



# Helping Organisations Transform Through Their People



**Learning Technologies Group plc**

**2024 Interim Results**

**Jonathan Satchell**  
Chief Executive

**Kath Kearney-Croft**  
Chief Financial Officer

17 September 2024

# H1 2024 Results

## Strategic Highlights

- Resilient performance in a tough macroeconomic environment
- All major clients above \$5 million annual revenue that were up for renewal in H1 2024 were successfully renewed and strong growth in LATAM and Leadership divisions of GP Strategies.
- GP Strategies profits more than doubled in the three years since acquisition, reflecting margin progression and operational improvement actions
- Completed the sale of VectorVMS ("Vector") for \$50 million as part of ongoing initiatives to simplify our portfolio and sharpen focus on learning and talent development
- Increased investment in AI product innovation including GP's Content AIQ Learning Platform, Human+ AI Learning Series, Rustici Generator and Bridge Learn and Develop. Early signs of customer uptake are encouraging

## Financial Highlights

- Organic constant currency revenue down 3.8% to £250.3 million, with the subdued macro backdrop affecting overall spending on learning and talent development activities particularly in transactional and project work and softness in SaaS subscriptions: Content & Services down 2.9% & Software and Platforms down 5.9%.
- Continued growth in profits and margin progression on a like-for-like basis - Adjusted EBIT up 5% to £43.3 million.
- Adjusted EBIT margin increased to 17.3% (H1 2023: 15.3%) as the Group benefits from the successful commercial transformation of GP Strategies and focus on cost optimisation.
- Strong cash performance with cash conversion of 70% (H1: 65%).
- Robust balance sheet with net debt of c.£1 million at 30 August 2024 following the disposal of Vector.
- Voluntary debt repayment of \$25 million in July 2024



# Financial Highlights Review



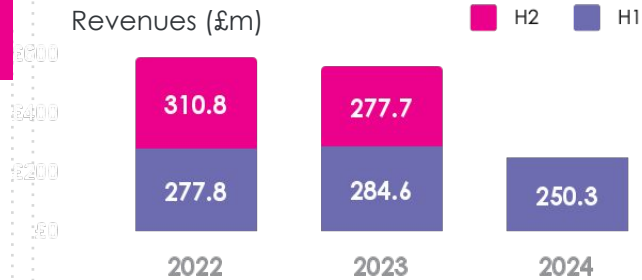
**Kath Kearney-Croft**  
*Chief Financial Officer*

# H1 2024 Financial Highlights

## Revenue

**H1 2024: £250.3m**

(12.0)%  
(H1 2023: £284.6m)



## Organic Revenue \*

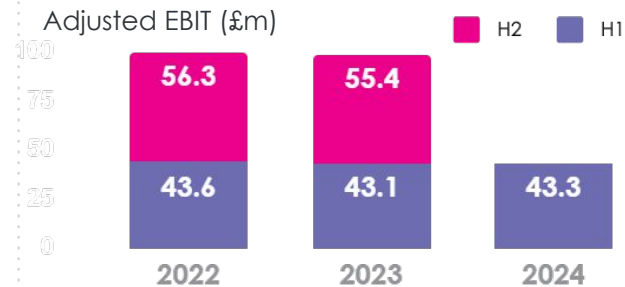
**(3.8)%**

C&S (2.9)%  
S&P (5.9)%

## Adjusted EBIT

**H1 2024: £43.3m**

+0.5%  
(H1 2023: £43.1m)



## Adjusted EBIT Margin

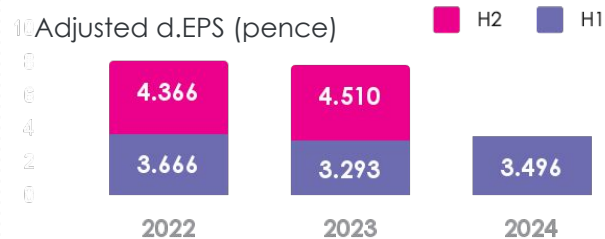
**H1 2024: +17.3%**

(H1 2023: +15.1%)

## Adjusted dEPS

**H1 2024: 3.496 pence**

+6.2%  
(H1 2023: 3.293 pence)



## Net Debt

**H1 2024 £57.5m**

(H1 2023: £108.4m)

