

HUNTSWORTH

Audited Preliminary Results – December 2008

23 March 2009

Agenda

- Year in Summary
- Financial Highlights
- Huntsworth Strengths & Opportunities
- Summary & Outlook

Huntsworth

Huntsworth is an international group
focussed on
Public Relations and
Healthcare Communications

Financial Summary 2008

- Revenue up 4.5% at £159.1m
- PBT up 9.9% at £24.0m
- EPS up 7.6% at 8.5p
- Proposed final dividend of 2.0p, total dividend 2.7p up 8.0% on last year
- Cash conversion of 110%
- Net debt balance of £33.5m down by £20.6m
- Share buy-back programme approved

Operational Summary

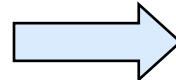
Operational Results

Operating margin pre central costs of 21.0% - 2007: 21.0%



Ability to flex 12% variable costs to maintain margins

Operating margin post central costs up to 16.5% - 2007: 15.9%



Increased from 11.4% three years ago

Organic revenue growth 3%

➤ PR up 5%

➤ Huntsworth Health down 1%

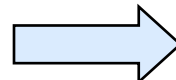
(organic profit growth of 14%)



➤ Moving into a recession

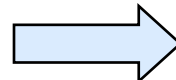
➤ Developing profit culture

Network clients now represent 31% of revenues – 2007: 29%



Pitching for major remits

Trading resilience due to balanced portfolio



No dominant client or sector: top 25 clients only 15% revenues

Financial Highlights

Underlying Profits

£m	2008	Margin	2007	Margin	Growth
Revenue	159.1		152.3		4.5%
Operating profit pre-central costs	33.5	21.0%	32.1	21.0%	4.4%
Central costs	(7.2)		(7.9)		
Operating profit post-central costs	26.3	16.5%	24.2	15.9%	8.7%
Associates	2.4		2.7		
Net finance costs	(4.7)		(5.0)		
Profit before tax	24.0		21.9		9.9%
Tax and tax rate	(6.3)	26.1%	(5.2)	23.8%	
Minority interests	(0.3)		(0.9)		
Attributable profits	17.4		15.8		9.9%
Basic EPS (pence)	8.5		7.9		7.6%

