

# HUNTSWORTH

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**Interim Results – June 2007**

**20 September 2007**

# Agenda

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- Introduction
- 2007 Targets
- Financial Highlights
- Group Business Analysis
- Conclusion
- Appendices – Our Segments in Detail

# Introduction

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- Good first half
  - Marked increase in network business
  - Strong growth in revenue, margin, profits and EPS
- Strong start to second half with key drivers
  - Network Business
  - Digital Communications
  - Huntsworth Health

# Full Year 2007 Targets

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- **20% operating company margins – after absorbing share incentive charges of £1.7m**
- **15% operating margins post central costs after absorbing total share incentive charges of £2.7m**
- **Full year 5%-6% like-for-like revenue growth**
- **Full year cash conversion 100% plus**
- **Debt under £57m post-acquisitions**

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# Financial Highlights

All results are shown before highlighted items unless otherwise stated  
Like for like analyses include pre-acquisition results and are stated at constant currencies

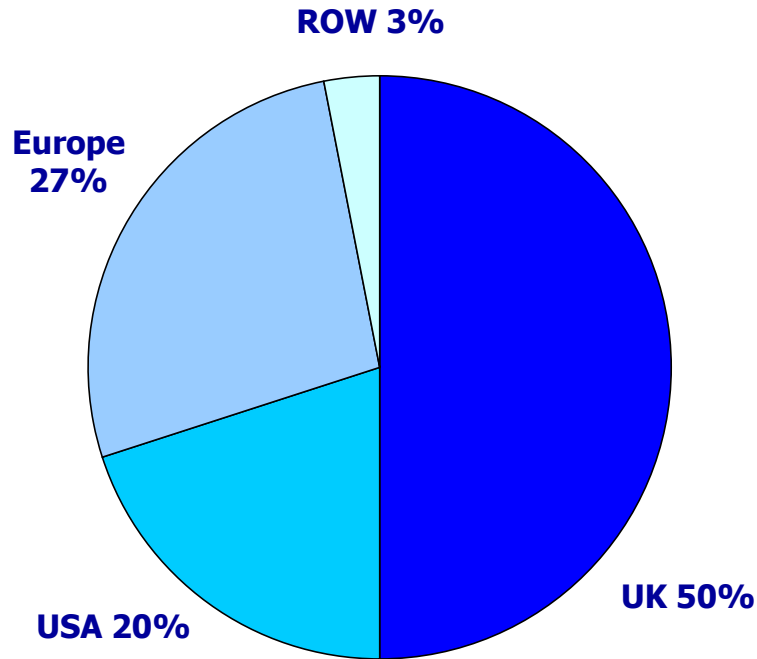
# Profits – Before highlighted items

£'m	H1 2007	Margin	H1 2006	Margin	Growth
Revenue	70.6		70.1		0.7%
vs 2006 adjusted			60.6		16.5%
Operating profit pre-central costs	14.4	<b>20.4%</b>	13.2	18.8%	9.0%
Central costs	(3.0)		(3.2)		(5.3%)
Operating profit post-central costs	11.4	<b>16.1%</b>	10.0	14.3%	13.6%
Net finance costs	(2.4)		(1.5)		
Associates (post tax)	1.0		0.1		
Profit before tax	10.0		8.6		16.4%
Tax (excluding associates)	(2.4)		(2.2)		
<i>Tax rate</i>	<i>24.3%</i>		<i>26.1%</i>		
Profit after tax	7.6		6.4		19.2%
Minority interests	(0.2)		(0.2)		
Attributable profits	7.4		6.1		20.8%
Basic EPS (pence)	3.7		3.2		15.6%

