

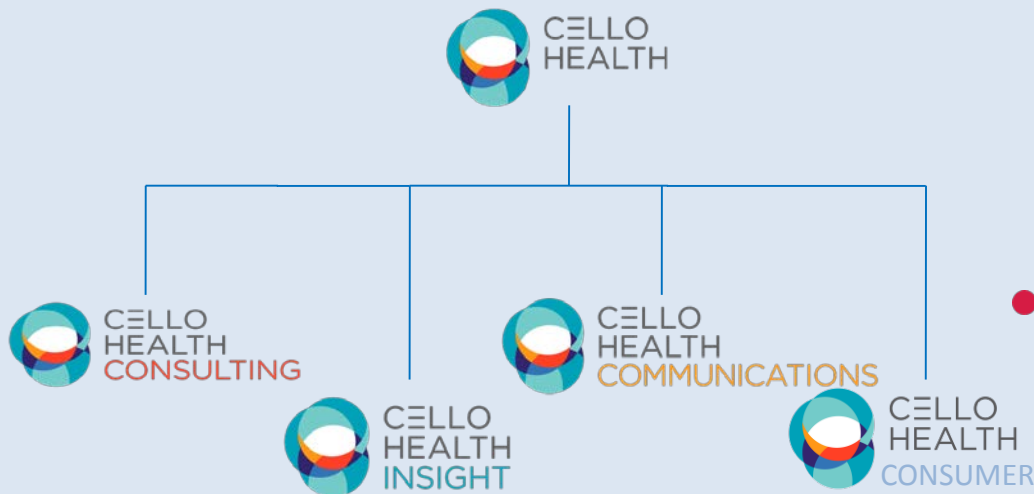
2016
FINAL RESULTS
PRESENTATION
MARCH 2017



CELLO – AN INTRODUCTION

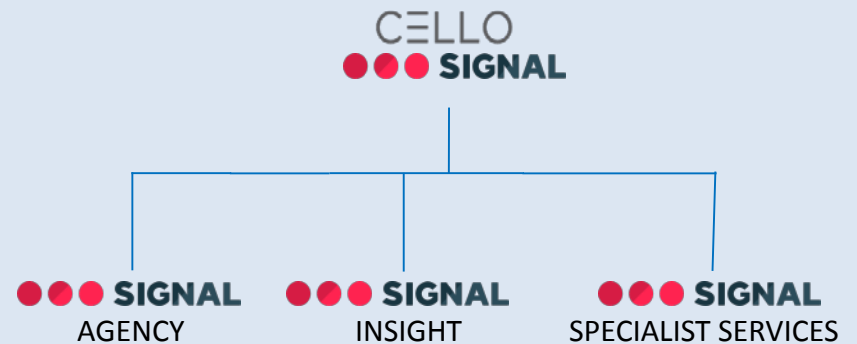
- We supply strategic advisory services to blue chip clients primarily in the pharmaceutical sector
- 2 businesses with clear growth strategies – Cello Health and Cello Signal
- Global infrastructure in Europe, USA and Asia
- Strong technology product offering, notably Pulsar
- Long-term client relationships with good contracted profile and visibility
- Low client concentration
- Strong balance sheet
- Strong and growing dividend
- Acquisitions programme ongoing

THE GROUP



Locations:

