

Huveaux

2008 RESULTS

2nd March 2009

Gerry Murray

CEO

Highlights

- Results in line with expectations
- Strong growth in Political Division
- Difficult year for Education market
 - Curriculum change; and
 - Key Stage 3 SATs abolished
- Robust position in worldwide recession

Financial Highlights

- Retained revenue flat at £28m
- Retained EBITDA at £4.29m (Expectation £4.25m)
- Healthcare & Epic - sold for £11m
- Net debt reduced to £9.0m
- 8% revenue growth in Political
- 9% EBITDA growth in Political
- 25% reduction in HQ Overheads

Strategic Progress in 2008

- Disposal of low margin, non-core operations
- Enhanced portfolio in Political Division
- Launch of Civil Service Live
- Increased event portfolio
- Education Division prepared for curriculum change
- Smaller Head Office function

Rupert Levy
Finance Director

Results

Year Ended 31st December 2008

£'000	<u>2008</u>	<u>2007</u>
Turnover	36,323	46,069
Retained Turnover	27,942	28,069
EBITDA	4,845	5,925
Retained EBITDA	4,288	4,381
Normalised pre-tax profit	3,134	3,066

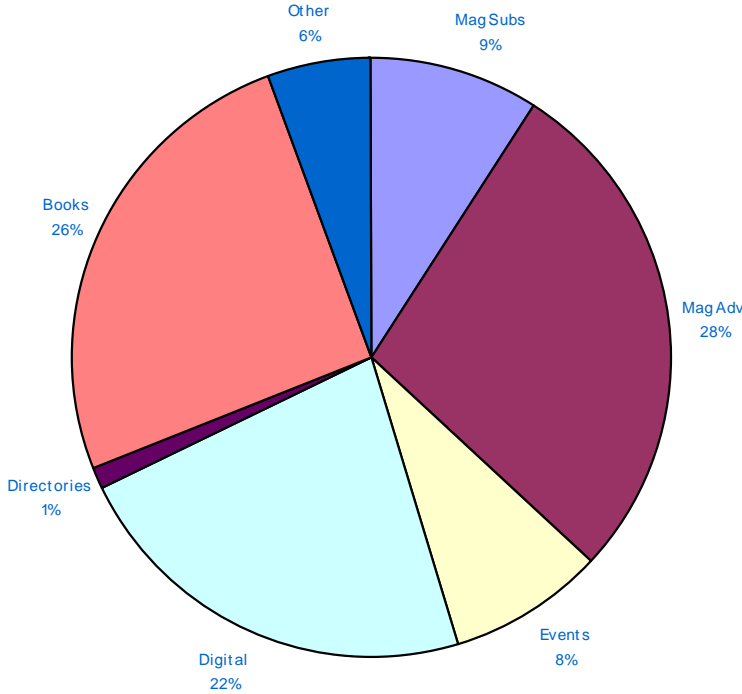
Results

31st December 2008

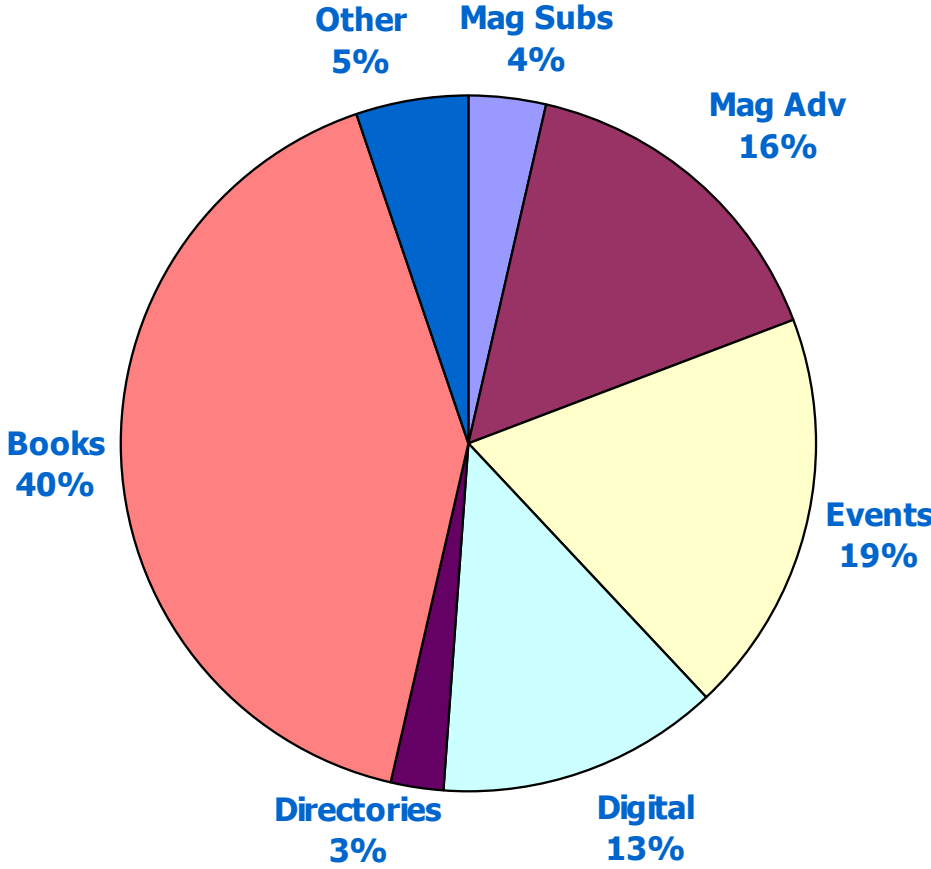
EBITDA (£'m)	2008 Retained	2008 Disc'd	2008 TOTAL	2007 Retained	2007 Disc'd	2007 TOTAL
Political	3.1		3.1	2.8		2.8
Education	2.2		2.2	2.9		2.9
Learning		0.2	0.2		0.3	0.3
Healthcare		0.4	0.4		1.2	1.2
HQ	-1.0		-1.0	-1.4		-1.4
Total	4.3	0.6	4.9	4.4	1.5	5.9

