

HUNTSWORTH

Audited Preliminary Results - December 2006

21 March 2007

Agenda

1. Corporate statement
2. Introduction of the executive team
3. 2006 targets
4. Financial highlights
5. Like-for-like growth
6. Analysis of our business
7. Our revenues in detail
8. Our clients
9. Plans for 2007
10. Current trading
11. Pro-forma revenue base

Corporate Statement

Huntsworth is building an international business in corporate public relations and public affairs: financial and consumer public relations and investor relations: in technology public relations and an integrated offering in healthcare communications

Introducing the Executive Team



Successful Year of Transition

2006 Target

- Reach city underlying EPS target of 7.1p
- Absorb £1.9m of IFRS share incentives charge
- 20% PR margin
- Longer term achieve post central cost margin of 15%
- 5%-6% PR like-for-like revenue growth
- Progressive dividend policy
- To reach double digit margins in non-PR businesses by the second half
- Keep central costs below £6m (representing a post merger £4m plus saving)
- 100% cash conversion
- Debt under £40m

2006 Achieved

- Achieved underlying EPS of 7.3p
- Covered in full at EPS level; pre-share incentive charge EPS of 8.2p
- PR margin 21% - total operations 20%
- Reached 14.5% so far – up from 11.4% vs 2005
- PR growth 6.7%
- Dividend increased by 12% to 1.9p
- Double digit margins achieved in Q4
- Central costs £5.9m
- Cash conversion 130%
- Year end debt £38.9m

Financial Highlights

Underlying Operating Profit

£'m	2006	Margin	2005	Margin
Revenue	139.7		108.3	
Operating profit pre-central costs	28.0	20.0%	20.1	18.6%
Central costs	(5.9)	(4.2)%	(7.0)	(6.5)%
Operating profit pre-share based payments	22.1	15.8%	13.1	12.0%
Share based payments	(1.9)	(1.3)%	(0.7)	(0.6)%
Net operating profit	20.2	14.5%	12.4	11.4%

Segmental Analysis

£'000	2006			2005		
			Like-for-Like Growth			Like-for-Like Growth
Revenue		Split			Split	
Public Relations	127.9	91.5%	6.7%	94.9	88%	4.4%
Non Public Relations	11.8	8.5%	(16.5%)	13.4	12%	(7.4%)
Total Operations	139.7	100%	4.3%	108.3	100%	2.8%
Operating Profit and Margin		Margin			Margin	
Public Relations	26.8	21.0%	16.7%	18.2	19.2%	
Non Public Relations	1.2	9.6%	(50.2%)	1.9	14.1%	
Total Operations	28.0	20.0%	10.5%	20.1	18.6%	

Underlying Profits – before highlighted items

£'m	2006	2005	Total Growth
Revenue	139.7	108.3	29%
Operating profit	20.2	12.4	63%
Net finance costs	(2.6)	(3.5)	(26)%
Associates	0.1	0.1	
Profit before tax	17.7	9.0	97%
Tax	(3.6)	(0.6)	
Profit after tax	14.1	8.4	68%
Minority interests	(0.2)	(0.5)	
Attributable profits	13.9	7.9	76%
Underlying Basic EPS	7.3p	5.4p	35%

Underlying EPS pre the IFRS share incentive charges is 8.2p

Reported Profit

£'m	2006			2005		
	Underlying	Highlighted	Net	Underlying	Highlighted	Net
Revenue	139.7		139.7	108.3		108.3
Operating profit	20.2	(13.7)	6.5	12.4	(42.4)	(30.0)
Net finance costs	(2.6)		(2.6)	(3.5)	0.5	(3.0)
Associates	0.1		0.1	0.1		0.1
Profit before tax	17.7	(13.7)	4.0	9.0	(41.9)	(32.9)
Tax	(3.6)	2.6	(1.0)	(0.6)	3.5	2.9
Profit after tax	14.1	(11.1)	3.0	8.4	(38.4)	(30.0)
Minority interests	(0.2)		(0.2)	(0.5)		(0.5)
Attributable profits cont'	13.9	(11.1)	2.8	7.9	(38.4)	(30.5)
Discontinued operations				(5.5)		(5.5)
Attributable profits	13.9	(11.1)	2.8	2.4	(38.4)	(36.0)
Basic EPS continuing	7.3p	(5.8)p	1.5p	5.4p	(26.3)p	(20.9)p

Highlighted Items

£'m	2006	2005
Amortisation of intangible assets	4.1	3.4
Impairment of goodwill - Sard Verbinnen	3.7	
Impairment of goodwill - Demuth	3.7	
Other Impairment of goodwill and intangibles	0.5	29.6
Merger, restructuring and other non-recurring costs	1.7	9.4
Operating Expenses	13.7	42.4
Taxation	(2.6)	(3.5)
Total Highlighted Items	11.1	38.9

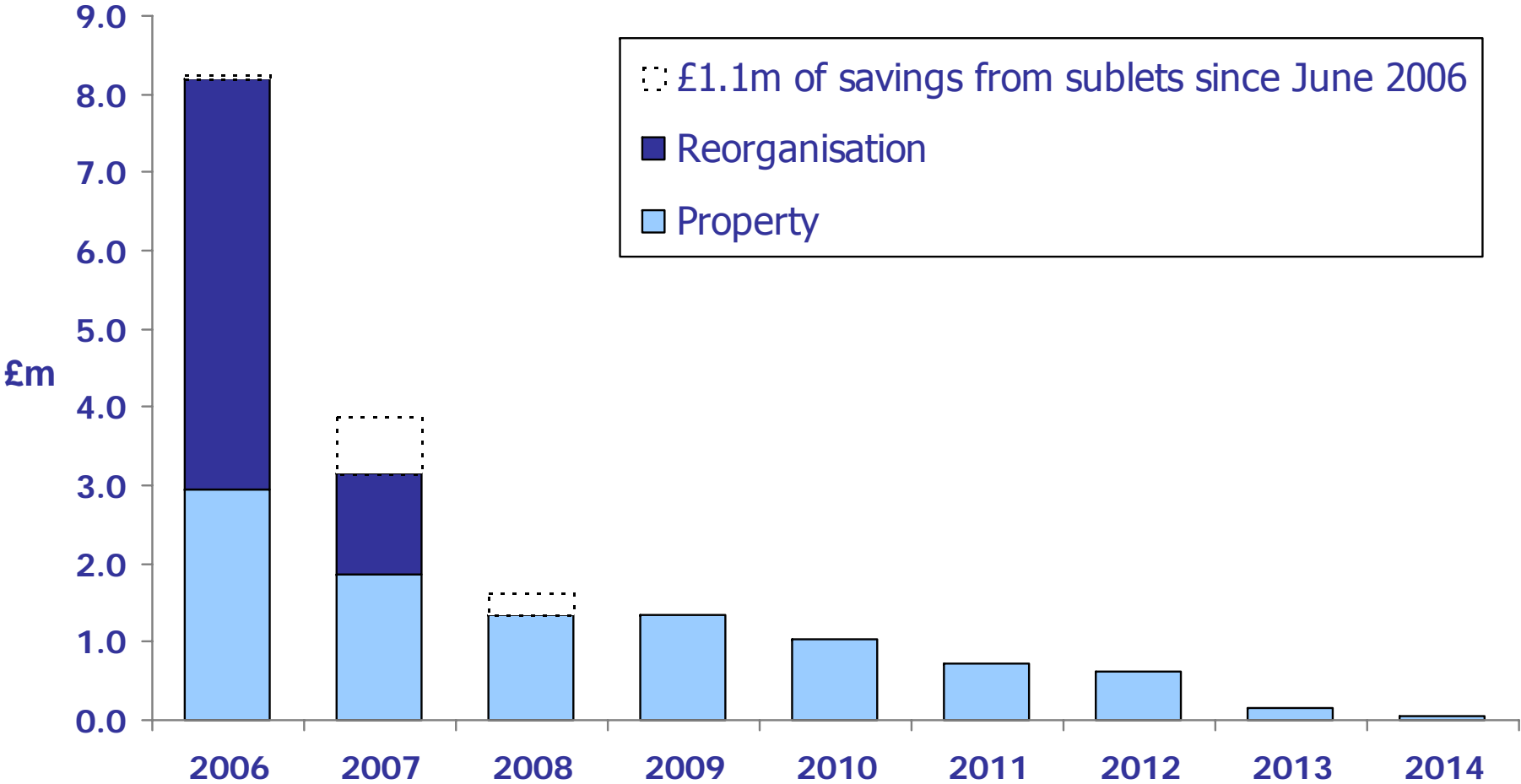
Balance Sheet

£'m	31 Dec 2006	31 Dec 2005
Intangible assets	212.8	194.6
Fixed Assets and Investments	5.6	7.4
Current assets - excluding cash	45.1	46.6
Net Assets held for resale	7.9	
Net debt	(38.9)	(23.4)
Other Liabilities	(56.6)	(59.9)
Deferred Consideration	(18.4)	(9.4)
Provisions	(11.4)	(15.8)
Net Deferred Tax	(4.1)	(2.9)
Net assets	142.0	137.2

