

HUNTSWORTH

Audited Preliminary Results – December 2007

12 March 2008

Agenda

- Introduction
- 2007 Targets
- Financial Highlights
- Group Business Analysis
- Current Trading / Outlook
- Conclusion

Introduction

- **2007 was another successful year**
- **We met or exceeded all of our targets set at the start of the year**
- **Actual revenue of £152.3m, PBT of £21.9m (up 23.4%) and EPS up 8.2% in 2007**
- **Group now focussed on two distinct segments of PR & Healthcare**

Full Year 2007 Results against Targets

Performance Measure	Target	Achieved
Operating company margins	20%	21.0%
Operating margin post central costs	15%	15.9%
Like for like revenue growth	5%-6%	6.0%
Full year cash conversion	100% plus	122%
Debt	Under £57m	£54m

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

Underlying Profits

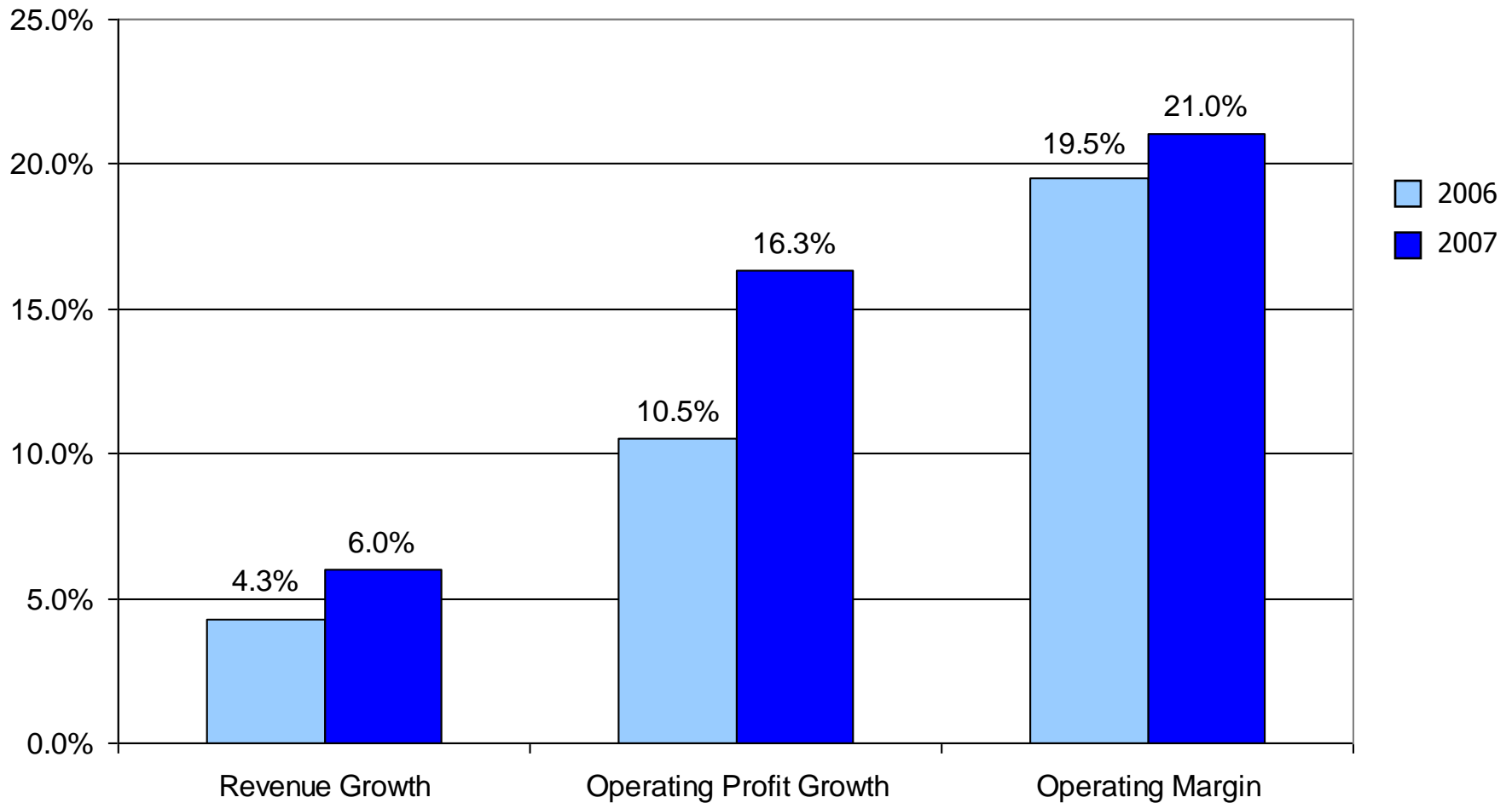
£'m	2007	Margin	2006	Margin	Growth
Revenue	152.3		139.7		9.0%
Operating profit pre-central costs	32.1	21.0%	27.2	19.5%	17.6%
Central costs	(7.8)		(7.0)		
Operating profit post-central costs	24.2	15.9%	20.2	14.5%	19.8%
Net finance costs	(5.1)		(2.6)		
Associates	2.7		0.1		
Profit before tax	21.9		17.7		23.4%
Tax	(5.2)		(3.6)		
<i>Tax rate</i>	<i>23.8%</i>		<i>20.2%</i>		
Profit after tax	16.7		14.1		17.8%
Minority interests	(0.9)		(0.2)		
Attributable profits	15.8		13.9		13.6%
Basic EPS (pence)	7.9		7.3		8.2%