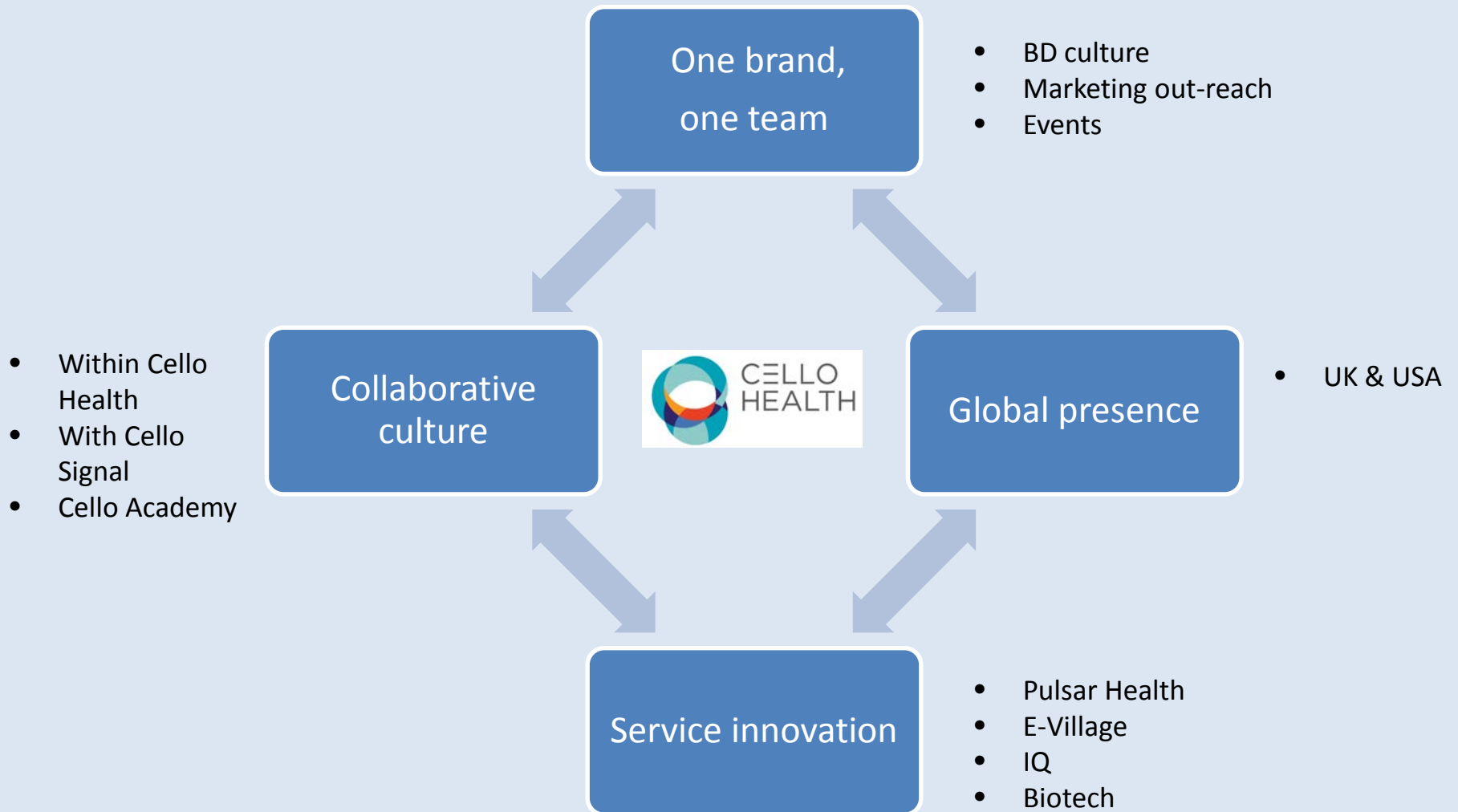
Farnham (UK), London, New York,
New Jersey, Chicago, San Francisco,
Philadelphia and Boston



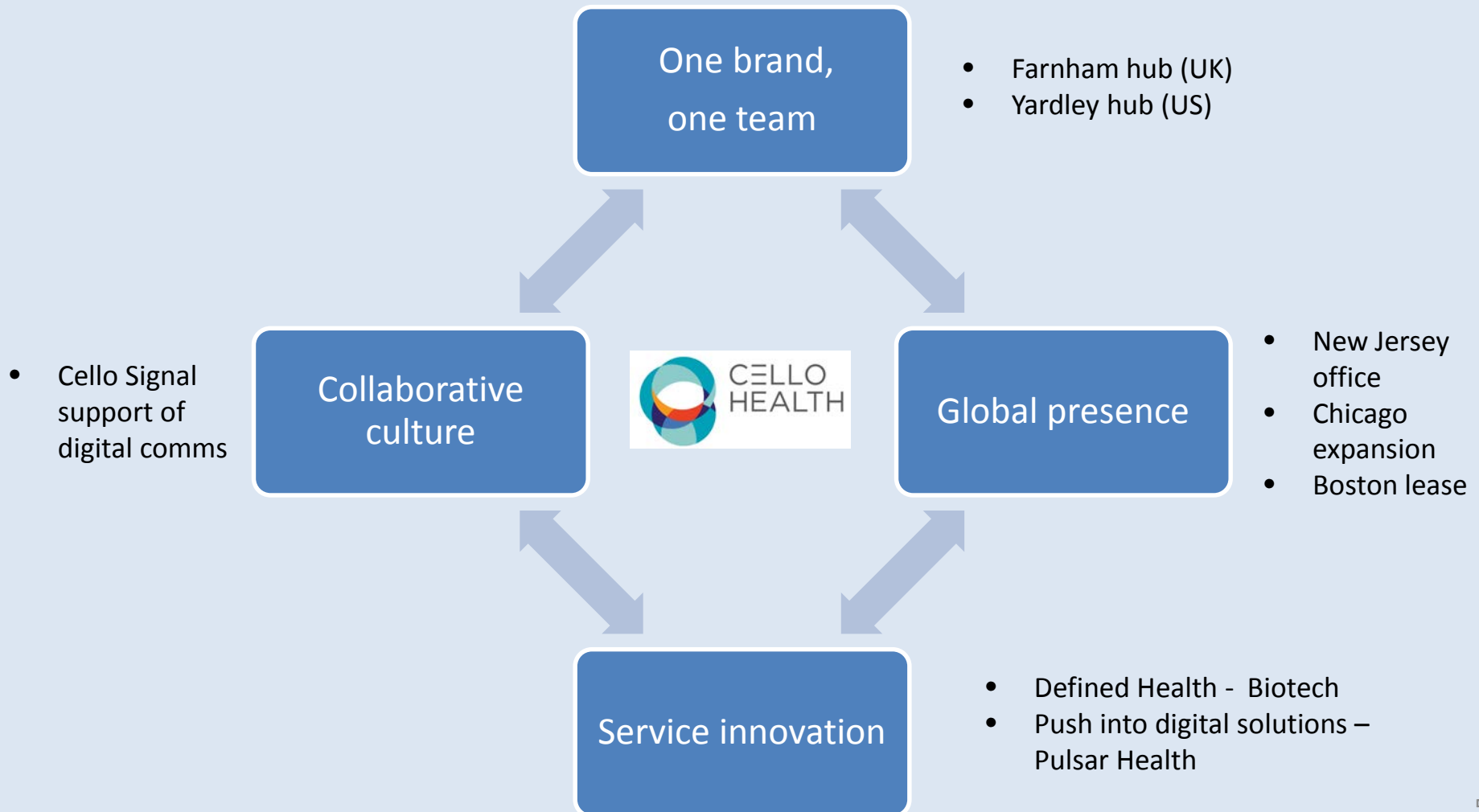
Locations:

Edinburgh, Cheltenham, London, New York,
San Francisco, Los Angeles and Singapore

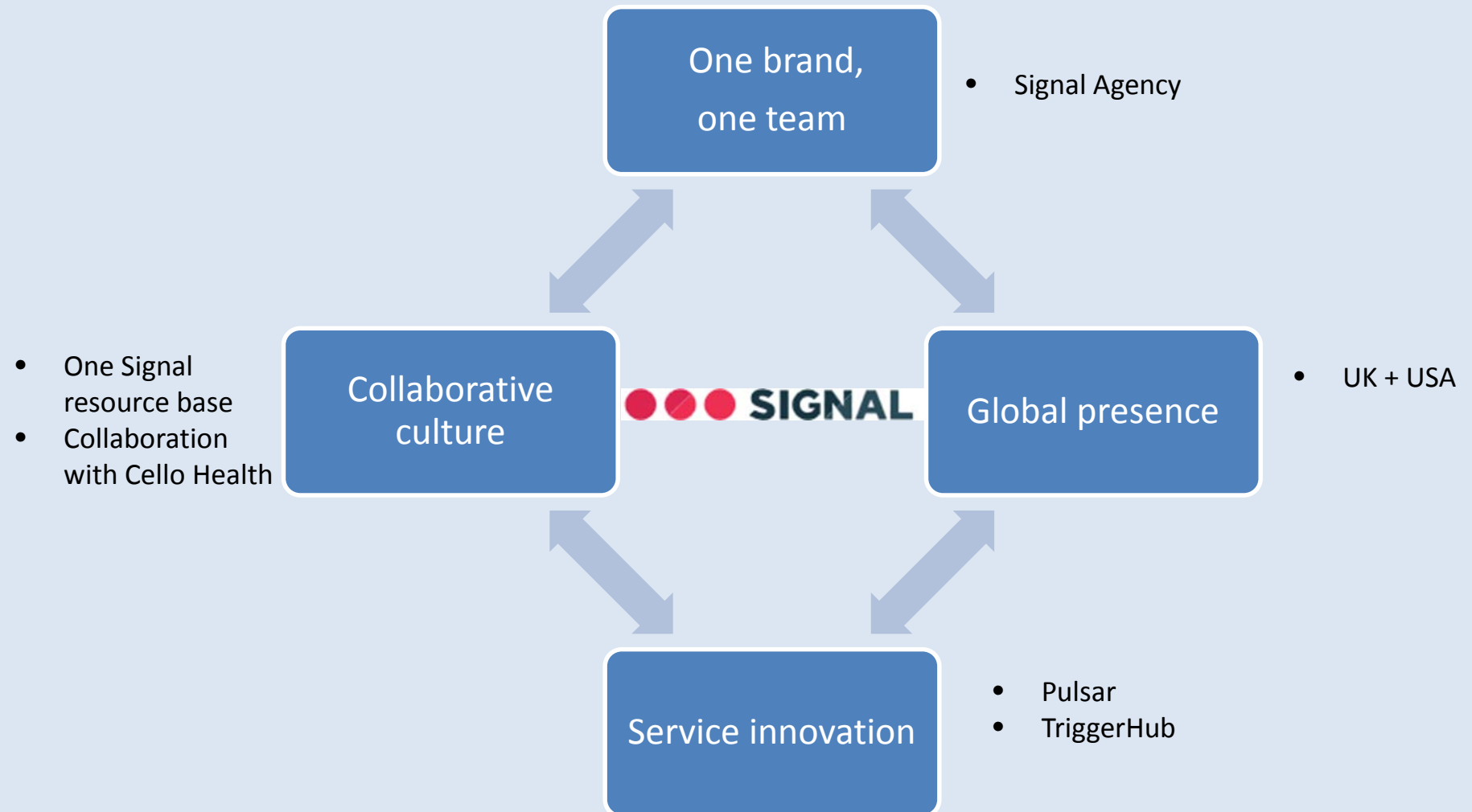
CELLO HEALTH: DRIVING COMPETITIVE ADVANTAGE



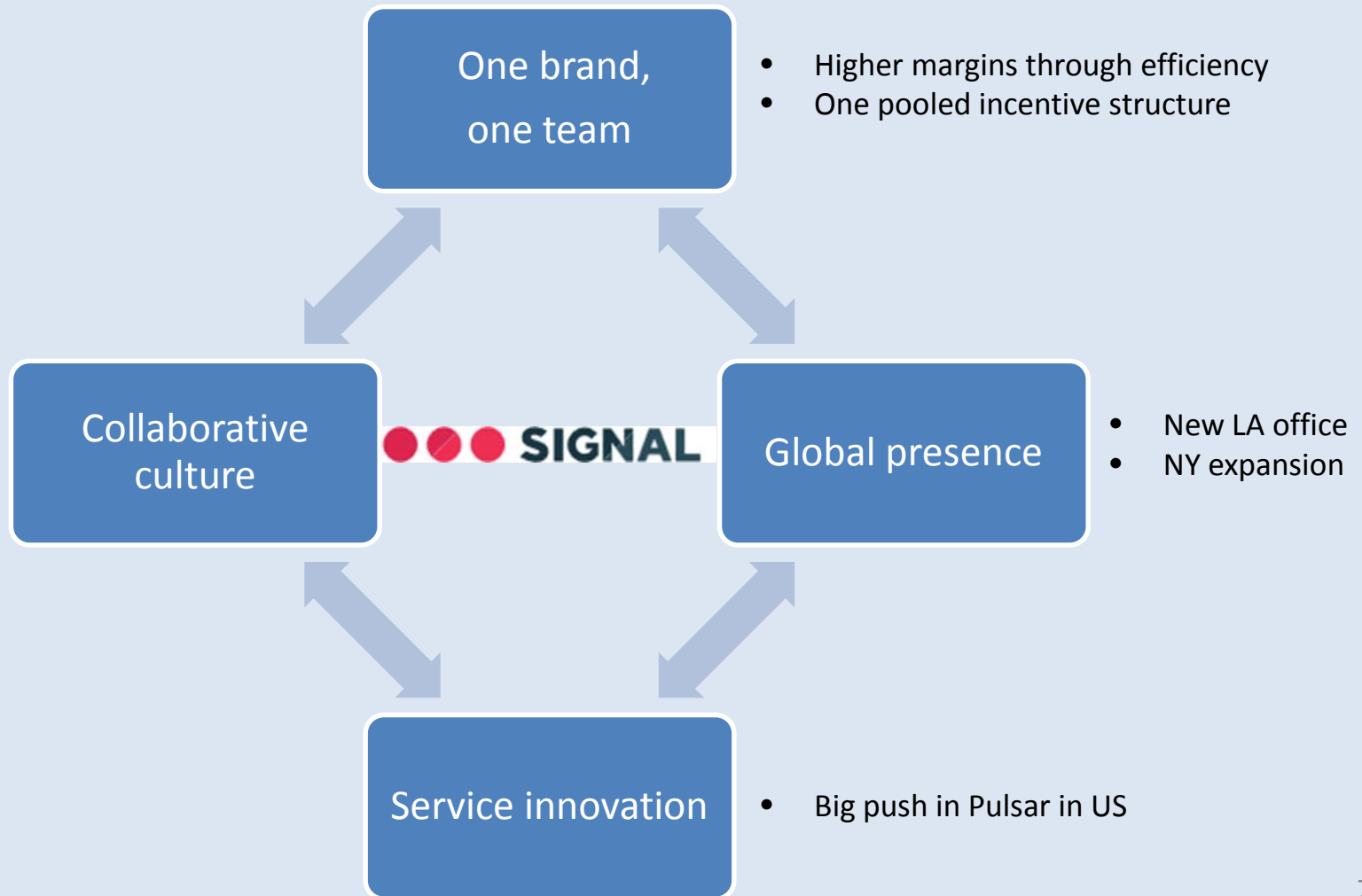
CELLO HEALTH: DEVELOPMENTS IN 2017



CELLO SIGNAL : DRIVING COMPETITIVE ADVANTAGE



CELLO SIGNAL: DEVELOPMENTS IN 2017



M&A / INVESTMENT

Actual M&A

- Defined Health - Scientific strategic advisory services helping build and strengthen development-stage assets. In addition, runs *Cancer Progress* conference. Wide biotech knowledge across many therapeutic areas
- Based in Florham Park NJ, USA with 27 employees
- Initial payment of \$5.25m cash, \$0.5m ordinary shares (2 year lock-up)
- Deferred payment of \$3.25m over next three years

Potential M&A

- Recent placing provides balance sheet strength
- Healthcare & US focus
- Active pipeline

