

HUNTSWORTH

Interim Results – June 2008

21 August 2008

Agenda

- Introduction
- Financial Highlights
- Group Business Analysis
- Huntsworth Health
- Public Relations
- Managing in a Downturn
- Summary

First Half in Summary

- Revenue of £80.5m – up 14.0% versus 2007
- PBT of £12.2m – up 21.9% against last year
- EPS up 13.5% at 4.2p
- Revenue, PBT and EPS all at 49% of full year consensus

First Half in Summary

- Operating margin of 21.1% pre central costs and 16.5% post central costs
- Like for like revenues up 2.5%
- Declared interim dividend of 0.7p, up 8% on last year

Financial Highlights

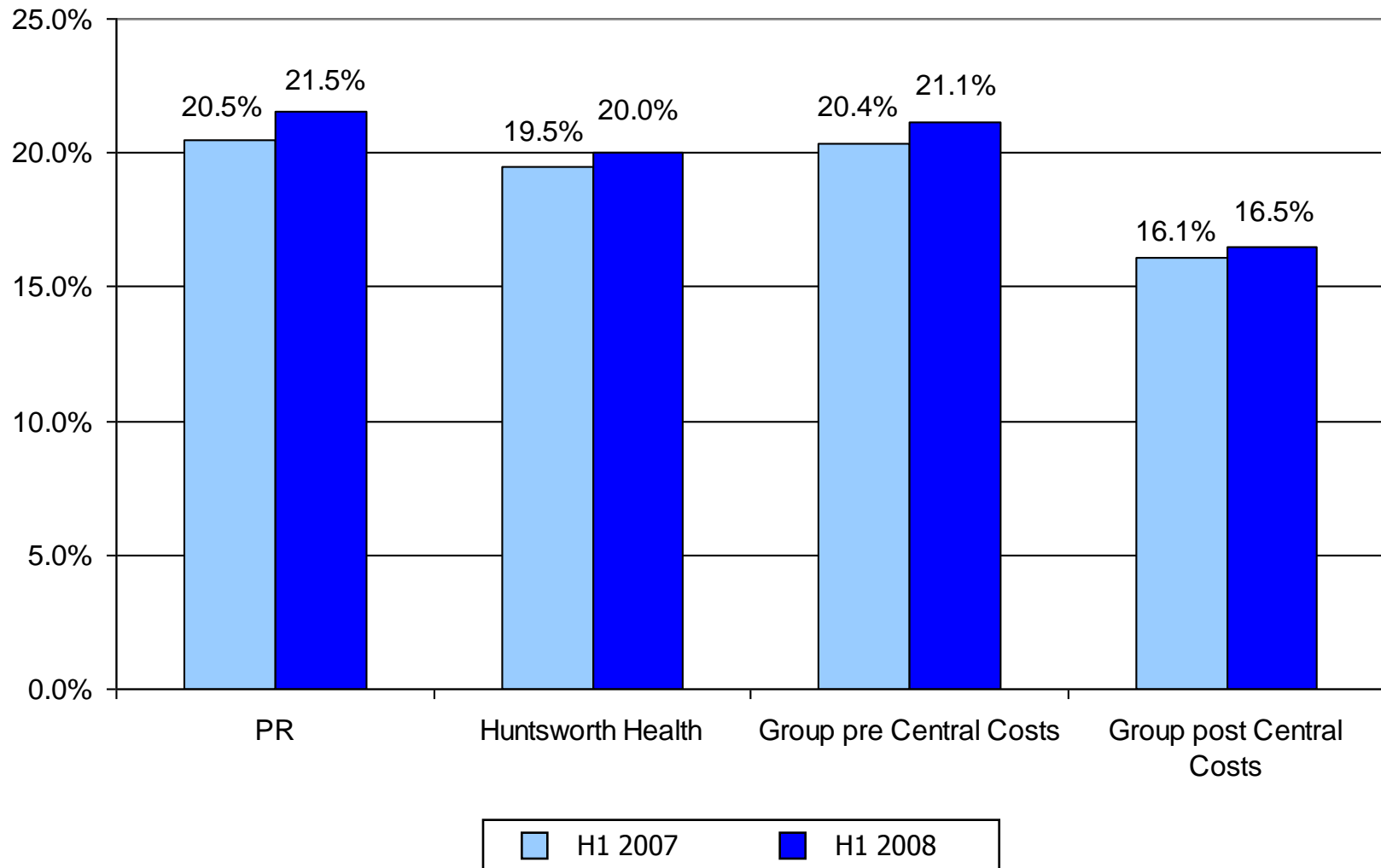
All results are shown before highlighted items unless otherwise stated
Like for like analyses include pre-acquisition results and are stated at constant currencies

