
HUNTSWORTH

Capital Markets Day

14 December 2010

grayling



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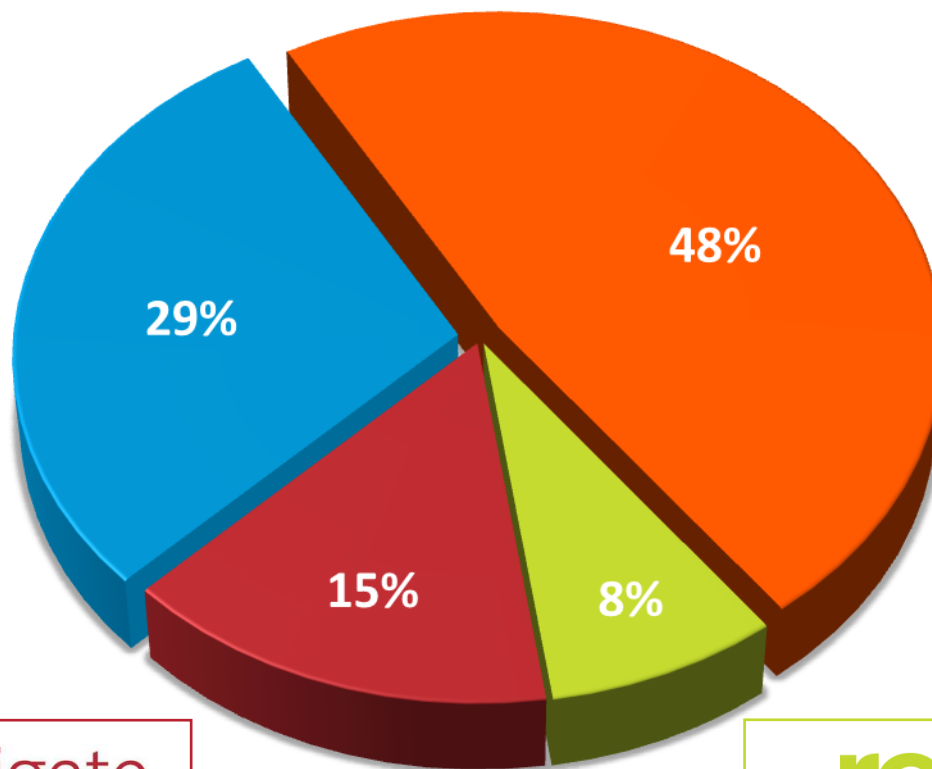
Agenda

- Introduction
- Grayling
- Huntsworth Health
- Q&A and discussion

Introduction

- Four strong independent brands
- Increasingly working together
- Strong growth potential and on track to double historic like-for-like growth to 7% plus during 2011

Driving organic growth under four brands



Today's announcement

- Grayling has secured Huntsworth's largest ever PR client contract. This demonstrates the increasing traction of its global market proposition, brand and reputation.
- Huntsworth Health is making good progress in implementing its global strategy, it has added a new global client for 2011, expanded its largest client to exceed £6m per annum in fees and it is in advanced stages of agreeing partnership arrangements in growth markets including China, Russia and India. This will provide further impetus to the expansion of this division in 2011 and beyond.

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Global Public Relations
& Public Affairs

An aerial, top-down view of a large, diverse crowd of people walking on a white, reflective surface. The people are dressed in winter clothing, including coats, jackets, and scarves. They are moving in various directions, some in small groups and others alone. The overall scene is busy and represents a multicultural and multi-generational group.

Different Thinking for a Different World

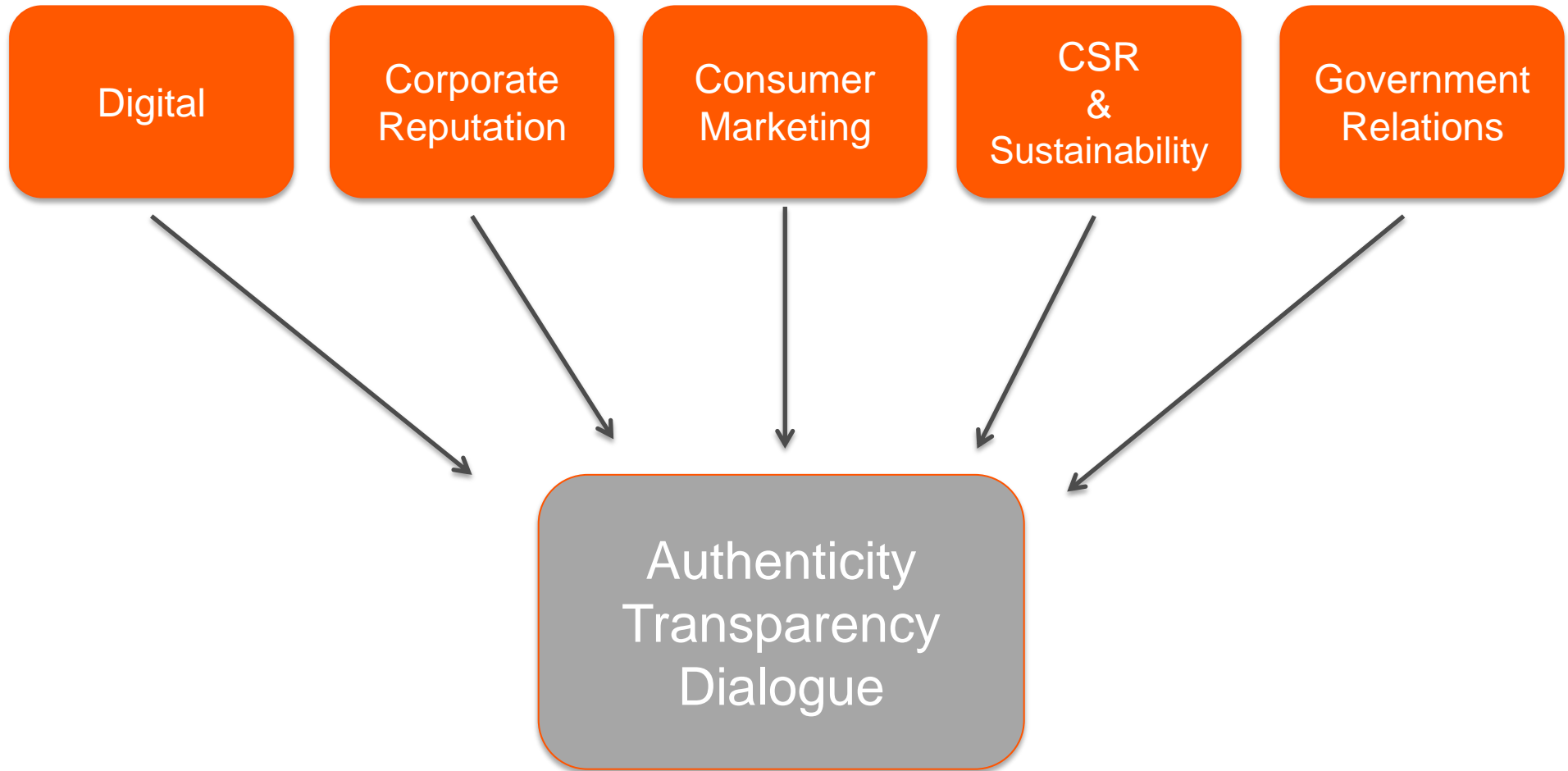
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**Through different thinking for clients and staff in this
different world we will become recognised as the
world's leading independent communications firm**

“Grayling has emerged as one of the strongest firms in the European public relations arena, distinguished by its strong local roots in key western European markets and its unparalleled network of offices in Eastern Europe, and competing successfully with more established firms for prestigious pan-European assignments. It is now beginning to extend its reach into Asia, the Middle East and North America, and the big global agencies are glancing nervously over their shoulders.”