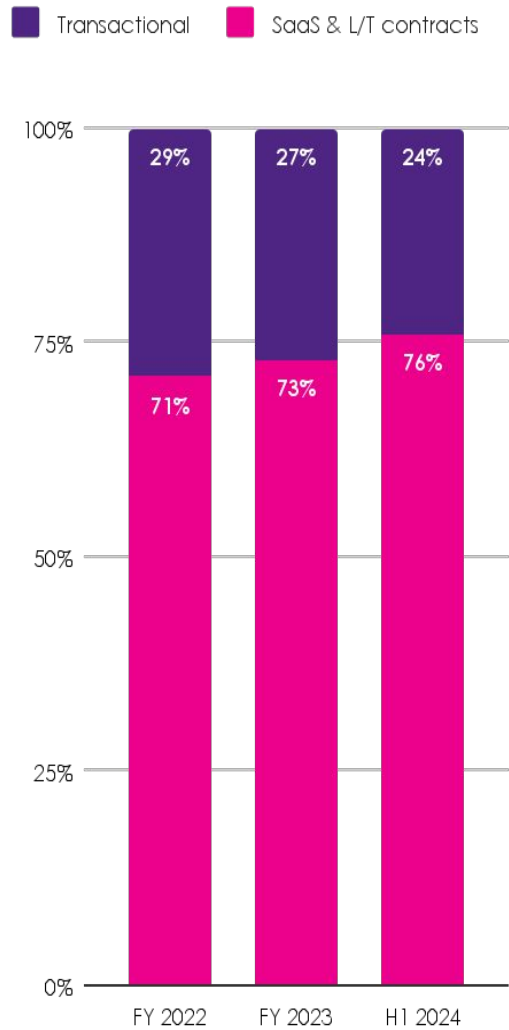
**Like-for-like\*\*:** H1 revenue £268.2m & Adjusted EBIT £41.1m (15.3% margin)

\*Continuing operations on an organic constant currency basis.

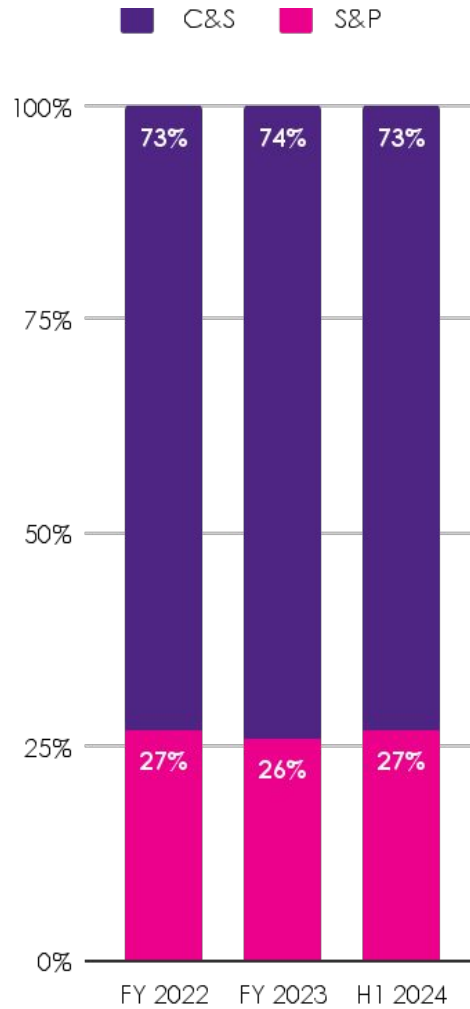
\*\* Like-for-like excludes TTI global staffing contacts and Lorien Engineering disposed of in 2023 & 2 Jan 2024 respectively