Cash Flow

£'m	2006	Cash Conversion	2005	Cash Conversion
Operating profit before highlighted items	20.2		12.4	
Depreciation	2.4		2.1	
Share option charge	1.9		0.6	
Working capital	1.9		2.9	
Cash generated from operations	26.4	130%	18.0	145%
Exceptional cash flow	(8.2)		(6.4)	
Interest, tax and capex	(6.4)		(8.9)	
Free cash flow	11.8		2.7	
Dividends	(3.4)		(1.2)	
Share purchased for incentive schemes	(3.3)		-	
Deferred consideration	(3.0)		(0.2)	
Acquisitions/disposals incl. net debt acquired	(17.7)		(15.7)	
Other	0.1		(2.5)	
Net movement	(15.5)		(16.9)	
Opening net debt	(23.4)		(6.5)	
Closing net debt	(38.9)		(23.4)	

Exceptional Cash Outflows



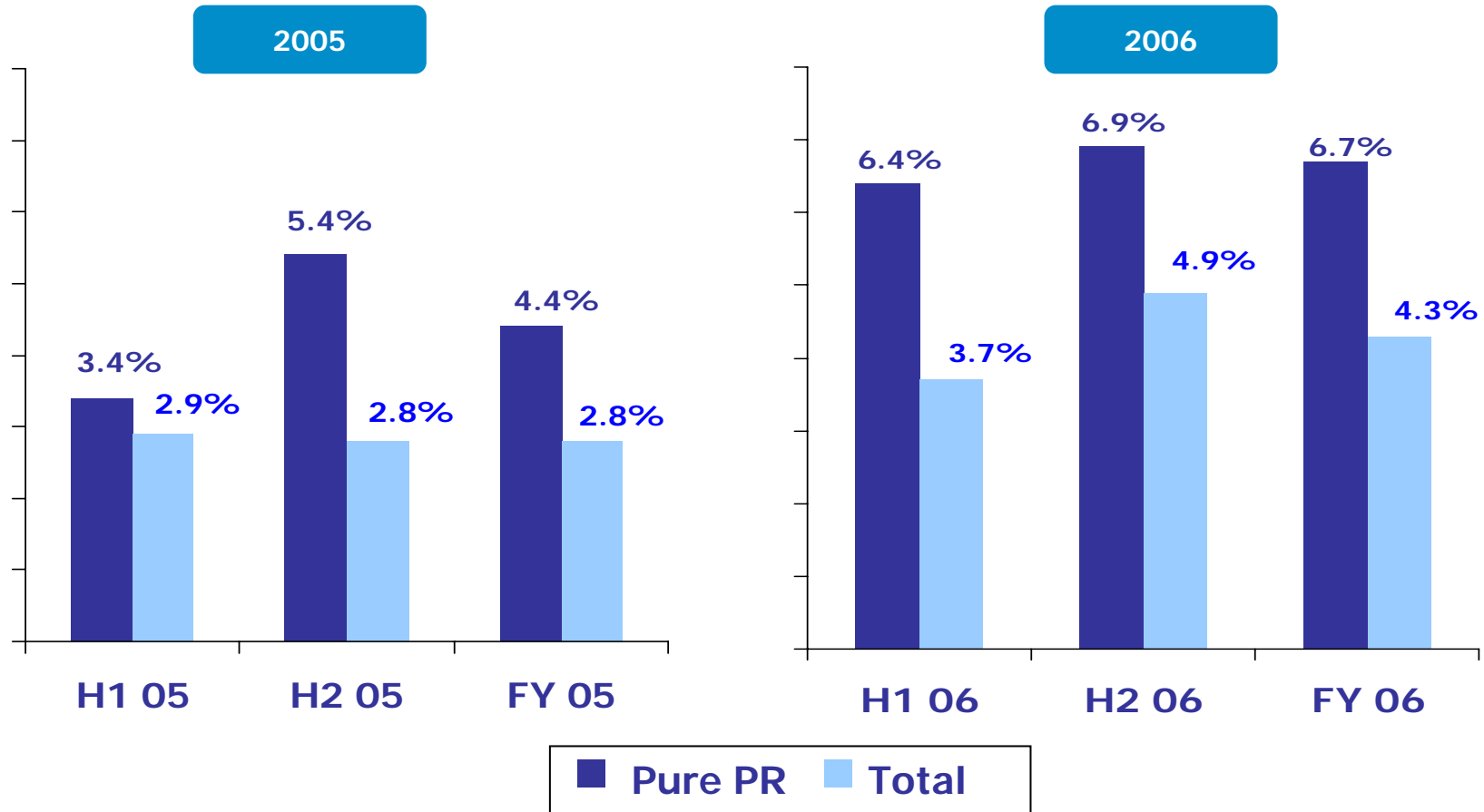
Earn-Outs

£'m	Total	Cash / cash or shares	Interim Consideration payable in shares	At June 2006
Payable:				
2007	9.8	7.3	2.5	3.1
2008	1.9	1.3	0.6	3.1
2009	6.7	6.7	-	-
Total at 31 December 2006	18.4	15.3	3.1	6.2
Dorland				
2008	1.5	1.5		
2011	2.8	2.8		
Total post Dorland	22.7	19.6	3.1	

- 75% of group companies operating profits are free from earn-outs
- Cash generated by companies under earn-out covers 100% of the earn-outs
- Earn-outs are based on incremental profits over the base year. Nil or slow growth results in nil or low earn-outs

Like-for-Like Growth

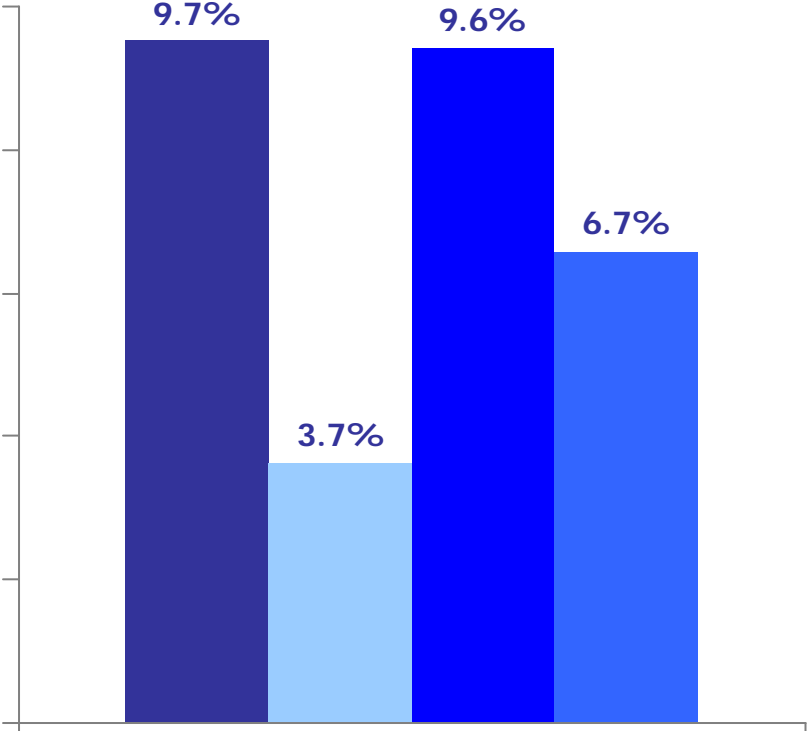
Group Like-For-Like Revenue Growth



- Non PR Growth: FY05 (7.4)% and FY06 (16.5)%
- Like-for-like revenue includes all pre acquisition revenue for all businesses owned for over one year and excludes Mmd and Quiller