Foreign exchange gain on revenue of £8.8m and £2.2m on operating profit

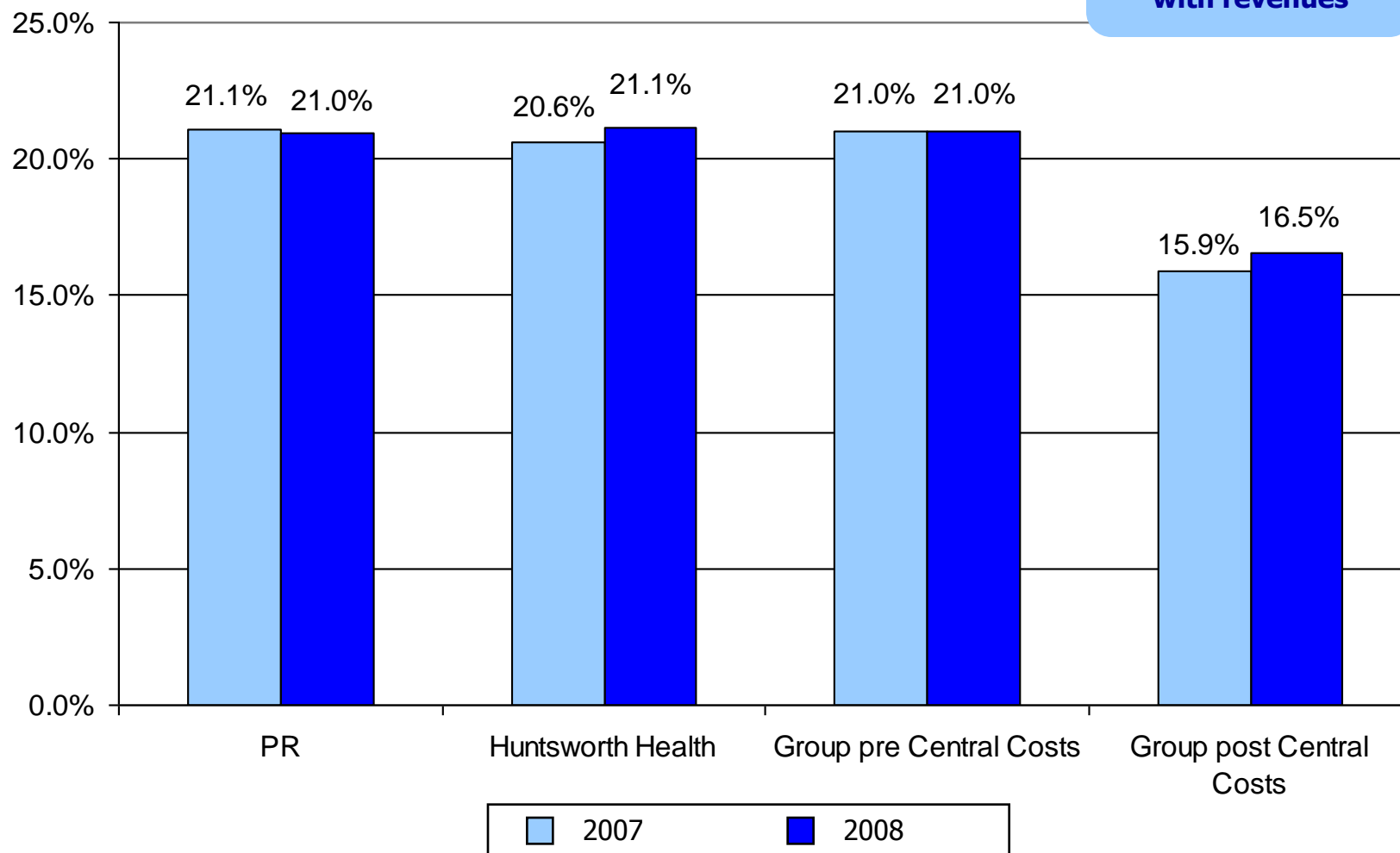
Highlighted Items

£m	2008	2007
Amortisation of intangibles	5.0	6.0
Impairment of investment in associates (CSV)	2.4	2.7
(Profit) / loss on disposals	(2.3)	1.9
Release of provisions re prior year disposals	(1.8)	-
Acquisition payments deemed remuneration	0.6	0.5
Total Operating Expenses	3.9	11.1
PBT After Highlighted Items	20.1	10.8

Full Year Operating Margin

Sector leading margins maintained

Central costs do not increase in line with revenues



New Business

- Net new business of £47.1m won in the year – broadly in line with 2007
 - 43% from new or increased retainers and Huntsworth Health retainer projects (2007: 41%)
 - 57% from PR project work (2007: 59%)
- 54% is from existing clients; up from 40% last year
- Only 4% of clients lost in the year (2007: 5%)
- 24 of previous year top 25 clients retained

Strong Balance Sheet

- Current group net debt of £33.5m down by £20.6m from £54.1m at the end of 2007
- £82.5m loan facility available to July 2012
 - reducing from £90m in 2010 and
 - £87m in 2011 as term repaid
- Net debt to EBITDA ratio of 1.1 (Covenant < 3)
- Interest cover of 6.7 (Covenant > 4)
- Progressive dividend policy

Balance Sheet

£m	2008	2007
Intangible assets	258.9	225.3
Fixed assets & investments	9.4	10.9
Current assets – excluding cash	48.7	50.8
Net assets held for resale	-	11.9
Other liabilities	(57.9)	(61.4)
Deferred consideration	(18.5)	(15.4)
Provisions	(6.8)	(10.0)
Net deferred tax	-	2.4
Net debt	(33.5)	(54.1)
Total net assets	200.3	160.4
Gearing	14.3%	25.2%

Cash Flow

£m	2008	2007
Operating profit before highlighted items	26.3	24.2
Depreciation, share options & working capital	2.5	5.5
Cash generated from operations	28.8	29.7
Conversion	110%	122%
Exceptional cash flow	(4.4)	(4.4)
Dividends received from associates	2.1	1.7
Interest, tax and capex	(9.9)	(11.2)
Free cash flow	16.6	15.8
Group dividends	(4.7)	(3.2)
Acquisitions, disposals & deferred consideration	4.9	(26.1)
Other	3.8	(1.7)
Net movement	20.6	(15.2)
Closing net debt	(33.5)	(54.1)

Deferred Consideration

Payable £m	Cash	Cash or Shares	Total
2009	0.1	3.0	3.1
2010	-	3.0	3.0
2011	12.4	-	12.4
Total	12.5	6.0	18.5

- Payment of earn-outs is contingent on performance
- The average forecast for the remaining earn-outs assumes total profit growth of 46% over the earn-out period
- At the end of 2009, 82% of Group profits will be free from earn-out
- Group net debt will be in single digits and earn-out free by the end of 2012

Taxation

- Underlying tax rate of 26.1%
- Expected to increase gradually towards a rate of c.30% over the next two to three years as losses are utilised
- Tax paid in the year was £4.3m vs an underlying tax charge of £6.3m. The cash benefit reflects the impact of deferred tax and the timing of cash payments
- 2009 expected tax rate of 26% to 28%

Foreign Exchange Impact

- We gained in 2008 vs 2007 from the strong USD and Euro
- Approximately 40% of 2009 Group profits are denominated in USD with 20% in Euros
- In 2009 we have options to hedge our USD and Euro profits at current rates which will give further gains into 2009 and protect our 2009 profits
 - USD option at \$1.50
 - Euro option at €1.15

Huntsworth Strengths & Opportunities

Group Portfolio Effect

- Broad geographic profile will provide opportunities in 2009
- Broad spread across practice areas will provide some resilience
- Revenue broadly spread across industry sectors spreading risk
- No dominance of any individual client

Group Broad Geographic Profile

UK – 44% of Revenues

- Predominance of leading brands
- Flight to quality agencies
- More pitching opportunities