# Revenue Breakdown

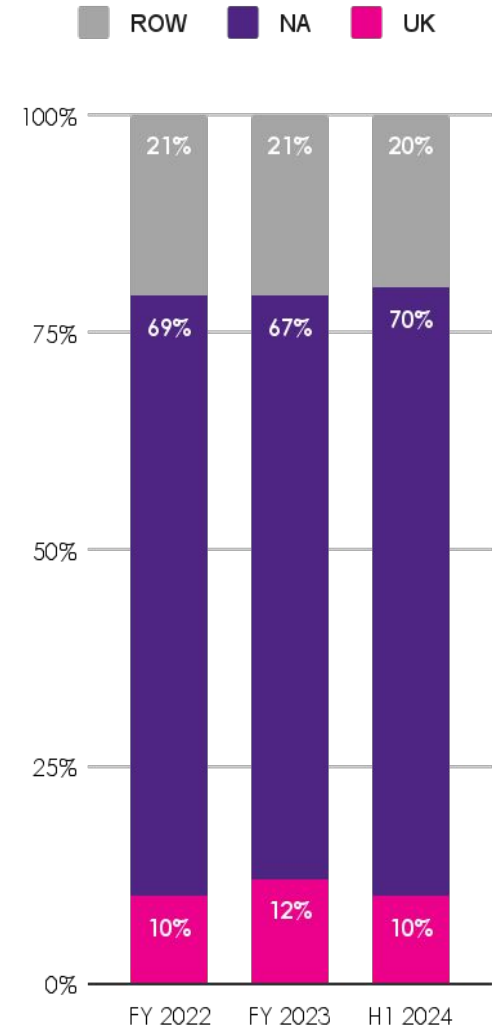
Long-term visibility



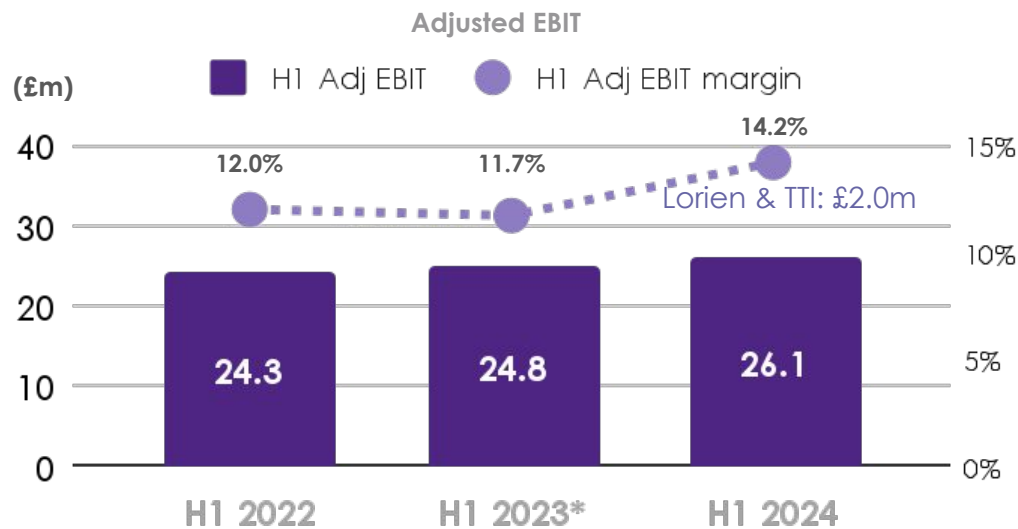
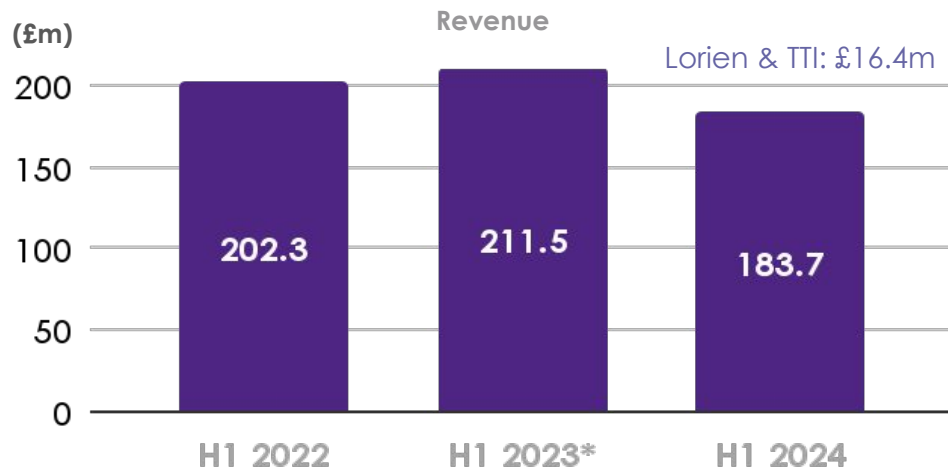
Divisional revenue