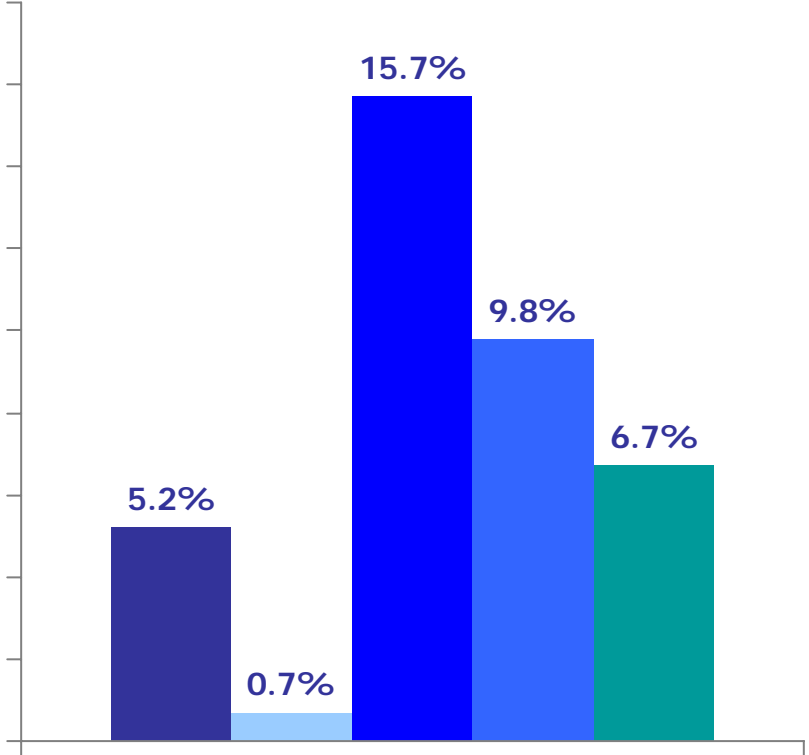
Group PR Like-For-Like Revenue Growth

PR by Practice Area



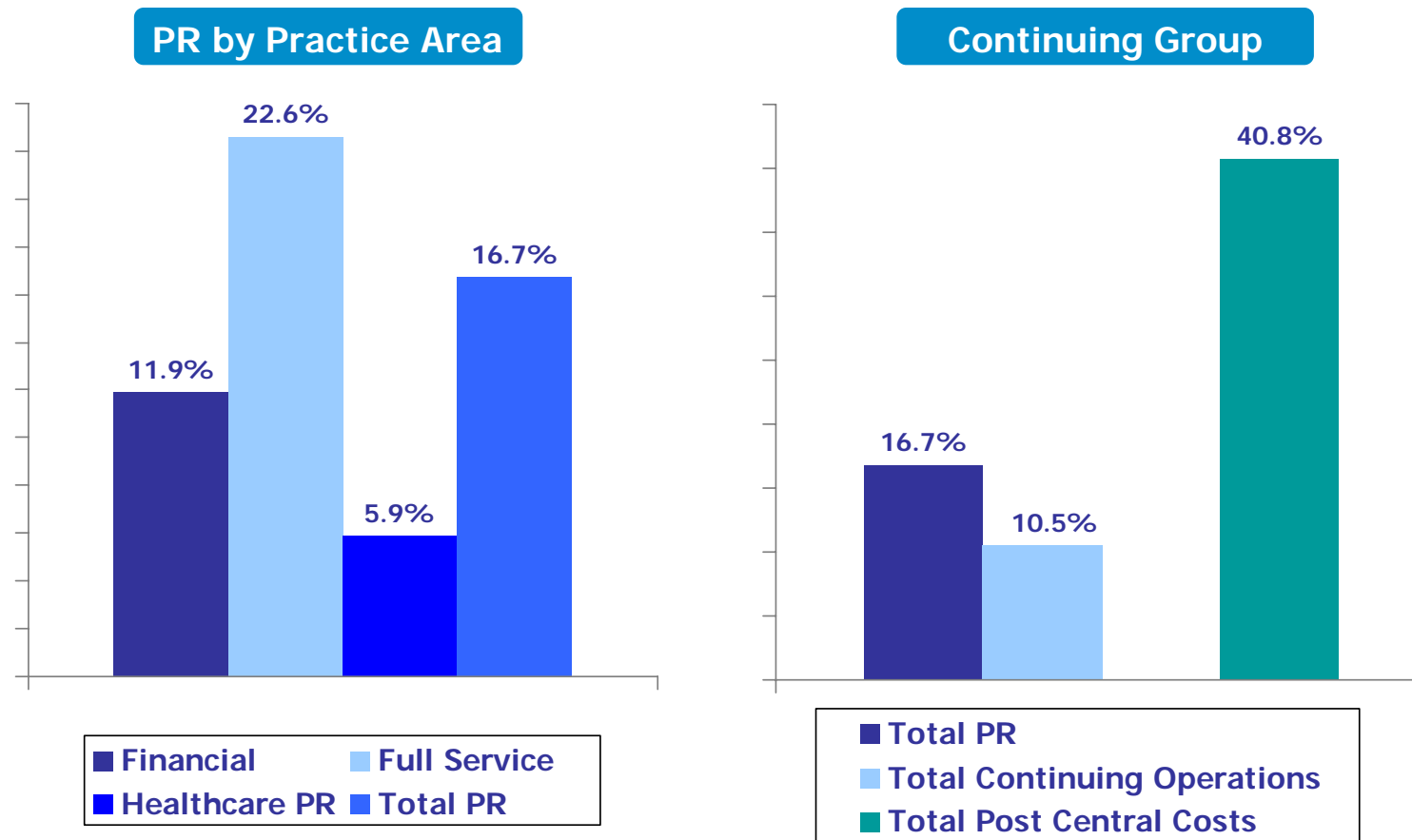
- Financial
- Full Service
- Healthcare PR
- Total PR

PR by Region



- UK
- Europe
- USA
- ROW
- Total PR

Group Like-For-Like Operating Profit Growth

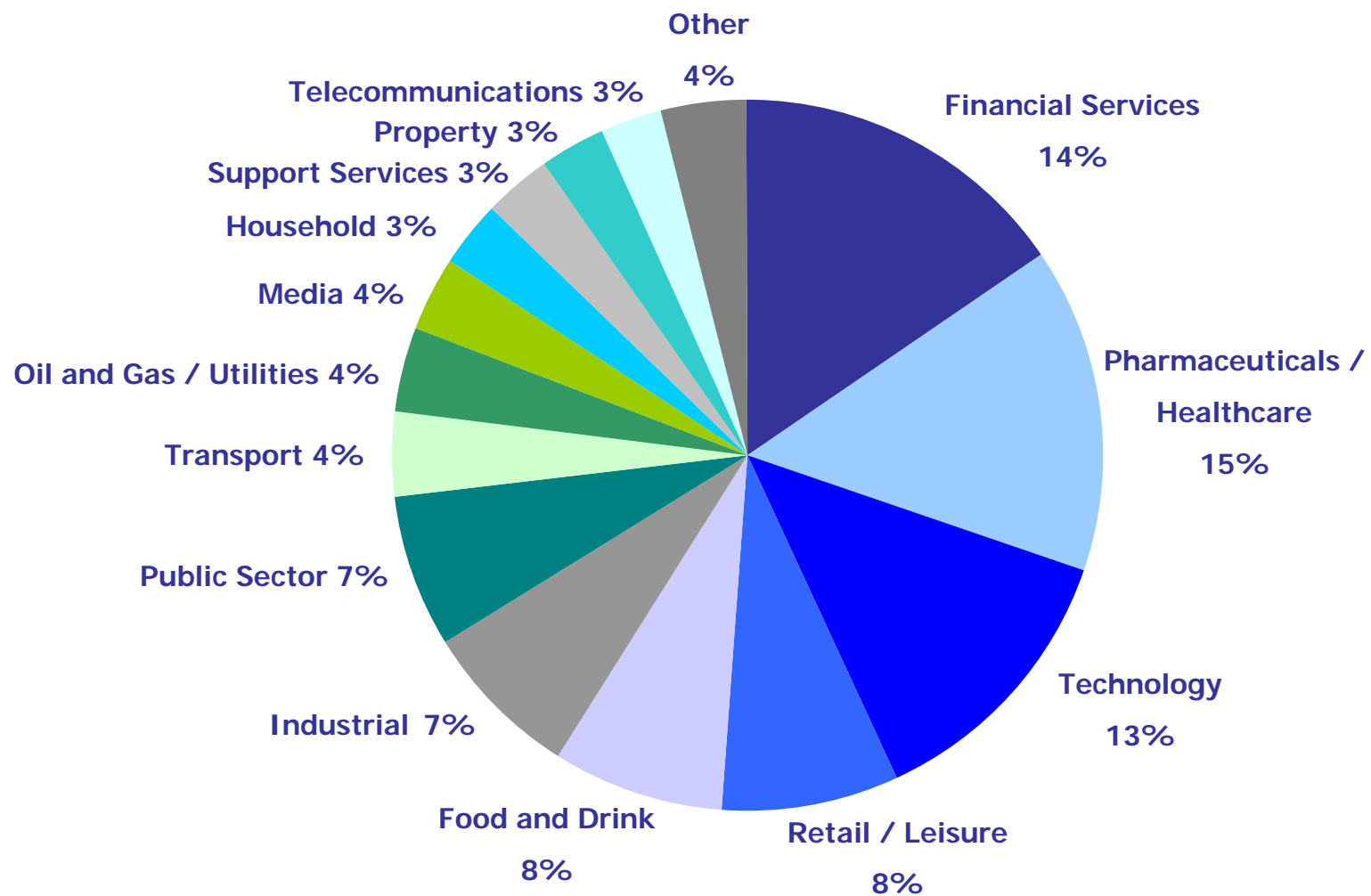


Like-for-like operating profit includes pre-acquisition profits for all businesses owned for over one year and excludes MMD and Quiller. Central costs in 2005 also include 4 months of central costs for Incepta