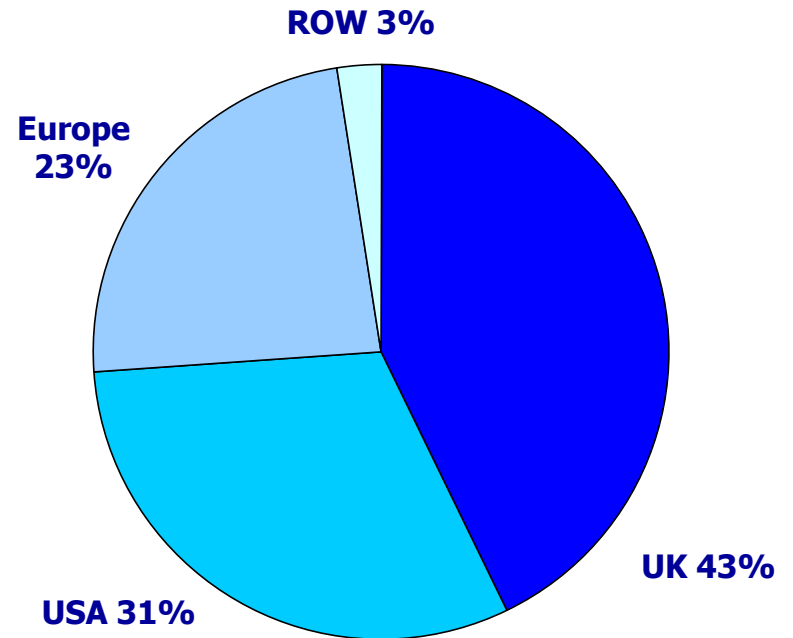
# Revenue by Geographic Region

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**Half Year 2007**



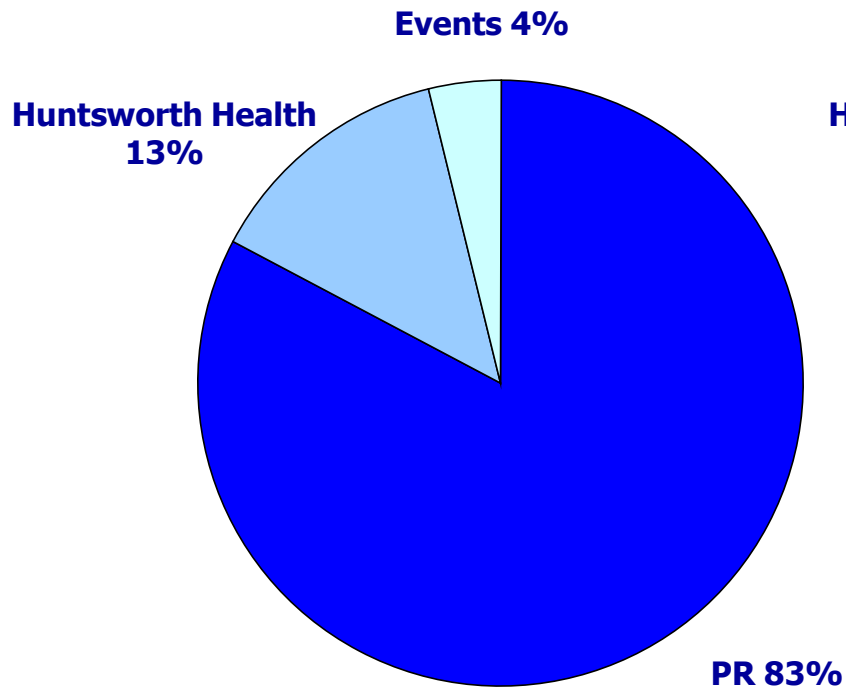
**Full Year Proforma 2007**



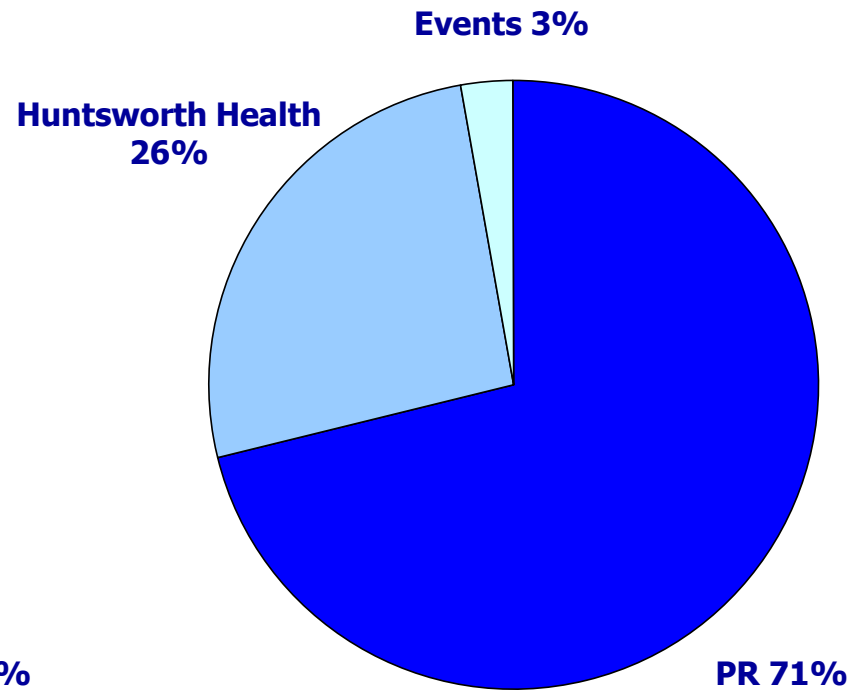
