HUNTSWORTH

Preliminary Results – December 2010
23 March 2011

Agenda

- Introduction
- 2010 Results
- International business
- Acquisition of Atomic PR
- Citigate
- Grayling
- Red
- Huntsworth Health
- Conclusion and outlook

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Introduction

Introduction

- Appointed by BA on a 3 year contract across 38 countries
- Global & multi-office revenue growth of 30%
- Grayling returned to growth of 1% in H2 as predicted
- Group like-for-like revenue decline of 0.7% and profit like-for-like growth of 5%
- Acquisition of Atomic PR
  - US presence
  - Global roll out of analytics
- Proposed total 2010 dividend up 20.7% to 3.5p

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2010 results

The results

£'m	2010	Margin	2009	Margin	Growth
Revenue	**173.6**		156.3		**11.1%**
Operating profit pre-central costs	**36.9**	**21.3%**	31.8	20.3%	
Central costs	**(7.3)**		(8.6)		
Operating profit post-central costs	**29.6**	**17.1%**	23.2	14.8%	**27.8%**
Associates	**0.0**		2.1		
Net finance costs	**(2.9)**		(1.9)		
Profit before tax	**26.7**		23.4		**14.4%**
Tax and tax rate	**(5.8)**	**22.0%**	(6.0)	25.5%	
Minority interests	**(0.1)**		(0.3)		
Attributable profits	**20.8**		17.1		
Basic EPS (pence)	**8.7**		8.2		**6.1%**
Diluted EPS (pence)	**8.4**		8.0		**5.0%**

Like-for-like growth

Geographic	Revenue split	Like-for-like growth
United Kingdom	40.1%	(1.5)%
USA	34.9%	3.8%
Europe	20.7%	(5.3)%
Rest of World	4.3%	(3.4)%
Total Operations	**100.0%**	**(0.7)%**
Division		
Grayling	**47.9%**	(2.0)%
Huntsworth Health	**29.6%**	3.3%
Red	**7.4%**	0.8%
Citigate	**15.1%**	(4.2)%
Total Operations	**100.0%**	**(0.7)%**

- Like-for-like operating profit growth of 5%
- UK impacted by election - approximately £2m of lost public sector fees
- US showed signs of economy recovering
- Continental Europe remained tough with budget reductions. Recovered well towards year end, particularly Eastern Europe
- Rest of world saw a decline due to high financial PR transactions in Q4 2009 not repeated in 2010

Highlighted items

£'m	2010	2009
Headline PBT	**26.7**	23.4
Amortisation of intangibles	**4.3**	4.8
Impairment of intangible assets	**-**	9.1
Acquisition related costs	**0.6**	-
Acquisition payments to employees deemed remuneration	**-**	0.8
Loss on disposal and liquidation of subsidiaries	**-**	7.5
Net brand rationalisation and other non-recurring costs	**-**	8.8
Impairment of investment in associates	**-**	2.1
Total highlighted expenses	**4.9**	33.2
PBT after highlighted items	**21.8**	(9.8)