USA – 26% of Revenues

- Focus on Huntsworth Health moving to growth

Western Europe – 19% of Revenues

- Increasing brand awareness
- Trimedia providing multi country opportunities

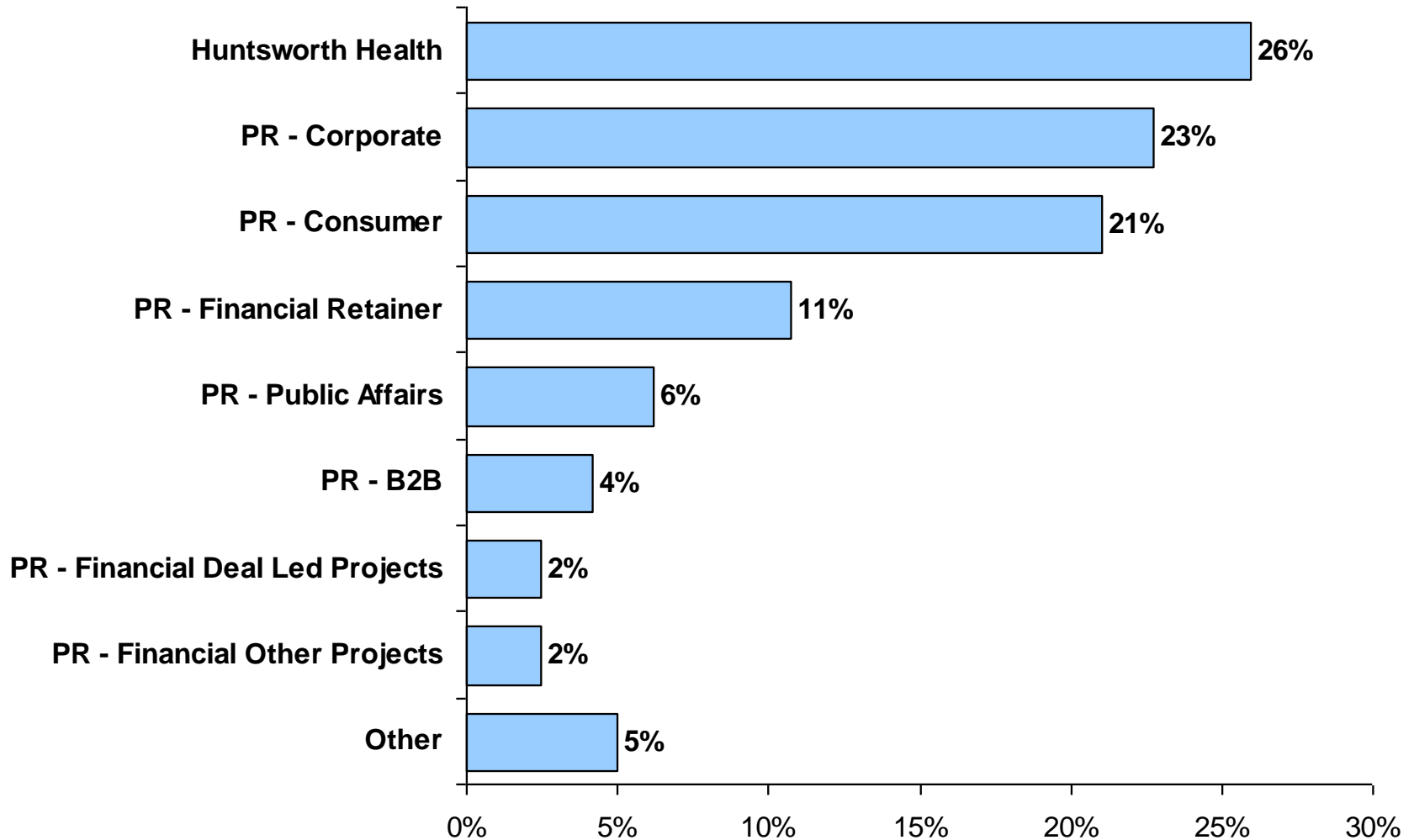
Eastern Europe – 7% of Revenues

- Market leader