# Revenue by Segment

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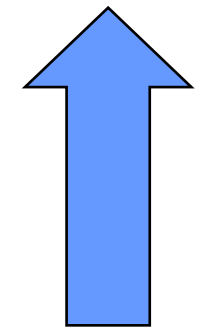
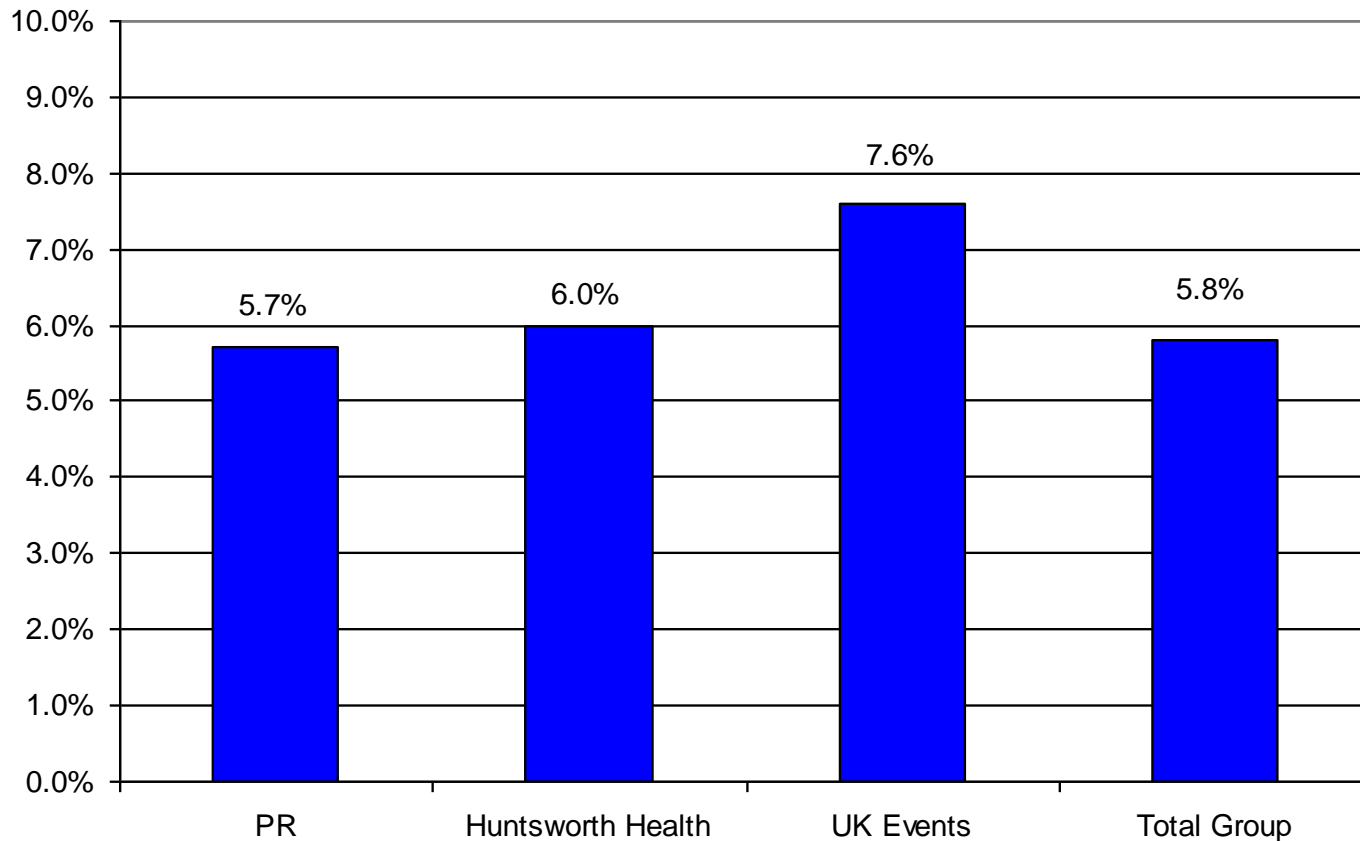
**Half Year 2007**



**Full Year Proforma 2007**



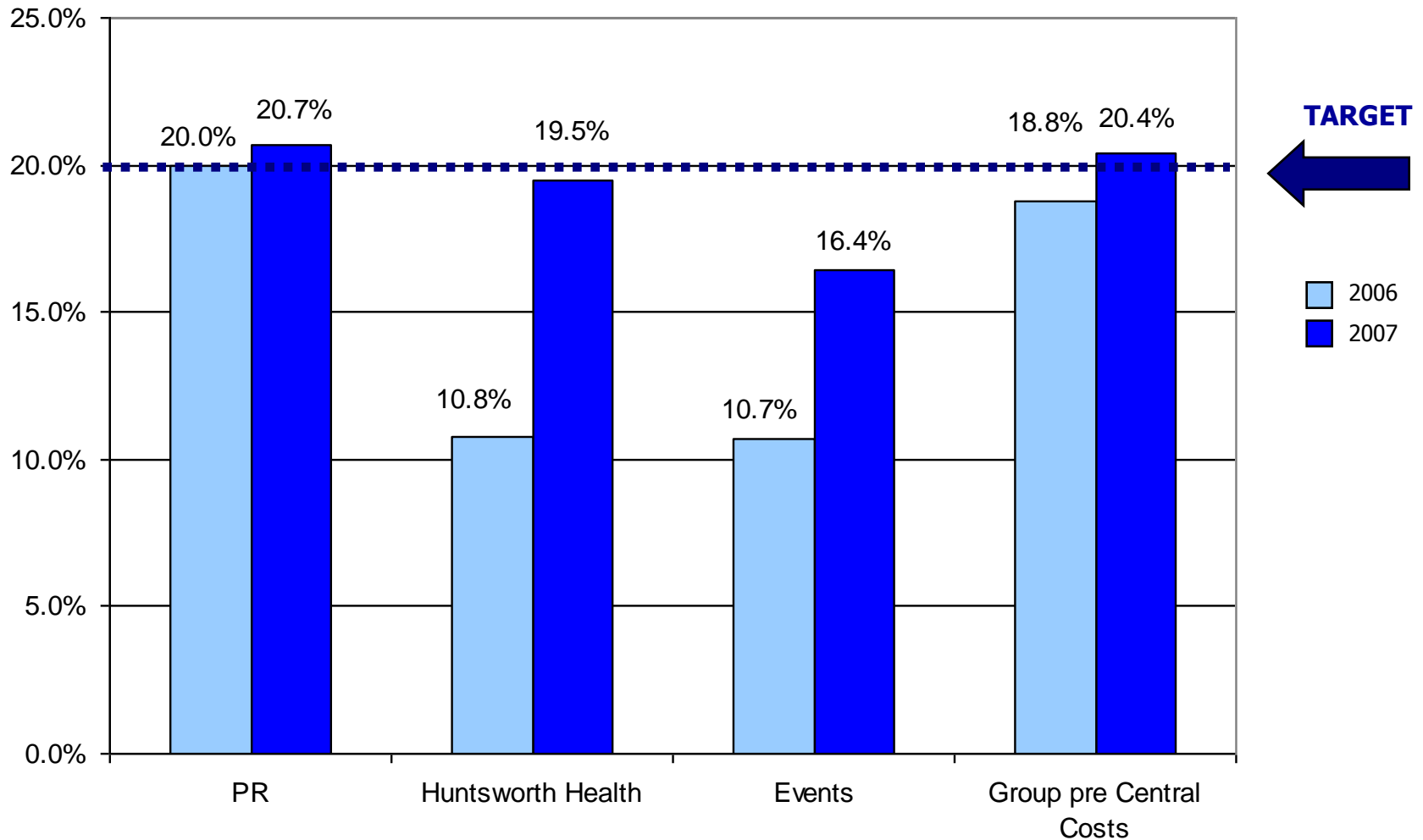
# L4L Revenue Growth by Segment — excluding Broadstreet