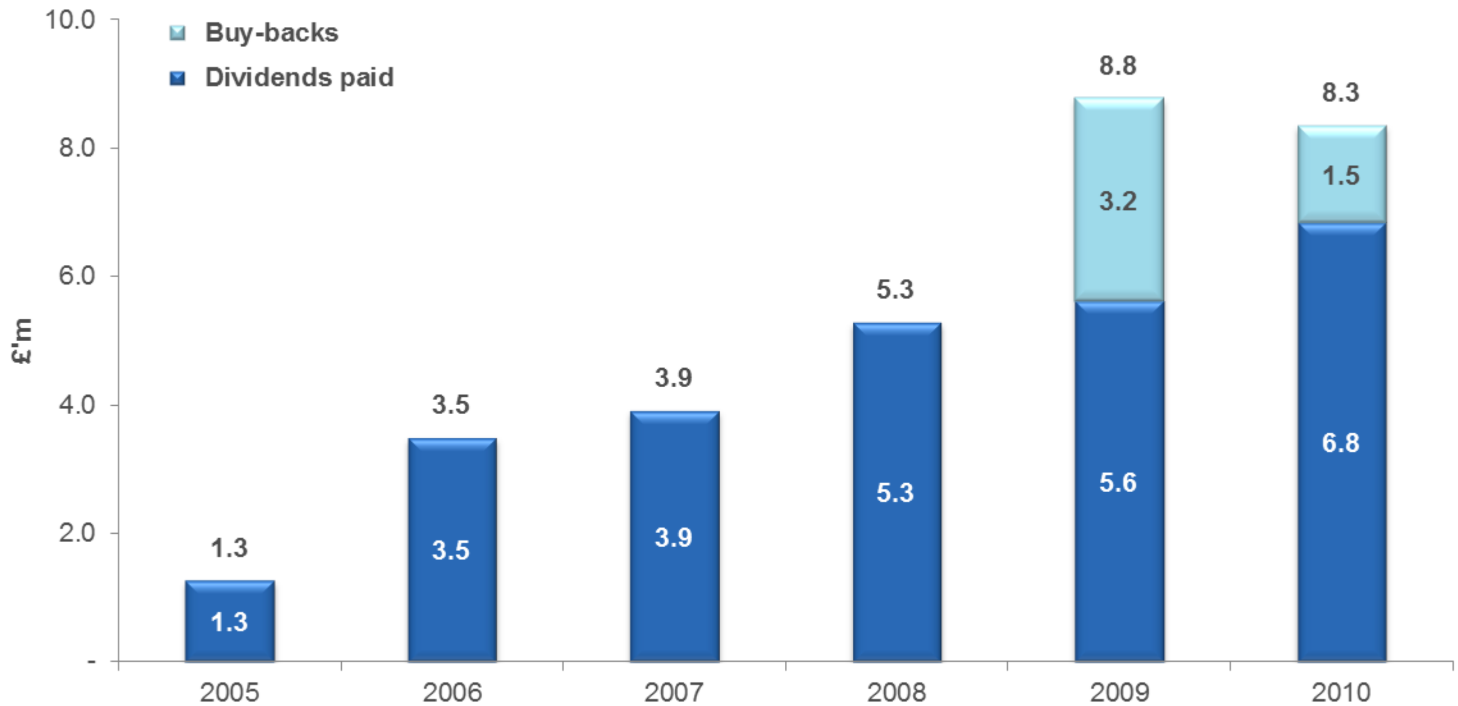
Following a change in accounting rules ('IFRS 3 Business Combinations (revised 2008)'), from 1 January 2010 all costs of acquisitions including transactions costs and changes in the value of contingent consideration are expensed and disclosed as highlighted items.

Cash Flow

£'m	2010	2009
Cash generated from operations	**30.8**	28.5
Conversion	**104%**	123%
Exceptional cash flow	**(5.1)**	(10.5)
Capex, interest and tax	**(8.0)**	(5.9)
Dividends from associates	**-**	3.5
Free cash flow	**17.7**	15.6
Acquisitions, disposals & deferred consideration	**(14.4)**	(20.0)
Dividends and share buy back	**(7.3)**	(9.3)
FX & other	**0.1**	(1.9)
Net movement	**(3.9)**	(15.5)
Closing net debt	**(52.9)**	(49.0)

Shareholder returns

- £31.1m returned to shareholders over 6 years
- Proposed total 2010 dividend up 20.7% to 3.5p



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Deferred consideration

- 2011 includes the final payment for Axis (Huntsworth Health)
- Earn-out payments substantially decreasing post July 2011

£'m	2011	2012	2013	2014	2015	2016	Total
2010 year end	18.9	2.4	6.3	0.6	-	-	9.3
Atomic PR acquisition	-	1.4	1.2	1.4	1.7	2.0	7.7
Total	**18.9**	**3.8**	**7.5**	**2.0**	**1.7**	**2.0**	**17.0**

Refinanced to 2015

- 2010 year end:
  - Net debt - £52.9m
  - Net debt/Continuing EBITDA - 1.6x
  - Interest cover – 12.3x

- Increased facility to £110m until 2015
  - £15m amortising on a straight line from March 2013 until maturity
  - Share buy-back £10m over life time of facility
  - Incremental cost of finance c. £1m p.a.