- Opportunities to increase remits across Europe & UK

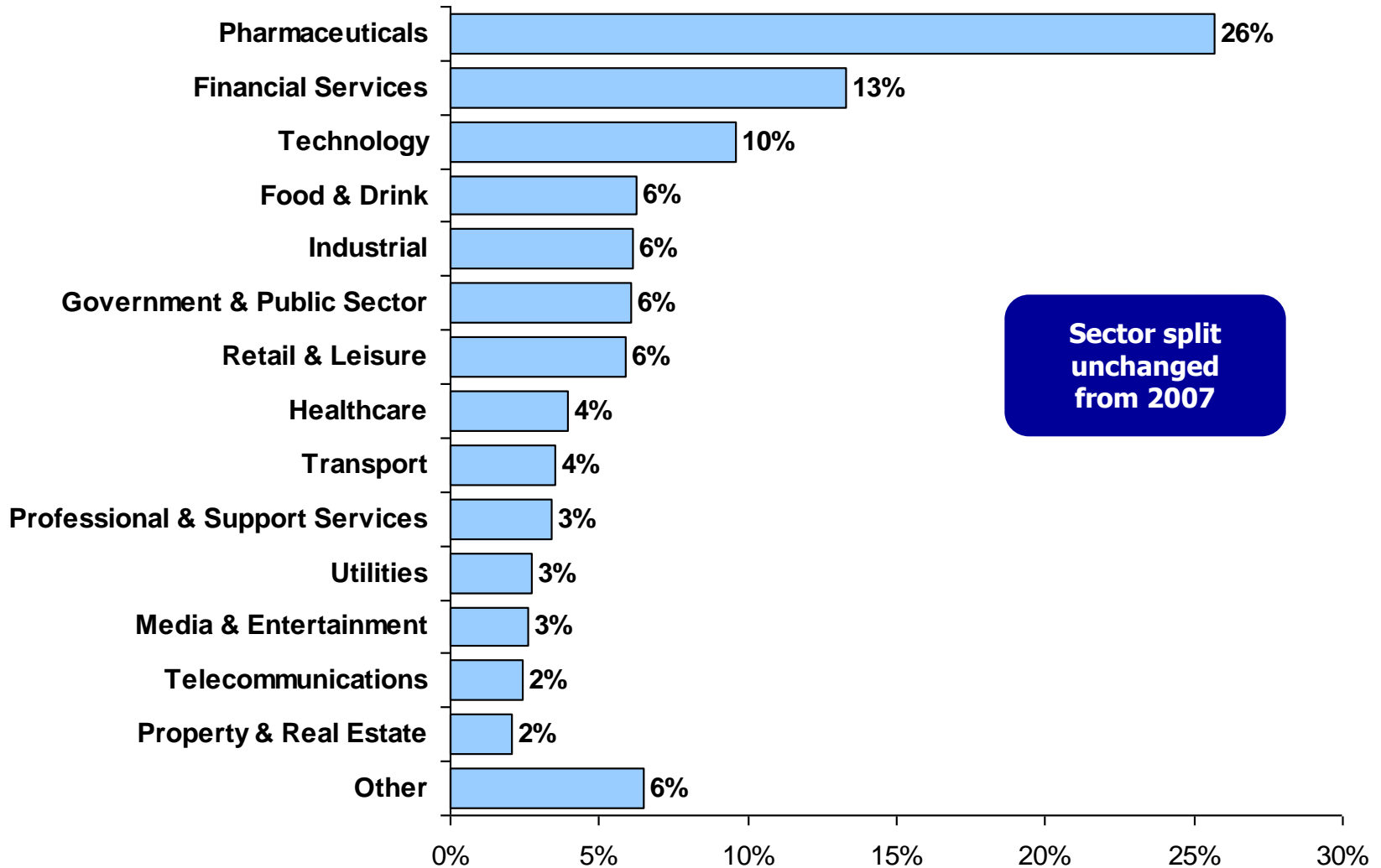
Rest of World – 4% of Revenues

- Entry into Middle East

Group Revenue spread across Practice Areas



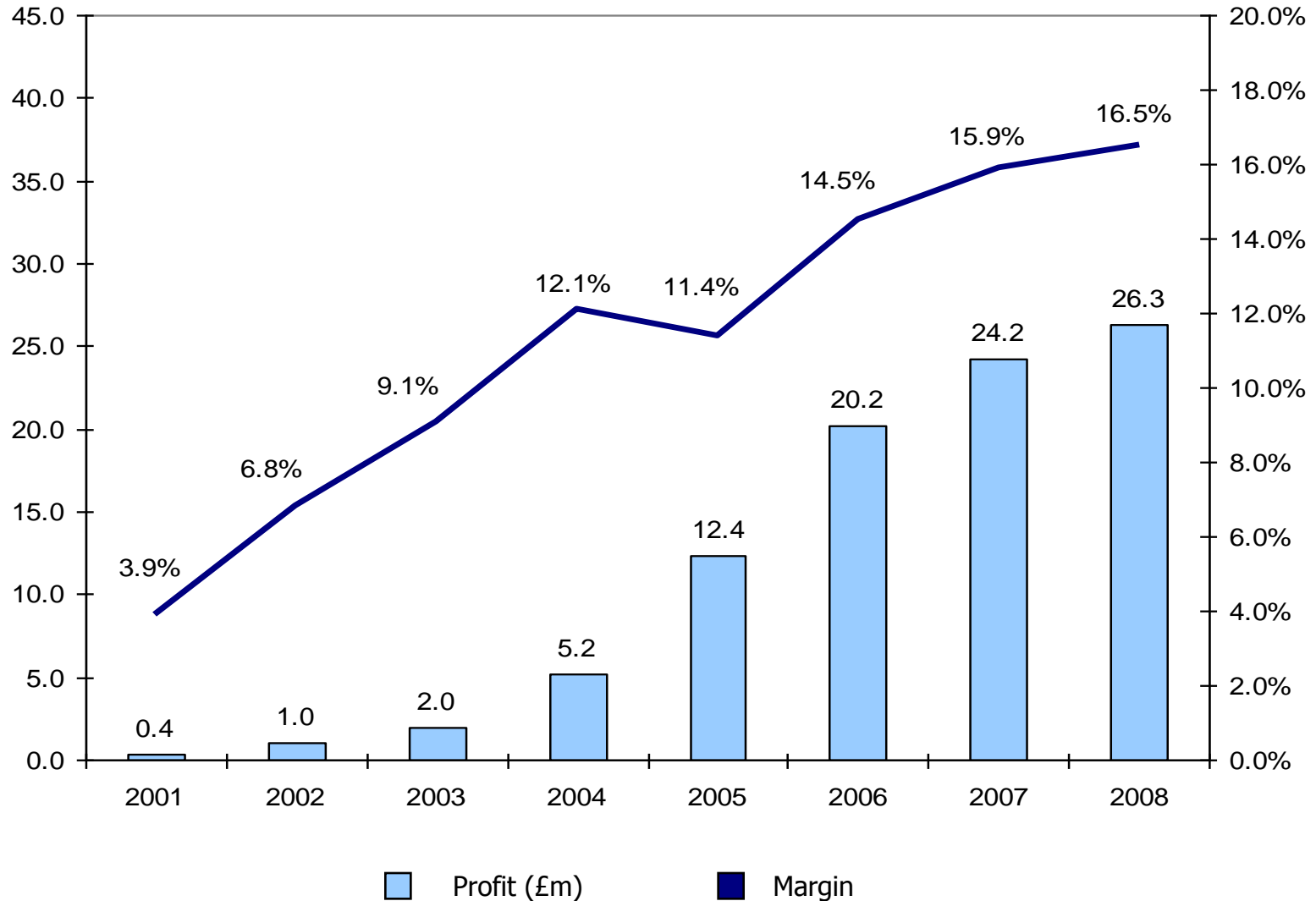
Group Revenue broadly spread across Industry Sectors