*Paul Holmes – Publisher,
The Holmes Report and World’s leading authority on PR market
2010*

- Holmes Global Report (November 2010) estimates value of global market at \$8 billion
- Employs 55,000 people, generating average of \$150,000 per employee
- Optimistic outlook for 2011 and beyond



- Post the global financial crisis, developed governments are returning to a period of more engaged regulation
- Austerity measures mean that many companies and organisations will need to work with governments or be marginalised
- In emerging markets, the distinction between state and private sector is blurred. Multi-nationals need to engage with governments to ensure business success
- Traditional Government Relations centres - Washington, Brussels & London – are growing in importance as emerging market companies become global

- Create a global public relations and government relations brand with a world class reputation
- Develop our geographic footprint and services in line with client needs
- Provide world class strategies, implemented appropriately in each market, to improve client reputation, sales and profits
- Capitalise on our heritage as an independent company
- Ensure that digital & social media is at the heart of everything we do

Substantial Progress in only 12 Months

- Global network largely established with 44 principal offices and 841 staff
- Strong and growing culture, stable management and dynamic operating processes
- Grayling one of only two independent full-service global networks
- Strong skills in areas showing most growth potential
- Early successes in winning global and larger multi-country clients, adding to existing strong, recurring revenue base
- Largest ever PR client contract win in recent weeks and healthiest-ever pipeline of major opportunities as we move into 2011

Strengths and Opportunities

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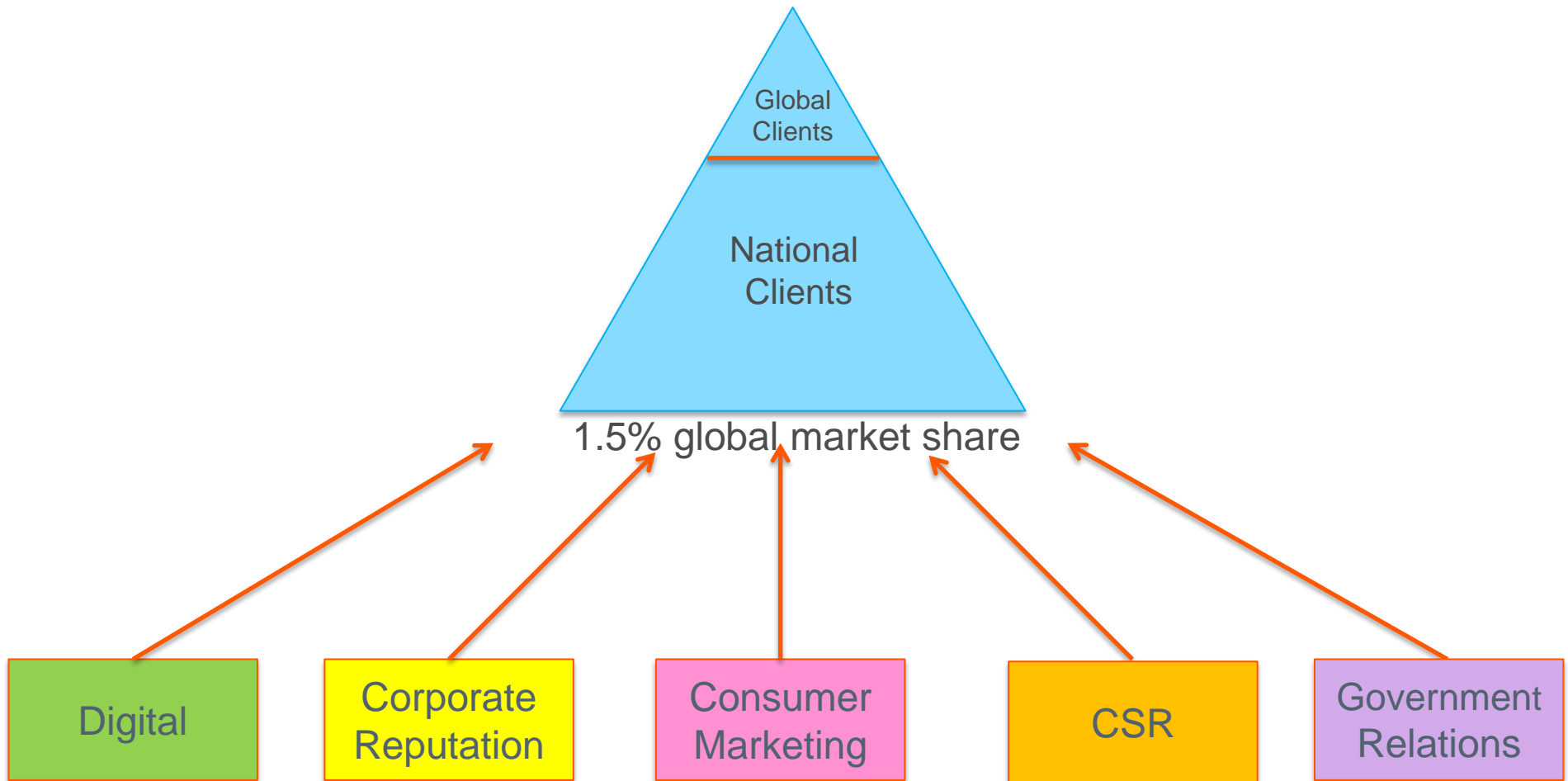
150 Major
International
Corporations
as clients