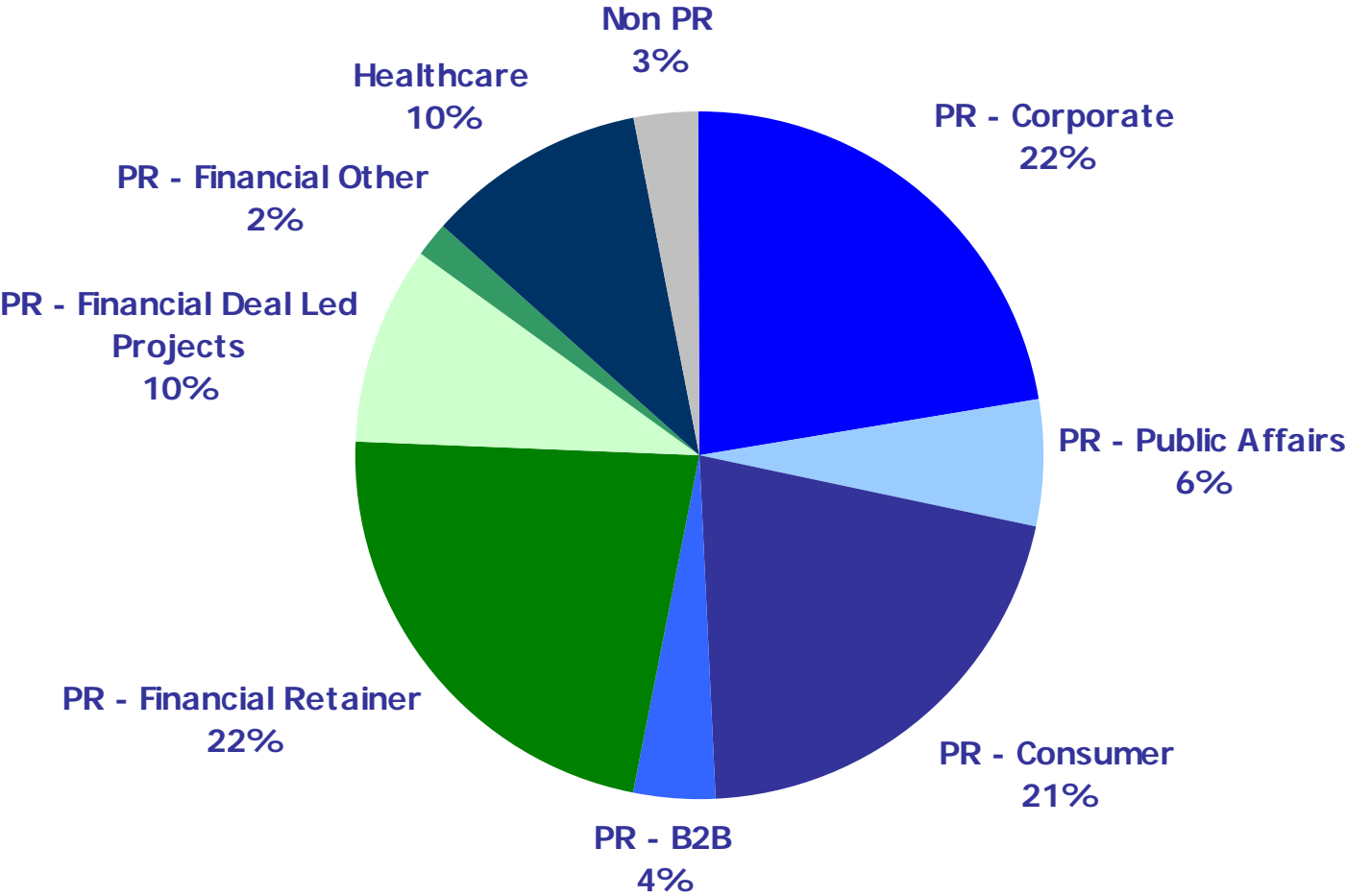
Analysis of Our Business

HUNTSWORTH

Group Revenue by Sector

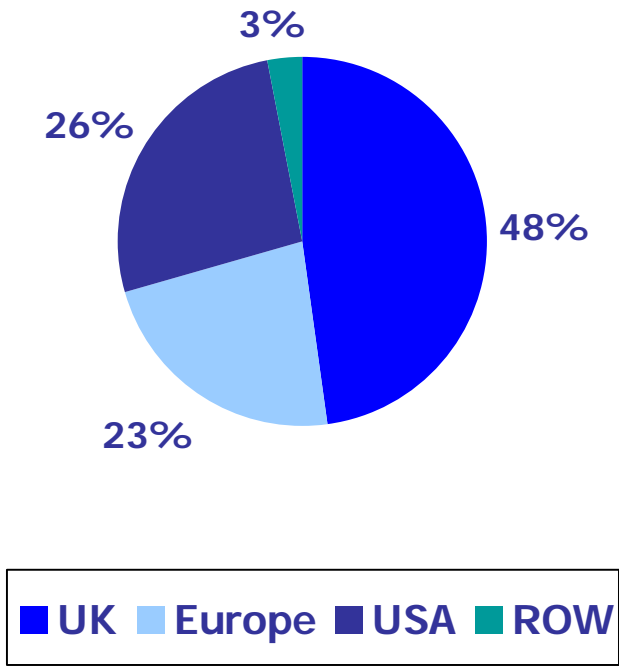


Group Revenue by Practice Area

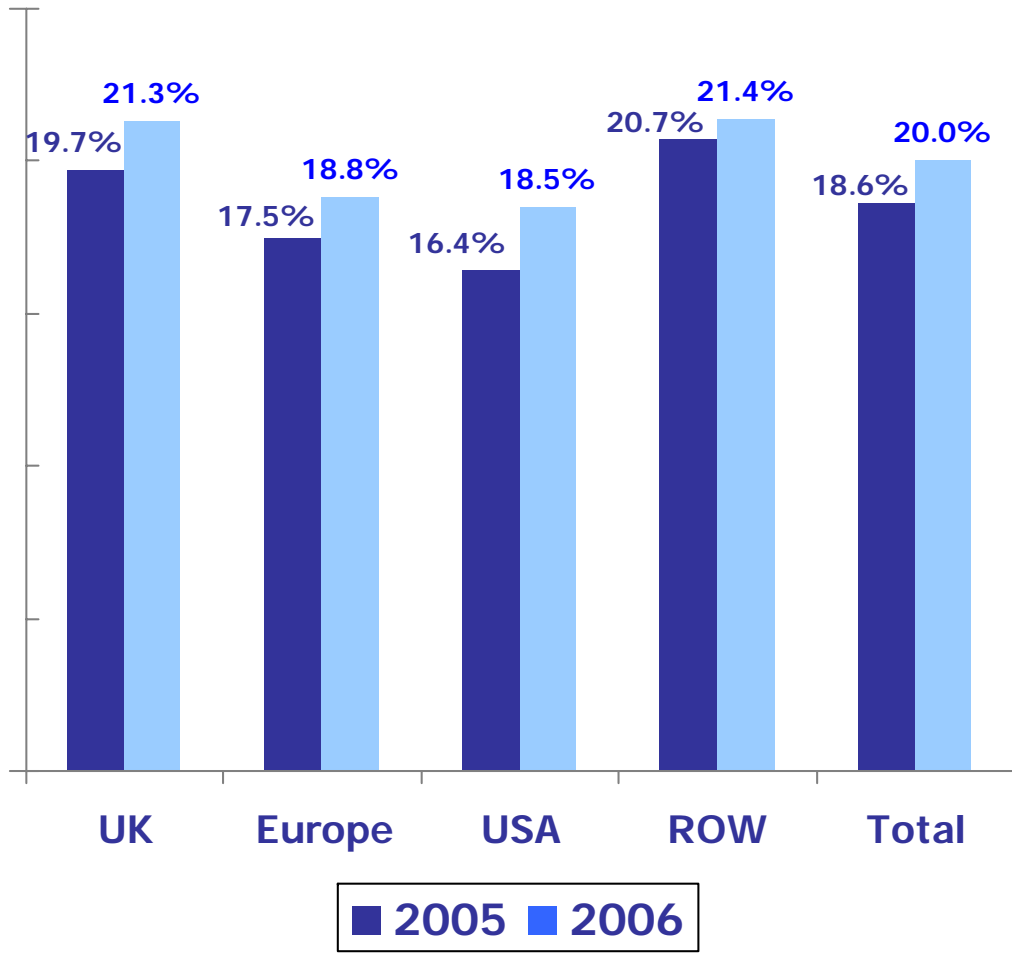


Group Revenue and Margin by Region

2006 Revenue



Operating Margin

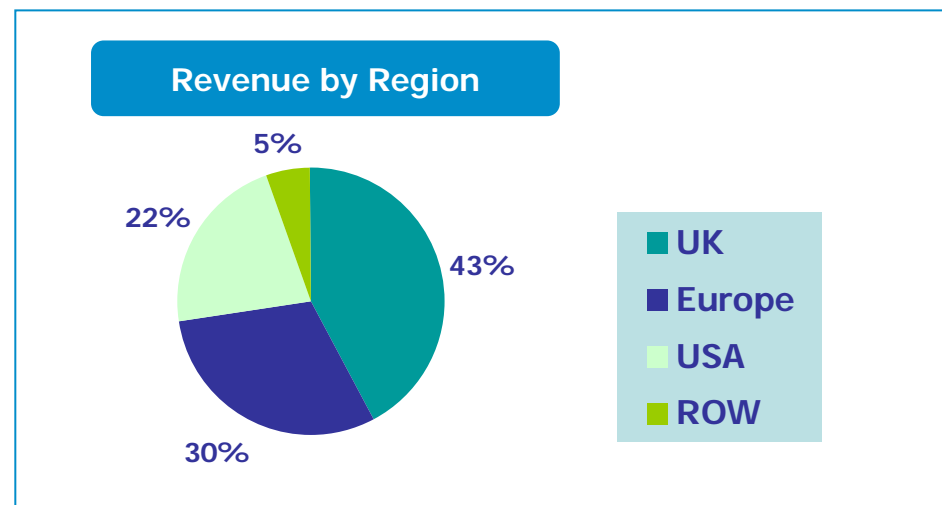
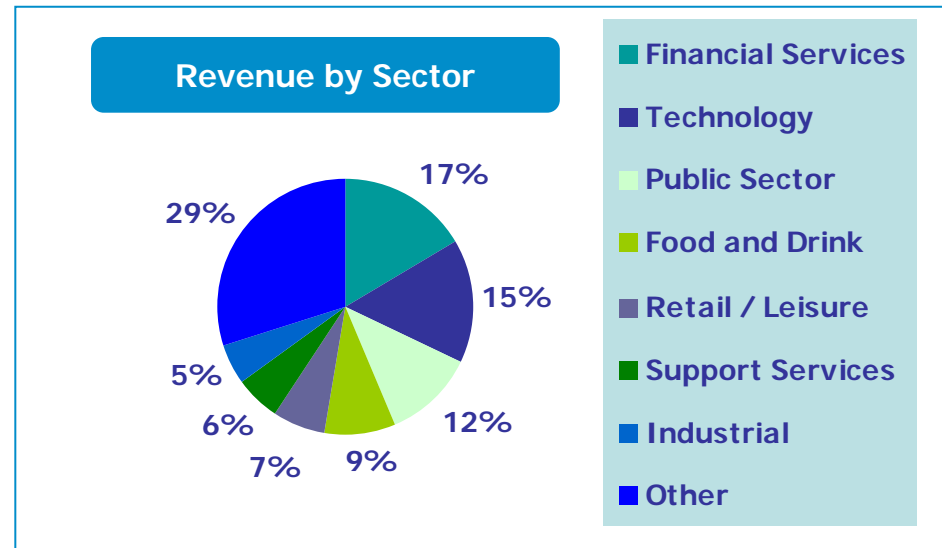


Our Revenues in Detail

- **Corporate and Public Affairs**
- **Financial**
- **Consumer and B2B**
- **Healthcare**