**Like-for-like  
Group  
operating  
profit up  
11.4%**

- Growth shown excluding Broadstreet as currently under strategic review
- Including Broadstreet, Events down 9.4% and Total Group up 5.1%

# Operating Profit Margin by Segment



# Reported Profit – After highlighted items

£'000	H1 2007			H1 2006		
	Underlying	Highlighted	Net	Underlying	Highlighted	Net
Revenue	70,594		70,594	70,075		70,075
Operating profit (see note)	11,377	(3,135)	8,242	10,019	(3,573)	6,446
Net finance costs	(2,373)		(2,373)	(1,473)		(1,473)
Associates (post tax)	1,005	(999)	6	51		51
Profit before tax	10,009	(4,134)	5,875	8,597	(3,573)	5,024
Tax (excluding associates)	(2,435)	1,196	(1,239)	(2,246)	710	(1,536)
Profit after tax	7,574	(2,938)	4,636	6,351	(2,863)	3,488
Minority interests	(199)		(199)	(249)		(249)
Attributable profits	7,375	(2,938)	4,437	6,102	(2,863)	3,239
Basic EPS (pence)	3.7	(1.5)	2.2	3.2	(1.5)	1.7

Note - £'000	H1 2007	H1 2006
Amortisation of intangible assets	2,764	1,908
Goodwill impairment – Sard Verbinnen	999	1,665
Non cash IFRS charges on acquisitions	371	-
Highlighted Items	4,134	3,573

# Cash Flow

£'m	H1 2007	Full Year 2006	H1 2006
<b>Operating profit before highlighted items</b>	<b>11.4</b>	<b>20.2</b>	<b>10.0</b>
Depreciation	1.1	2.4	1.1
Share option charge	1.4	1.8	0.6
Working capital	(8.5)	2.0	(0.9)
<b>Cash generated from operations</b>	<b>5.4</b>	<b>26.4</b>	<b>10.8</b>
<i>Conversion</i>	<i>48%</i>	<i>130%</i>	<i>108%</i>
Exceptional cash flow	(2.7)	(8.2)	(5.5)
Dividends received from associates	0.9	0.1	0.1
Interest, tax and capex	(4.8)	(6.4)	(3.1)
<b>Free cash flow</b>	<b>(1.2)</b>	<b>11.9</b>	<b>2.3</b>
Group dividends	-	(3.1)	-
Shares purchased for incentive schemes	(0.5)	(3.6)	(2.4)
Deferred consideration	-	(3.0)	(0.6)
Acquisitions / disposals inc net debt acquired	(12.4)	(17.7)	(7.4)
Other	0.3	-	0.2
<b>Net movement</b>	<b>(13.8)</b>	<b>(15.5)</b>	<b>(7.9)</b>
Opening net debt	(38.9)	(23.4)	(23.4)
<b>Closing net debt</b>	<b>(52.7)</b>	<b>(38.9)</b>	<b>(31.3)</b>
<b>Gearing</b>	<b>26.9%</b>	<b>21.5%</b>	<b>14.6%</b>

# Treasury

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- £90m of facilities available for 5 years to July 2012
  - Revolving credit facility (Lloyds TSB & RBS) - £85m
  - Committed overdraft (Lloyds TSB) - £5m

# Earn-Outs

Payable £'m	Total	Cash / Cash or Shares	Shares
2007	10.7	6.7	4.0
2008	5.4	5.1	0.3
2009	4.3	4.3	-
2010	1.6	1.6	-
2011	0.8	0.8	-
<b>Total at 30 Jun 07</b>	<b>22.8</b>	<b>18.5</b>	<b>4.3</b>

Axis - 2008	1.5	1.5	-
Axis – 2011	7.2	7.2	-
<b>Total post Axis</b>	<b>31.5</b>	<b>27.2</b>	<b>4.3</b>

