportunities grows
- Our sector-tailored & evolving functionality – such as Adoptions for Zoos – makes Venpos Cloud a rich functionality product for clients in our targeted sectors.
- Further functionality will be launched in Q4
- We have installations planned well into 2020 while we have increased our sales team to drive further Enterprise-client sales
- Multi-site operators are expanding their use of our system
- Clients like Cardiff Castle are using our system to modernise and enhance their own data management

Stock & Inventory Systems & Services

Retail stocktaking continues to face challenges with UK turnaround ongoing

- UK retail stocktaking operation has continued its return to profit process
- Have successfully extended contracts on improved terms with clients such as Poundland and Wilkos
- Almost full employment in the UK – coupled with Brexit impact on immigration – is making recruitment very challenging
- The ability to attract and maintain a stable core of workers is key to driving productivity improvements
- UK Pharmacy and Supply Chain services continue to produce profitable returns
- We have sought to enhance our applicant-capture systems and invested in recruitment resources, and sought to target recruits by location
- We anticipate an encouraging and positive year for our Belgian-based operation as part of our mainland European services which carry out stocktaking in 14 countries

Financial Review

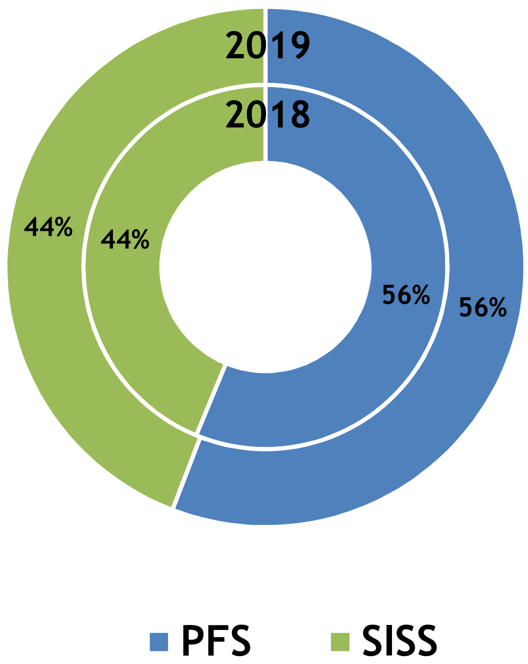
Simon Hawkins
Group Finance Director

Revenue

Half year revenue was broadly in line with the prior year at £38.1m with the same split between PFS and SISS of 56% and 44% respectively.