Revenue by Product

2007



2008 - Retained



Cash and Gearing

- €12.75m repaid from sale proceeds
- £2.13m of sterling loans repaid
- Operating cash inflow of £3.3m
- £1.1m dividend paid in August
- Net debt of £9.0m (Dec 07: £18.7m)
- Gearing 16% (07: 29%)
- Net debt : EBITDA at 2.1 times
- No dividend proposed at year end

Banking Arrangements

- Gross debt of £9.1m
- Overdraft facility of £2.5m (renewal Oct '09)
- Covenants renegotiated for 2009, now comfortable given trading profile
- Adequate headroom throughout the year
- BOS very supportive re future options

Gerry Murray

CEO

Political Division

Political Division

£'000	<u>2008</u>	<u>2007</u>
Turnover	17,229	16,009
EBITDA	3,063	2,823

New Political Division

£'000	2008 Revenue	2008 EBITDA	2007 Revenue	2007 EBITDA
DODS	11,581	1,903	10,824	1,798
Political Knowledge	3,391	496	2,762	133
Fenman	1,269	243	1,494	447
Huveaux Politique	988	421	929	445
TOTAL	17,229	3,063	16,009	2,823

Political Division – DODS UK

- Strong performance
- Increased events activity
 - Civil Service Live
 - Fringe Events
 - 10 Awards events, ~ 100 Events in 2008
- Reduced cost base
- UK Monitoring growing well
- Strong start to 2009
- Election in 2010

Political Division – DODS Europe

- Continued growth
- Strong growth in monitoring products
- New events launched
- Diversifying product range
- Resilient performance of Regional Review

Political Knowledge

- Revenue up 23%
- EBITDA up from £133k to £496k
- Increased revenue at higher margin
- Strong recovery
- Changed business model
 - L-T contracts with clients
- Growing conference business
- Very strong start to 2009

Education Division

Education Division

£'000	<u>2008</u>	<u>2007</u>
Turnover	10,713	12,060
EBITDA	2,262	2,934

Education Division – Letts & Lonsdale

- Hiatus in school spending ahead of curriculum change
- A-Level not a strong area for Revision Guides
- Offset by increased trade sales
 - Non-traditional retail outlets
 - Online sales
- Abolition of KS3 SATs had material impact on results
- U-Turn from government – so no warning
- Hiatus as schools decide what to do in 2009

Education Division – Leckie & Leckie

- Overall, revenue 3% lower than 2007
 - Lower school budgets – reduced spending
 - Offset by higher trade sales
- Past Papers
 - Opportunity to produce “own brand” past papers at lower price and higher margin
 - Expected to make additional profit from this change

2009 – Effects of Global Recession

Political

- Some slowing down of corporate spend
- No slowing down of public sector spend
- Civil Service Live on track to beat budget
- Brussels appears “insulated” from effects

Education

- School’s budgets unaffected
- Retail slowdown knocks on to Trade Sales

Strategy Going Forward

Organic growth driven by:

- Expansion in face-to-face and digital
- Focus on growth and recovery markets

Expected “stars”

- Government
- Brussels
- Monitoring

Political Market Dynamics

UK General Election – expected Spring 2010

- Will be a short hiatus in early 2010
- Will be significant publishing opportunities whatever the result
- Government change would lead to additional opportunities

Strategy – Political Division

Political Division continues to show organic growth

- Continued growth in UK and EU monitoring
- Continued growth in UK data sales
- Enhanced events portfolio
- Civil Service Live exhibition
 - Regional event in March 2009 (Gateshead)
 - 2nd edition in July 2009 (Olympia)
- Strong relationships in Gov and Civil Service
- Strong growth in I-t contracted courses

Education Market Dynamics

- 2008 Focus was on A-Levels, this should change to GCSE in 2009 – where we are strong
- 2009 has started slowly – significant costs have been taken out of business to safeguard margin
- Curriculum change is ongoing – and presents opportunities
- KS3 testing will be announced in 2009 – may present publishing opportunities
- Slow take-up of Digital products

Strategy – Education Division

Enhance leadership position

- Investment in publishing ahead of curriculum change
- Grow market share in key areas – maths
- Deliver alternative practice papers in Scotland
- Digital range expansion where appropriate
- Maintain tight control of costs

Outlook for 2009

- Group remains very weighted to H2
- Group well positioned for strong progress
 - Robust balance sheet post disposals
 - Improved product mix
 - Costs controlled across the Group
 - Excellent progress in Political Division
 - Costs cut within Education

2009 will not show growth over 2008 – but in current economic climate will produce a strong ongoing EBITDA and positioned for future growth



www.dodonline.co.uk

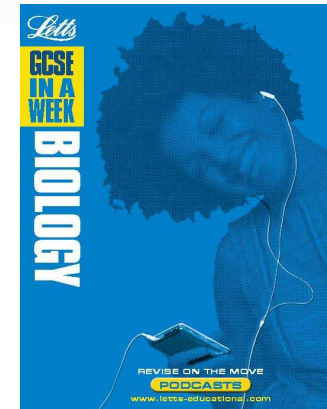


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