Like for Like Growth & Margin (pre central costs)

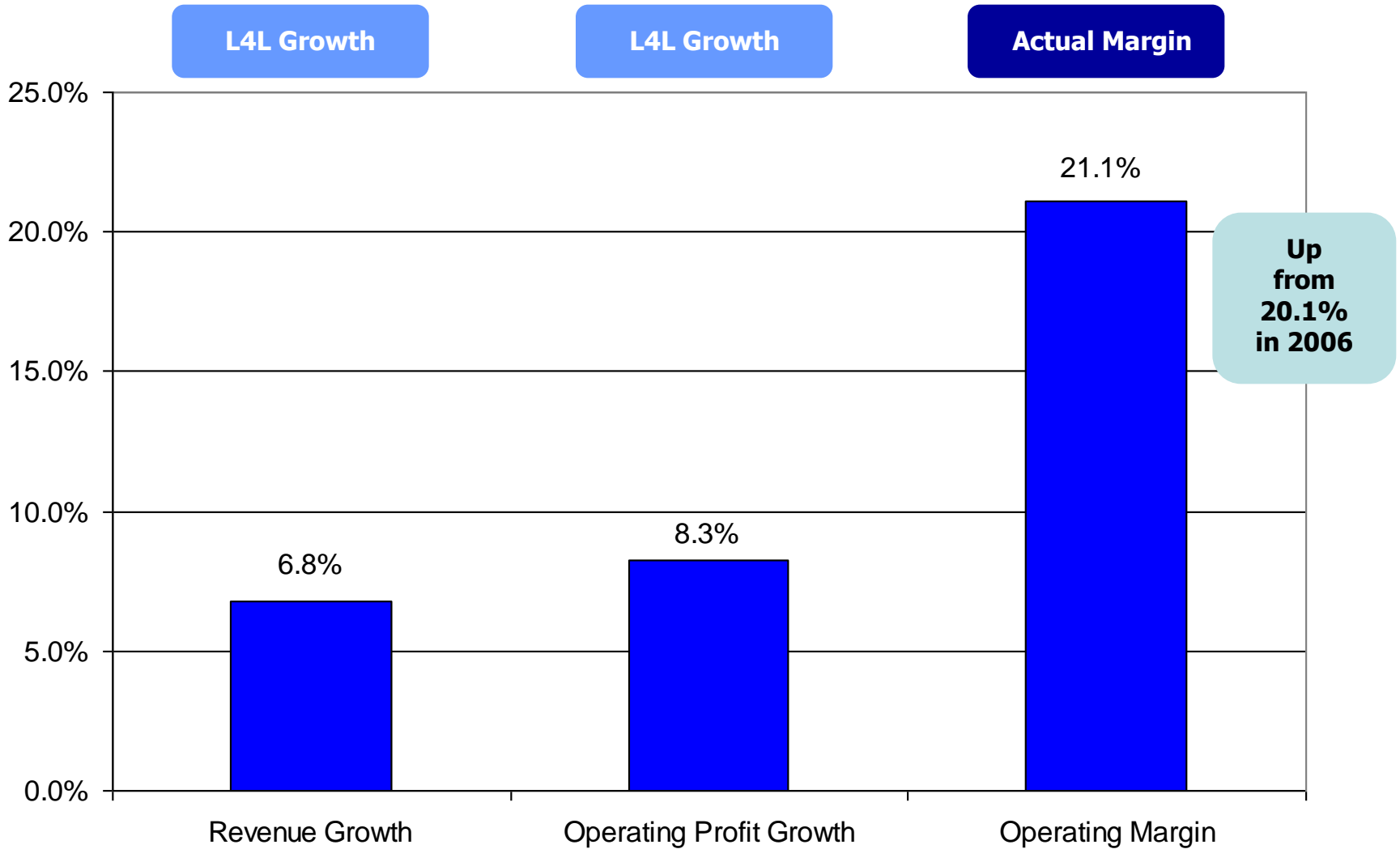
L4L Growth

L4L Growth

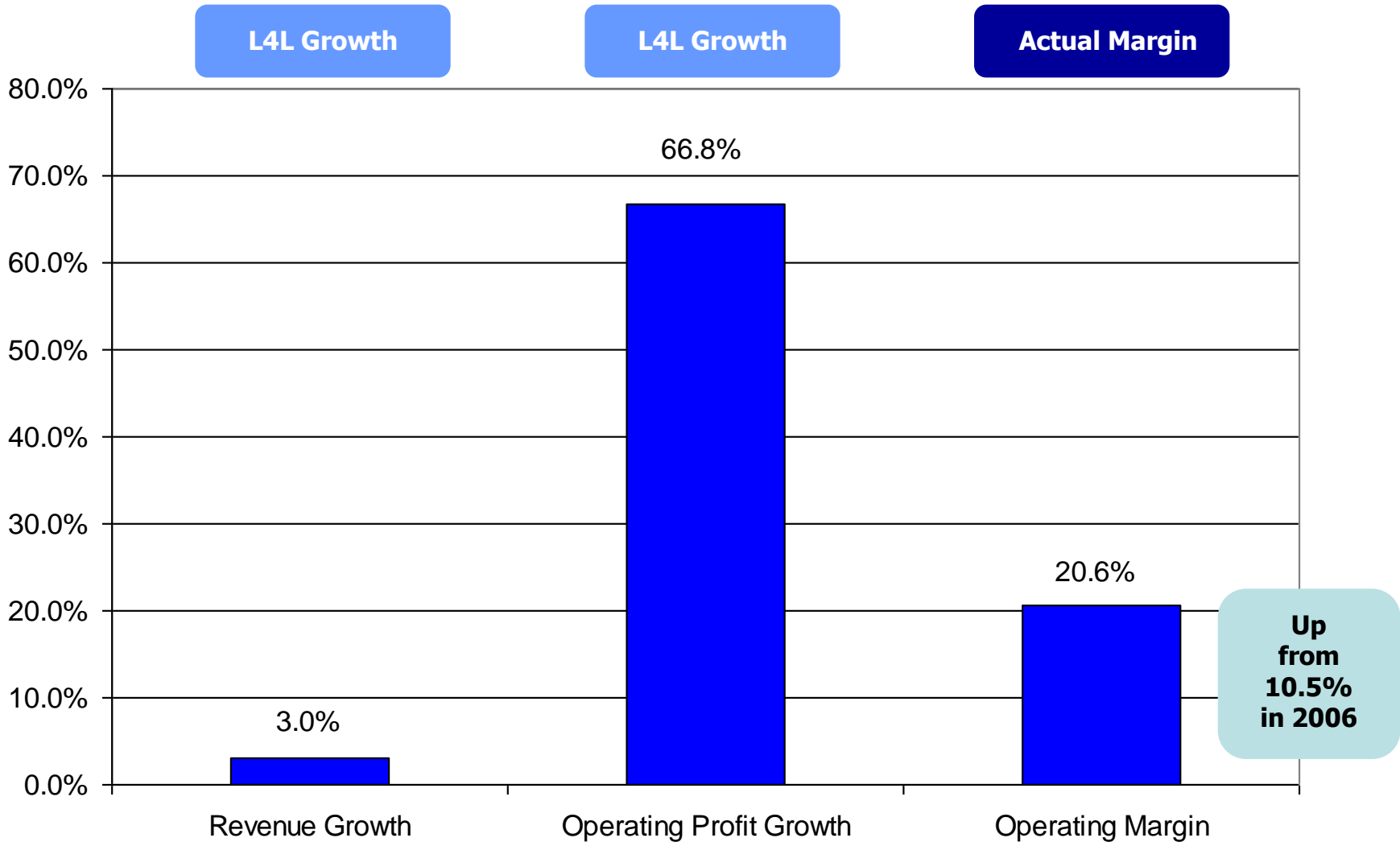
Actual Margin



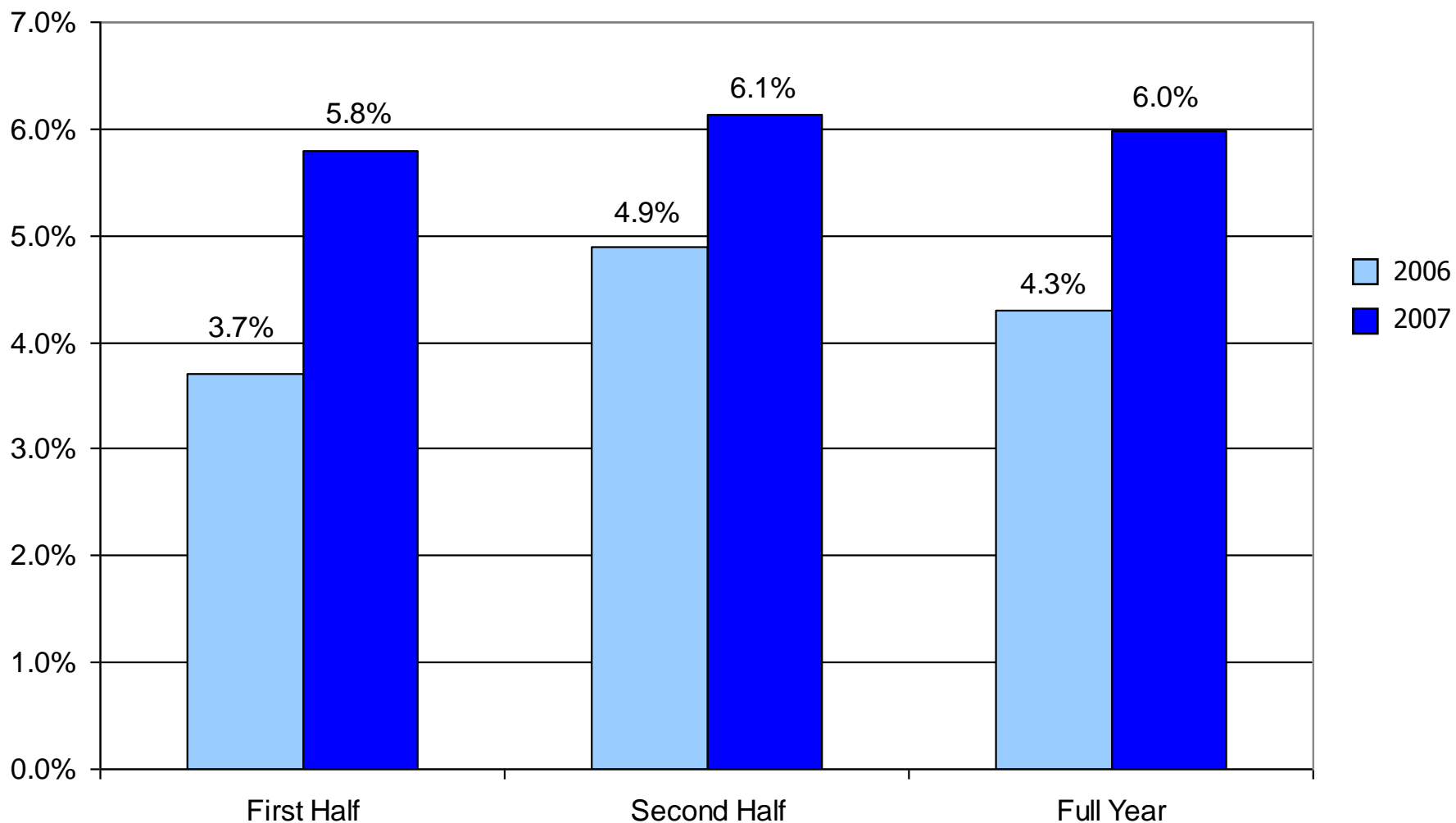
PR - Like for Like Growth & Margin



Huntsworth Health - Like for Like Growth & Margin



H1 & H2 Like for Like Revenue Growth



Reported Profit – After highlighted items

£'m	2007			2006		
	Underlying	Highlighted	Net	Underlying	Highlighted	Net
Profit before tax	21.9	(11.1)	10.8	17.7	(13.7)	4.0
Tax	(5.2)	7.0	1.8	(3.6)	2.6	(1.0)
Profit after tax	16.7	(4.1)	12.6	14.1	(11.1)	3.0
Basic EPS (pence)	7.9	(2.0)	5.9	7.3	(5.8)	1.5

Analysis of Highlighted Items	2007
Amortisation of intangible assets	6.0
Impairment of investment in associates	2.7
Disposals	1.9
Acquisition payments deemed as remuneration	0.5
Highlighted Items	11.1

Taxation

£'m	2007			2006		
	Underlying	Highlighted	Net	Underlying	Highlighted	Net
Profit before tax	21.9	(11.1)	10.8	17.7	(13.7)	4.0
Tax (charge) / credit	(5.2)	7.0	1.8	(3.6)	2.6	(1.0)
Effective P&L tax rate	23.8%	63.1%	(16.5%)	20.2%	18.8%	24.7%