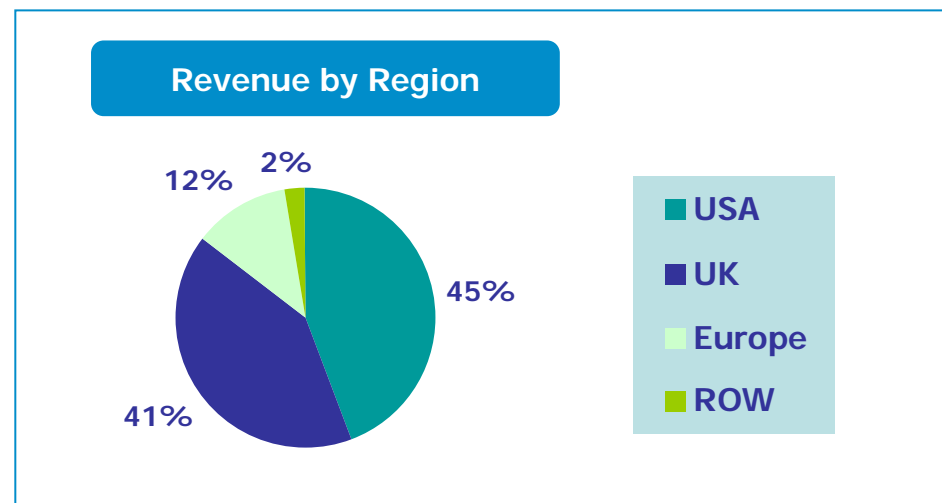
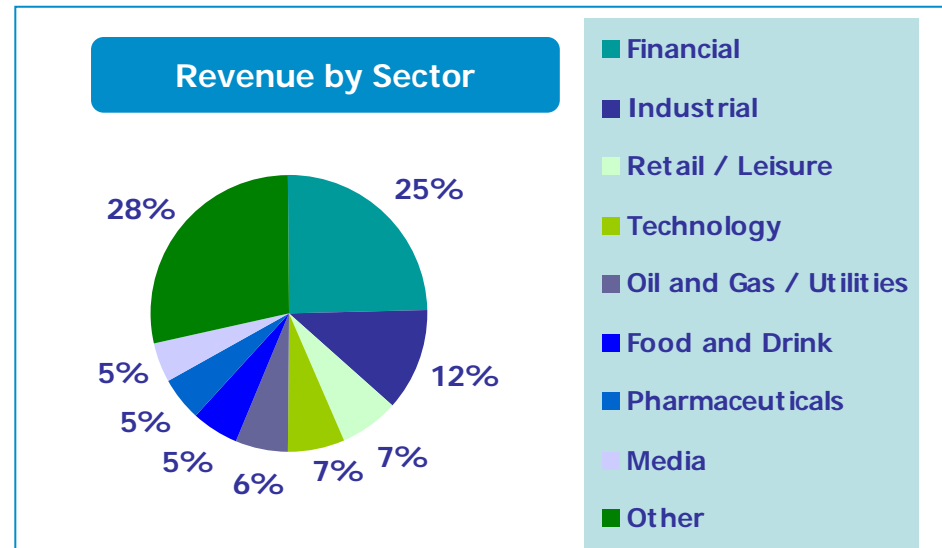
Corporate and Public Affairs

- Corporate PR clients represent 28% of all clients
- 72% are retainer clients
- There are 1,113 clients and the average fee per client is £35,700
- 119 clients are in the Fortune 500, Euro 300 or FTSE 100
- 13% of revenue is earned through work with other divisions



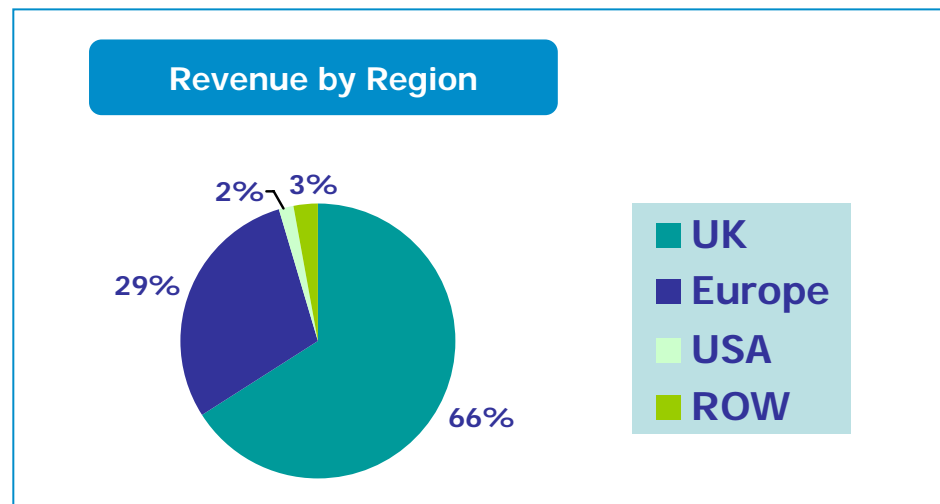
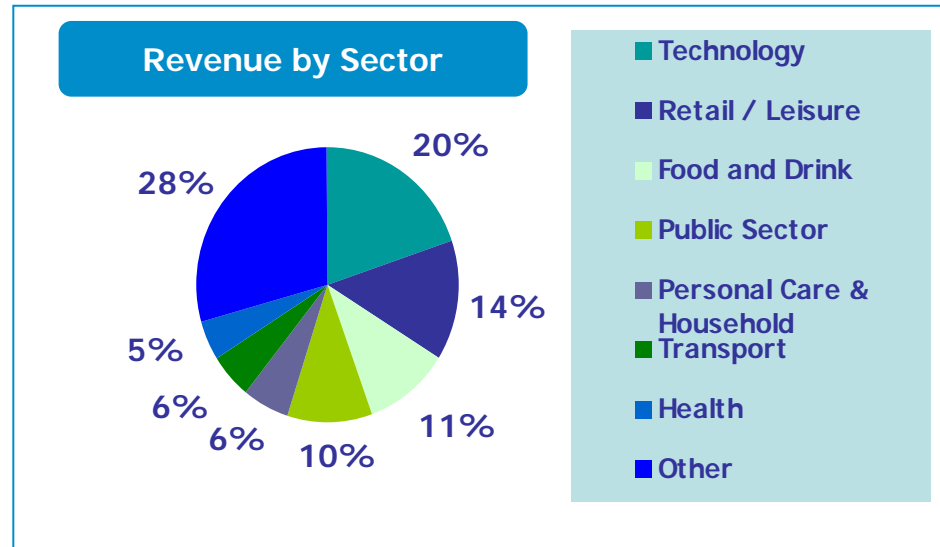
Financial