Underlying Profits

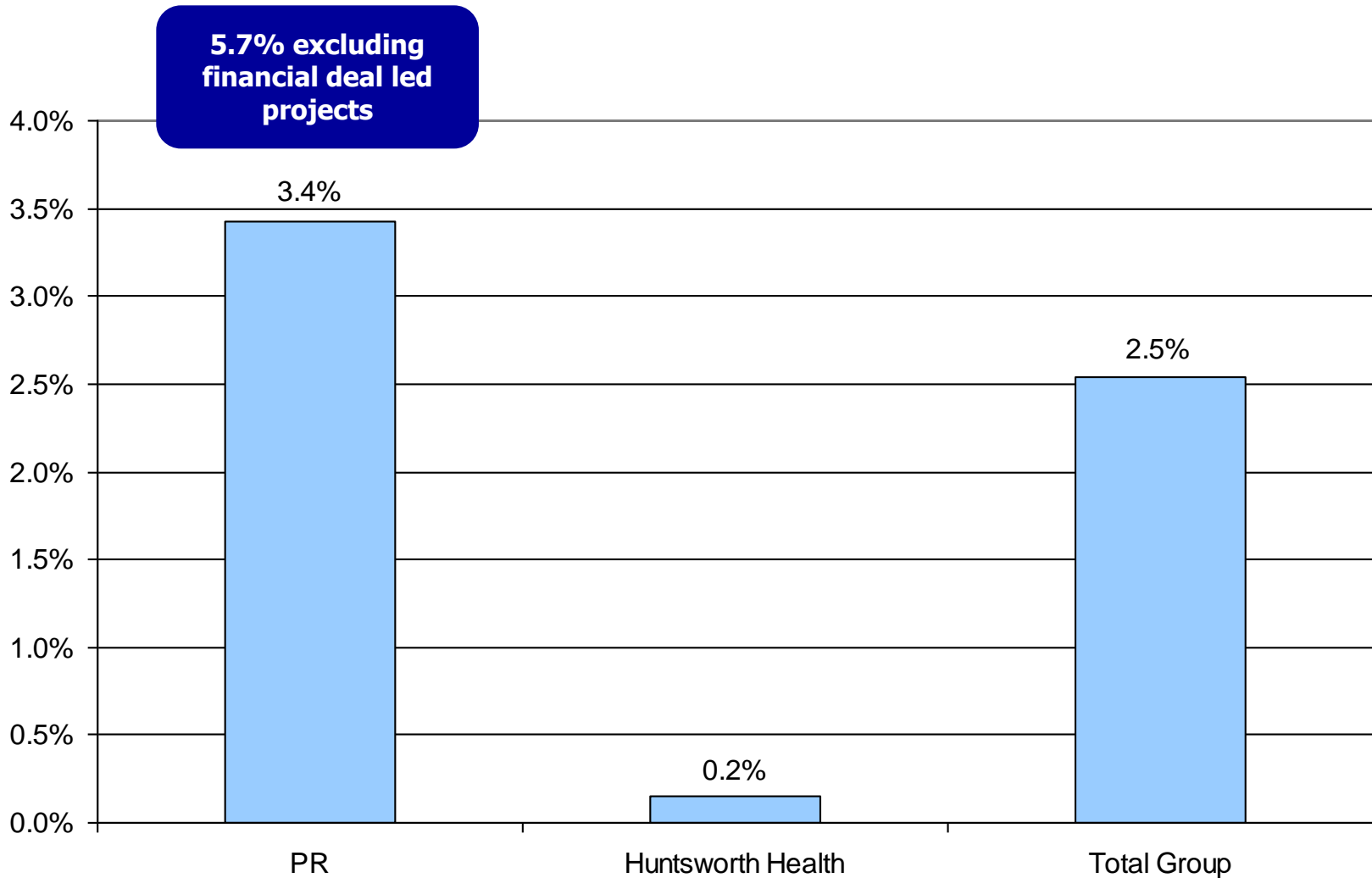
£m	H1 2008	Margin	H1 2007	Margin	Growth
Revenue	80.5		70.6		14.0%
Operating profit pre-central costs	17.0	21.1%	14.4	20.4%	18.3%
Central costs	(3.7)		(3.0)		
Operating profit post-central costs	13.3	16.5%	11.4	16.1%	16.7%
Associates	1.0		1.0		4.0%
Net finance costs	(2.1)		(2.4)		
Profit before tax	12.2		10.0		21.9%
Tax and tax rate	(3.4)	27.5%	(2.4)	24.3%	
Minority interests	(0.2)		(0.2)		
Attributable profits	8.6		7.4		16.9%
Basic EPS (pence)	4.2		3.7		13.5%