Ratio of net debt to EBITDA	< 1.0	1.0–1.5	1.5–2.0	2.0–2.5	> 2.5
New margin (% p.a.)	1.75%	2.15%	2.40%	2.65%	2.90%
Old margin (% p.a.)	1.45%	1.55%	1.65%	1.80%	2.00%

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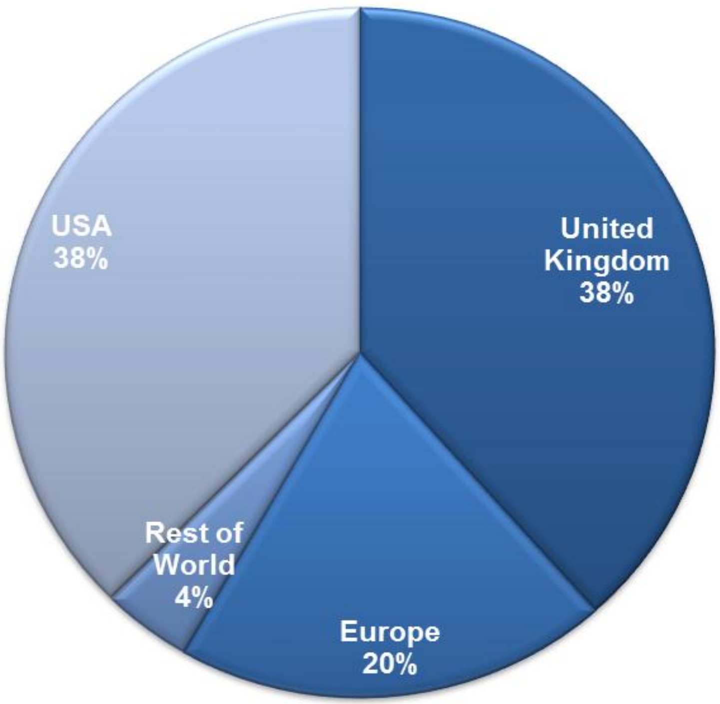
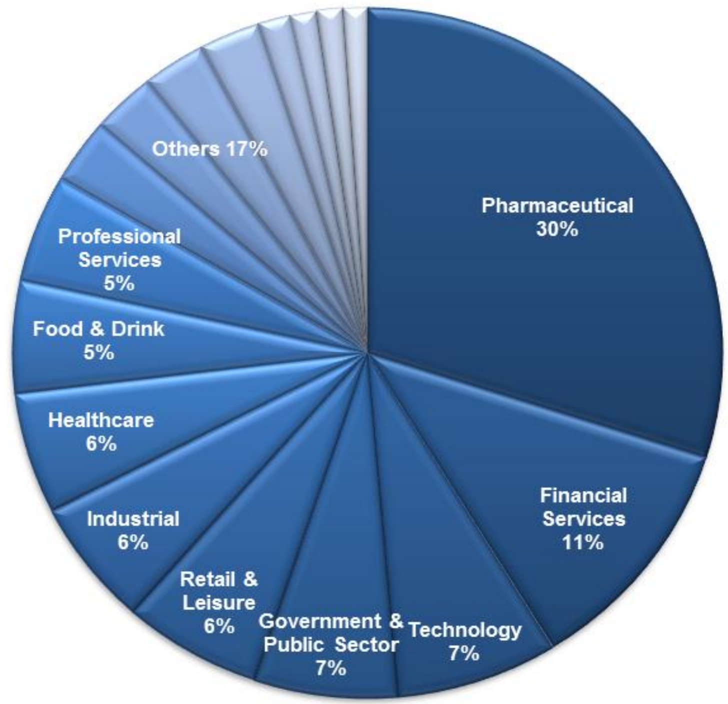
International business

Balanced portfolio

- Geographically balanced portfolio of communication businesses capable of delivering global and market leading engagements