- Financial PR (Retainer, Deal Led Projects and Other financial) represents 34% of all clients
- 50% are retainer clients
- There are 1,097 clients and the average fee per client is £42,800
- 132 clients are in the Fortune 500, Euro 300 or FTSE 100
- 7% of revenue is earned through work with other divisions



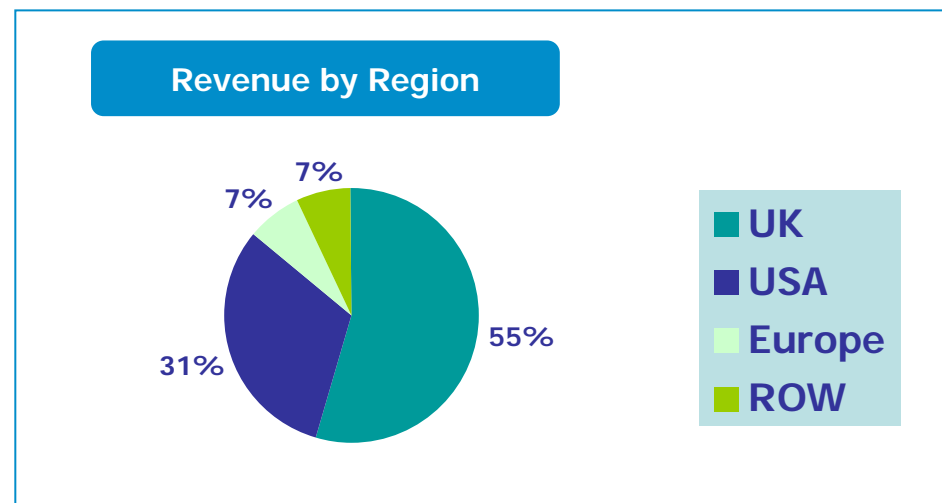
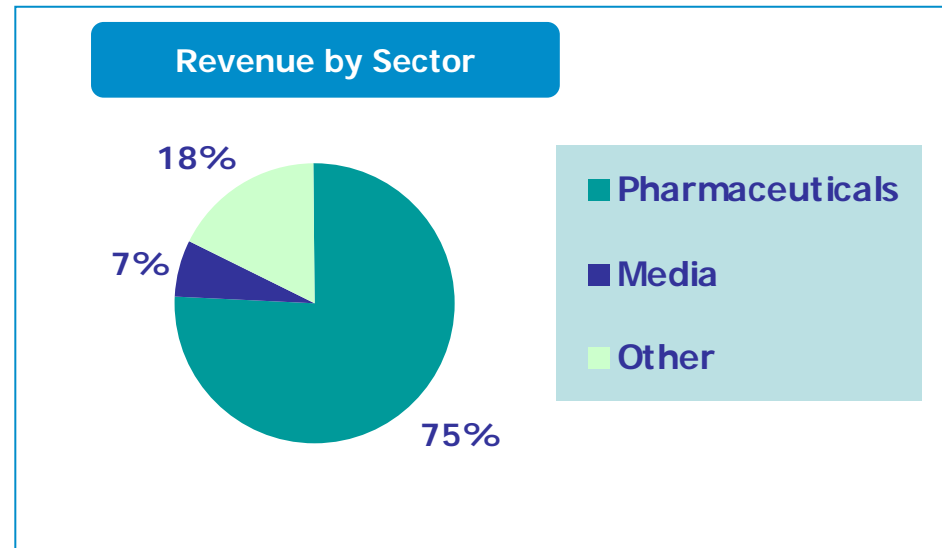
Consumer and B2B

- Consumer PR and B2B PR clients represent 25% of all clients
- 81% are retainer clients
- There are 587 clients and the average fee per client is £58,300
- 66 clients are in the Fortune 500, Euro 300 or FTSE 100
- 7% of revenue is earned through work with other companies



Healthcare

- Healthcare clients represent 10% of all clients
- 91% are project clients
- There are 98 clients and the average fee per client is £142,800
- 28 clients are in the Fortune 500, Euro 300 or FTSE 100
- 31% of revenue is earned through work with other companies



Our Clients

New Business

- Net new business during the year of £53m
- Gross new business of £60m
- Only 5% of revenues were lost in the year

Largest Clients

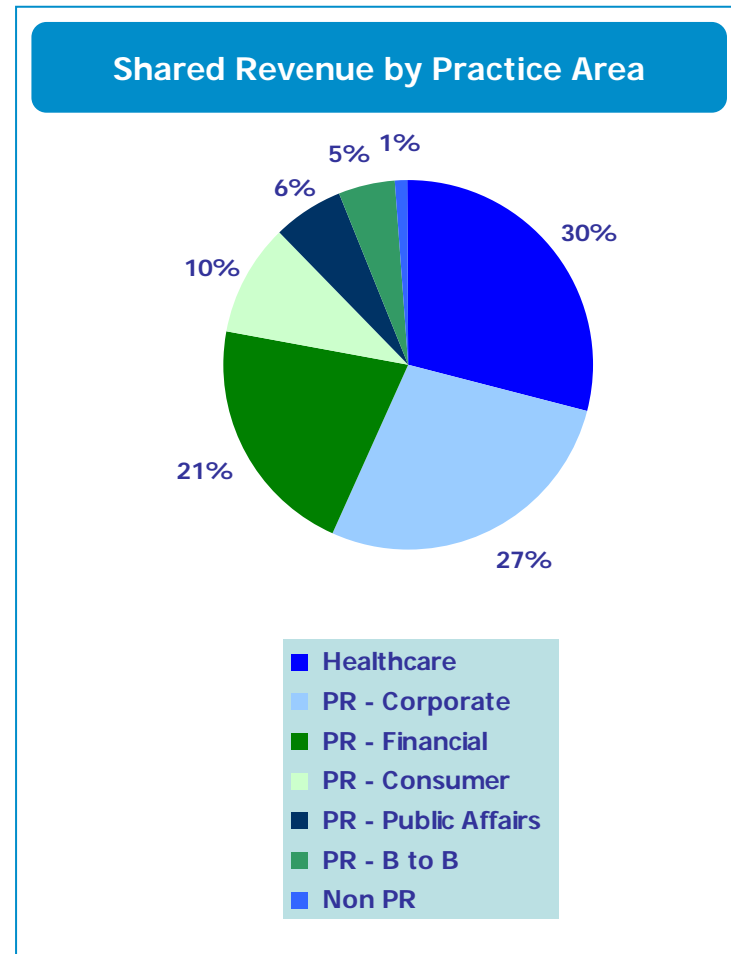
- Our top client contributes £1.8m, 1.3% of total revenue
- The top 10 clients average £1.1m and contribute 7.8% of total revenue
- The top 25 clients average £840k and contribute 15% of total revenue
- We have over 2,700 clients with an average fee of £51k
- The average fee per employee is £95k

Retainer vs Project Business

- 60% of **total** revenues were committed at the beginning of the year, of which:
 - 80% were from monthly retainers
 - 20% were from annual repeat project work
- 70% of **PR revenues** were committed at the beginning of the year in underlying PR businesses excluding Sard Verbinnen
- Net new business comprises:
 - 28% from new or increased retainers
 - 72% from project work
- This mix may change as the group develops

Group business shared across the network in 2006

- 202 clients representing 11% of the group revenue were served by two or more group companies working together
- 57% of this network business was with corporate and healthcare clients
- 226 clients representing 6% of total group revenue were served by one or more countries working together
- 266 clients representing 35% of our revenue were served by more than one type of work



Awards Highlights

Huntsworth agencies won over 70 awards in 2006

 <p>Best mid-sized Asian Network</p> 	 <p>Gold - Cause Related Marketing</p> 	 <p>Best Consumer Campaign</p> 	 <p>Best Financial Campaign</p> 	 <p>Best Consumer Campaign</p> 	 <p>Max Mara Arts Prize For Women</p> 
 <p>Four Rx Club Awards</p> 	 <p>Four Pharmaceutical Marketing Effectiveness Awards</p> 	 <p>Best Full Service Agency To Work For In Europe</p> 	 <p>Best European Public Sector Campaign</p> 	 <p>100 Best Companies to Work For</p> 	