Diversified international footprint



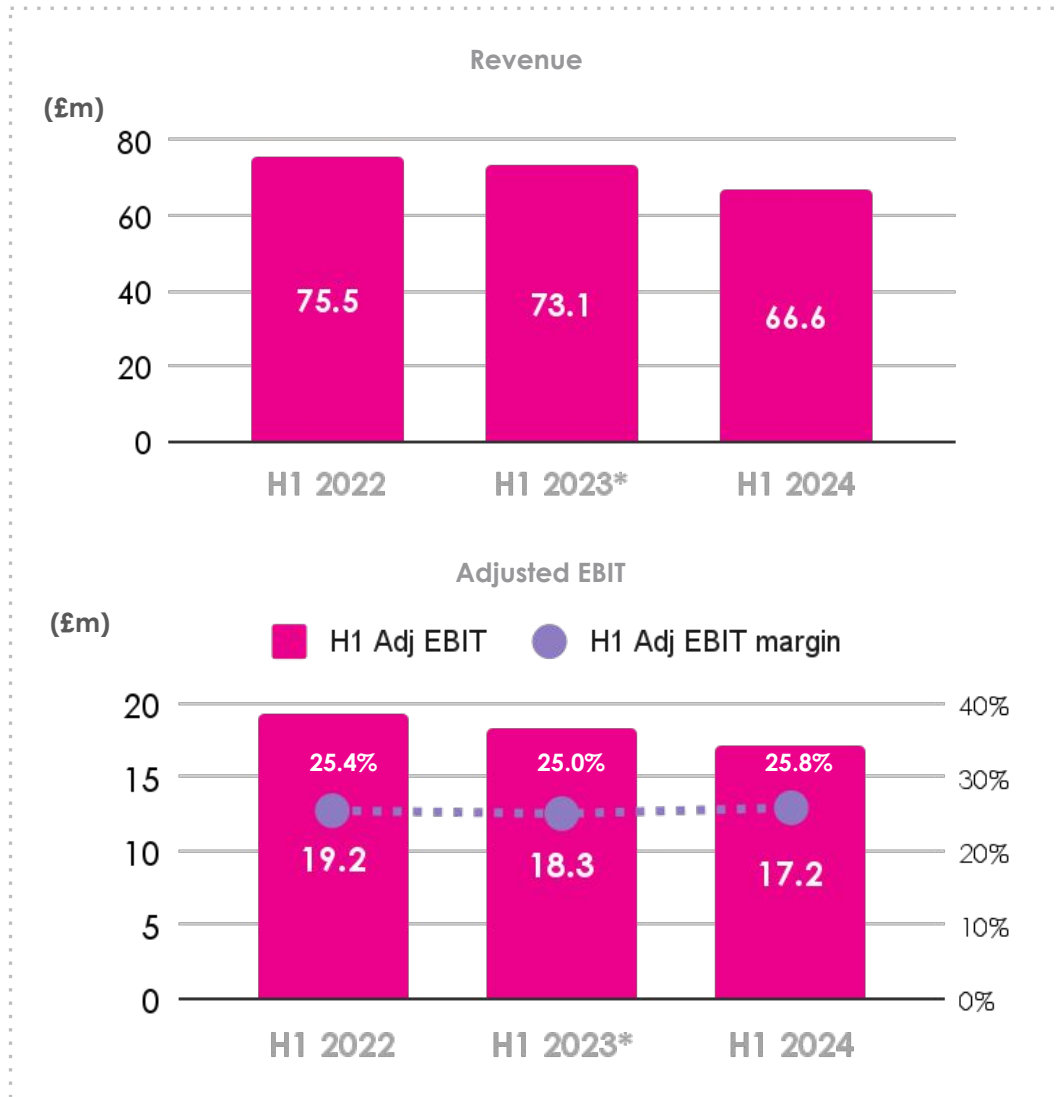
# Divisional Performance: Content & Services



- Organic constant currency revenue reduction of 2.9% reflecting the macro impact on spending on learning and talent development activities
- All major contracts >\$5 million renewed
- Good revenue growth in Affirmity
- PRELOADED revenue experienced slower than expected sales conversion & cancellation of pipeline opportunities
- Significant margin expansion in GP compared to prior year as expected
- Adjusted EBIT margin increased from 11.7% in H1 2023 to 14.2%, with significant margin improvement in GP, lower central costs and share based payment releases.

\* As reported

## Divisional Performance: Software & Platforms



- Constant currency revenue reduction of 5.9%
- H1 2024 Revenue of £66.6m. Revenue reduction driven by the structural decline in PeopleFluent, and softness in other SaaS subscriptions partially offset by continued strong growth in Rustici.
- Adjusted EBIT decrease driven by revenue decline partially offset by focus on cost optimisation, the benefit of 2023 actions and share based payment releases, resulting in 80bps improvement.