Strength of Client Portfolio

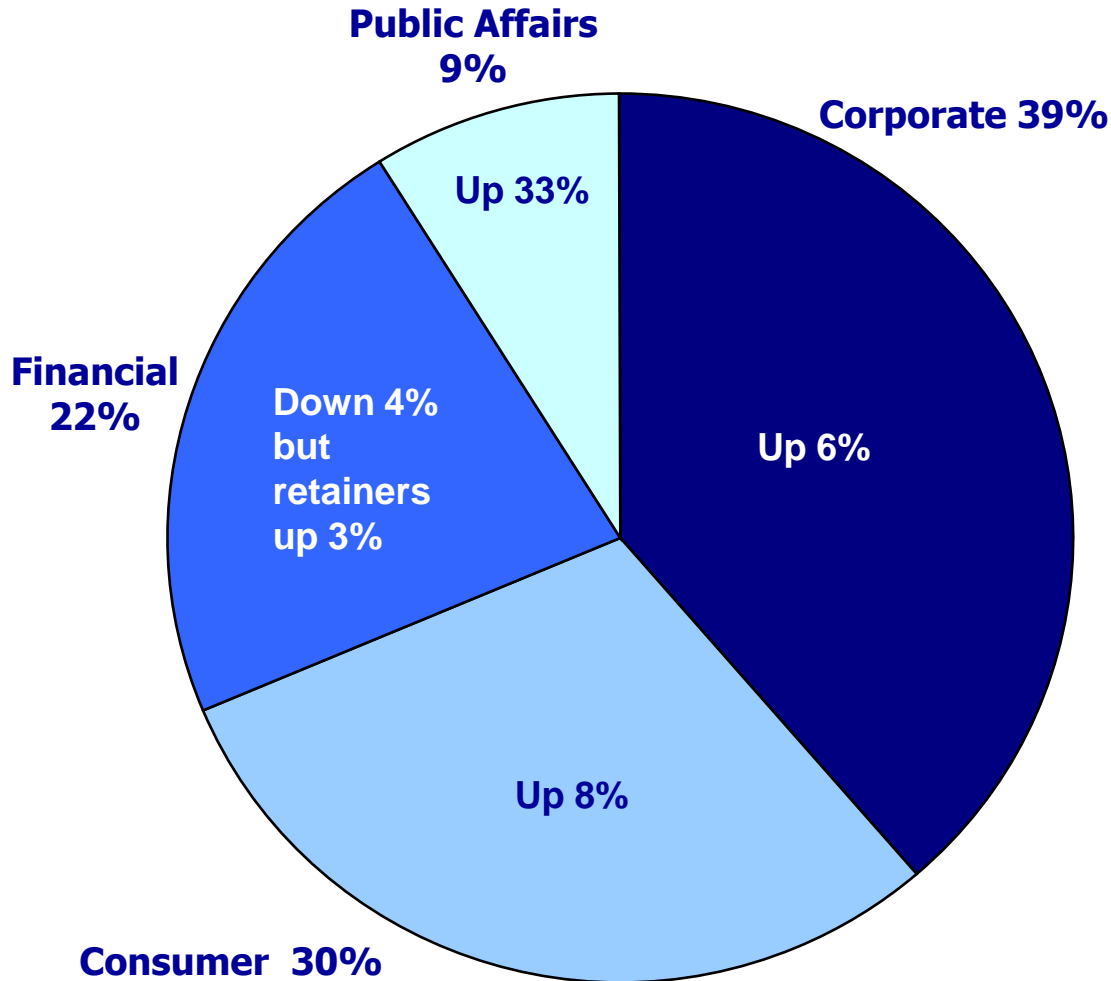
	PR	Huntsworth Health	Total Group
Revenue split	74%	26%	100%
Number of employees at 31.12.08	1,245	405	1,650
Average fee per client	£49k	£96k	£53k
Top clients as a % Group revenue			
Top client	1.1%	0.9%	1.1%
Top 10 clients	6.7%	5.9%	7.8%
Top 25 clients	12.3%	10.8%	14.8%