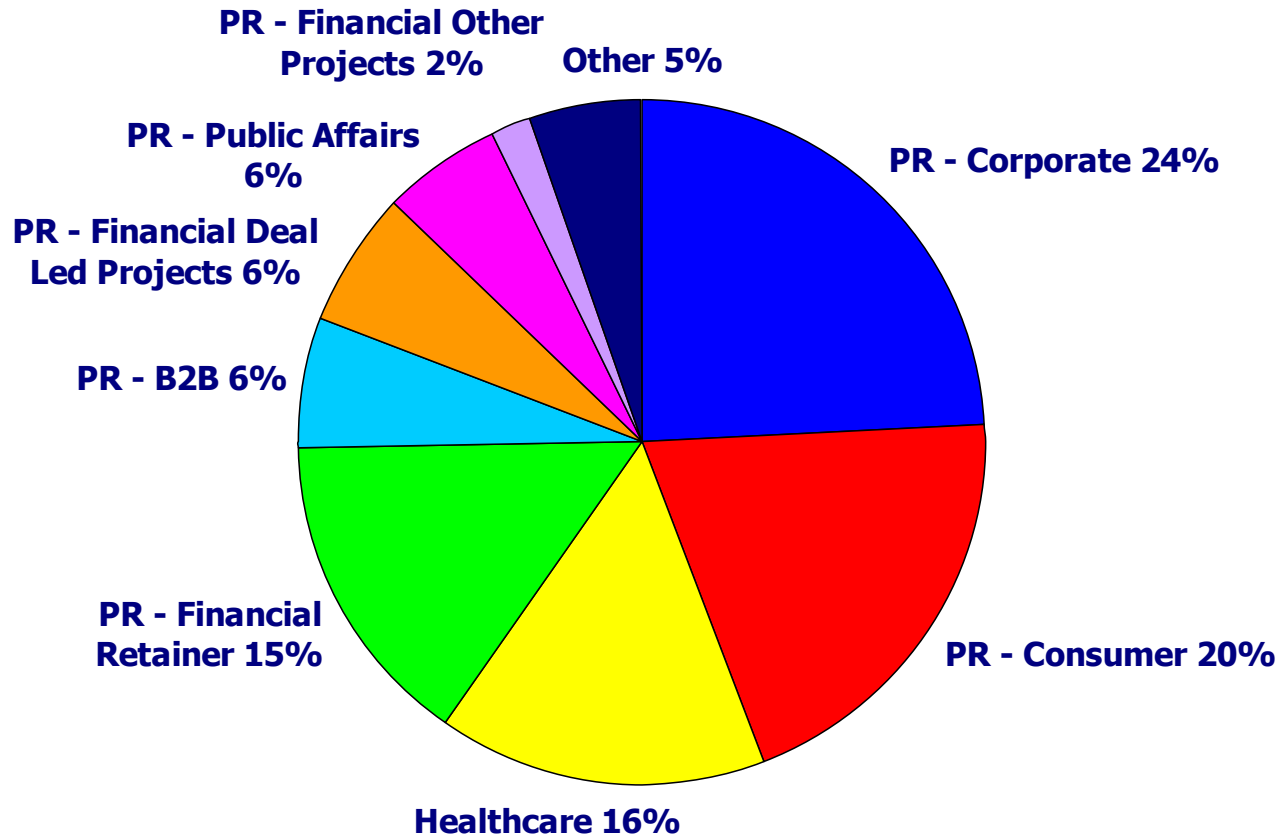
- 65% of group companies' operating profits are free from earn-outs
- Earn-outs are based on incremental profits over the base year  
Nil or slow growth results in nil or low earn-outs

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# **Analysis of Our Business**

# Group Revenue by Practice Area

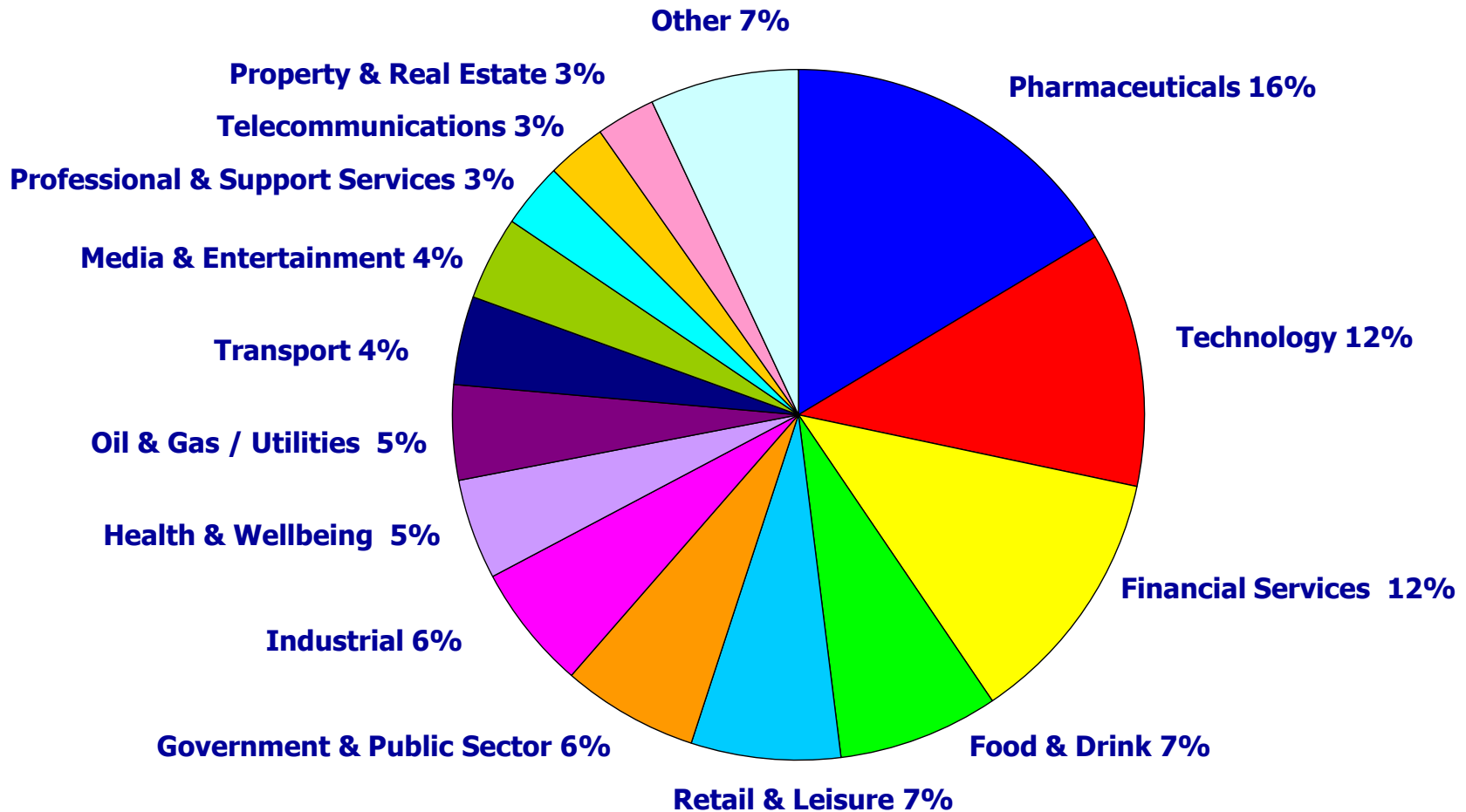
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- > Healthcare up 6 points mainly due to acquisition of Dorland
- > Total Financial down 11 points primarily due to Sard Verbinnen now in associates