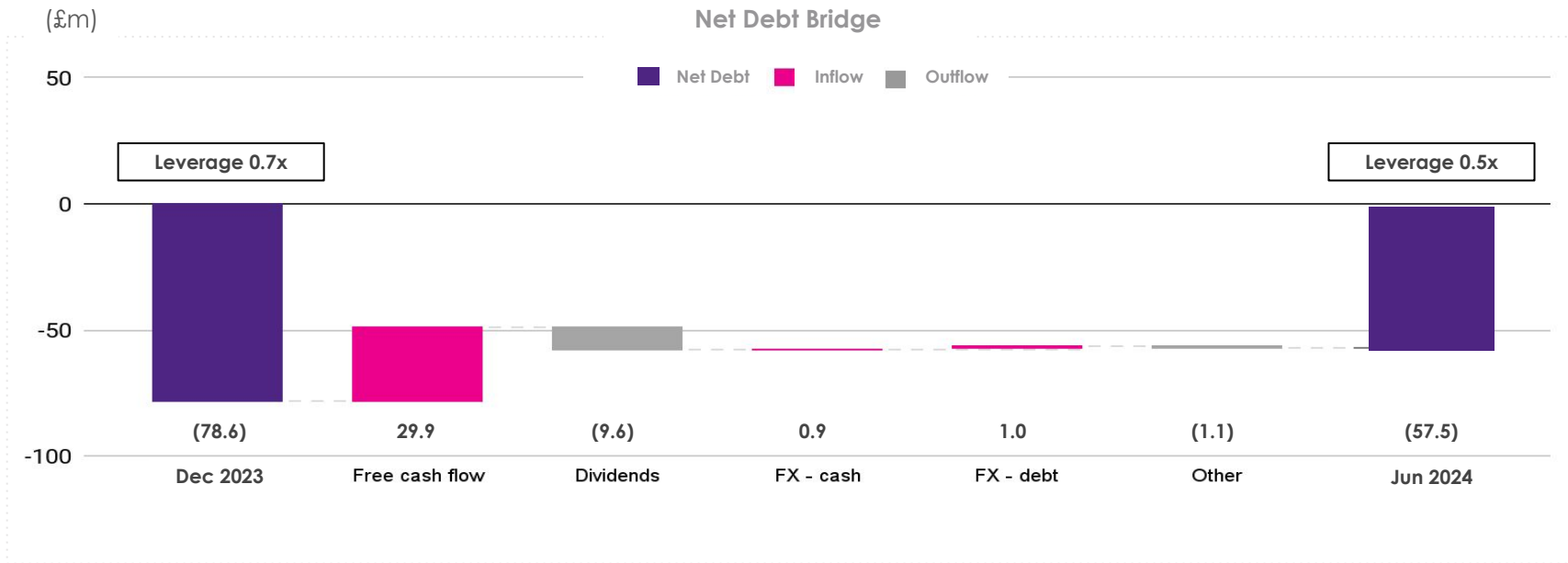
## Cash Flow & Conversion

(£m)	H1 2024	H1 2023	Variance
Statutory operating profit	38.2	23.2	15.0
Adjusting items	5.1	19.9	(14.8)
<b>Adjusted EBIT</b>	<b>43.3</b>	<b>43.1</b>	<b>0.2</b>
Depreciation & Amortisation	6.9	7.1	(0.2)
Share based payment charges	0.9	3.1	(2.2)
Dec /(Inc) working capital	(12.1)	(13.3)	1.2
Capital expenditure	(6.3)	(7.2)	0.9
Lease liabilities	(2.3)	(3.2)	0.9
Other	(0.1)	(1.6)	1.5
<b>Adjusted operating cash flow</b>	<b>30.3</b>	<b>28.0</b>	<b>2.3</b>
<i>Cash conversion</i>	<b>70%</b>	<b>65%</b>	<i>5% pts</i>
Interest paid	(6.5)	(11.1)	4.6
Interest received	1.6	0.5	1.1
Tax paid	(10.6)	(5.9)	(4.7)
Integration & disposal costs	(1.1)	(1.2)	0.1
Earnout & contingent consideration	(0.1)	(4.7)	4.6
Proceeds from asset sale	16.3	-	16.3
<b>Free cash flow</b>	<b>29.9</b>	<b>5.6</b>	<b>24.3</b>