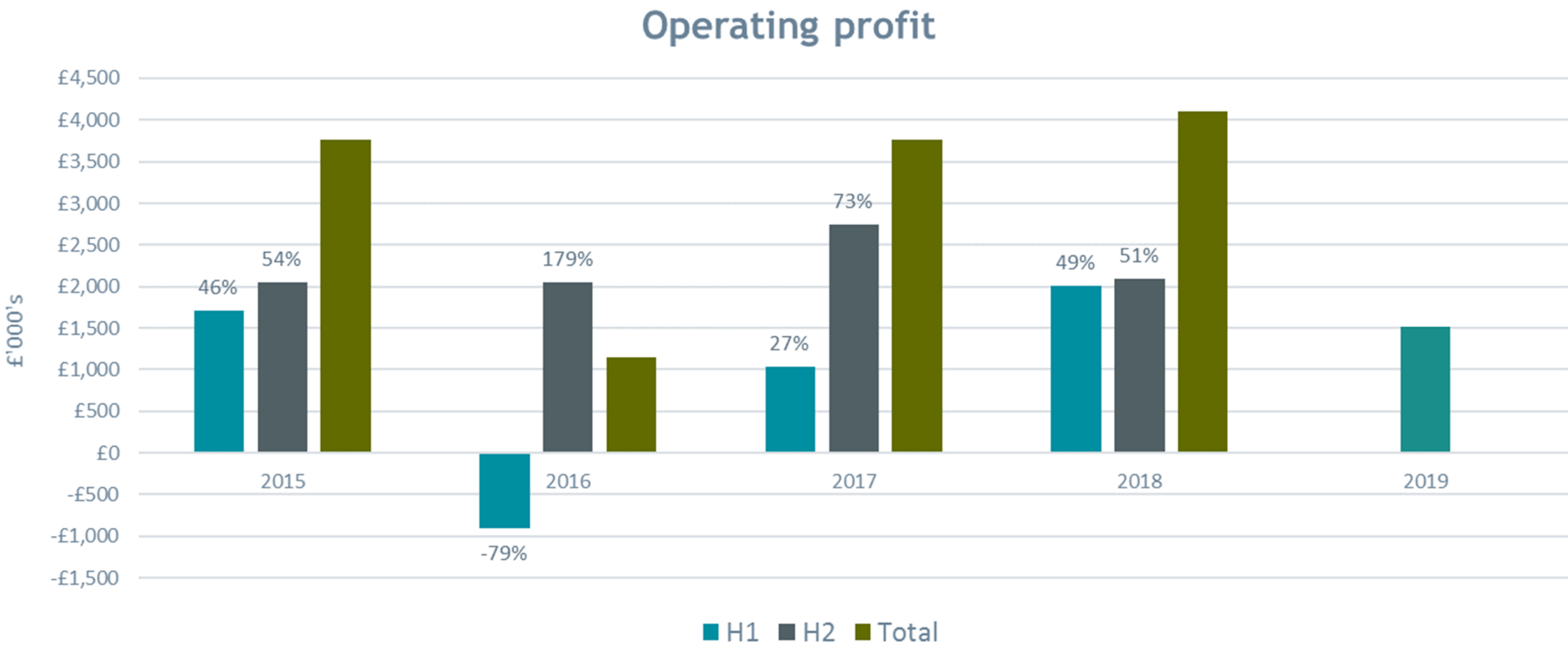
Revenue	2019 H1 £'000	2018 H1 £'000
Professional & Financial Services	21,293	21,585
Stock & Inventory Systems & Services	16,847	16,819
Total Revenues	38,140	38,404

Revenue by division



Operating profit by half years

Historically, the second half of the year is usually stronger that the first half. Note: 1st HY 2016 affected in the lead up to the referendum



Cash flow note:
We would expect that a performance in line with expectations for the FYR would produce a net positive cashflow from normal trading once debtors have been collected. Debtor levels are themselves in line with expectations

Outlook

David Rugg
Chairman & Chief Executive

Summary & Outlook

Strong pipelines as we enter second half with positivity

- We have a strong pipeline supporting an anticipated stronger second half
- More cautious domestic funding of larger M&A deals may slow the market pending the resolution of Brexit
- Thereafter we would anticipate an increase in activity
- We have been cautious towards increasing UK hiring whilst we await some certainty as to the political outcome
- Increased investment opportunities in our mid market 'alternatives' sectors is fuelling demand and portfolio instructions are continuing
- Our international agency and advisory business is coming of age
- The Board have voted to maintain the interim dividend at 1.25p per share (2018: 1.25p per share)
- We view the future with confidence

Appendix (I) – PLC Board

David Rugg – Chairman and Chief Executive
David is Chair and Chief Executive of Christie Group plc which is the holding company for the Group's seven trading businesses. David has been responsible for the identification and integration of our principle business acquisitions and involved in the business start-ups which together now comprise the Group. David is appointed as a Companion member of the British Institute of Innkeeping, a Friend of the Royal Academy of Culinary Arts, and Life Patron of the Springboard Charity.

Dan Prickett – Chief Operating Officer
Dan joined Christie Group in December 2007 after previously having worked at Grant Thornton, MacIntyre Hudson and Inchcape Retail. Having been appointed to the Board in March 2010, Dan spent over 7 years as Chief Financial Officer before being appointed as Chief Operating Officer in September 2017. As COO, Dan has responsibility for Administration, Compliance, Legal, Regulatory, Insurance, Pensions, Corporate Banking, Taxation, Property, Investor Relations and Financial PR matters.