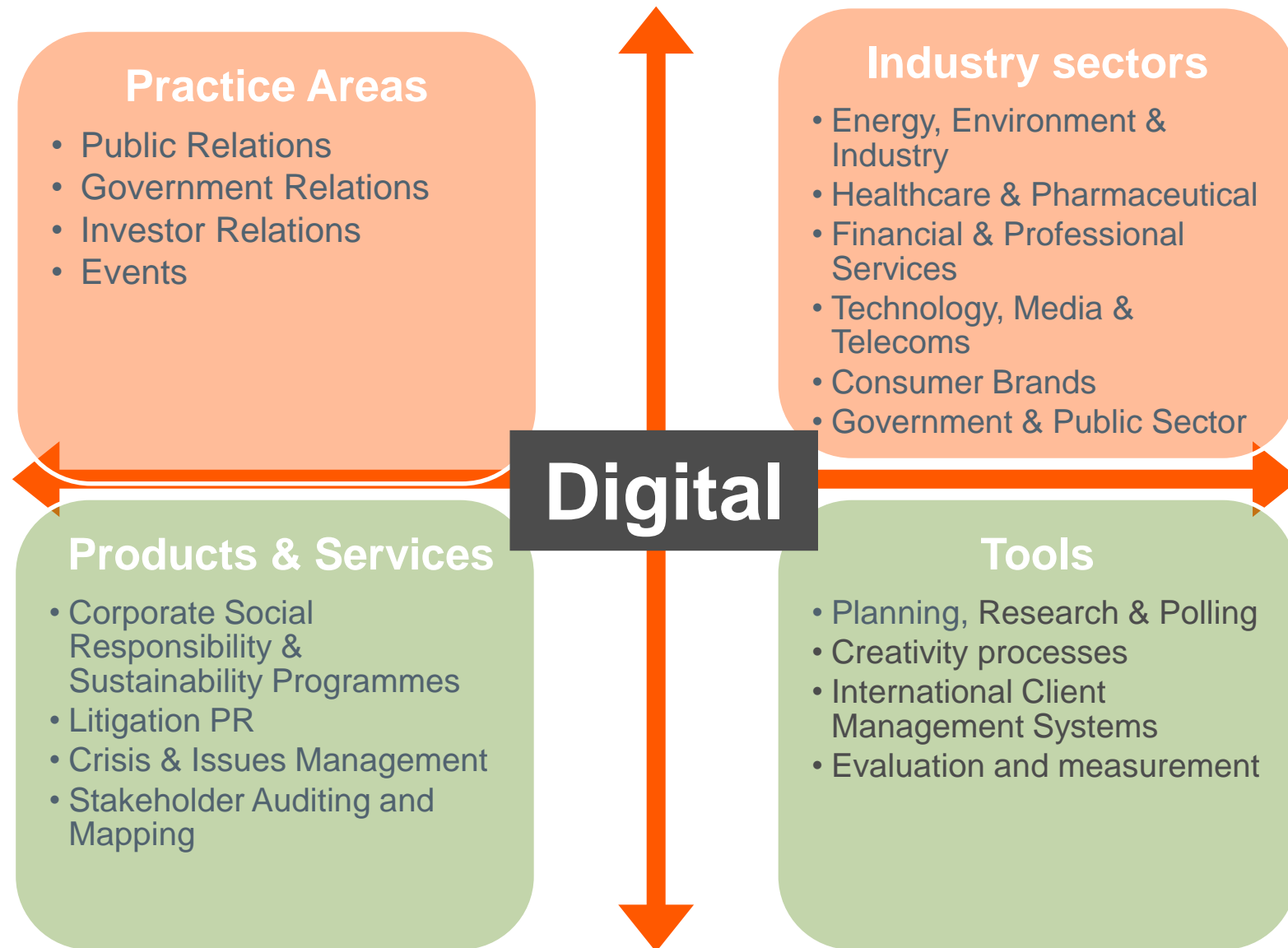
Average Fee
£56k

69% -
Corporate &
Government
Relations

23% -
Consumer
Brands

8% -
Financial





- As well as creating significant new online PR revenue streams across the Grayling client base, we have won a number of dedicated digital clients
- Significantly, we have been able to tap into new budgets previously unavailable to us by offering non-traditional communication services

Sales Marketing:

Courier switching application and email database building

SEO/ Search:

Full service search engine marketing

Content

Production:

Video, application builds and full site production for many clients, including Pimm's, Dulux, The Foreign Office, VisitBritain, HSBC

Online Customer

Services:

Proactive customer services functions on the web for clients including Pimm's, Lyle & Scott and Britax



Multi market campaign to defend cork wine closures market share and revive and launch cork flooring and building materials in emerging markets



Real Cork. Real Wine.

“Our choice of partner for the biggest communication project that we have ever developed was critical. Grayling distinguishes itself through thorough research in each market and has developed a specific plan for each individual country. However, this is underpinned by a cohesive international network which is delivering well. Grayling offers the systems and processes to be able to deliver a project of this size and through a single point of contact.”

Carlos de Jesus, Marketing Director, APCOR

The Globalisation of Existing Clients



A Growing Relationship:

- Appointed in CEE (4-country retainer) in Q4 2008
- Public Affairs in Russia – rolling agreement throughout 2009
- Appointed in Middle East in early 2010
- Nordics & Netherlands added in autumn 2010
- UK brought onto retainer in October 2010
- On-going discussions about potential further global expansion, e.g. Asia & North America
- Grayling has won a number of high-profile international PR industry awards for its Skype work



Różności

Skype na oddziałach położniczych

CHIP.PL/Maciej Gajewski/13:21



W pięciu polskich szpitalach umieszczone zostały wideotelefony Asus AiGuru SV1, dzięki którym pacjentki mogą dzielić się swoimi emocjami z tymi, którzy nie mogą odwiedzić ich osobiście.

Każdy ze szpitali przygotował specjalne miejsce, gdzie przyszłe mamy mogą w wygodny sposób korzystać ze Skype'a. Wideotelefony umieszczone zostały w Specjalistycznym Szpitalu św. Zofii w Warszawie, Szpitalu

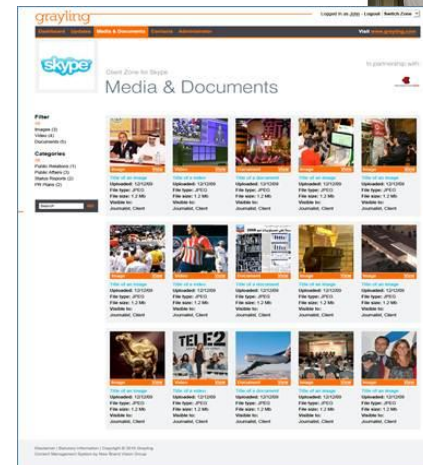
Białeńskim im. Ks. Jerzego Bielskiego im. Karola Marcinkowskiego w Warszawie, Szpitalu Ginekologiczno - Położniczym SSZOZ nad Matką i Dzieckiem w Wojewódzkim Szpitalu Zespolonym im. J. Śniadeckiego SPZOZ w

wniały naszym pacjentkom jak największą wygodę. Zależy nam na tym, aby w szpitalu dać nomenclie zobacz inieszka Głabalska:go Szpitala św. Z

Skype na porodówkach

SKYPE rozpoczął współpracę z wybranymi oddziałami położniczymi, aby towarzyszyć kobietom w jednym z najważniejszych momentów ich życia. W pięciu polskich szpitalach umieszczone zostały certyfikowane przez Skype wideotelefony Asus AiGuru SV1, dzięki którym pacjentki mogą dzielić się swoimi emocjami z rodziną i przyjaciółmi. Każda z placówek przygotowała specjalne miejsce, gdzie przyszłe mamy mogą w wygodny sposób korzystać ze Skype'a. Wideotelefony umieszczone w szpitalach w Warszawie, Zielonej Górze, Opolu oraz w Białymstoku.

ZDROŃ: SERWIS ONLINE WP.PL



The Globalisation of Existing Clients

Key indicators 2010:

- Total Revenues \$30 billion
- Employees 235,000
- Countries 120
- Revenue (outside France) 20%



Success after 75 days:

- Deflected U.S. Midterm campaign issues
- Engaged in productive dialogue with American Jewish community
- Opened federal dialogue
- Provided critical support for new Amtrak/Bechtel strategic alliance
- Helped improve SNCF position in high speed rail tenders