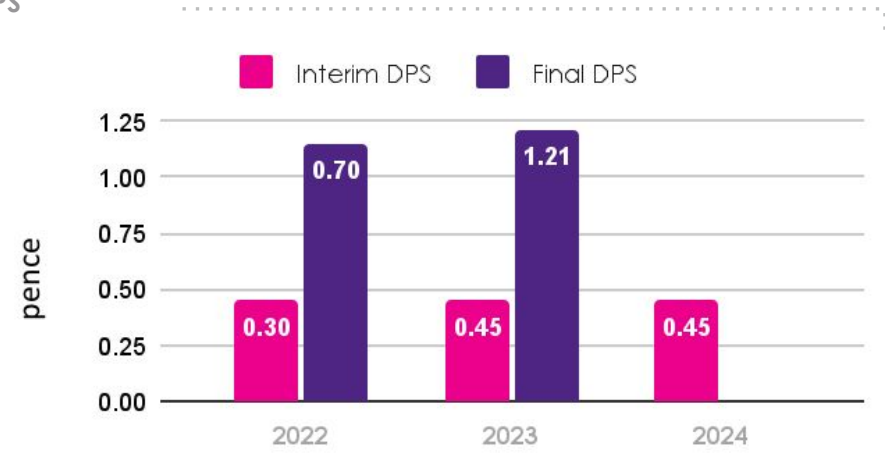
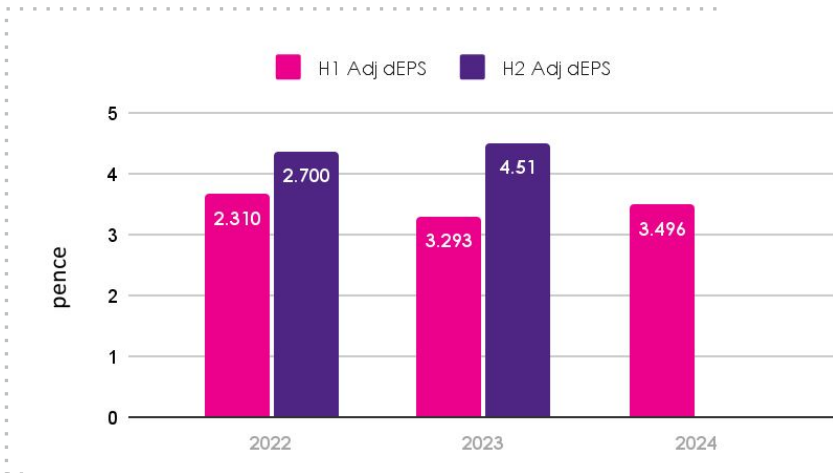
- Adjusted operating cash flow £2.3m higher
- Stronger cash conversion improving from 65% to 70%
- Interest paid decreased to £6.5m following £4.5m paid in H1 2023 related to interest costs from 2022 payable in January 2023.
- Interest received improved due to a combination of higher interest rates and strategic cash management initiatives including cash pooling and repatriation.
- Tax payment increased increased to £10.6m and includes a £3.6m 2023 catch-up.
- Proceeds from asset sale relate to the disposal of Lorien Engineering Solutions.



# Net Debt Position & Dividend



## EPS & DPS



# Selected FY24 Technical Guidance

## 2024 Finance charge and adjusted tax rate

- Estimated full year finance charge net c5.5% at current rate expectations (floating) on gross debt (c\$170m FY24 average)
- Voluntary debt repayment of \$25 million in July 2024
- Adjusted effective tax rate c.27%

## Foreign exchange translation

- USD/GBP 1 cent change in average rate for the year = c.£0.8m FY 2024 adjusted EBIT impact

## Non-core assets

- UK Apprenticeship business was presented as a discontinued business in 2023 and is now closed.
- Lorien was classified as assets held for sale during 2023 and included in continuing business for the year. The sale was completed on 2 January 2024.
- Lorien and the global staffing business of TTI Global generated c\$35m revenue and c\$4.5m adjusted EBIT in 2023 and are no longer part of the Group but continue to be reported in 2023 as continuing operations.
- On 1 July 2024, the sale of VectorVMS to PIXID group for a cash consideration of \$50 million on a cash and debt free basis was completed, and is included in H1 2024 in the P&L as continuing operations and as held for sale on the Balance Sheet.



# LTG Strategic Review



**Jonathan Satchell**  
*Chief Executive*

## Macro Environment Update Within the L&D Sector

The L&D market has historically been correlated to global growth, declining unemployment rates and growing discretionary spend

Industry Headwinds	Industry Tailwinds
<ul style="list-style-type: none"><li data-bbox="277 544 996 646">? Significant inflation in fixed costs resulting in lower L&amp;D budgets (given discretionary nature of spend)</li><li data-bbox="277 676 982 815">? Declining global growth, increasing unemployment/ layoffs &amp; outlook uncertainty together driving a reduction in training and people investment</li><li data-bbox="277 845 982 912">? Emergence of AI causing corporates to revisit historical ways of working</li></ul>	<ul style="list-style-type: none"><li data-bbox="1077 544 1746 611">✓ Significant ongoing business transformation requiring training</li><li data-bbox="1077 641 1790 708">✓ ~70% of companies focused on aligning skills with organisational objectives through training</li><li data-bbox="1077 738 1810 876">✓ Significant requirement for re-skilling in the US given ongoing onshoring of jobs and increasing demographic shortfall of available people in the Western world workforce</li><li data-bbox="1077 906 1746 973">✓ Technology / AI is evolving at a rapid pace creating growing need for training</li><li data-bbox="1077 1003 1773 1106">✓ Employee trends (i.e. Millennials) are towards moving jobs more frequently creating a demand for onboarding and upskilling</li></ul>