Simon Hawkins – Group Finance Director
Simon is responsible for financial and company accounting matters.
Simon has over 23 years' financial experience in managing all financial aspects of companies both in the UK and internationally. Simon qualified as a Chartered Accountant with KPMG and was a Manager in the manufacture, retail and distribution department responsible for preparation of financial and regulatory reporting, before spells at Rugby Cement and Texon International where he gained experience of working with private equity. In 2005, Simon joined Christie & Co as Finance Director, looking after the financial management of Christie & Co's UK and international businesses, Christie Finance and Christie Insurance, before being appointed as Group Finance Director in September 2017. Simon has a BSc Hons Degree in Accounting and Financial Management.

Chris Day – Executive Director
Chris is Global Managing Director of Christie & Co.
Chris joined Christie & Co in 1985 and, having worked in the Manchester, Birmingham and London Offices, was appointed Managing Director in 1993. He has overall responsibility for all Christie & Co's specialist transactional and advisory activities. Chris has overseen the successful expansion of Christie & Co into a truly global firm, which currently has 30 offices throughout Europe and an active Asian Investment team.

Appendix (I) – PLC Board

Paul Harding - Executive Director
Paul is Managing Director of Orridge and Vennersys.
Paul has worked for Orridge for over 30 years. When Christie Group acquired Orridge in December 2002 Paul was Sales Director. He was appointed as Managing Director in 2004 and, since then, has been responsible for developing the company into a pan-European retail stocktaking business. Paul has also been the Managing Director of Vennersys since 2012.

Hwfa Gwyn – Non-executive Director
Hwfa Chairs the Remuneration Committee and is a member of the Audit and Nomination Committees.
Hwfa has been CFO of Hybrid Air Vehicles Ltd since February 2014, having previously been a Non-executive Director of the business. He qualified as an accountant with PwC in London, specialising in the audit of small and mid-cap growth businesses. He worked for KordaMentha, a top corporate recovery firm in Australia. He has a BA (Hons) in Economics and Politics from Bristol University and is a Chartered Accountant.

Laurie Benson - Non-executive Director
Laurie Chairs the Audit Committee and is a member of the Nomination and Remuneration Committees.
Laurie has over 30 years' experience in advertising, digital media and digital technology, assisting and advising organisations to exploit the benefits of digital technology. Laurie's executive career was made up of several high-profile roles in the US and EMEA, including roles with Time Warner and Bloomberg, after an early career which focused on the media industry in New York. Laurie is a thought leader on new digital platforms, how to communicate with audiences and changing media consumption habits and her sector knowledge includes Finance, Healthcare, Transportation, Telecoms, Energy and Media. Laurie currently sits on the Board of Trustees for The Royal Air Force Museum and is a Non-executive Board member of both The Charity Commission for England and Wales and The Medical Algorithms Company Limited. Laurie also sits on the Audit and Risk Committee and the Policy and Guidance Committee of The Charity Commission for England and Wales.

Victoria Muir - Non-executive Director
Victoria Chairs the Nomination Committee and is also a member of the Audit Committee and Remuneration Committee.
Victoria has over 25 years' of experience in financial services, including asset management and inter-dealer broking. Her experience covers a wide range of products and services including investment trusts, segregated accounts, pension funds, insurance products, VCTs and hedge funds and a wide breadth of asset classes across both traditional and alternative investments. Victoria is a Chartered Director and a Fellow of the Institute of Directors and is an FCA Approved Person. She has held a variety of executive positions within the financial services sector, most notably with Royal London Asset Management Ltd and some of its sister companies, before pursuing a career as a non-executive director. Victoria currently holds a number of non-executive directorships, including Invesco Perpetual Select Trust plc, Premier Global Infrastructure Trust plc, State Street Trustees Ltd and Smith & Williamson Fund Administration Ltd.

Appendix (II) – Shareholdings

Issued Share Capital
26,526,729 ordinary 2p shares

Major Shareholders
Philip Gwyn 43.41%*
David Rugg (Chairman & Chief Executive) 10.75%
Andrew Muir 3.10%
Lord Lee of Trafford 3.4%

Shares not in public hands
The percentage of shares not held in public hands is 64.43%*
17,099,423 Christie Group ordinary 2p shares

**Philip Gwyn holds 43.41% of the shares either directly or via connected family shareholdings which themselves include shares held directly or beneficially by Hwfa Gwyn, Non-Executive director.*