Investment

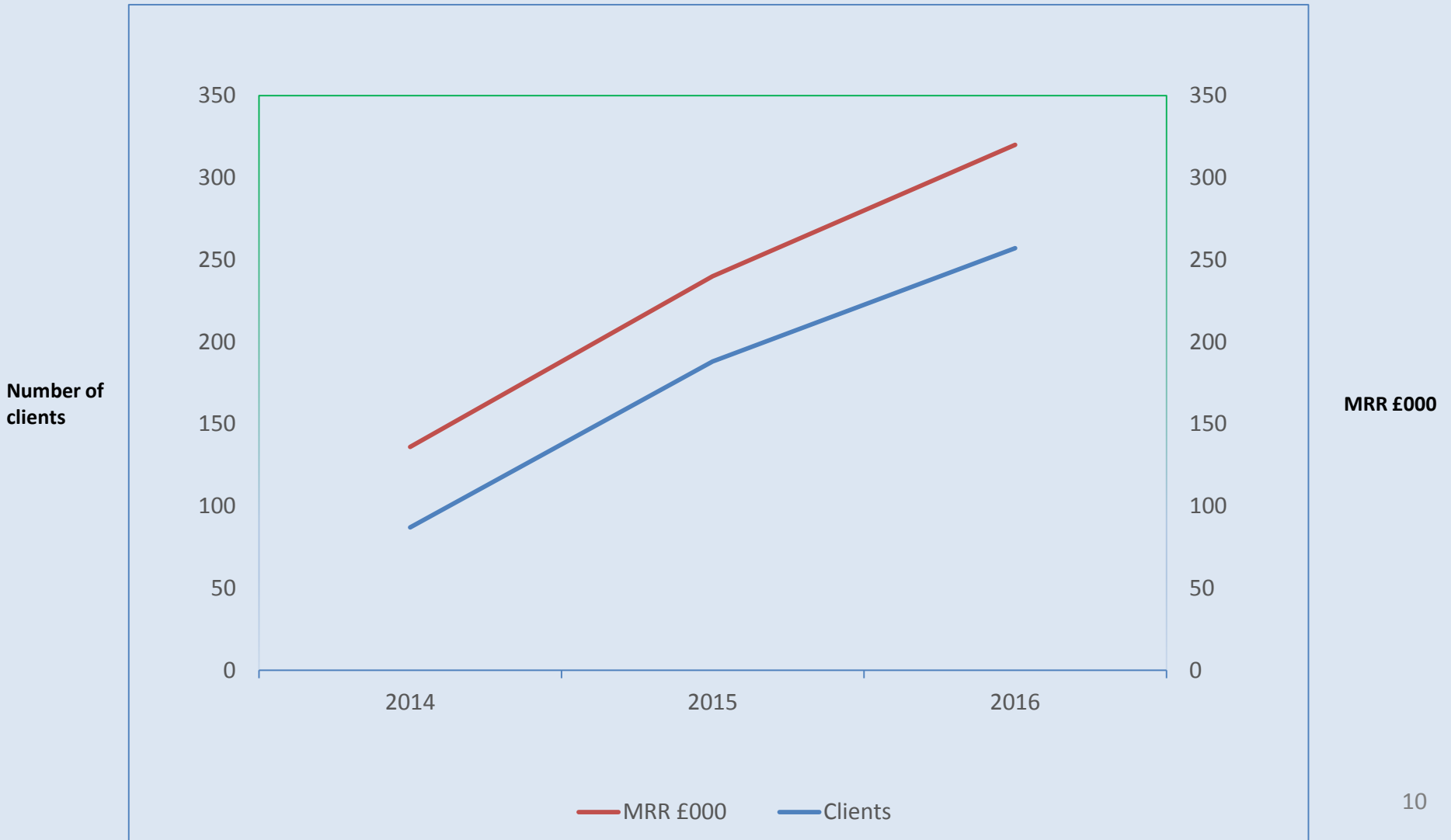
- Focus on internal investment in Cello Health to drive future growth with US focus
- Accelerated investment and expansion in Pulsar

CELLO SIGNAL: PULSAR

- Established franchise in social media analytics software market
- Early entrant with Facebook API in 2016
- Formal launch in US; with strong initial traction with clients
- Successful launch of Pulsar Health to support Cello Health
- Increased investment by Cello
- Growth market: according to a recent study* the global social media analytics market is forecast to grow **from USD 1.60 Billion in 2015 to USD 5.40 Billion by 2020**, at a Compound Annual Growth Rate (CAGR) of **27.6% from 2015 to 2020**.