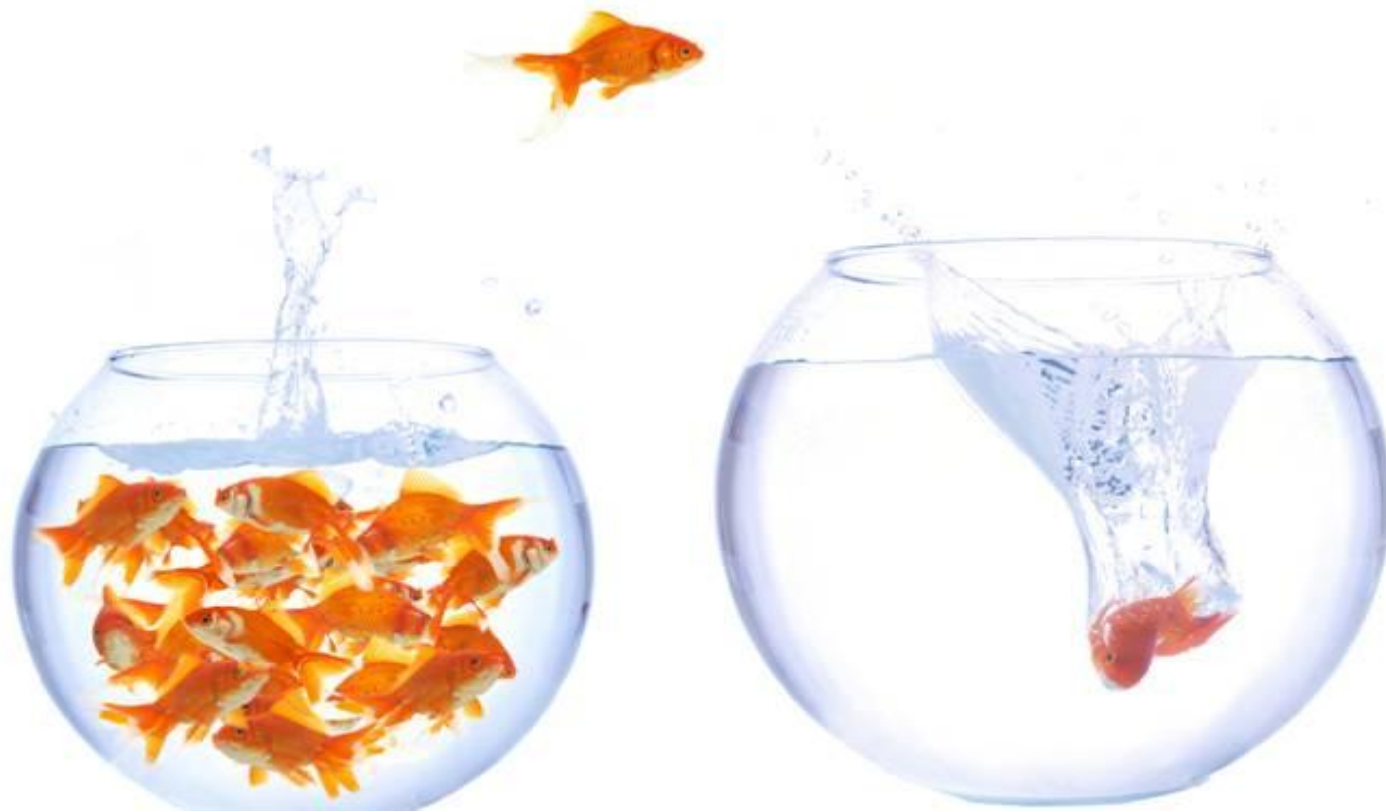
EVERSHEDS

Boom or Gloom Report

- Grayling is now firmly established as a global brand
- A number of high-profile international wins in current year including largest ever PR client contract win
- Strong base of revenues on annual retainer or repeat business
- Approaching 2011 with the healthiest ever global pipeline
- Well positioned to benefit from maturing network and high-growth communications areas such as corporate reputation, government relations, CSR and digital

Thank You

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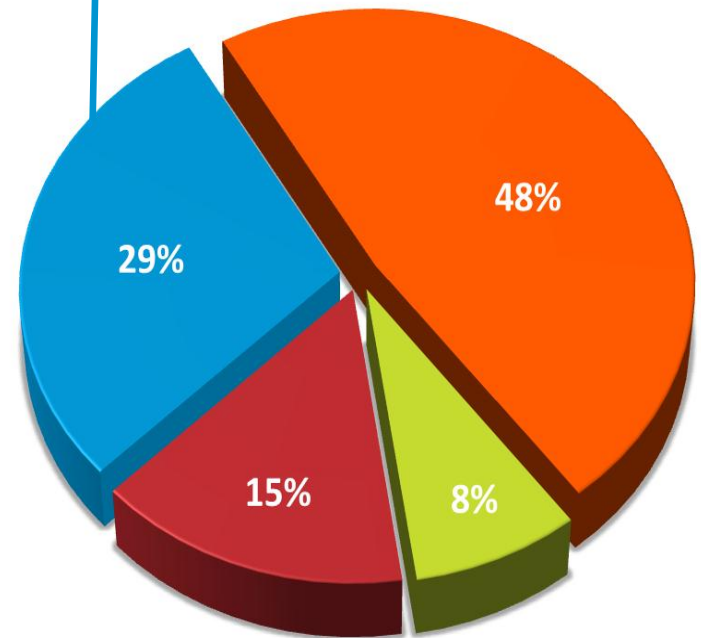


The New Model for Global Healthcare Communication

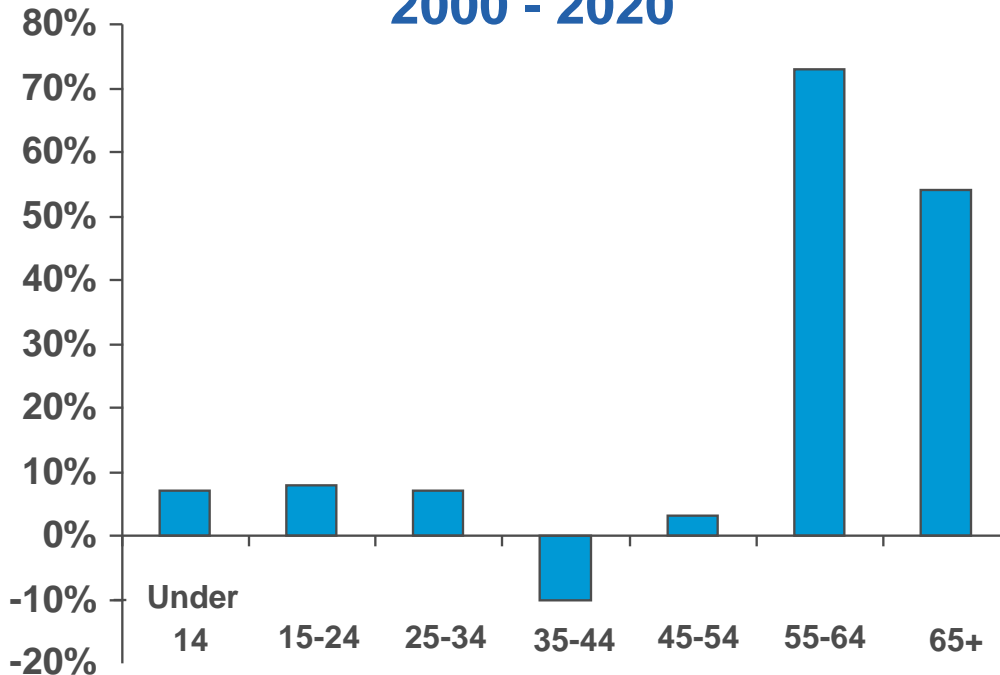


418 employees
12 principal offices
Working with 39 of top 50 pharma co's
Average fee per client = £424k

Global rebranding initiated July 2007
Largest global client £6m revenue
3 additional clients exceed £3m revenue
11 clients exceed £1m revenue
Largest global brand £4m revenue



