

# HUNTSWORTH

18 November 2008

## Huntsworth plc

### Interim Management Statement

#### Satisfactory trading and a resilient performance in tough markets

#### Highlights

- 96% of 2008 full year revenues committed
- 70% of 2009 full year revenues committed
- Margins pre and post central costs remain robust
- 2008 closing year end net debt expected to be below £40 million – with over £50 million of unused facilities

#### Overview

Huntsworth continued to trade satisfactorily in the ten months to 31 October 2008 with 96% of full year estimated revenues now committed. Margins before and after central costs are robust and, therefore, management expects to meet its annual post central cost margin target of 16.5%.

Our target of converting more than 100% of operating profit into cash is also expected to be met, reducing net debt at year end to under £40 million and leaving available banking facilities of over £50 million. This compares favourably with expected earn out payments in 2009 forecast at under £5 million.

The 2009 budgeting process is well under way and this suggests that the Group will continue to trade satisfactorily into 2009. After a broad ranging consultation process with clients, 70% of 2009 revenues are now committed. This visibility enables us to manage our costs, thus confirming our expectation that our 2009 margins will be similar to those in 2008.

#### Public Relations

While financial project income has obviously been difficult to find in the second half, our drive to diversify our financial PR businesses into corporate, public affairs and technology has helped to limit this shortfall. The Group's consumer, corporate and technology public relations businesses continue to perform well.

We have a conservative programme of investing in growth geographies including the Middle East and practice areas such as digital.

Some of the main Consumer PR clients we have added in the second half and which will generate revenues through into 2009 include Lego, American Express, Cadbury Trebor Bassett, Dulux paints, FitFone and Skype.

New Public Affairs work includes advising on the proposed acquisition of HBOS by Lloyds TSB, support for Diageo on its 'Responsible Drinking' initiative in Eastern Europe, and promoting IBM's traffic congestion solution in Los Angeles.

Significant new Corporate PR work includes a pan-European programme for Jet Republic, a campaign for NYSE-listed IT services provider Patni Computer Systems, and crisis management communications for Veolia Transportation in California.

## **Huntsworth Health**

There has been continued progress in stabilising margins and integrating the Healthcare businesses around the world. We have continued to win larger accounts which we believe will gain momentum in the latter part of 2009 and into 2010. Our new healthcare management structure will provide further opportunities for co-operation around the world.

We have extended our healthcare services into clients including Roche, Shire, Daiichi Sankyo, Pathwork Diagnostics and Merck Serono where significant campaigns will contribute revenues well into 2009. The Group is also seeing the benefit of its integrated global healthcare offering with major projects such as the development and execution of a cohesive global brand strategy for Baxter.

### **Peter Chadlington, Huntsworth CEO, commented:**

“The Group continues to trade satisfactorily and our financial position remains strong. It is inevitable that some budgeted projects in this last quarter will be pushed into 2009, but our management of the cost base and a lower than forecast tax rate give us confidence that 2008 margins and earnings per share will be in line with management’s expectations.

“We are conscious that the economic downturn may affect our business adversely and clients are certainly cautious about next year. However, with 70% of our 2009 fees now committed, which is in line with previous years, with our continued downward pressure on costs, and our proactive management of cash and tax, we are confident in the resilience of the business and that it will continue to perform well.”

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