How We Manage Our Margins



Public Relations

PR Revenue Broadly Spread



Overall organic PR revenue growth 5%

- Financial down due to M&A and IPO activity, but core retainer base up
- Consumer up mainly due to growth in projects
- Public Affairs up due to strong demand for advice driven by political change
- Further opportunities will come from government campaigns & digital communication

PR Recent New Business Wins

Corporate

- Jet Republic – across 4 European countries
- ING Investment Management
- BlackRock

Public Sector

- 9 listings on the new Central Office of Information roster
- Dept of Health – MMR Vaccine
- Advantage West Midlands
- Becta – Technology into education
- UK Online

Consumer

- Cadbury's Wispa
- Coors Brewers

Financial

- New World Resources
- EDP Renovaveis
- Globaltrans

Middle East

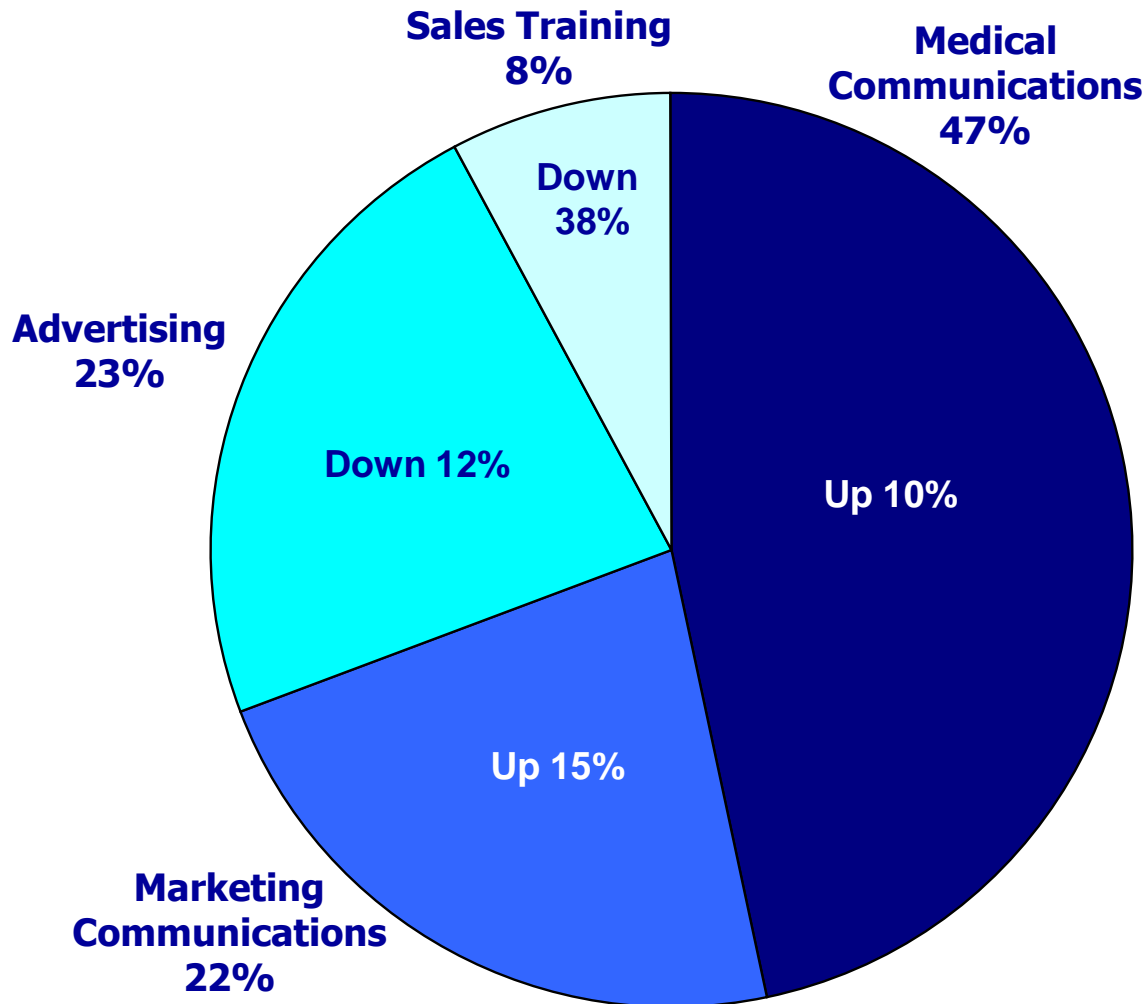
- Sungard
- Chevron
- Coface

PR Opportunities

- 78% 2009 revenues committed to date (2008: 73%)
- Stronger PR brands will do well
- Group multi-office network business up to 31% from 29% in 2007
- Brand rationalisation will present clients with clearer visibility of our international capabilities and therefore increase our network revenues