2010 pro-forma split including Atomic PR

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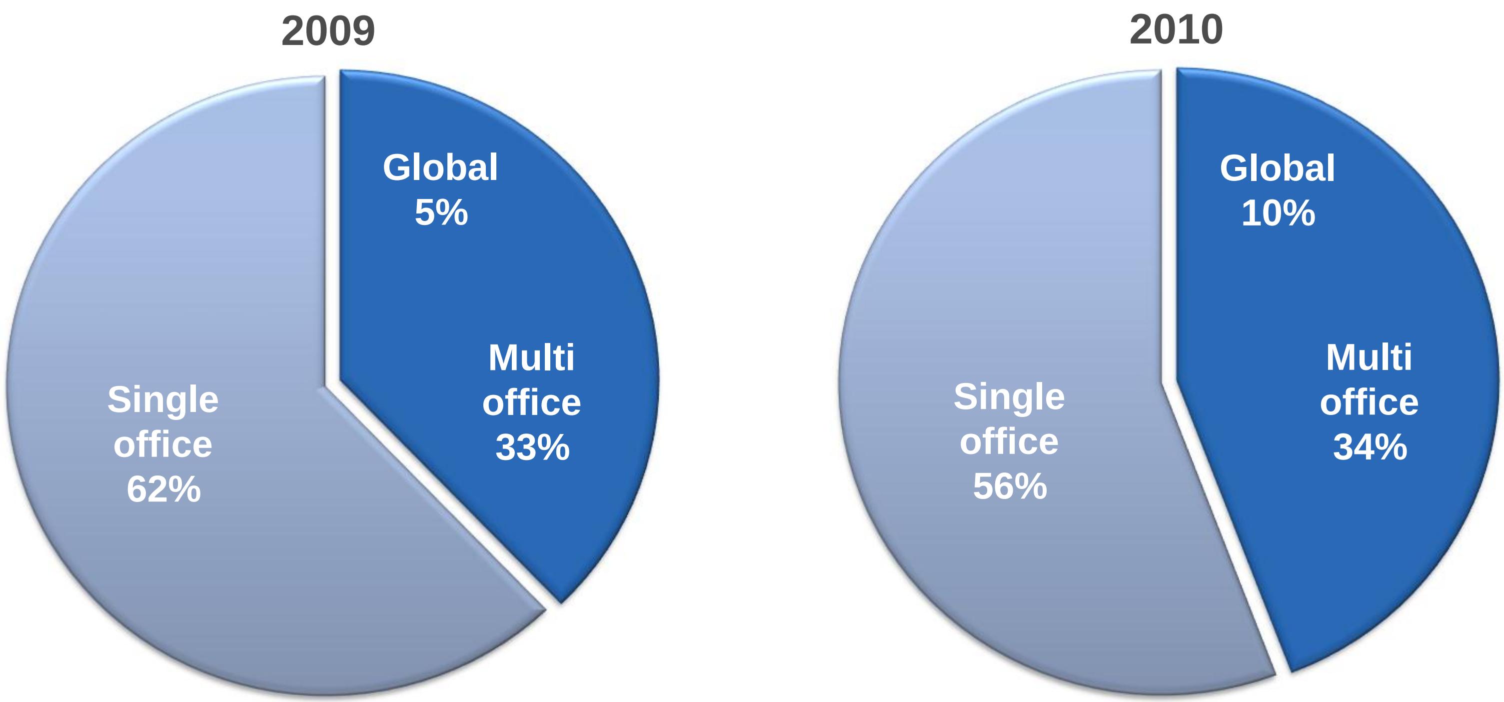
International business – truly integrated clients



£'m	2009	2010
Global clients - Greater than £3m annualised	7.4	17.6
Multi office - Serviced by more than one office	51.7	59.2
Single office - All other client relationships	97.2	96.8
Total revenue	**156.3**	**173.6**

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International business

- Global and multi office coordinated programmes now represent 44% of group revenues (up by 30%)
- Routinely winning annual fees in excess of £500k for prestigious international and global assignments
- Average fee per client risen by 18% to £69k
- Average fee per employee risen by 10% to £106k
- IMS indicated advanced contract negotiations, in one instance we were unable to finalise a contract
- Won 3 multi-million dollar clients during 2010, contracted for several years in Grayling

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Acquisition of Atomic PR

Acquisition of Atomic PR

AtomicPR

- Tech focused PR agency headquartered in San Francisco
- Offices in Los Angeles, New York and London, 80 employees
- Huntsworth JV Partner since 2009 – Red San Francisco
- Includes sophisticated web-based analytics application
- Strong growth profile; $11m of revenue in 2010

Holmes Report TECH agency OF THE YEAR

"Atomic is the blueprint for smart, modern PR that breaks through"

- **Joanna Shields, Vice President and Managing Director EMEA, Facebook**

- Atomic gives Grayling an enhanced US presence from which to secure global business
- Grayling provides Atomic with a global network
- Huntsworth can roll out analytics and Atomic working methodologies across the global network
  - Evaluates key messages and analyses results
- Together, we can offer a leading edge mix of traditional, digital and social media, video and search engine optimisation to our client base