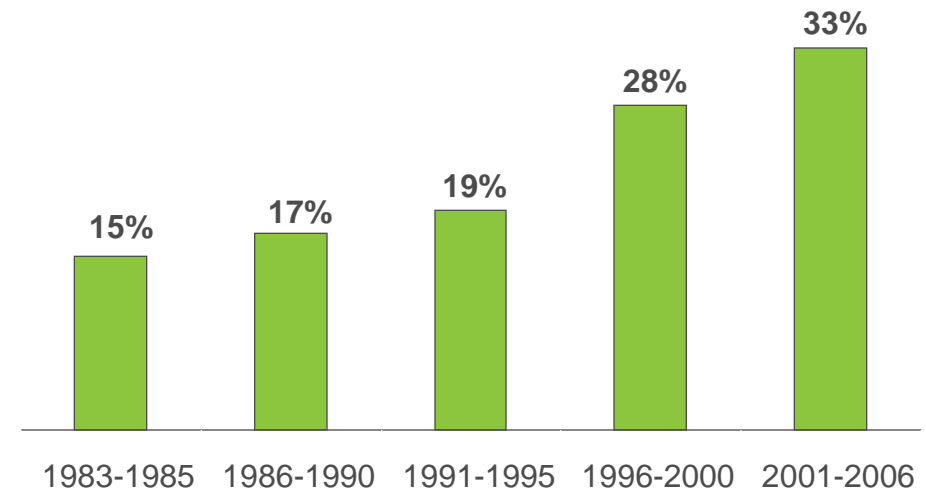
Expected Change in U.S. Population by Age Groups 2000 - 2020



Source: U.S. Census and U.N. Population Division

“Americans Are The Fattest People on Earth and Getting Fatter Every Year”

% Obese: >20% over recommended weight



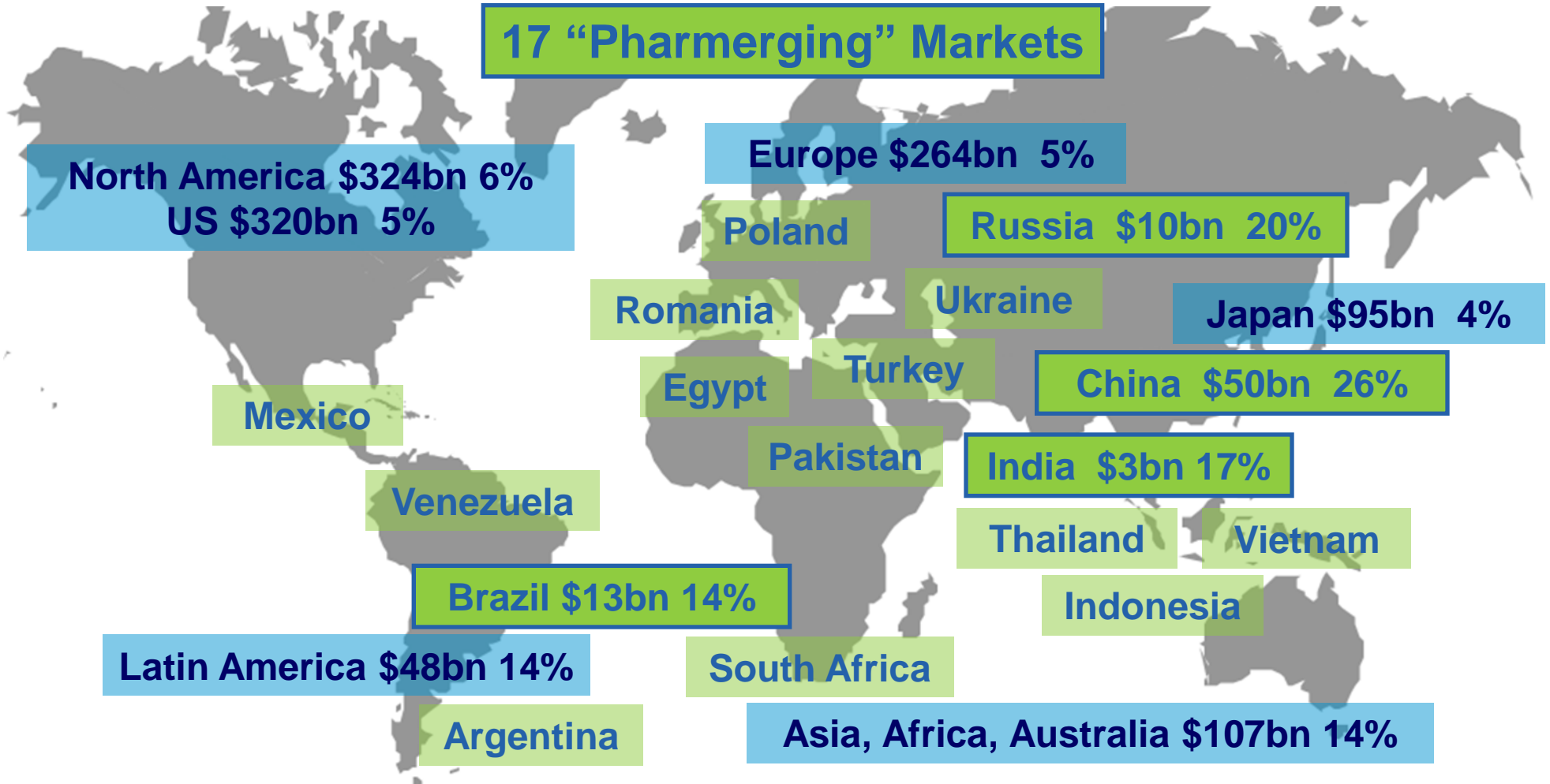
Source: Harris Poll

- Spiraling healthcare costs must be controlled resulting in
 - Payers focused on reducing costs of pharmaceuticals, biologics, diagnostics and medical/surgical devices
 - Increased regulation of marketing practices
 - Increased demand for innovation and comparative effectiveness
- Increased involvement of consumer/patient in their own healthcare - digital
 - Demand to be involved in healthcare decisions
 - Increased demand for access to innovative new products
 - Explosion in use of nutritional medicine
 - Increase in cosmetic procedures and lifestyle enhancement
 - Instant gratification vs. long-term behavioral change