- Highlighted tax credit of £7m
- £4.4m of this relates to losses expected to be utilised from the disposal of CapitalBridge in February 2008
- Our US tax losses are expected to be fully utilised during 2009
- The group continues to review tax planning initiatives

Balance Sheet

£'m	2007	2006
Intangible assets	225.3	212.8
Fixed assets and investments	10.9	5.6
Current assets – excluding cash	50.8	44.2
Net assets held for resale	11.9	7.9
Other liabilities	(61.4)	(55.5)
Deferred consideration	(15.4)	(18.4)
Provisions	(10.0)	(11.5)
Net deferred tax	2.4	(4.2)
Net debt	(54.1)	(38.9)
Net assets	160.4	142.0
Gearing	25.2%	21.5%

Deferred Consideration

Payable £'m	Total
2008	4.8
2009	0.5
2010	2.4
2011	7.7
Total	15.4

£10.8m payable in cash
£0.1m payable in shares
£4.5m payable in cash or shares
(at the discretion of Huntsworth)

- 61% 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

Cash Flow

£'m	2007	Conversion	2006	Conversion
Operating profit before highlighted items	24.2		20.2	
Depreciation	2.4		2.4	
Share option charge	2.6		1.9	
Working capital	0.5		1.9	
Cash generated from operations	29.7	122%	26.4	130%
Exceptional cash flow	(4.4)		(8.2)	
Dividends received from associates	1.7		0.1	
Interest, tax and capex	(11.2)		(6.4)	
Free cash flow	15.8		11.9	
Group dividends	(3.2)		(3.1)	
Net shares purchased for incentive schemes	(1.4)		(2.9)	
Deferred consideration	(5.4)		(3.0)	
Acquisitions / disposals inc net debt acquired	(20.7)		(17.7)	
Other	(0.3)		(0.7)	
Net movement	(15.2)		(15.5)	
Closing net debt	(54.1)		(38.9)	

Disposals

Completed in the year

- Sard Verbinnen became an associate in January 2007
- Broadstreet disposal completed on 1st October 2007

Post Balance Sheet Event

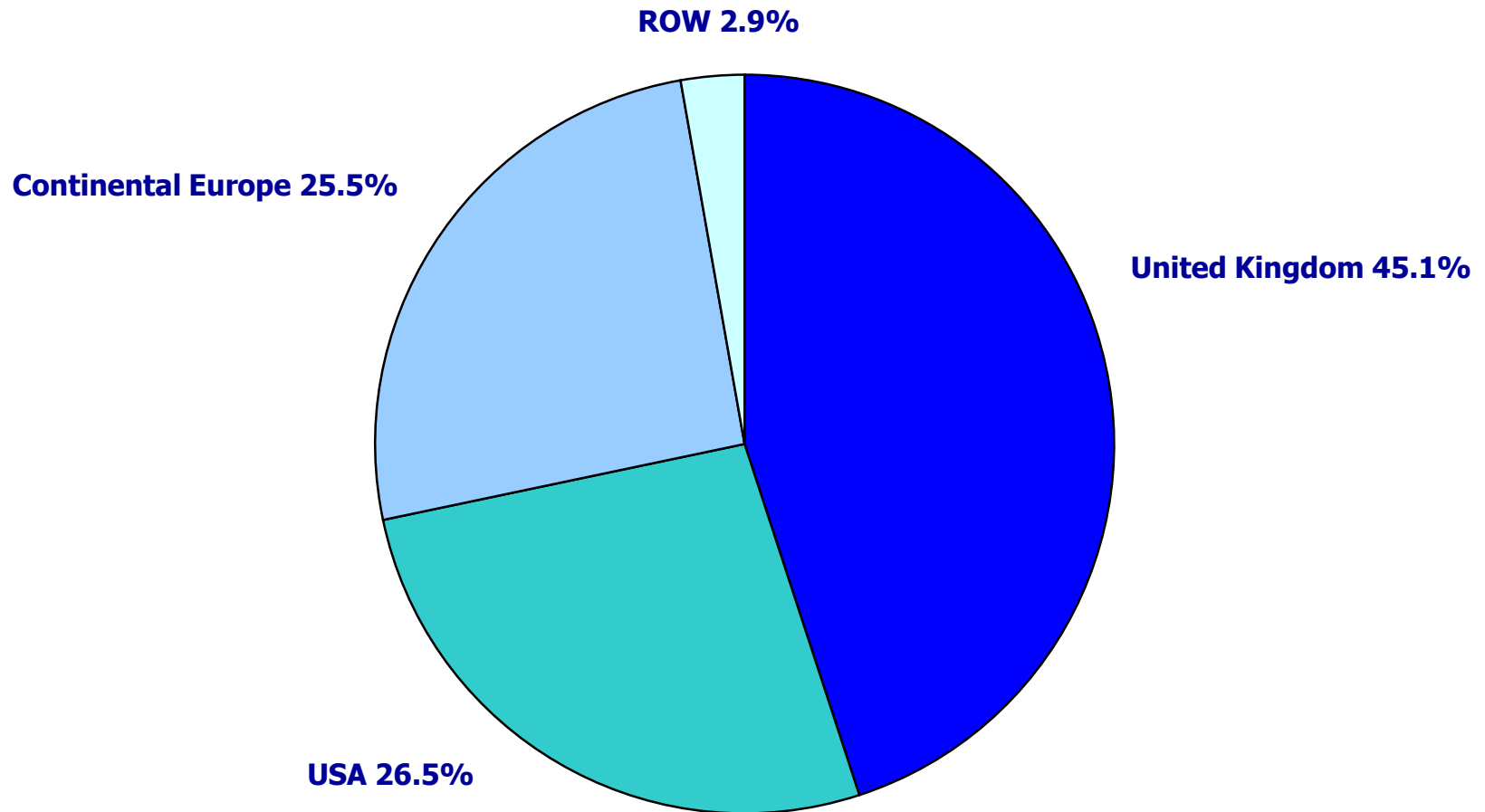
- CapitalBridge disposal completed on 20th February 2008
- Sale proceeds of \$31.7m (approximately £16.3m)
- Proceeds will be used to reduce debt
- Interest cover post disposal of 6.6 (pre-disposal 5.4)
- Net debt : EBITDA post disposal of 1.5 (pre-disposal 2.0)
- Disposal completes Group strategy to divest non-core business activities