# GP Strategies Performance Review and Highlights

## Performance Review

- GP Strategies experienced strong growth in Leadership & Advisory and in Latin America that was contrasted by softness in Managed Learning Services, Learning Experience and Government divisions
- Performance was impacted by lower activity by our existing client base and a softer pipeline

## AI Initiatives

### LEARNING ContentAI

- A secure AI-powered learning content platform designed and supported by learning experts
- Uptake and feedback from clients ahead of expectations

### Human + AI Training Program

- Strong momentum with Fortune500 client base






## Strategic Focus Areas

- Constant review and focus on improving sales execution and cross selling
- Gaining market share in emerging markets and sectors requiring business transformation
- Investing in AI and partnerships

## Recent GP Strategies Awards



# Software and Platforms Performance Review and Highlights

Business Unit	Performance Highlights	Strategic Focus / New Product Development
 Rustici Software	Continued strong performance in H12024	Introduction of Rustici Generator (AI driven content processing service)
 BRIDGE	Higher than expected renewal churn in H1 driven by temporary factors including restructuring of sales teams and spend scrutiny	New 'Learn and Develop' solution brings Skills-focused, AI-enabled technology derived from the Patheer acquisition
 breezy	Macro impact of slower SMB hiring continuing to impact the business in 2024	AI functionality within platform to score candidates with additional functionality in development
 Open LMS	Lower than expected new logo bookings in in H1 however ARR growth in Q2	New leadership team in the business making positive headway on several fronts
 peoplefluent	Higher than expected renewals churn	Launching a new product enhancement on Skills and AI called <i>Stories</i> will try to address perceived deficiencies in the Learning product

Strategic focus across Software and Platforms to increase speed to market of new products and AI, enhance marketing and GTM efforts and expand wallet with existing clients

## GP Strategies Regulatory Update

- GP Strategies continues to be in constant dialogue with DCSA (Defense Counterintelligence and Security Agency), and is making good progress on resolving the issues pertaining to certain approvals, however there is more work to be done.
- A new subsidiary, solely focused on all forms of US Government contracts, is in the process of being established. It is expected to become operational in H1 2025 and has applied to be eligible to work on new classified contracts.
- No existing classified contracts are due for renewal imminently and the value of the contracts is not material in the context of total Group revenue and profit.

## Key Messages and Outlook

- LTG delivered 5% adjusted EBIT growth and margin progression on a like for like basis operating within a softer macro environment than originally expected
- Cash generation remained strong with net debt of £1 million at 30 Aug 2024
- LTG's people, scale, diversification and holistic offering are differentiating features within an industry that is both large and fragmented
- We remain focused on simplifying our portfolio and sharpening our focus on learning and talent development
- The Group previously expected revenue to be in the range of £480 to £500 million and adjusted EBIT to be in the range of £88 to £93 million for FY 2024 based on an average GBP:USD rate of 1.26 for H2 2024
- Based on an average GBP:USD rate of 1.31 for H2 2024, the ranges adjust to £473 to £493 million of revenue and adjusted EBIT of £86 to £91 million for FY 2024
- The Board expects the Group to be towards the bottom of the range given current trading, in particular at GP Strategies





# Q&A



**Thank you**



# Appendix

# Acquisitions

	Open LMS	eCreators	eThink	Reflektive	PDT Global	Bridge	GP Strategies
<b>Description</b>	Open-source learning management systems	Open-source learning management systems	Open-source learning management systems	Performance management software	Online diversity and inclusion training solutions	Learning, performance and skills development platform	Global workforce transformation provider
<b>Location</b>	Various	Melbourne, Australia	Delaware, USA	San Francisco, USA	London, UK	Various	Various
<b>Ownership</b>	100%	100%	100%	100%	100%	100%	100%
<b>Acquisition Date</b>	April 2020	October 2020	December 2020	February 2021	February 2021	March 2021	October 2021
<b>Consideration</b>	\$'000	AUD\$'000	\$'000	\$'000	£'000	\$'000	\$'000
<b>Initial - cash</b>	27,159	5,996	19,133	13,677	13,417	47,549	392,035
<b>Initial - shares/options</b>	-	-	-	-	-	-	163
<b>Deferred (Balance sheet)</b>	-	§	§	-	§	-	‡
<b>Deferred (capped) *</b>	-	6,500	15,990	-	6,100	-	885
<b>Fair value of previously held investment</b>	-	-	-	-	-	-	-
<b>Total (per Balance sheet)</b>	27,159	5,996	19,133	13,677	13,417	47,549	392,198
<b>Total (capped)</b>	27,159	12,496	35,123	13,677	19,517	47,549	393,083
* Includes earn-out bonuses							
‡ Treated as post combination share based payment charge so not capitalised on acquisition							
§ Treated as post-combination remuneration so not capitalised on acquisition							