Global Pharmaceutical Market Growing at 6%

Global Market \$838bn in 2009 CAGR: 6% Estimated to be \$880bn in 2011

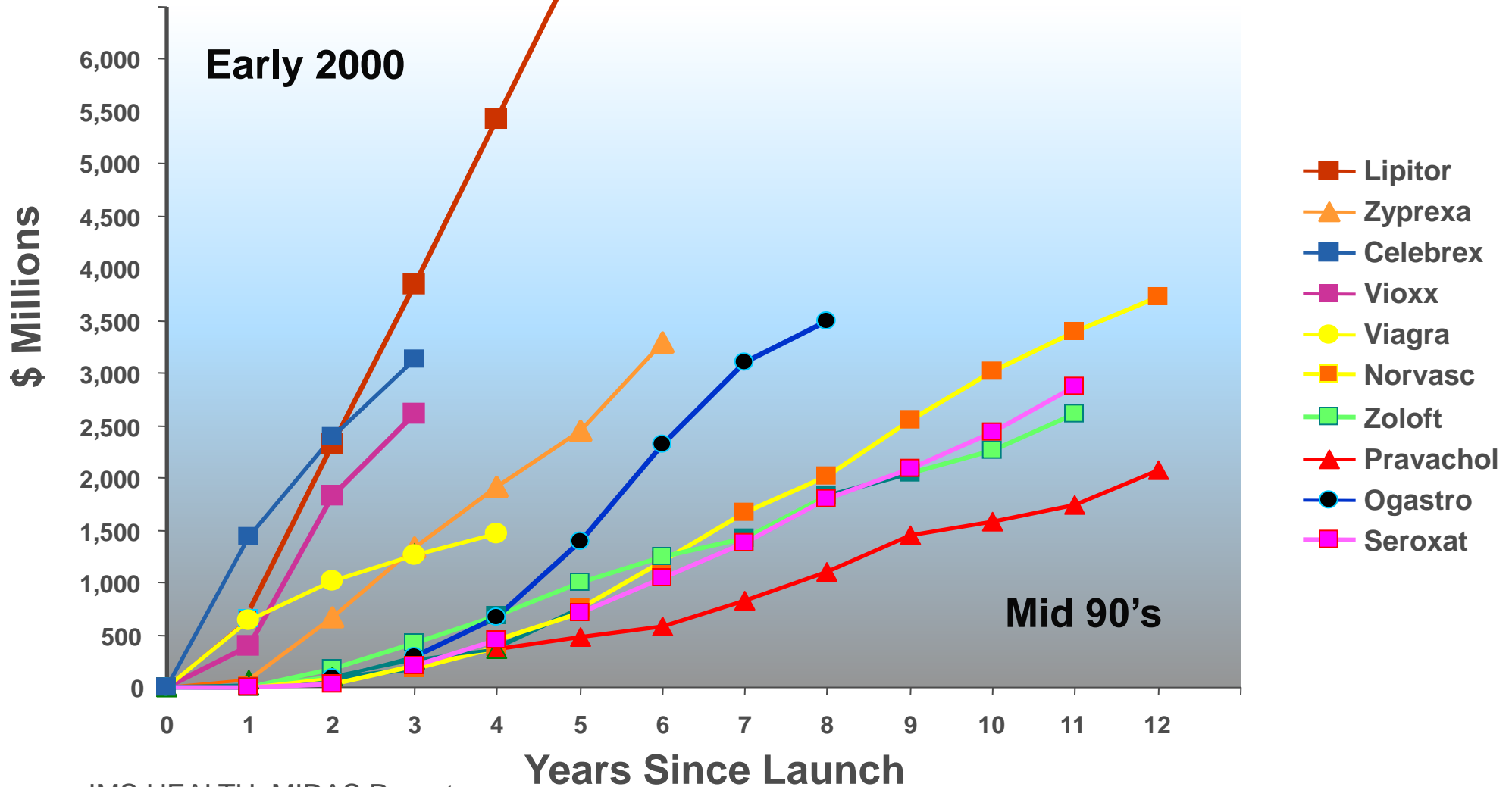
17 “Pharmerging” Markets



Source: IMS Market Prognosis October 2010

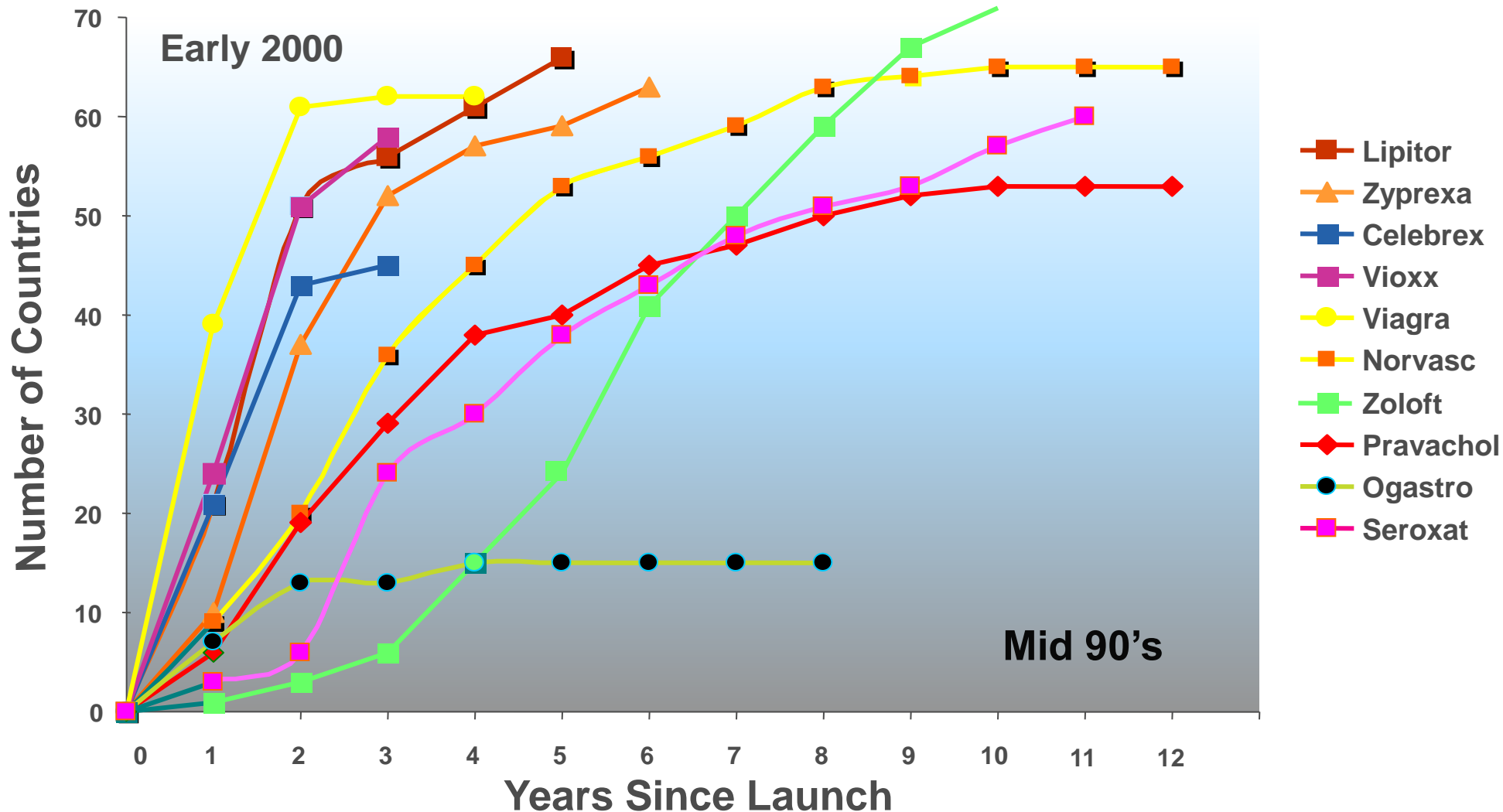
- Expand from an illness industry to a health and well being industry
- Focus on the definition of value
- Improve innovation and research effectiveness based on unmet medical need
- Change the traditional sales and marketing model based on changing market dynamics
- Continue to regain public trust