Dividends & Treasury

- Dividends
 - Proposed final dividend of 1.85p to give total dividend for the year of 2.5p, representing growth of 32% for the year
- Treasury
 - Facilities re-negotiated in July 2007 with £90m available until July 2012
 - Revolving credit facility (Lloyds TSB & RBS) - £85m
 - Committed overdraft (Lloyds TSB) - £5m
- Debt will continue to reduce each year and the Group should be debt and earn-out free by 2011

Group Business Analysis

Revenue by Geographic Region

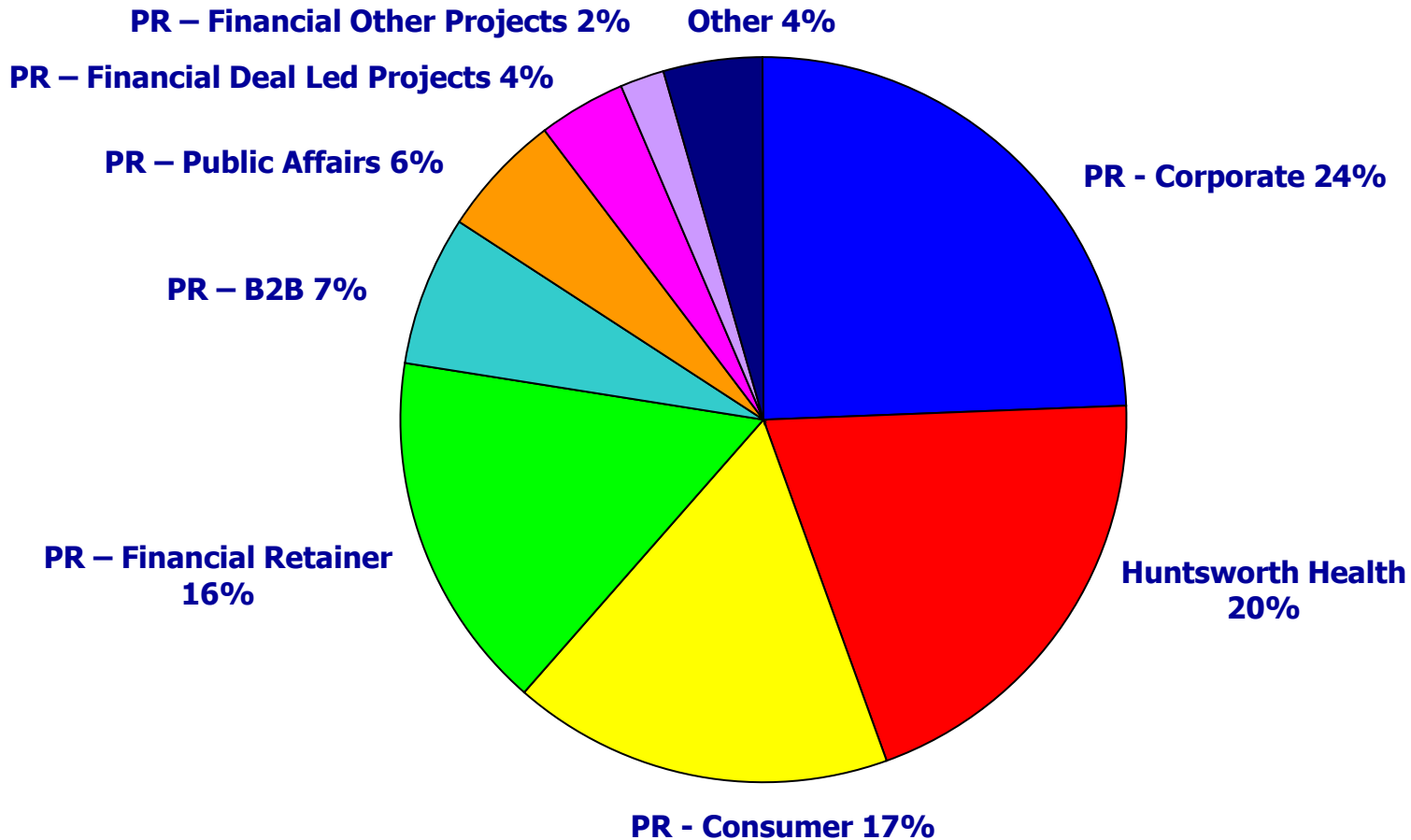


Analysis based on current Group structure