# Group Revenue by Sector

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# New Business

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- Net new business won in the first half £27.5m:
  - 26% from new or increased retainers
  - 74% from project work
- 66% of **total** revenues were committed at the beginning of the year – up from 60% in 2006

# Largest Clients

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- Our top client contributed £2m, 2.9% of total half year revenue - up from 1.3% in 2006
- The top 10 clients average £910k for the first six months and contribute 12.9% of total revenue – up from 7.8% in 2006
- The top 25 clients average £631k for the first six months and contribute 22.4% of total revenue – up from 15% in 2006
- We have over 2,750 clients with an annualised average fee of £60k – up 19% vs 2006
- The annualised average fee per employee now £84k

# Network Clients

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- 194 clients, equating to 23% of total Group revenue, are now serviced through Huntsworth international integrated programmes - up from 11% in 2006
- 185 clients, equating to a further 25% of revenues, are represented by more than one group company, but not currently through an integration programme
- Therefore, with 48% of revenues serviced by more than one company there is clear potential to further increase Group revenues

# Conclusion

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- **On track for the full year**
- **Strong start to second half**

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# Our Segments in Detail

# PR Business

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grayling

red

Hudson Sandler

Trimedia

Haslimann Taylor

the global consulting group

Mmd

CENTRAL & EASTERN EUROPE

Citigate  
Dewe Rogerson

QUILLER  
CONSULTANTS

Citigate  
Cunningham

ehpr

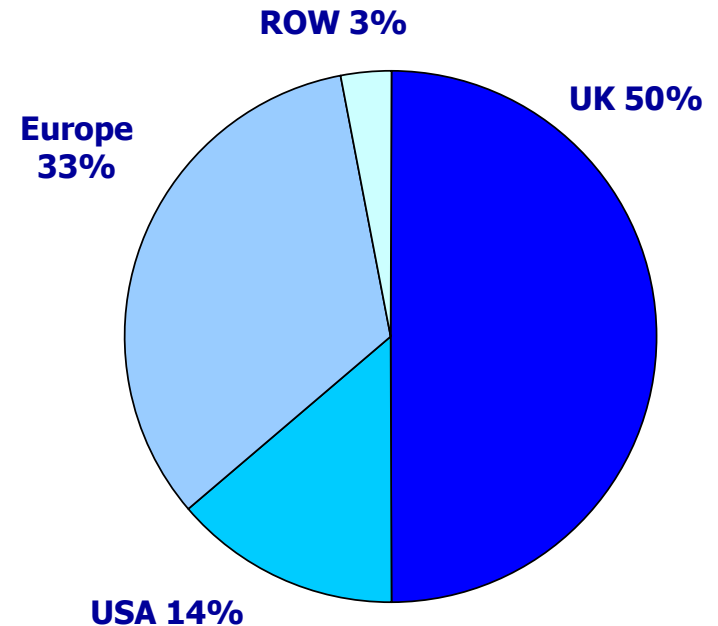
Capital Bridge

SC  
PR  
Stephanie Churchill Public Relations

HUNTSWORTH

# Geographical Analysis of PR Business

- PR Business accounts for 71% of full year proforma total Group revenue
- 50% of total full year PR revenue arises in the United Kingdom
- Currently have 1,370 employees in 55 offices worldwide
- Annualised fee per employee of £86k