Shorter Time To Megabrand Status



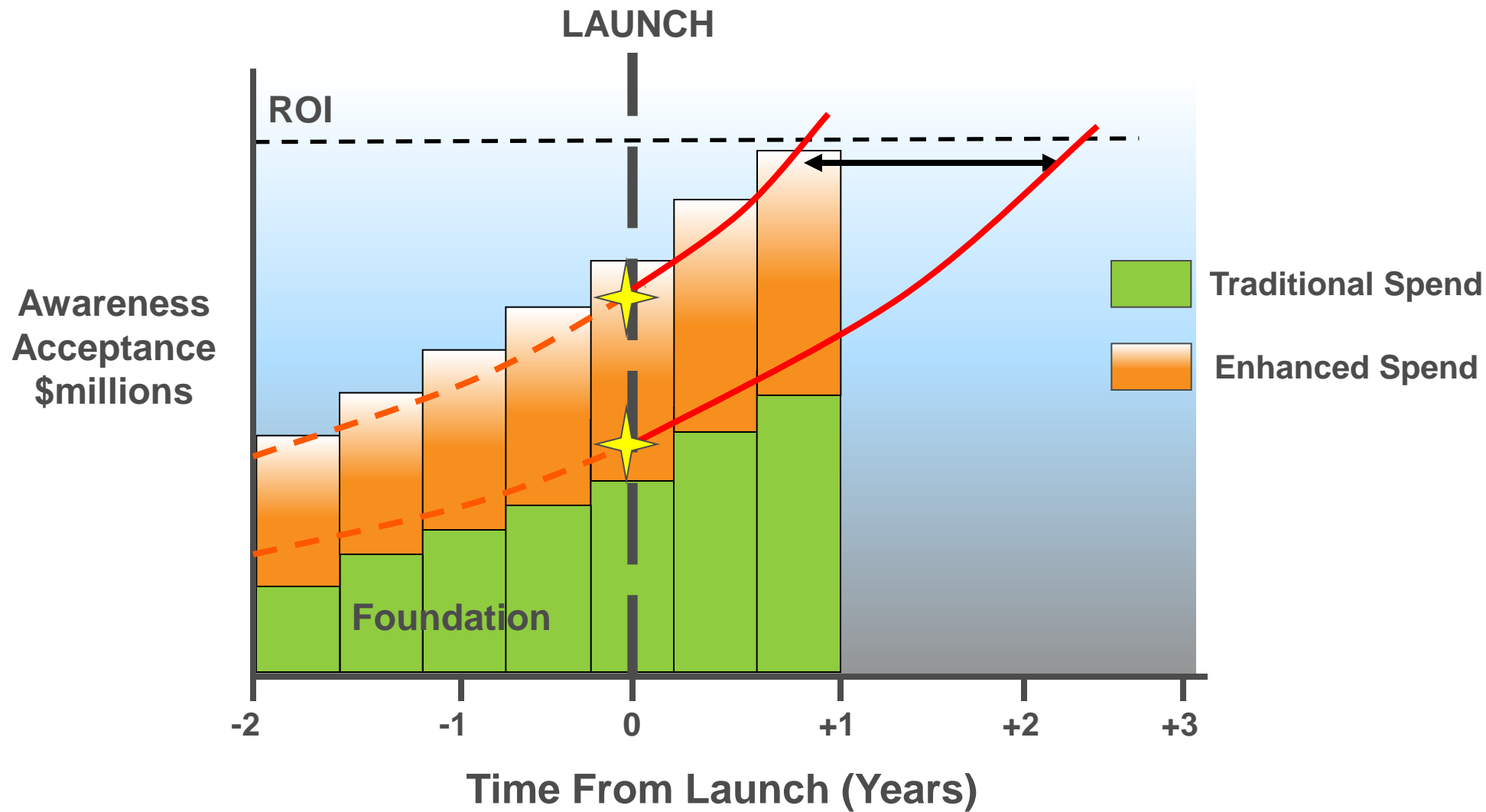
Source: IMS HEALTH: MIDAS Report

Megabrands Go Global Faster



Source: IMS HEALTH: MIDAS Report

Increased Spent to Maximise Launch



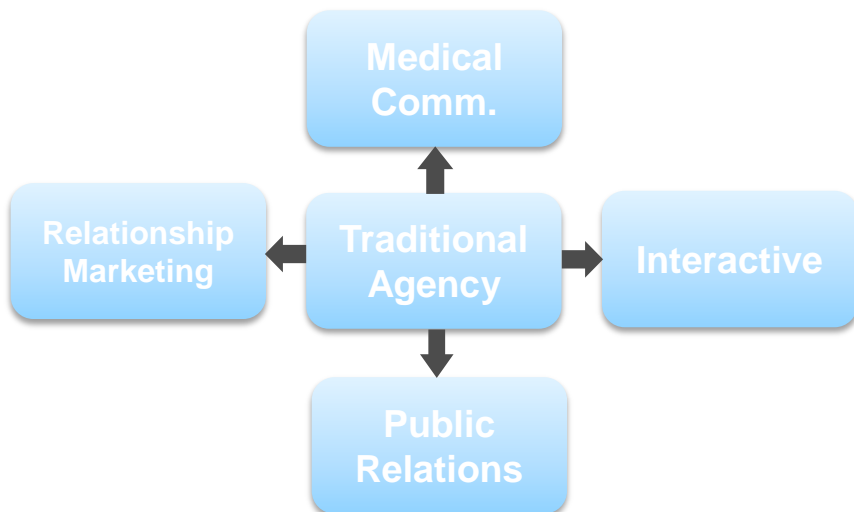
The Lifecycle of a New Chemical Entity



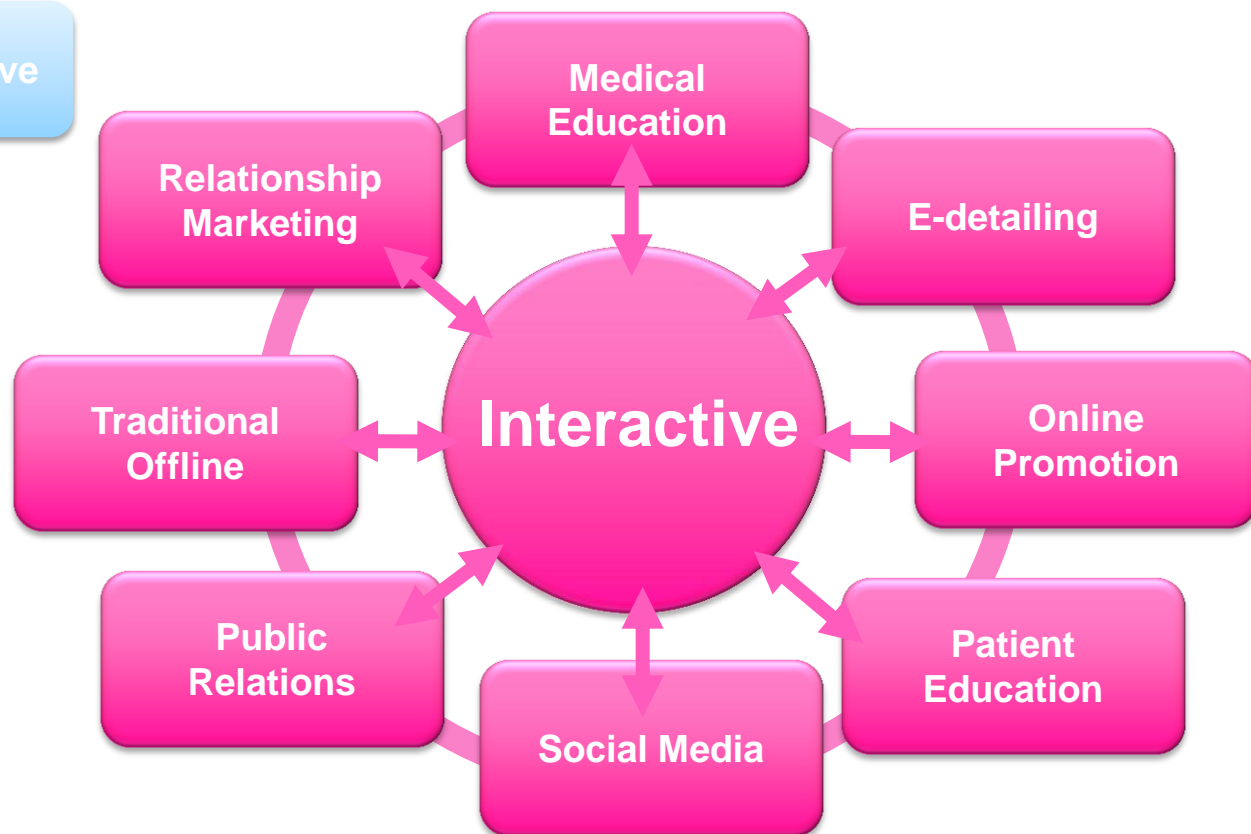
Benchmarking against Lipitor Wall Street estimated AZ would need to spend \$500m to effectively launch Crestor—MIT estimated it AZ would need to spend \$1bn to compete