(* Source: Market and markets report 2016)

PULSAR GROWTH



PULSAR KEY CLIENTS



KEY COMPETITORS

Name	Turnover	Ownership
Brandwatch	£30m	PE \$60m investment
Synthesio	N/A	PE \$22m investment
Crimson Hexagon	\$35m	PE \$11m investment
Sysomos	N/A	PE Backed
Radian 6	N/A	Bought by Salesforce.com

2016 FINANCIAL HIGHLIGHTS

- Gross profit up 7.2% to £92.7m (2015: £86.5m)
- Like-for-like gross profit up 5.9% (constant currency: 2.9%)
- Headline profit before tax up 0.8% to £10.2m (2015: £10.1m)
- Headline operating margin 11.5% (2015: 12.2%)
- Headline earnings per share flat at 8.7p (2015: 8.7p)
- Net debt £5.1m (2015: £4.2m)
- Full year dividend per share up 18.8% to 3.40p (2015: 2.86p)
- Acquisition of Defined Health completed in January 2017
- Equity fundraise of £15.0m in 2017

SEGMENTAL ANALYSIS

	2016			2015		
	Headline Gross Profit £m	Headline Operating Profit £m	Margin %	Headline Gross Profit £m	Headline Operating Profit £m	Margin %
Cello Health	47.6	8.6	18.1%	44.5	8.8	19.7%
Cello Signal	43.6	4.5	10.3%	41.3	4.0	9.8%
Sub total	91.2	13.1	14.4%	86.1	12.7	14.7%
Central cost	-	(2.5)	-	-	(2.3)	-
Group	91.2	10.5	11.5%	86.1	10.4	12.1%

CELLO HEALTH

	2016 £'000	2015 £'000	% change
Headline Gross profit	47,605	44,496	7.0%
Headline operating profit	8,635	8,779	(1.6%)
Margins	18.1%	19.7%	-

- Like-for-like gross profit up 6.2% (2015: 4.7%)
- Like-for-like gross profit up 10.5% (ex Consumer)
- Stronger dollar impact balanced by consumer profit fall
- Constant currency like-for-like gross profit up 1.7% (5.3% ex Consumer)
- Operating margin remains competitive at 18.1% (ex Consumer 20.3%)
- Overall client base growing, especially in USA
- Collaborative wins grow strongly behind the Cello Health brand
- Notable growth in quantitative research under 'IQ' product name
- Consumer area tougher, impacting margin, leading to impairment charge in 2016
- Defined Health acquisition in January 2017

CELLO SIGNAL

	2016 £'000	2015 £'000	% change
Headline Gross profit	43,615	41,327	5.5%
Headline operating profit	4,490	4,049	10.9%
Margins	10.3%	9.8%	-

- Like-for-like gross profit growth of 5.5% (2015: 3.7%)
- Constant currency like-for-like gross profit growth of 4.2%
- Operating margin 10.3% (2015: 9.8%)
- External re-brand under 'Signal' brand complete
- Pulsar operationally profitable; growth to 257 clients
- Pulsar enters US in 2017, creating considerable opportunity
- Hong Kong discontinued in 2016

INCOME STATEMENT

	2016	2015
	£m	£m
Headline operating profit	10.5	10.4
Interest	(0.3)	(0.4)
Headline profit before tax	10.2	10.0
Restructuring costs	(1.2)	(0.7)
Start-up investment	(2.1)	(1.0)
Deal related costs	(1.2)	(1.6)
Amortisation	(0.3)	(0.4)
Share options	(0.3)	(0.2)
Provision for VAT payable	(1.8)	(1.3)
Goodwill impairment	(4.9)	-
Statutory (loss)/profit before tax	(1.7)	4.8

INCOME STATEMENT ITEMS

Item	£m	Comment
Restructuring costs	1.2	£1.0m staff; £0.2m property; Signal and Consumer Health
Start up investment	2.1	BioConsulting settlement (£1.2m) and start-up losses
Deal related costs and share options	1.2	Final year of iS Health charges
Amortisation	0.3	Final year of iS Health intangible amortisation
Charge for VAT payable	1.8	Total provision of £5.2m settled in July 2016. c.£300k recovery to date, more to come in 2017
Impairment charge	4.9	Consumer Health UK business

BALANCE SHEET

	31 December 2016	31 December 2015
	£m	£m
Goodwill	69.9	73.7
Intangible assets	0.7	1.1
Fixed assets	2.7	1.9
Deferred tax asset	0.8	0.9
Current non cash assets	46.5	43.7
Cash	7.4	5.2
Creditors < 1 year	(48.8)	(44.7)
Net current assets	5.1	4.2
Creditors > 1 year	(12.6)	(11.0)
Net assets	66.6	70.8

CASH FLOW AND NET DEBT

	2016	2015	
	£m	£m	Comment
Operating net inflow pre VAT settlement	11.9	8.2	Strong underlying cash flow
VAT settlement	5.2	–	
Net cash inflow from operating activities	6.7	8.2	
Interest	(0.2)	(0.3)	Lower rates, lower average debt
Tax	(1.7)	(1.2)	No significant changes
Capex	(2.2)	(1.2)	Office moves/Pulsar investment
Acquisitions/option issuance/currency	(0.9)	(0.3)	
Dividends	(2.6)	(2.2)	Growing dividend
Net debt movement	(0.9)	3.0	
Opening net debt	(4.2)	(7.2)	
Closing net debt	(5.1)	(4.2)	£15m fundraise in late Jan
Closing net debt: EBITDA	0.42	0.35	

DIVIDEND

- Full year dividend increased 19% to 3.40p (2015: 2.86p)
- c.40% of headline EPS distributed – new distribution policy
- 10 year unbroken full year dividend growth record