2007 Targets

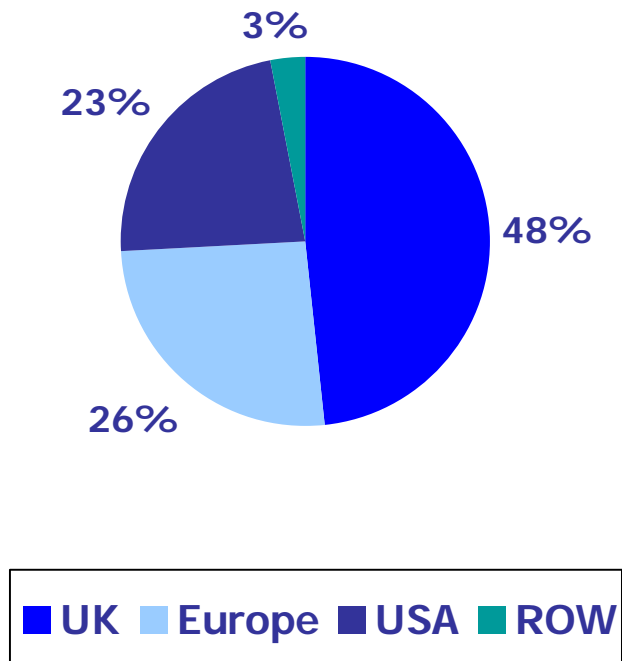
- 20% underlying operating company margins – after absorbing share incentive charges of £1.7m
- 15% underlying operating margins post central costs after absorbing total share incentive charges of £2.7m
- 5%-6% like-for-like revenue growth
- Cash conversion 100% plus
- Debt under £45m

Current Trading

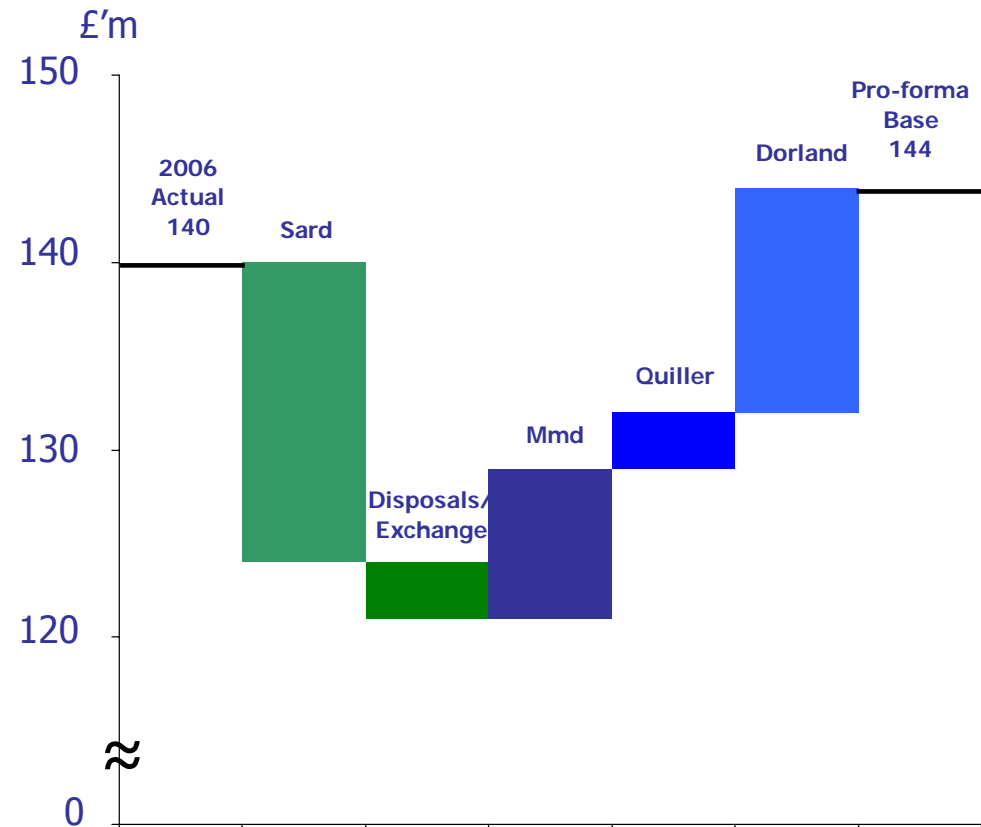
- First two months we have traded well
- Our recent acquisitions have settled in well
 - Mmd
 - Quiller
 - Dorland

Pro-forma Revenue Base

Pro-forma Revenue Split



Pro-forma Revenue Bridge



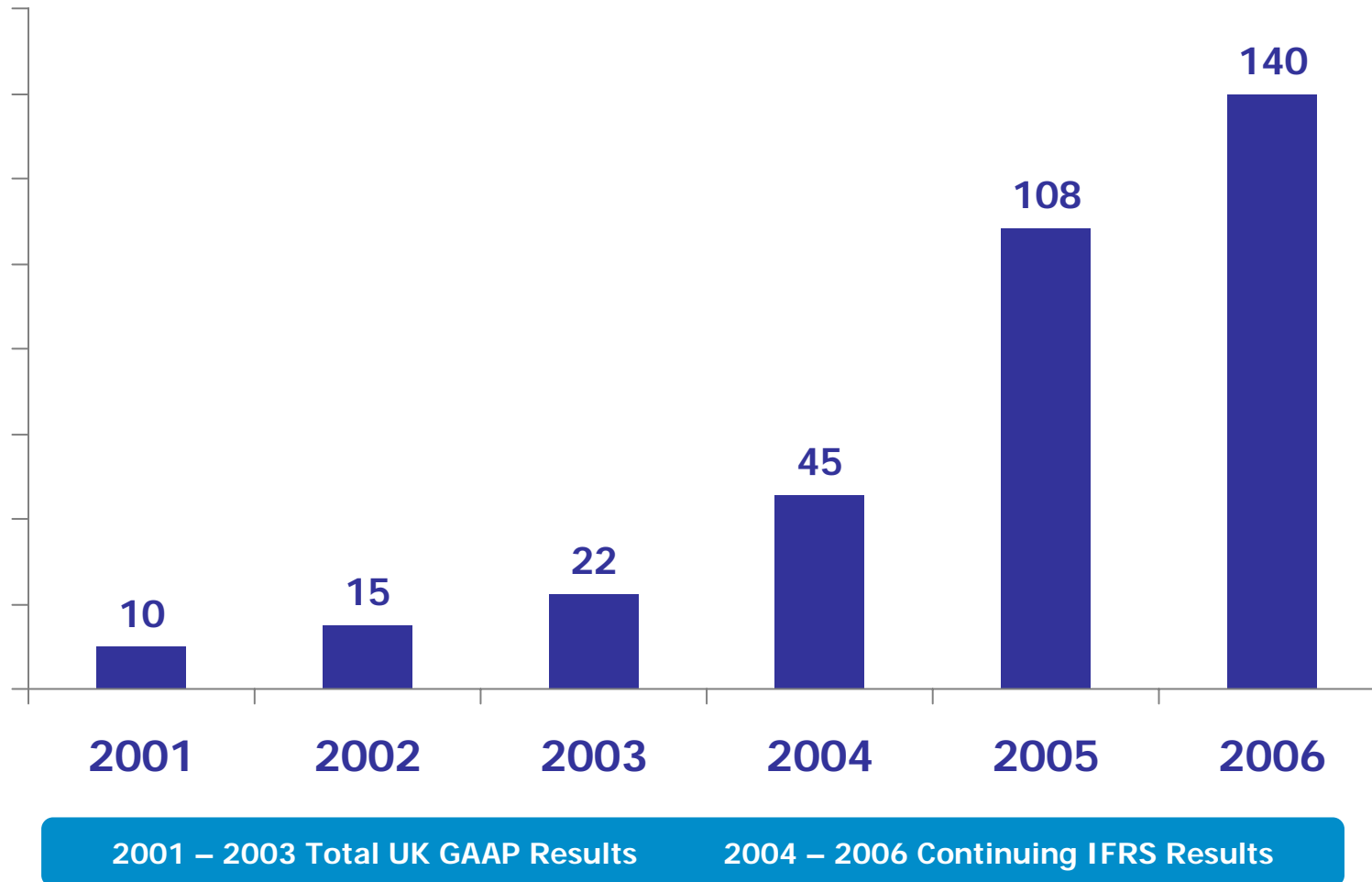
Huntsworth

Huntsworth is an international public relations group with leading brands in communications, operating from 60 principal offices in 30 countries