## Five-year financial summary

Year ended 31 December <sup>1</sup>	2019	2020	2021	2022 <sup>2</sup>	2023
<b>Revenue (£'000)</b>					
Existing business	126,614	120,116	146,848	588,587	562,305
Acquisitions in period	3,489	12,208	111,378	0	0
	<b>130,103</b>	<b>132,324</b>	<b>258,226</b>	<b>588,587</b>	<b>562,305</b>
Growth	39%	2%	95%	128%	-4%
<b>Adjusted EBIT (£'000)</b>	<b>41,022</b>	<b>40,348</b>	<b>54,754</b>	<b>99,925</b>	<b>98,539</b>
Growth	58%	-2%	36%	83%	-1%
Margin	32%	30%	21%	17%	18%
<b>EPS (pence)</b>					
Basic	1.628	2.450	1.959	3.857	3.724
Diluted	1.584	2.382	1.878	3.710	3.601
<b>Adjusted - Diluted</b>	<b>4.351</b>	<b>4.294</b>	<b>5.010</b>	<b>8.121</b>	<b>7.427</b>
Growth	43%	-1%	17%	62%	-8%
<b>Dividend per share (pence)</b>					
Interim	0.25	0.25	0.30	0.45	0.45
Final	0.50*	0.50	0.70	1.15	1.21
<b>Total</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.60</b>	<b>1.66</b>
Growth	50%	-%	33%	60%	4%
<b>Net Cash/(Debt) (£'000)</b>	<b>3,830</b>	<b>70,202</b>	<b>(141,412)</b>	<b>(119,811)</b>	<b>(78,553)</b>

<sup>1</sup> As reported unless stated otherwise

<sup>2</sup> Restated for continuing operations

# Glossary

Authoring tool	Computer software which allows its user to create multimedia applications capable of manipulating one or more multimedia objects allowing a non-programmer to easily create software with programming features.
Blended learning	A solution which combines multiple delivery methods, including e-learning, face-to-face training, resources, video and any other type of learning technology.
Cloud-based authoring	e-learning authoring that is free from the constraints of typical desktop solutions. Users access authoring software over the Internet via a secure, affordable hosted system with no worries about software set-up, IT configurations, desktop installs, or missing software licenses.
e-learning	The use of electronic media and information and communication technologies in education and includes all forms of educational technology in learning and teaching.
e-learning interoperability standards	Interoperability is the ability of different information technology systems and software applications to communicate, exchange data, and use the information that has been exchanged.
Gamification	The application of typical elements of game playing (e.g. point scoring, competition with others, rules of play) to other areas of activity, typically as an online marketing technique to encourage engagement with a product or service.
GRC	Governance, risk and compliance.
Immersive Learning	Generally used to mean learning using new XR (Extended Reality) technologies like Virtual Reality (VR), Augmented Reality (AR) and Mixed Reality (MR).
LMS - Learning Management System	A learning management system is a software application for the administration, documentation, tracking, reporting and delivery of electronic educational technology (also called e-learning) courses or training programme.
Learning Record Store	A data store system that serves as a repository for learning records of individual learners. This includes formal and informal learning such as activity and social learning.
Learning and Talent technologies	The broad range of technologies that can be used to support the full employee lifecycle: recruitment, onboarding, performance, learning (and assessment), compensation and succession.
Moodle™	An open-source Learning Management System used across private, public and not-for-profit organisations to deliver and track their learning. Highly customisable and benefits from the contributions of the open source community.
Open Source	Code created by a community that can be hosted and charged for on service basis, but is free of licence.
SaaS	Software as a Service, sometimes referred to as "software on demand" is software that is deployed over the internet and/or is deployed to run behind a firewall on a local area network or personal computer.
SCORM	The de facto industry standard for e-learning interoperability, which enables online learning content and management systems to communicate and work together.
xAPI	The Experience API (xAPI), also known as the Tin Can API, is a software specification that allows learning content and learning systems to speak to each other to record and track learning experiences.
XR	A 'catch all' term (EXtended Reality) for new immersive technologies (see 'Immersive Learning' above)