EARN OUTS

- Total payments due in 2017: £2.7m – substantially in cash

GROUP SUMMARY AND OUTLOOK FOR 2017

- Solid growth in fee income in both Cello Health and Cello Signal
- Long standing client relationships remain strong and growing
- Rapidly increasing exposure to US market
- Strong push behind Pulsar
- Leverage of aspects of Cello Signal into healthcare
- Ongoing acquisition process in Cello Health
- Strong balance sheet
- Significant dividend increase
- Strong 2017 outlook based on current pipeline

Appendix

Cello Health

CELLO HEALTH: INTRODUCTION

Clinically-led commercial advisory services

22 of the top 25 global pharmaceuticals companies are clients

450 professionals (scientific and/or industry backgrounds)

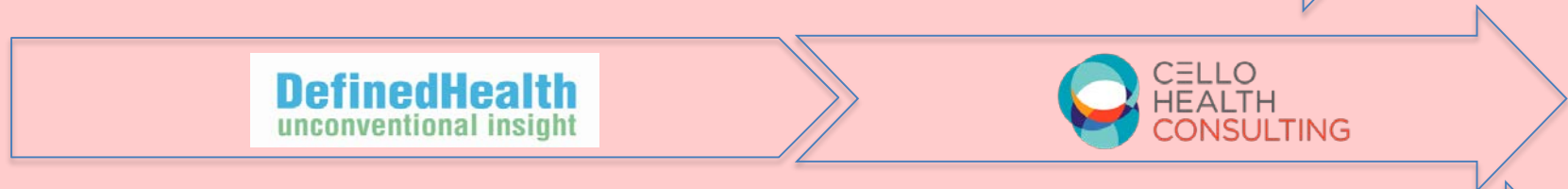
International footprint (US, UK)

£47.6m GP, £8.6m HOP (2016)

CELLO HEALTH – CORE CAPABILITIES

Core Capability	Specialism
	<ul style="list-style-type: none"> • Qualitative – all types, global coverage • Quantitative – all types, global coverage • Social/Consumer – digital/online patients, healthcare professionals
	<ul style="list-style-type: none"> • Strategic Marketing • Brand and Portfolio Strategy (pre, post brand launch to loss of patent) • Early Product Commercialization (managed care, market access) • Business Science (analytics, decision support software and tools, advisory) • Marketing Excellence (process, organization/people development)
	<ul style="list-style-type: none"> • Strategic Communication Planning (medical, scientific, consumer) • Medical Communication Gap Analysis and Evidence Assessment • Medical and Health Consumer Marketing Communications • Scientific Data Dissemination and Education • Public Affairs and Influencer Marketing
	<ul style="list-style-type: none"> • Strategic Consulting and Research

THE CELLO HEALTH PORTFOLIO



CLIENTS AND OFFICES



	Insight	Comms	Consulting	Consumer
London	Orange	Blue	Blue	Orange
Farnham	Blue	Orange	Orange	Blue
NYC	Orange	Orange	Orange	Orange
Philadelphia	Blue	Orange	Orange	Blue
Chicago	Orange	Blue	Orange	Blue
San Francisco	Orange	Blue	Blue	Blue
Boston	Blue	Blue	Orange	Blue
New Jersey	Blue	Blue	Orange	Blue

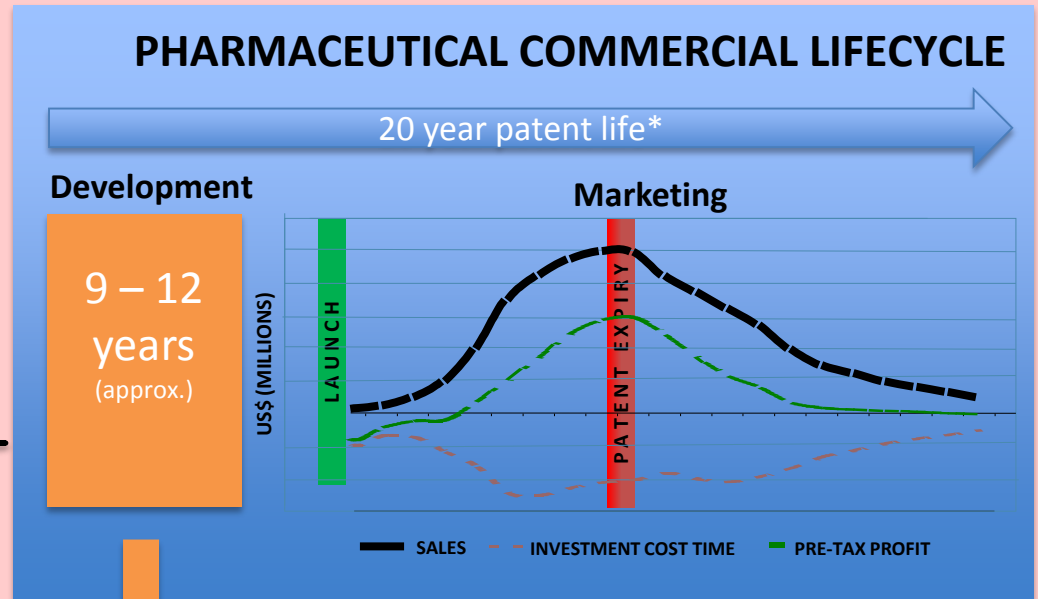
MARKET FUNDAMENTALS ARE STRONG

Sustained demand
(Ageing population, rise in old age diseases, new diagnostics, new treatments)

13,000+ products in development (approx.)