Citigate

Global Financial &
Corporate Communications

2010

Citigate

- 15.1% of Group revenues, 20.6% operating margin
- 65% of annual revenues on retainer (2009: 58%)
- Strong corporate practice
- 3rd in the mergermarket league of global PR advisors (2009: 4th)
- Notable M&A transactions include advising ABB on its $4.2bn acquisition of Baldor in the US
- Has built up digital teams winning a raft of specialist digital awards

Emerging trends

Citigate

- 2011 committed revenues of 71%
- Activity in restructuring and shareholder activism mandates, however no significant sign of upturn in IPO market
- Acting for the London Stock Exchange Group's merger with TMX
- Remains well placed to benefit from upturns in transactional activity

grayling

Global Public Relations
& Public Affairs

2010

- 47.9% of Group revenue, 19.8% operating margin
- Returned to 1% growth in H2
- Winning larger clients, exited 2010 with 10 clients greater than £500k per annum
- Expanded existing relationships into new geographies and disciplines
- USA focus on integrating Dutko government relations into global network and broadening its base into corporate PR

2011

- Scale and capabilities in the USA enhanced through Atomic acquisition
- Stronger position to secure global business, particularly from USA based companies
- Multi-million dollar wins delivering in 2011
- 2011 committed revenues 70%
- Strong international pipeline

red

Specialist Public Relations

2010

red

- 7.4% of Group revenues, 21.3% operating margins
- Strong niche UK agency with Fortune 500 and FTSE 100 clients
- Shown historical growth for 16 consecutive years
- Despite public sector losses (c.£1m), posted modest like-for-like growth
- Underlying double digit revenue growth rate excluding Public Sector losses
- Top 5 client fees (excluding UK government) up an average of 20%
- Digital services being adopted by more clients (up 13%)

2011

red

- Set to return to good growth in 2011
- Started the year with 6.4% like-for-like growth in committed revenues despite public sector losses
- 2011 committed revenues of 89%
- Retainer business remains strong at over 90%

Huntsworth Health

Global Healthcare Communications

Solid Foundation for Growth

- 29.6% of Group revenue, 24.0% operating margin
- We work with 40 of the world's Top 50 Pharmaceutical Companies
  - Revenue from those 40 clients is up 7% on a like-for-like basis
  - Fees from our top 25 clients grew 20%, accounting for 82% of total fee revenue, with an average life of 6 years
- Global clients (> £3m) increase to 4 in 2011
- Signed Global MSA with Johnson & Johnson in January 2011
- Entered 2011 with committed revenues over £2m higher than start of 2010
- 2011 committed revenues of 74%
- Awarded ***EMEA Healthcare Consultancy of the Year*** Holmes Report

Growth Drivers

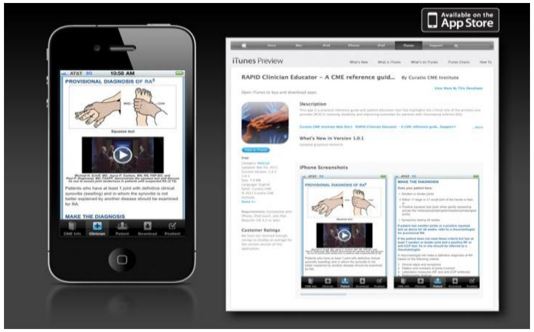
1. Healthcare explosion continues to drive 6% growth in the global healthcare market with emerging markets growing at much higher rates (China 26%, India 17%, Brazil 14%, Russia 20%)
   - Huntsworth Health established offices in Singapore and Hong Kong in 2010 and has developed partnerships in China and India
   - Huntsworth Health is partnering with Grayling in Europe (including Russia) to create a European healthcare communications network

2. R&D pipelines are stocked with new products and the biotechnology sector is making huge progress in the area of personalised medicine (human genome based approaches to disease biomarkers, diagnostics and gene therapies)
   - Huntsworth Health has more than 150 PhDs, PharmDs, and MDs on staff and we work with new products as soon as they enter clinical development

