

# HUNTSWORTH

31 January 2012

## Huntsworth Pre Close Trading Statement

Huntsworth plc (“the Group”), the international public relations and healthcare communications group, today announced its pre-close trading statement for the year ended 31 December 2011. The key highlights are as follows:

- On track to meet current market expectations for 2011
- Rigorous action on costs will improve Group profitability throughout 2012
- Balance sheet remains robust and the Group continues to operate comfortably within covenant limits
- Total dividend for 2011 is expected to be no less than 2010

### Q4 Trading and Outlook

In November 2011, the Group reported that although trading throughout the year had remained encouraging, the Group experienced, at very short notice, the cancellation of certain scheduled year-end projects due to the continuing global economic uncertainty and that consequently full year profits would be lower than management expectations. Since then management has taken action designed to:

- Reduce the direct costs associated with the project cancellations
- Align Group resources more effectively behind the mix of project and retainer contracts
- Revisit and critically examine the Group budgeting process for 2012 and beyond

This process has now largely been completed. In line with reducing the cost base as reported in the Q4 IMS, the Group expects to report a one off highlighted item of around £3m relating to these re-organisation costs.

Despite the challenging macro-economic backdrop, the Group’s new business pipeline is strong and the Board is confident of improved trading in 2012 compared to 2011. The benefits of the brand re-organisation continue to be felt and the Group is well positioned to service larger international clients on longer contract terms. Work has now started on a number of the new mandates announced in the second half of 2011. Group budgets for 2012 are underpinned by a number of such clients, reducing dependence on one-off project revenues.

### Balance Sheet, Earnouts and Dividends

Huntsworth’s Balance Sheet remains robust and the Group continues to trade comfortably within its banking covenants. Net debt for year end 2011 is expected to be circa £71m.

Earn outs peaked in 2011 with total payments of £18m of which over £17m was settled in cash. Earn out liabilities through until 2016 are approximately £16m of which £9m can be

settled in cash or shares at the Group's option. The highest earn out liability in any one year is expected to be no more than £5.5m, half of which can be settled in shares.

In light of current trading, the outlook for the remainder of 2012 and the cash generation profile of the Group, the Board expects that total dividends paid in respect of 2011 will not be less than those paid in 2010.

## **Board Changes**

Colin Adams, who joined the Board as Finance Director in April 2011, will step down with immediate effect and leave the company on 30 April 2012. The Chief Operating Officer, Sally Withey, who has previously held the joint roles of COO and FD will resume the combined roles with immediate effect. Divisional Finance Directors have been appointed in key positions within the Group which provides the support for Sally Withey's combined role.

Eugene P Beard, who joined the Huntsworth Board in 2004 and Lord Puttnam who joined the Board in 2007 will not stand for re-election at the 2012 Annual General Meeting.

## **Preliminary Results**

The Groups 2011 Preliminary results will be announced on 3 April 2012. The Annual Report will be posted on 17 April. The Annual General Meeting will be held on 18 May.

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