Main Huntsworth Practice Areas

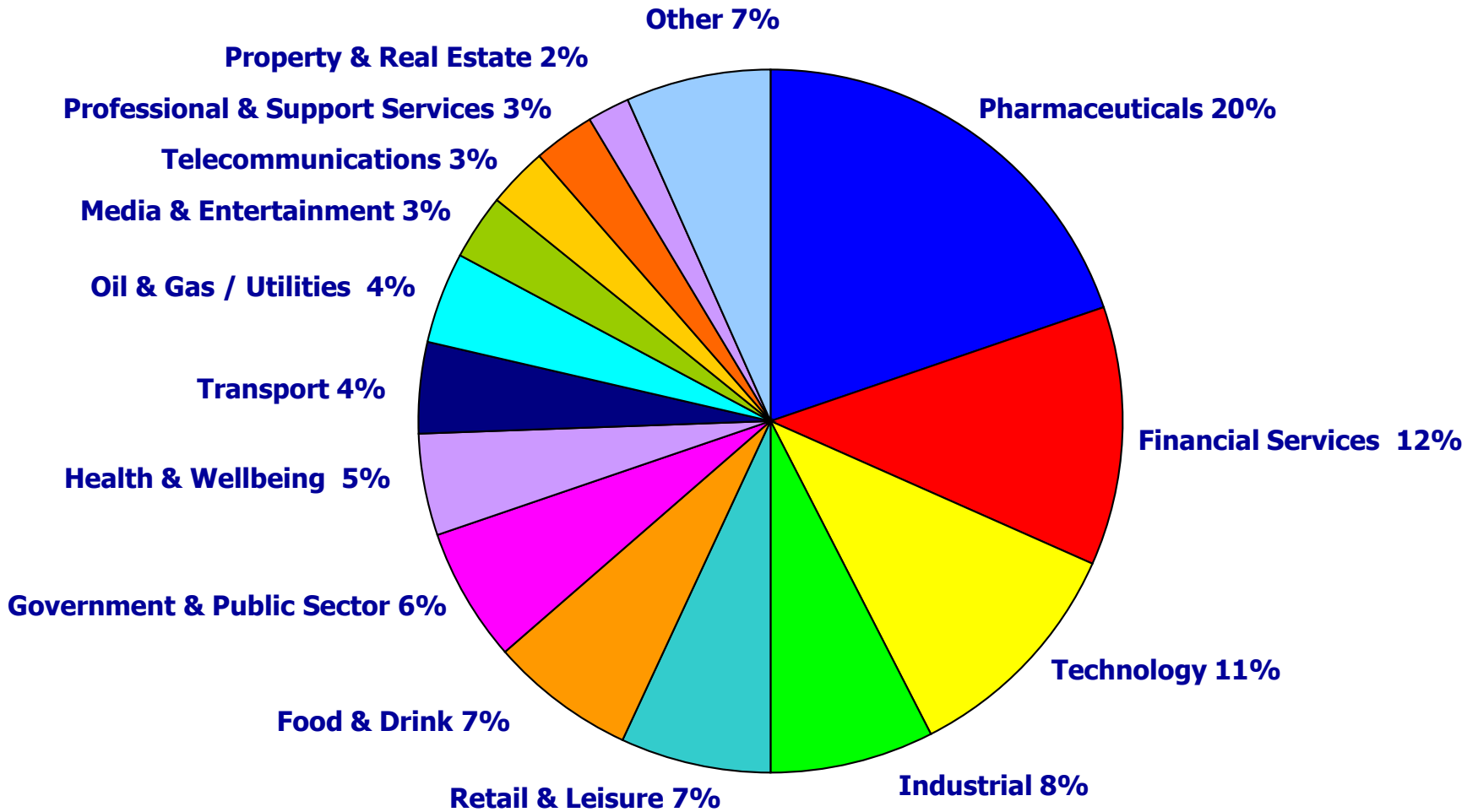
- Corporate PR builds and maintains the corporate reputation of organisations with key stakeholders
- Consumer PR relates to promotion and awareness of the brand and engagement with consumers
- Financial PR incorporates investor relations and corporate finance activity (deal led projects)
- Integrated healthcare covers a breadth of communications disciplines including analytics, marketing, advertising, medical communications, PR and sales training and has over 300 science qualified staff