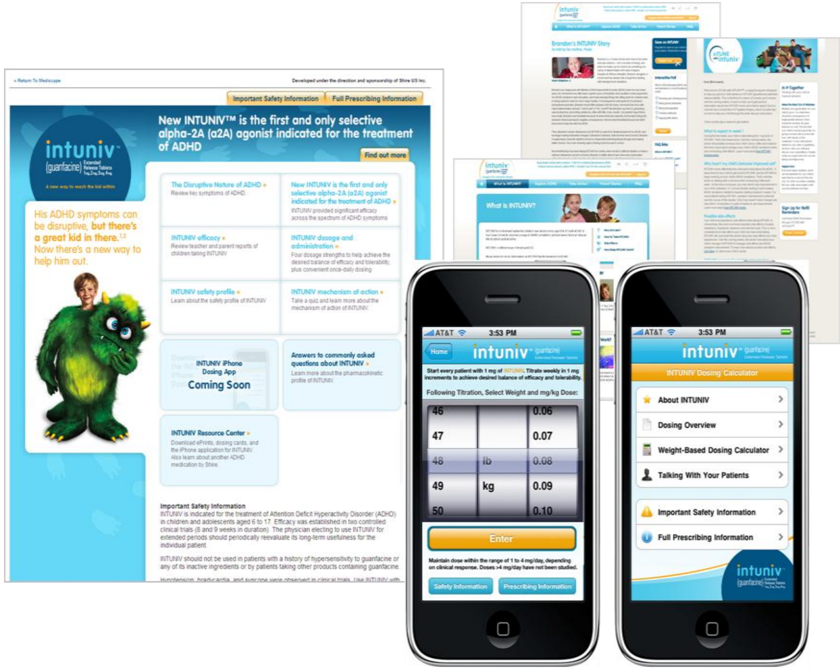
Growth Drivers

3. Digital explosion provides access to engaged consumers, patients and healthcare professionals

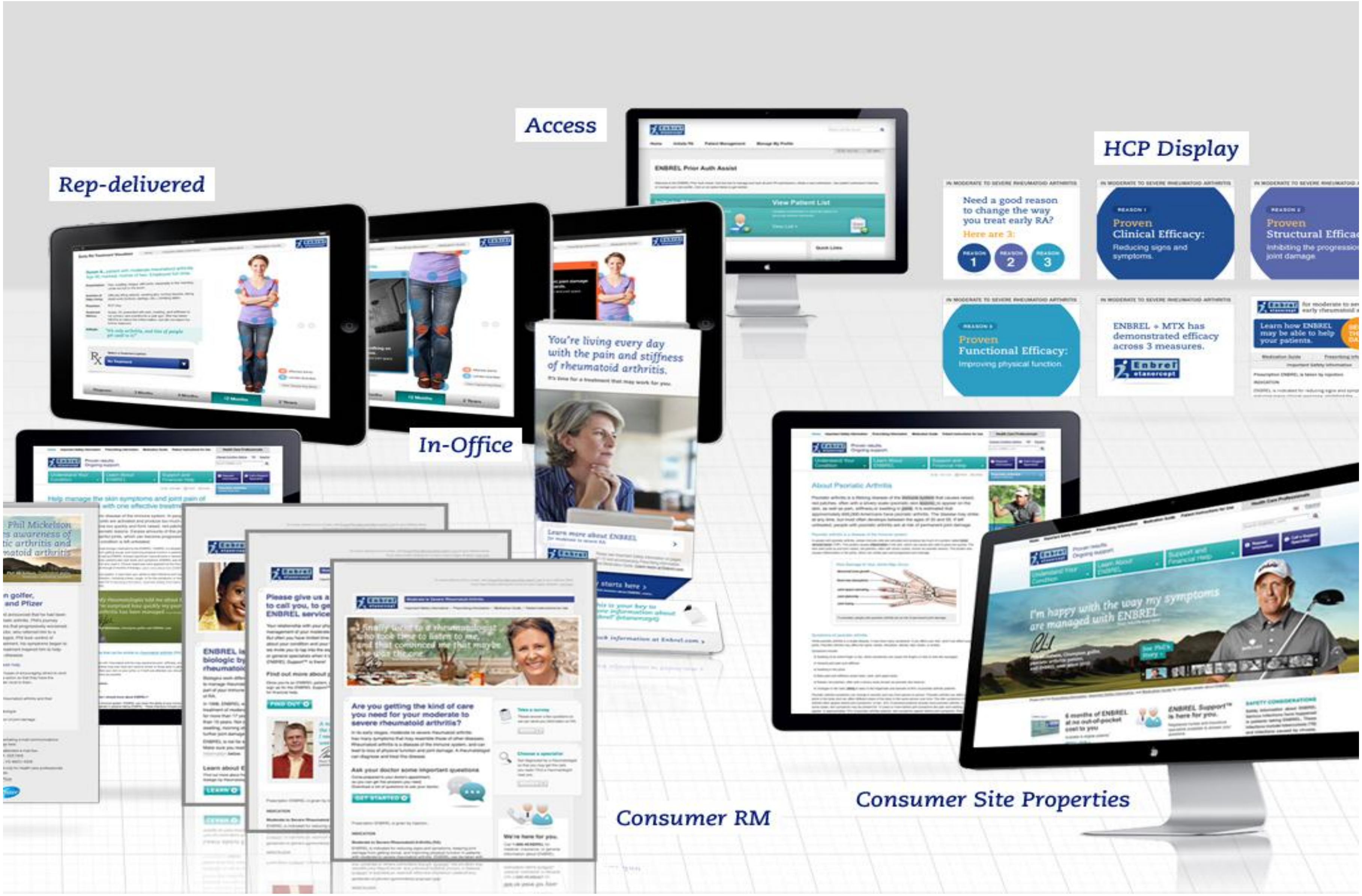
   - Huntsworth Health has digital at the core of all service offerings
   - Digital revenues grew 39.5% in 2010 and will continue to grow at a rapid pace in 2011