\$1trillion+ client sales
(Rx only)

PHARMACEUTICAL COMMERCIAL LIFECYCLE



9 – 12
years
(approx.)

From 10-15k molecules to 1 (approx.)

Cost of \$1.4bn – \$4bn (approx.)

Only 2 in 10 succeed (approx.)

C 5% growth

KEY COMPETITORS

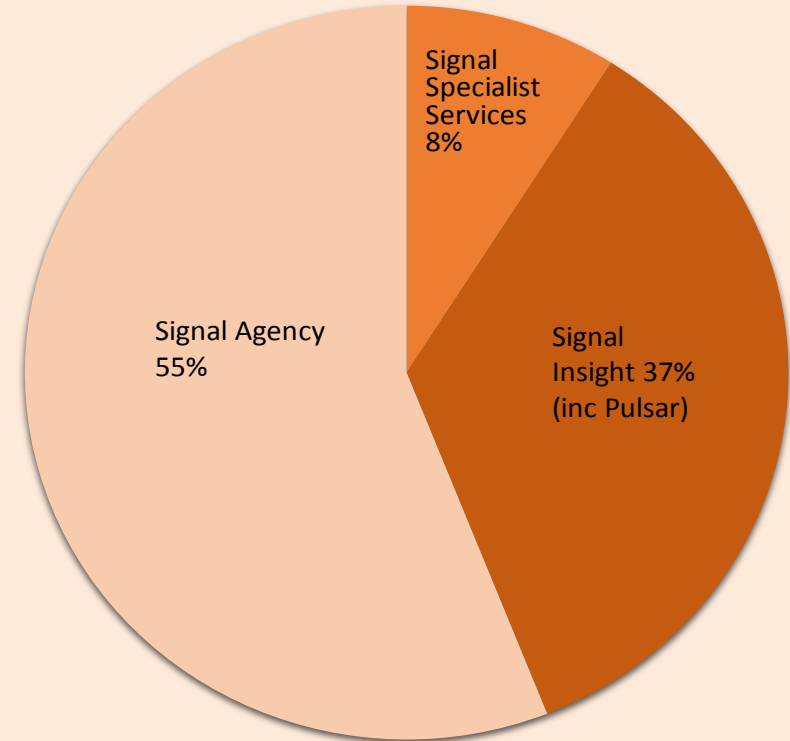
Company	MedComm	Marketing	Analytical Support	Market Research	Regulatory & Compliance
Cello Group plc	[Blue bar]				
Healthcare Consultancy Group (s/o Omnicom Group)	[Blue bar]				[Blue bar]
HealthSTAR Communication	[Blue bar]				
ICON plc			[Blue bar]		
inVentiv Health, Inc.	[Blue bar]				
Medical Knowledge Group	[Blue bar]		[Blue bar]		
Medidata Solutions	[Blue bar]				[Blue bar]
MediMedia USA, Inc.	[Blue bar]				
PAREXEL International Corp.	[Blue bar]				[Blue bar]
Publicis Group SA	[Blue bar]			[Blue bar]	
UDG Healthcare plc	[Blue bar]				[Blue bar]
Quintiles / IMS	[Blue bar]		[Blue bar]		

Cello Signal

CELLO SIGNAL

- Digital and social media marketing solutions for big corporates
- 500 professionals
- Blue chip global client base:
Financial Services, Tech, Utilities and Government / charities
- Solid contracted revenue stream and visibility
- Strong technology underpinning and proprietary software licensing model

Share of 2016 gross profit



CELLO SIGNAL – INDUSTRY TRENDS

- Universal migration of customer acquisition and retention online
- Integration with large scale CRM systems
- Shift to continuous, 'big data' based customer engagement
- Shift to social media format for data acquisition and engagement
- Entry of large scale technology players – Accenture, Adobe, Salesforce.com, IBM, Microsoft and Google

CELLO SIGNAL – BLUE CHIP CLIENT FRANCHISE

- Financial Services:



- Tech:



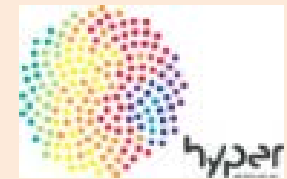
- Utilities:

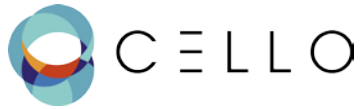


- Gov & Charities:



CELLO SIGNAL – COMPETITORS





THANK YOU

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