Foreign exchange gain on revenue of £2.1m and £0.4m on operating profit

Actual First Half Operating Margin Growth



Like for Like Revenue Growth



Cash Flow

£m	H1 2008	H1 2007	Full Year 2007
Operating profit before highlighted items	13.3	11.4	24.2
Cash generated from operations	7.4	5.4	29.7
Conversion	56%	48%	122%
Free cash flow	1.6	(1.2)	15.8
Net movement	12.3	(13.8)	(15.2)
Closing net debt	(41.8)	(52.7)	(54.1)

Deferred Consideration

Payable	£m
2008	4.6
2009	4.7
2010	2.9
2011	10.0
Total	22.2

- Virtually all earn-outs can be paid in cash
- 58% of profits free from earn-out
- Self-financing over the life of the earn-outs
- Group should be debt and earn-out free by the end of 2012

Strong Balance Sheet

- Current group net debt of £41.8m
- £90m facility to 2012
- Net debt to EBITDA ratio of 1.4 (Covenant < 3)
- Interest cover of 7.4 (Covenant > 4)
- Hedged on interest and exchange rates

Group Business Analysis

Group Client Statistics

	PR	Huntsworth Health	Total Group
Average fee per client	£49k	£119k	£59k
Top clients as a % Group revenue			
Top client	1.2%	1.4%	1.4%
Top 10 clients	6.5%	6.8%	8.4%
Top 25 clients	12.2%	11.5%	15.3%

New Business & Network Clients

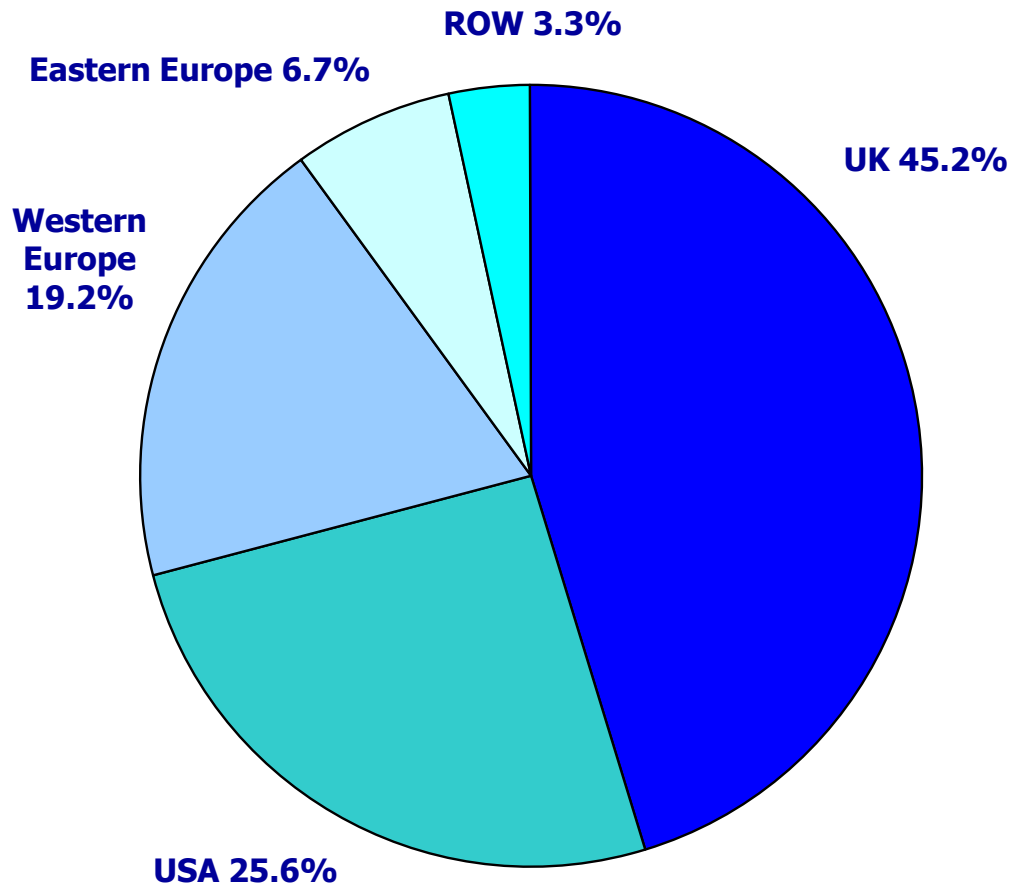
New Business:

- Net new business of £30.4m won in first half – in line with 2007
- 44% from new or increased retainers and Huntsworth Health retainer projects; 56% from PR project work
- 48% is from existing clients; up from 40% last year

Network Clients:

- 175 clients (31% of revenue) serviced through network relationships – up from 29% last year
- 184 clients (24% of revenue) are represented by more than one company, but not currently through a network

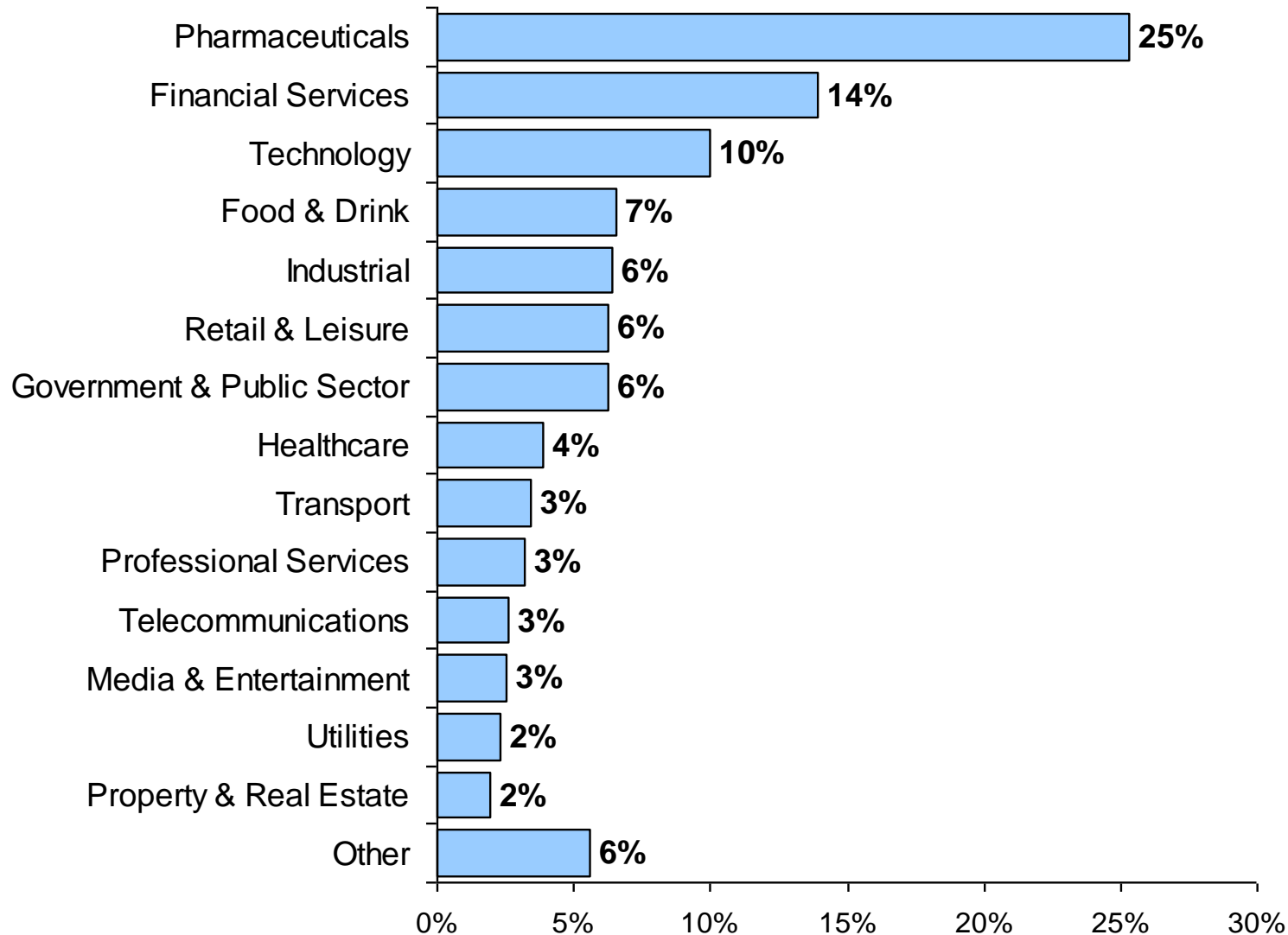
H1 Revenue by Geographic Region



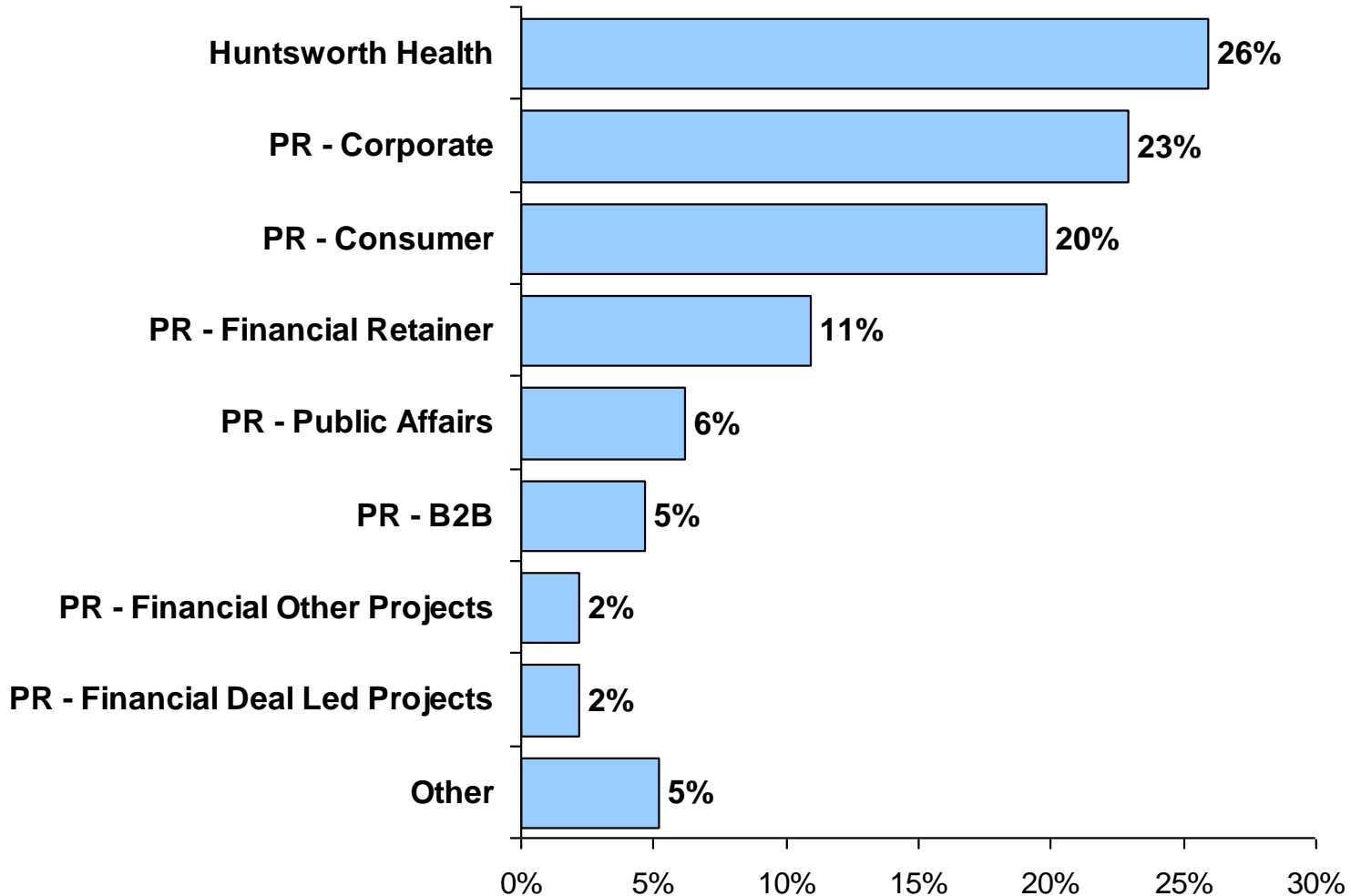
Like for like revenue growth:

- UK up 4.8%
- USA down 2.7%
- Western Europe down 0.9%
- Eastern Europe up 10.2%
- Rest of World up 21.5%

H1 2008 Group Revenue by Sector



H1 2008 Group Revenue by Practice Area



Visibility for Second Half 2008 and 2009

- 89% of annual revenues signed up for 2008
- 63% of 2009 annual revenues already committed
- New business pipeline is very strong
- 3% of retainer revenues have not been renewed

Huntsworth Health

Huntsworth Health Three Phase Process

- 1) Building out the network with two acquisitions in 2007
- 2) Margin improvement to 20%, with 30% like for like profit growth in the first half
- 3) Focus on growth
 - Established UK businesses showing strong growth
 - Five-fold increase in pan-European programmes
 - Impressive growth in digital areas
 - US focus on margins – no growth yet

Opportunities for Huntsworth Health

Market Drivers

Changing landscape with globalisation and consolidation



Huntsworth Health Opportunity

We work for all of the top 20, and 39 of the top 50 global pharmaceutical companies

Preferred provider status

Increasing requirement for high science "evidence based" communications



Highly scientific staff – over 60% have primary or secondary science degrees

New guidelines and increased regulation on the separation of medical and marketing activities



Separate branding allows us to exploit both marketing and medical communications opportunities

Opportunities for Huntsworth Health

Market Drivers

Huntsworth Health Opportunity

New regulation of marketing practices



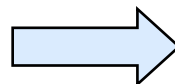
Promotional items no longer permitted in the USA so spend will move to programmes such as medical education

Patients have increasing influence on choice of medicines



Key routes of patient communication are PR and interactive media

Digital explosion



Now accounts for 8% of Huntsworth Health revenues from the low 2007 base

Drug pipeline



2007 saw lowest ever FDA approvals
Drug pipeline strong

**What happens to Public
Relations in an economic
downturn?**

“Pessimistic Realism”

**“If I was down to my last
dollar I’d spend it on PR”**

Bill Gates

Lessons from Downturns

- PR consultancy culture has changed
 - Digital world has increased communication expectation
- Businesses are better managed
- Improved forecasting and budgeting
- Stronger financial controls
- More open about bad news

Are we in a downturn already?

What happened last time?

Single brands hardest hit; mid size agencies did quite well



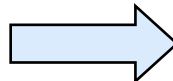
Public Affairs and CSR did well



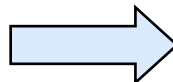
Consumer, Corporate and Healthcare also did well



Financial PR suffered most



Too late in cutting costs



What's happened so far?

Portfolio effect balances risk

Public Affairs up 16% and strong growth in CSR

Consumer up 12%, Corporate up 5%

Financial deal led projects down 40% but Financial PR business now better balanced with larger, quality retained client base

Margin management

How we Manage our Business

- Weekly net new business tracker
- Centre in constant contact with business heads
- Strong control systems deal quickly with budget variances
- Flexible costs with strong track record of margin management

Summary & Outlook

Summary

- Strong half year revenue, PBT and EPS reported
- Strong new business pipeline with 89% of 2008 revenue committed to date
- Operating margins at 21.1% and 16.5% after central costs

Outlook

- Momentum carried on into July and August
- Confident that we will meet our 2008 full year expectations
- High level of committed income for 2009 suggests continued growth