## Like-for-Like First Half Analysis

	Revenue Growth	Operating Margin
United Kingdom	5.7%	21.6%
USA	2.6%	17.4%
Europe	6.6%	22.7%
Rest of World	10.0%	20.8%
<b>Total</b>	<b>5.7%</b>	<b>21.3%</b>

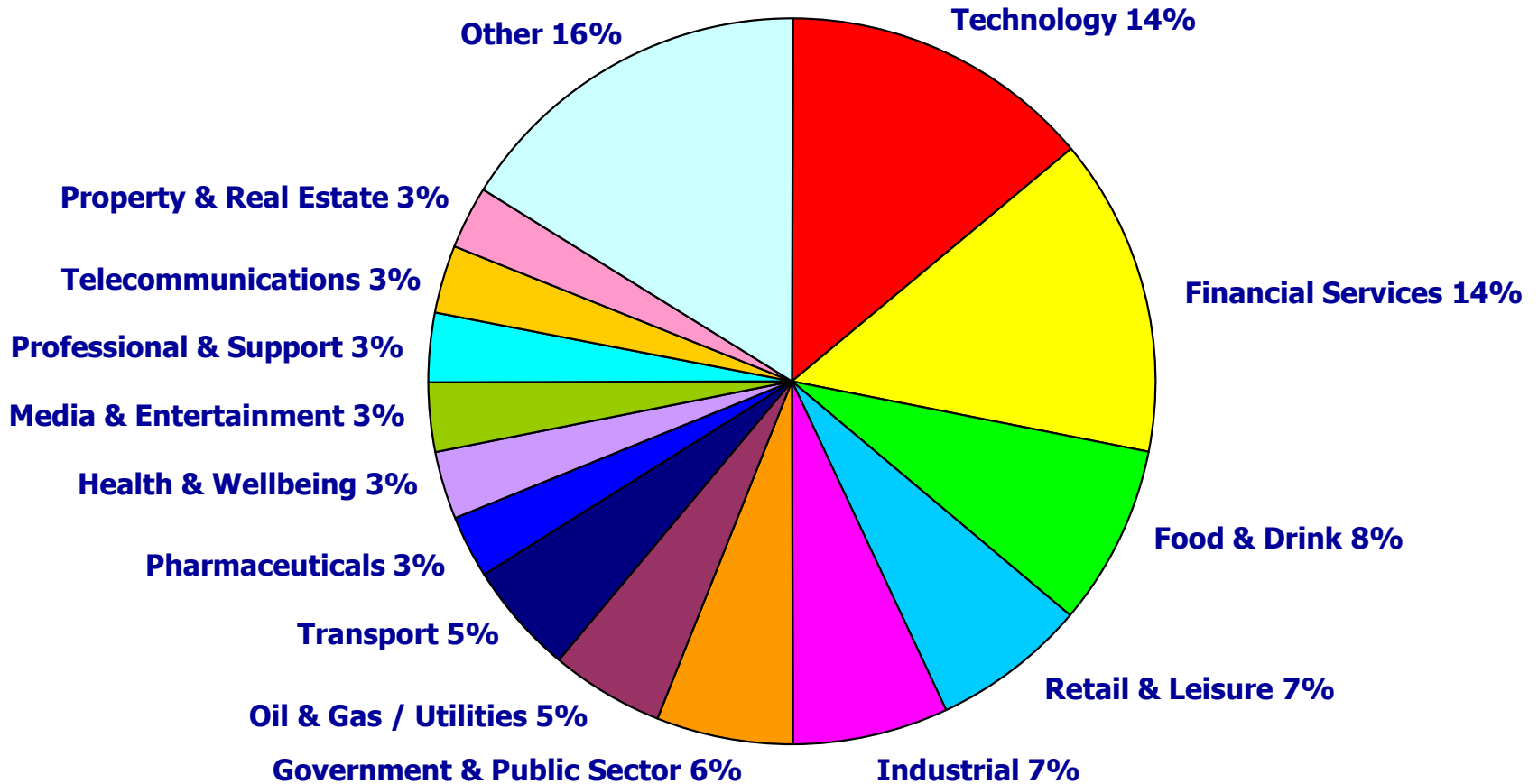
# Client Analysis of PR Business

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- 2,432 clients generating half year revenue of £58.4m
- Top client provided 1.5% of total half year PR Business revenue
- Top 10 clients provided 9.1% of total half year PR Business revenue
- 183 network clients equating to 23.5% total half year PR Business revenue
- Average annualised fee per PR Business client of £48k
- Net new business of £23.7m, split 31% retainers, 69% projects
- Projects account for 30% of revenue versus 70% retainers