The Service Industry Must Change Too

Historically, the “Traditional” Agency led brand marketing from a central role...



Now, Interactive agencies shift to the forefront as leaders of the integrated multichannel marketing



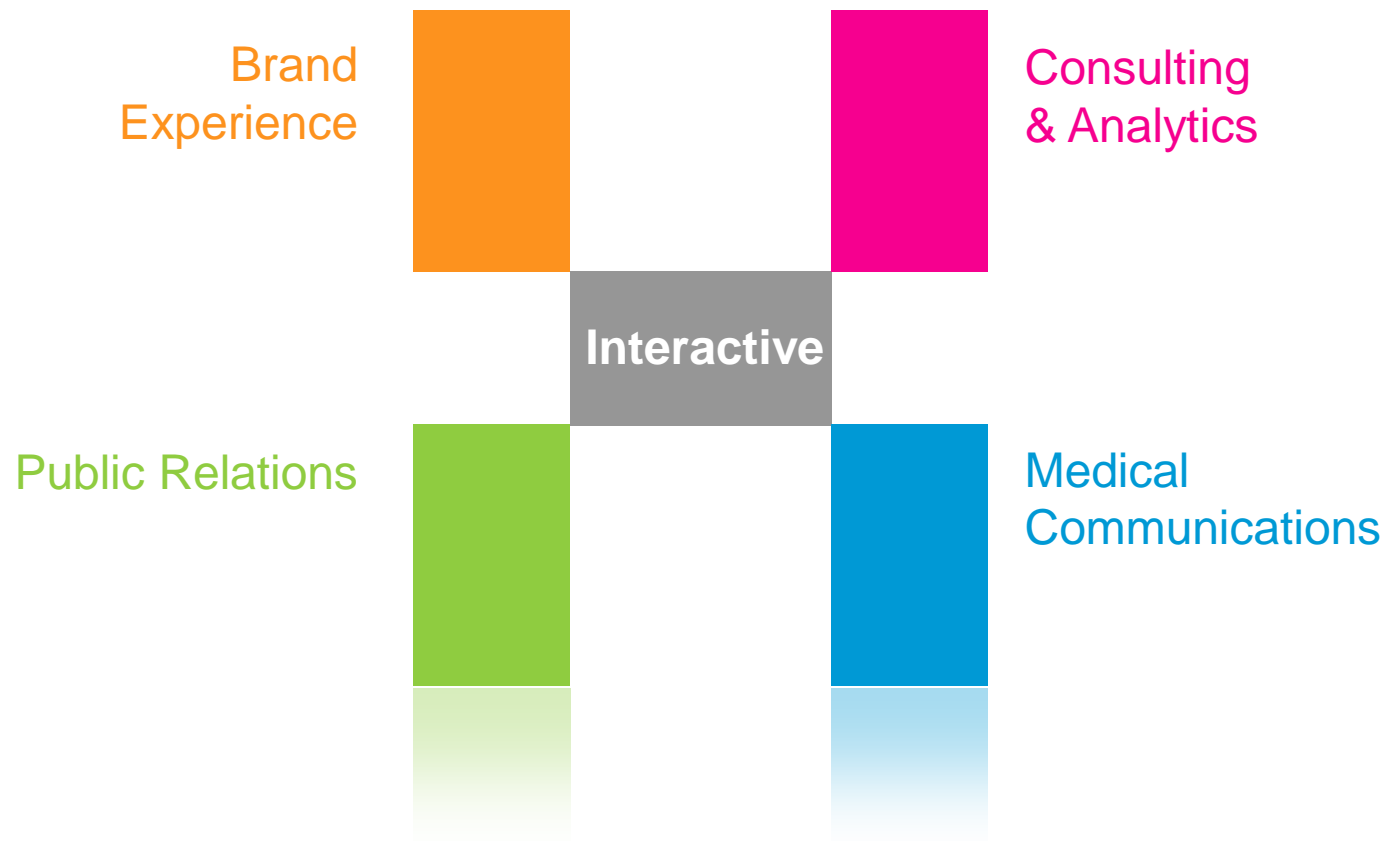
Total US pharmaceutical marketing spend estimated to be between \$27-33bn

- Journal advertising dropped 25% to \$354m in 2008 and dropped again by 19% to \$287m in 2009
- While online promotion is growing rapidly
 - US pharmaceutical and healthcare online advertising spend estimated to be \$1bn in 2010 (up 10.6%) with 11% growth in 2011 to \$1.12bn (4% of total US internet marketing spend)
 - e-promotion (online details, online meetings and online promo) estimated at \$523m in 2009 up 7% from 2008
 - Web-based DTC promotional market estimated to be \$315m in 2009 up 138% from 2008 (260% growth since 2007)
- Based on these estimates Huntsworth Health's share of the marketing and e-promo spends is less than 1%

Source: IMS & Cegedim Data 2010

Huntsworth Health: Core Services

Huntsworth Health is a global family of best-in-class agencies, who provide a full continuum of consulting and communications services to the healthcare and well-being industry



- Healthcare explosion driving growth in global healthcare market
 - “Pharmerging” markets are growing rapidly and Huntsworth Health is poised to take advantage of that growth with new offices in Singapore and Hong Kong and partnerships in China, Russia and India
- Pharmaceutical company pipelines are loaded with new drugs in development
 - Huntsworth Health provides a range of integrated services that support development, commercialisation, and post-launch marketing lifecycle of new drugs
 - Client relationships start early and have the potential to last 15-20 years
- Huntsworth Health is a global family of best-in-class agencies that deliver the highest quality healthcare communications services with digital at the core of everything we do

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Conclusions and Q&A

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Appendix

Interim results to 30 June 2010

Division	Share of Group Revenue	Revenue £'m	Operating Profit £'m	Margin	Full year Committed Revenues	Like-for-like Growth
Grayling	48%	41.8	8.2	19.6%	89%	(4.9)%
Huntsworth Health	29%	25.1	5.2	20.8%	88%	7.1%
Red	8%	6.7	1.5	21.9%	93%	5.0%
Citigate	15%	13.5	3.0	22.3%	90%	4.2%
Total Operations	100%	87.1	17.9	20.6%	89%	0.4%
Centre		(0.1)	(4.3)			
Total Group		87.0	13.6	15.7%	89%	0.4%