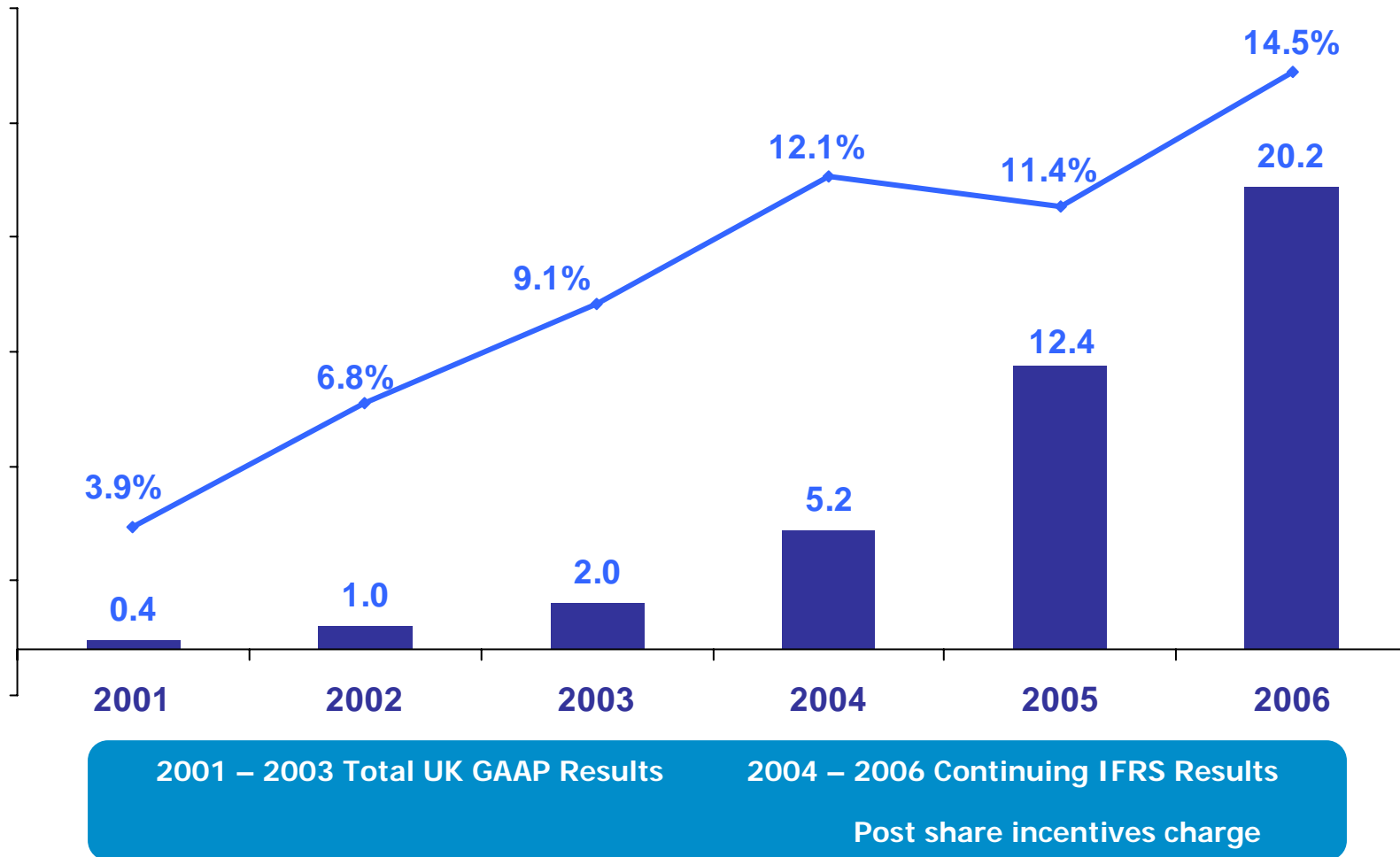
Our company portfolio comprises public relations expertise in consumer, financial, public affairs and technology sectors, together with a broad based offering in healthcare communications

Appendices

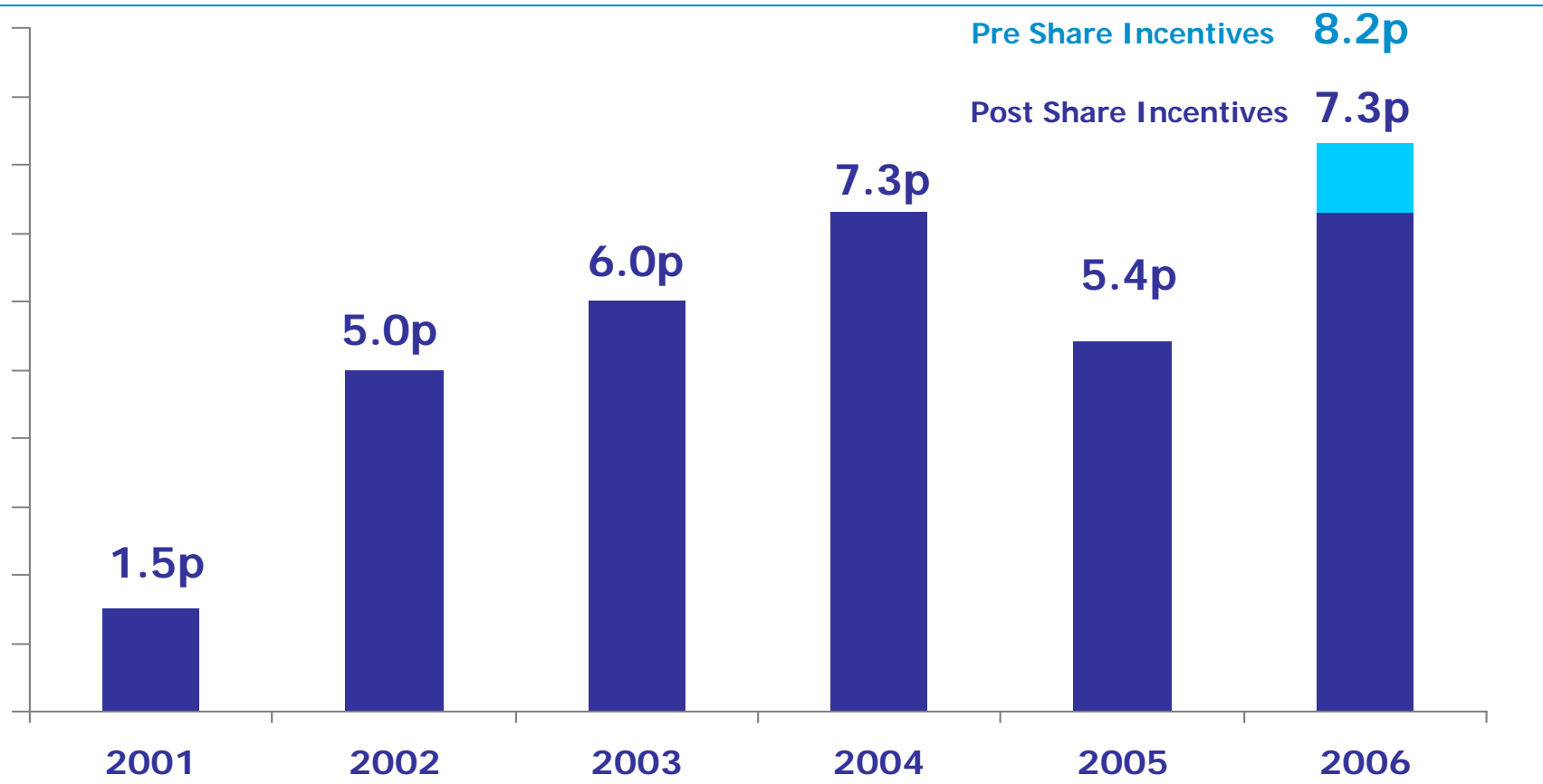
Six year revenue growth continuing £m



Six year underlying operating profit and margin trend after central costs - £m



Six year EPS growth



2001 – 2003 Total UK GAAP Results 2004 – 2006 Continuing IFRS Results
2001 – 2004 Adjusted for Share Consolidation in July 2005

Restatement of 2005 Underlying Profit

£'m	2005 Restated	Share Options	Imputed Interest	2005 as previously reported
Revenue	108.3			108.3
Operating profit	12.4	(0.6)		13.0
Net finance costs	(3.5)		(0.2)	(3.3)
Associates	0.1			0.1
Profit before tax	9.0	(0.6)	(0.2)	9.8
Tax	(0.6)			(0.6)
Profit after tax	8.4	(0.6)	(0.2)	9.2
Minority interests	(0.5)			(0.5)
Attributable profits	7.9	(0.6)	(0.2)	8.7
Underlying Basic EPS	5.4p	(0.4)p	(0.1)p	5.9p

IFRS charges relating to share incentives and imputed interest on deferred consideration were treated as highlighted for the 2005 results but have now been included within the underlying results

The State of the Public Relations Industry

For the second year we have asked Paul Holmes, editor of the public relations journal, The Holmes Report, to carry out an independent survey of our industry. This year it will be both quantitative and qualitative in nature.

The report will review the size of the market – the competitive landscape – activity in merging and acquiring PR firms – a regional breakdown – growth levels in various parts of the world and by practice and industry sector. It will be the most authoritative of its kind ever published.

The report will show that worldwide the global industry grew at around 7.5% and the market is now worth about \$7bn.

This would accord with our own findings with a growth rate of 6.9% in the second half of 2006 and a belief that had we completed our network – particularly in markets such as India and China – we would have taken global market share.

Additionally, it will state that the independent and specialist firms are growing faster than the single brand holding company owned agencies.

This would again support our strategy of keeping our brands independent and supporting them but not imposing single brands across the world.

Paul Holmes also confirms our belief that digital and social media spending present a major opportunity for PR firms and provides considerable growth opportunities.

Mr Holmes also draws particular attention to the health and food sectors as having the largest spending increases in 2006 and technology making a solid recovery after the declines of recent years.

The full report will be published at the AGM on Tuesday 12 June 2007.