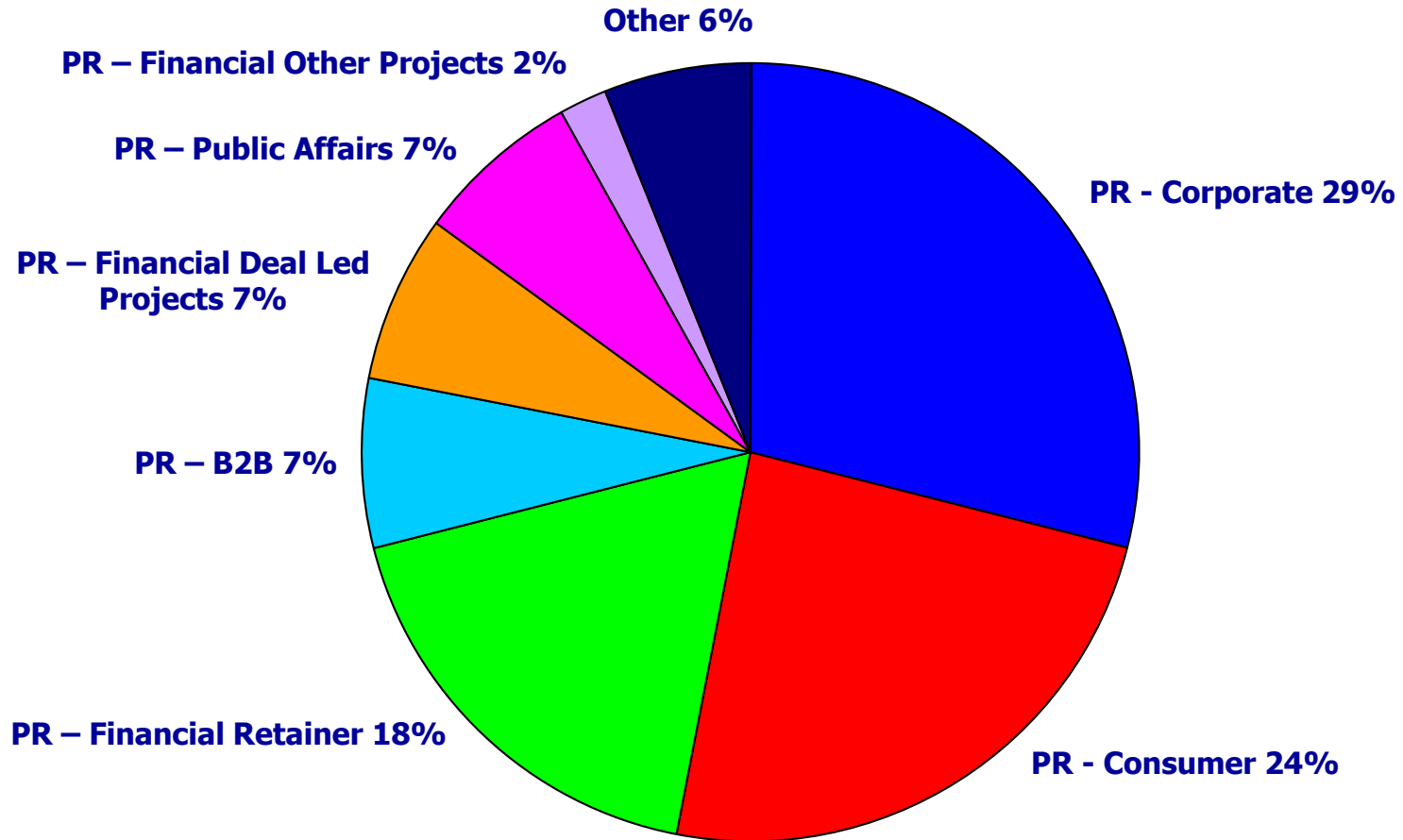
# PR Business by Sector

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# PR Business by Type

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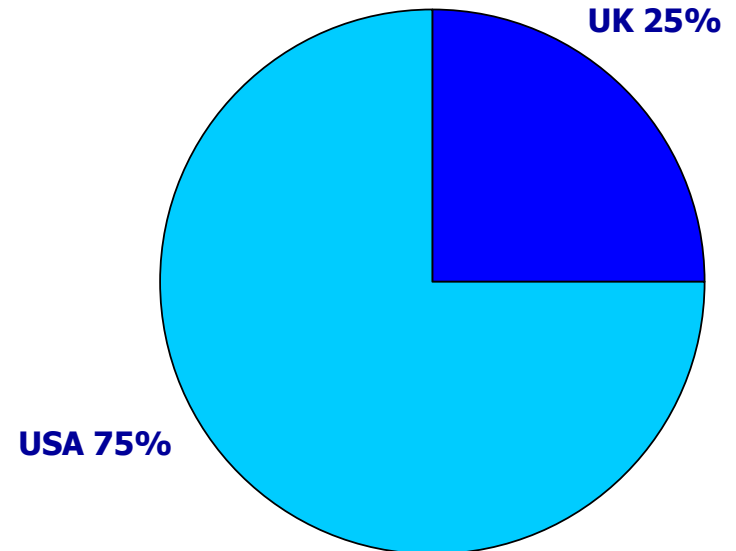
# Huntsworth Health

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# Geographical Analysis of Huntsworth Health

- Healthcare Business accounts for 26% of full year proforma total Group revenue
- 75% of total full year Healthcare revenue arises in the USA (at half year 47%)
- Currently have 463 employees in 12 offices
- Annualised fee per employee of £95k (excluding Axis acquisition)



## Like-for-Like First Half Analysis

	Revenue Growth	Operating Margin
United Kingdom	3.1%	15.9%
USA	9.5%	23.6%
<b>Total</b>	<b>6.0%</b>	<b>19.5%</b>

# Client Analysis of Huntsworth Health

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- 117 clients generating half year revenue of £9.4m
- Top client provided 18.4% of total half year Healthcare revenue
- Top 10 clients provided 71.2% of total half year Healthcare revenue
- 13 network clients equating to 29.1% total half year Healthcare revenue
- Average annualised fee per Healthcare client of £198k (excluding Axis)
- Net new business of £2.7m, all of which was projects
- Projects and retainer business account for 50% of revenue each