

16<sup>th</sup> June 2015

**Key Statistics**

**Code** : CRE  
**Listing** : LSE  
**Sector** : Advertising & Marketing  
**Market Cap** : £79.91m  
**Share in issue** : 58.71m  
**Current Price** : 137.8p  
**12 month High/Low**: 102.62p/138.00p

**Stock Performance**



Source: InvestEgate

**Financials**

£'m	2015	2014	2013	2012
<b>Revenue</b>	76.88	74.88	75.19	74.92
<b>Profit</b>	7.41	5.24	9.79	9.11
<b>EPS (p)</b>	12.45	8.52	16.1	15.08
<b>DPS (p)</b>	4.20	3.90	3.67	3.50

Source: Creston plc Full Year Results

**Company description**

Creston PLC is a marketing communications group with a strong culture of creative and technological innovation through collaboration, which delivers digital-based marketing and brand consultancy solutions to blue-chip clients. The group has more than 850 staff based in the UK and the USA, with the group's principal activities three divisions: Communications, Health and Insight.

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**Creston plc – centralising a historically fragmented sector**

Creston's recent full year results shows the first part of their five tiered strategy is going according to plan. First, to build an established agency brand group and offering named Creston Unlimited before building out a fuller service offering more tailored to the ever increasing needs of their clients.

Creston's FY 2015 results came in slightly above market expectations. The company reported year on year growth across full year revenue, headline PBT, headline diluted EPS and dividend. Revenue grew by 3% to £76.9m with headline PBT rising to £9.9m whilst headline diluted EPS grew by 11% to 13.07p. A proposed full year dividend increased by 8% to 4.20p. All of which suggest Creston is in a very good place with a strong balance sheet with net cash of £8.3m allowing the group to be poised for an exciting period of growth going forward.

Creston is repositioning itself to take advantage of a rapidly diverse and changing sector. They boast an impressive blue chip client list which saw new business wins total over £9m across the year. Clients such as Sony, Canon, Unilever, Novartis, Allianz and ASDA rely on Creston to help them adapt to the ever changing landscape of digital based marketing and communication to retail customers. Retail giants are under constant pressure to better understand their customers through a whole host of channels such as innovation, neuroscience, community engagement, social media strategy and execution to name but a few. Such a diverse set of customer challenges has created a disjointed service offering with many agencies being left behind unable to provide discipline experts through a consulting framework of support.

With the digital explosion sweeping across the industry and clients forever requiring real time insight, agencies can no longer pretend to be generalists in their support. Part of Creston's strategy is to bring specialists together in the industry to shift from a project by project agency to a consulting partner that helps their clients think two to three years ahead when creating their own strategies. This has been shown in two recent acquisitions by Creston of Splendid Unlimited and 18 Feet & Rising.

In April 2015, Creston acquired 51% of Splendid for an initial cash consideration of £8.7m. The acquisition was well suited to Creston's strategy to grow their consultancy offering with Splendid's expertise in the space and blue chip client base such as Boots and eBay. More recently, Creston made a strategic investment for a 27% stake in 18 Feet & Rising for £1m total consideration. This acquisition aims to bolster Creston's firepower in their creative offering whilst utilising their in-depth understanding of the online digital market.

Creston continues to build a high quality media agency of the future that can be trusted by some of the world's most recognisable brands in the world. This has been successfully demonstrated from recent growth both organically and by acquisition. With 55% of their revenue from online and digital they are effectively adapting to where clients are directing their attention. With a healthy balance sheet, continued consolidation in the sector will present further acquisition opportunities, but also place Creston increasingly on the radar of larger agencies.

**By Niall Pearson** - For disclosures, refer to the Disclosure Section

## Unconsolidated Statement of Income for year ended 31 March 2015

	<b>Unaudited Year ended 31 March 2015</b>	Audited Year ended 31 March 2014
	<b>£'000</b>	£'000
<b>Turnover</b>	<b>100,135</b>	101,850
<b>Revenue</b>	<b>76,878</b>	74,878
Operating Costs	-67,081	67,471
<b>Profit before finance income, finance costs and taxation</b>	<b>9,797</b>	7,407
Finance Income	10	-
Finance Costs	-184	-203
<b>Profit before taxation</b>	<b>9,623</b>	7,204
Taxation	-2,216	-1,969
<b>Profit for the year</b>	<b>7,407</b>	5,235
Attributable to:		
Equity holders of the parent	7,321	5,128
Non-controlling interest	86	107
	7,407	5,235
Basic earnings per share (pence)	12.48	8.55
Diluted earnings per share (pence)	12.45	8.52
<b>Headline profit before finance income, finance costs and taxation</b>	<b>10,001</b>	9,766
<b>Headline profit before taxation</b>	<b>9,852</b>	9,617
<b>Headline profit for the year</b>	<b>7,775</b>	7,207

Source: Creston plc Full Year Results

## Unaudited consolidated Balance Sheet as at 31 March 2015

	Unaudited Year ended 31 March 2015 £'000	Audited Year ended 31 March 2014 £'000
<b>Non-current assets</b>		
Intangible assets		
Goodwill	105,381	103,792
Other	1,256	1,193
Property, Plant and equipment	3,985	4,619
Deferred tax assets	1,141	987
	<b>111,763</b>	110,591
<b>Current assets</b>		
Inventories and work in progress	1,001	905
Trade and other receivables	28,195	28,948
Cash and cash equivalents	8,312	7,452
	<b>37,508</b>	37,305
<b>Current liabilities</b>		
Trade and other payables	-25,559	-28,519
Corporation tax payable	-1,328	-1,147
Provision for contingent deferred consideration	-1,384	-
	<b>-28,271</b>	-29,666
<b>Net Current assets</b>	<b>9,237</b>	7,639
<b>Total assets less current liabilities</b>	<b>121,000</b>	118,230
<b>Non-current liabilities</b>		
Trade and other payables	-2,078	-2,674
Provision for contingent deferred consideration	-	-1,711
Provision for other liabilities and changes	-841	-782
Deferred tax liabilities	-808	-505
	<b>3,727</b>	-5,672
<b>Net assets</b>	<b>117,273</b>	-112,558
<b>Equity</b>		
Called up share capital	6,134	6,134
Share premium account	35,943	35,943
Own shares	-3,371	-1,679
Shares to be issued	423	929
Other reserves	30,822	30,822
Foreign currency translation reserve	568	-730
Retained earnings	46,668	41,032
<b>Equity attributable to equity holders of parent</b>	<b>117,187</b>	112,451
Non-Controlling interest	86	107
<b>Total Equity</b>	<b>117,273</b>	112,558

Source: Creston plc Full Year Results

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