Huntsworth Health

Huntsworth Health Revenue



Huntsworth Health organic revenue down 1% but core areas up

- Core healthcare markets showing continued demand for specialist skills
- Digital marketing communications have benefitted from the downturn in advertising
- Sales training (3% of Group revenues) expected to return to growth in 2009

Huntsworth Health-New Business Momentum

Significant new accounts

- Wyeth \$10m over four years – making us their agency of record for digital communications
- Significant increases in assignments and geographic scope for a number of clients including Amgen, Baxter International, Pfizer, Pathwork Diagnostics and Shire
- Two new brand assignments for Merck over 2 years
- Global assignment for Novartis over 3 years

Positive trends

- Pan European revenues in UK doubled
- Expanding relations within the top pharmaceutical companies - Pan European Pfizer business grown from one to four therapeutic categories
- Five agency of record categories appointments for our rapidly growing digital business

Huntsworth Health profits up 14%

- 2008 focus on margin stabilisation with organic operating profit growth of 14%
- Operating margins have improved again to 21.1% (2007: 20.6%)
- Recent US acquisitions now aligned to the Huntsworth profit culture, with attention turning to revenue growth
- Organic revenue down 1% versus 2007
- 79% 2009 revenues committed to date (2008: 76%)

Summary & Outlook

Summary

- Strong full year revenue, PBT and EPS reported
- Operating margins at 21.0% and 16.5% after central costs
- Cash conversion of 110%
- Strong Balance Sheet
- Proposed final dividend of 2.0p, up 8%

Outlook

- 78% of 2009 revenue committed to date – up from 74% last year
- New Business pipeline and pitch activity strong
- Tightly managed Group with ability to flex costs and maintain strong margins
- Cash has remained strong post year end
- Well balanced portfolio of businesses with international profile
- USD and Euro options protect 2009 profits