2007 Actual Group Revenue by Practice Area



- > Healthcare up 10% points year on year mainly due to acquisition of Dorland and Axis
- > Total Financial down 12% points year on year primarily due to Sard Verbinnen now in associates

2007 Actual Group Revenue by Sector



Changes to the Group in the Year

- The Group now has two distinct segments
- Disposal of non-core businesses
- The PR segment now has less reliance on financial work with Sard Verbinnen now reported as an associate
- Huntsworth Health now accounts for 27% (2006 - 10%) of Group revenues following the acquisition of Axis and Dorland in 2007

Key Metrics by Segment

	Total Group	PR	Healthcare
Revenue split	100%	73%	27%
2008 committed revenue	65.1%	64.7%	68.4%
Average fee per employee	£86k	£83k	£93k
Average fee per client	£58k	£45k	£229k
Top client as a % of segment revenue	2.4%	1.5%	7.6%
Top 10 clients as % of segment revenue	15.6%	9.3%	52.9%

Data adjusted for acquisitions and disposals

New Business

- Net new business won in the year was £50m. This is in line with 2006 after adjusting for acquisitions and disposals.
- 27% was from new or increased retainers & 73% from project work
- Approximately 40% of new business was from existing clients
- 5% of retainer revenues were lost in the year



LEHMAN BROTHERS



Lloydspharmacy



Growth in Network Clients

- 204 clients, equating to 29% of total Group revenue, are now serviced through Huntsworth international integrated programmes - up from 11% in 2006
- 232 clients, equating to a further 22% of revenues, are represented by more than one group company, but not currently through an integrated programme
- There is, therefore, clear potential to further increase Group revenues

Market Outlook for the PR Industry

- Independent MORI poll on expected PR spend in 2008:
 - 82% of organisations polled indicated they will increase or maintain PR spend in 2008, showing industry resilience
 - Approximately half of all respondents believe PR to be a more effective tool than it was 3 years ago
- 83% of PR agency MDs believe their business will have a strong year in 2008 (Source – PRCA Feb 2008)
- Key PR growth areas: Corporate & Social Responsibility, Digital and Reputational Risk

Market Outlook for the Healthcare Industry

- Huntsworth Health represents at least one product of 40 of the Top 50 largest healthcare companies in the world, and all of the Top 20
- Healthcare is seen as resilient in a recession as ageing population still requires medicines
- Global pharmaceutical sales have grown consistently at between 7% and 12% p.a. over the last 8 years
- Shift towards evidential, science based approach to which Huntsworth Health is ideally positioned to respond

Visibility for 2008

- Committed revenues at the start of 2008 were 65%
- After two months of trading, this has increased to over 70%
- Flexibility to maintain our margins:
 - Variable pay – circa 5% revenue
 - Other discretionary costs – circa 7% revenue
- Visibility of revenues gives us time to react

Current Trading Outlook

- **Strong start to year across the business with over 70% revenue committed after two months trading**
- **Strong new business pipeline**
- **PR / Healthcare resilient to market cycles**
- **12% costs are flexible giving the ability to maintain margins**
- **Timely disposal of CapitalBridge in Feb 2008**

2008 Targets

- **Operating company margins of 21.5%**
- **Margin post central costs of 16.5%**
- **Maintain 5-6% like for like revenue growth**
- **Cash conversion in excess of 100%**
- **Target debt of £33m**