2010 Standard of Excellence Web Award for ***Intuniv.com***



Leaders in multichannel marketing



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Conclusions and Outlook

Conclusion and outlook

- Well positioned for like-for-like growth by way of larger mandates, maintaining attention to margins and cash
- Acquisition of Atomic gives Huntsworth unique position to provide global and digitally integrated healthcare and PR programmes
- 72% of our 2011 expected revenues are committed and £5.5m higher than 2010
- Remain confident that we are on target to meet full year management expectations and achieve like-for-like growth of 7% plus during 2011

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Appendix

Divisional overview

Division	Share of group revenue	Revenue £'m	Operating profit £'m	Margin	Committed revenues for 2011
Grayling	47.9%	83.2	16.5	19.8%	70.2%
Huntsworth Health	29.6%	51.4	12.3	24.0%	73.6%
Red	7.4%	12.9	2.7	21.3%	89.4%
Citigate	15.1%	26.3	5.4	20.6%	71.2%
Total Operations	**100%**	**173.8**	**36.9**	**21.3%**	**72.2%**
Centre		(0.2)	(7.3)		
Total Group		**173.6**	**29.6**	**17.1%**	**72.2%**

Balance Sheet

£'m	**2010**	2009
Intangible assets	**291.9**	287.2
Fixed assets & investments	**5.3**	5.1
Current assets – excluding cash	**46.1**	48.7
Other liabilities	**(52.4)**	(60.1)
Deferred consideration	**(28.2)**	(32.2)
Provisions	**(2.9)**	(6.7)
Net deferred tax	**(0.5)**	1.1
Net debt	**(52.9)**	(49.0)
Total net assets	**206.4**	194.1
Gearing	**20.5%**	20.2%

Taxation

- **Income Statement:**
  - Total tax expense of £4.2m, comprising an underlying expense of £5.9m and a highlighted credit of £1.7m.
  - The 2010 underlying tax expense of £5.9m results in an effective tax rate of 22% on underlying profits of £26.7m.
  - Forecast underlying tax rate is expected to be at a similar level in 2011, before increasing towards the mid-twenties range in 2012 and late twenties range in 2013 and beyond. The increasing tax rate is a result of the expected utilisation of tax attributes.
  - The tax credit of £1.7m within highlighted items is predominantly a non-cash item relating to the amortisation of intangibles.
- **Cash Tax:**
  - Corporation tax paid in 2010 of £3.1m. Cash tax is expected to increase in 2011 and beyond as tax losses are utilised.
  - The difference in tax paid of £3.1m vs. the underlying tax expense of £5.9m is explained by non-cash items such as deferred tax.

Exceptional cash flow forecast