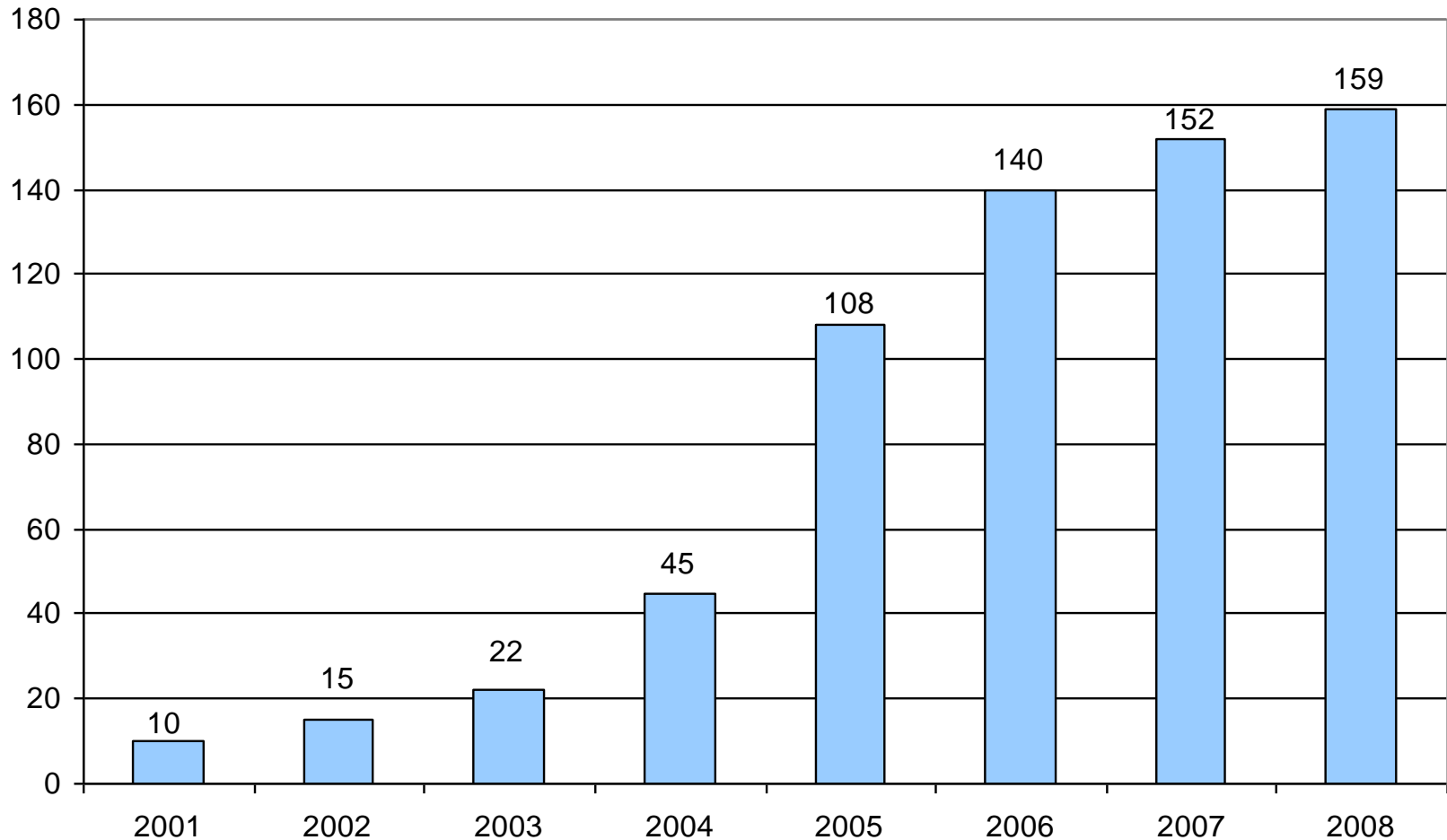
HUNTSWORTH

Appendix

History of Major Acquisitions and Disposals

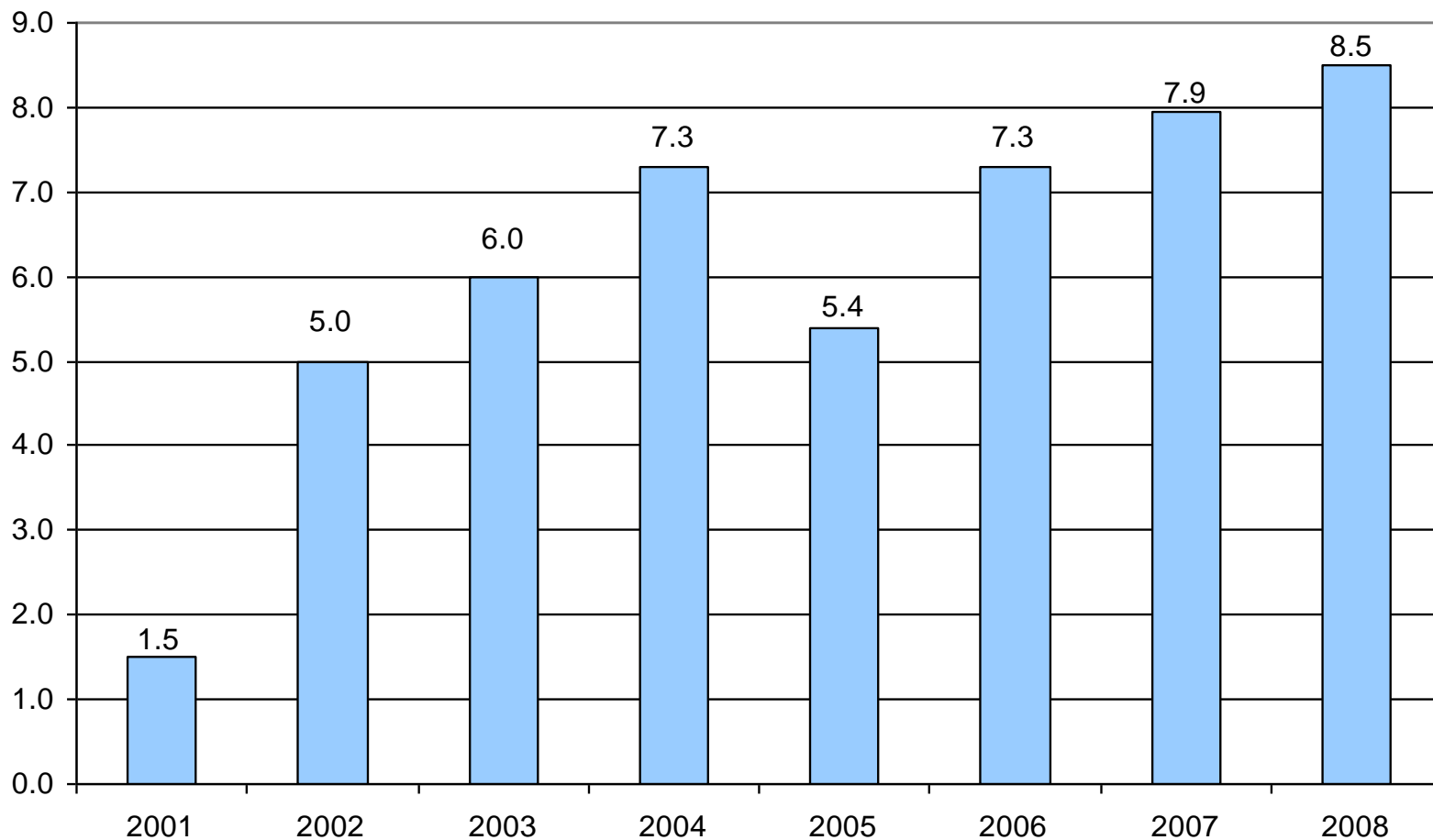
- 2009 Momentum
- 2008 Capital Bridge Disposal
- 2007 Axis Healthcare, Dorland, Sard Verbinnen Disposal
- 2006 Mmd, Quiller, Eurotandem
- 2005 Incepta, Marketing Services Disposal, Context, Sinclair Mason, Anne McBride, Zahner, Neisser
- 2004 Trimedia, Grayling, Hudson Sandler, Avenue, VB, Rose & Kindel, Strategy, Ergo
- 2003 Hatch, Haslimann Taylor

Eight Year Revenue Growth (£m)



There have been no acquisitions since July 2007

Eight year EPS Growth (pence)



Acquisition of Incepta and de-gearing of marketing services between 2005 – 2006

2006 onwards includes circa £2.6m share incentive charges