

# Huveaux

## **2007 RESULTS**

**3 March 2008**

- Sales up £1.1m to £46.1m
- EBITDA\* decreased from £7.2m to £5.8m
- EPS\*\* at 1.8 pence per share
- Dividend recommended at 0.75 pence per share
- Digital and events revenues at 22% and 9%
- Modest gearing levels 29%

\* EBITDA is profit before interest, tax, depreciation and amortisation of intangibles assets arising from business combinations and non-trading items.

\*\* Adjusted profit before amortisation of intangibles assets arising from business combinations and non-trading items.

- Disappointing financial results for 2007
- Results impacted by:
  - Fall in pharmaceutical advertising
  - Reduction in public sector learning spend
  - Public affairs market flat
- Education EBITDA up 25%
- Strong growth in European Political business

## Actions taken in 2007

- New revenue sources created: e.g. exhibitions and conferences
- New business models: e.g. bespoke seminars
- Epic
  - New Managing Director
  - Staff reduction of 30
  - Record contract wins in December
- Political Knowledge
  - New teams recruited
  - Bespoke seminars launched
  - Big new business in December
- Total Group costs reduced by £2.5 million annualised
- Starting 2008 on the front foot

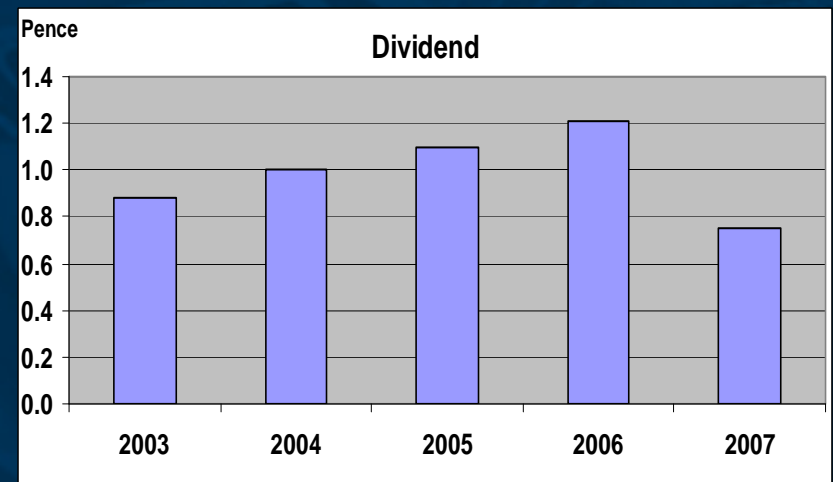
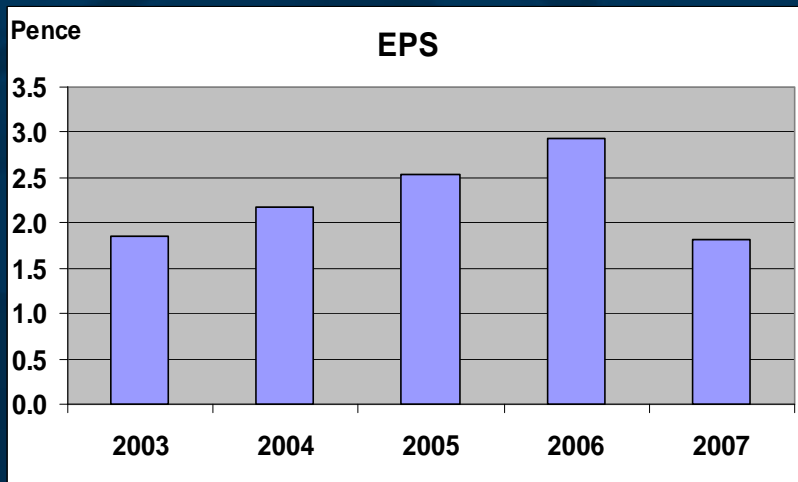
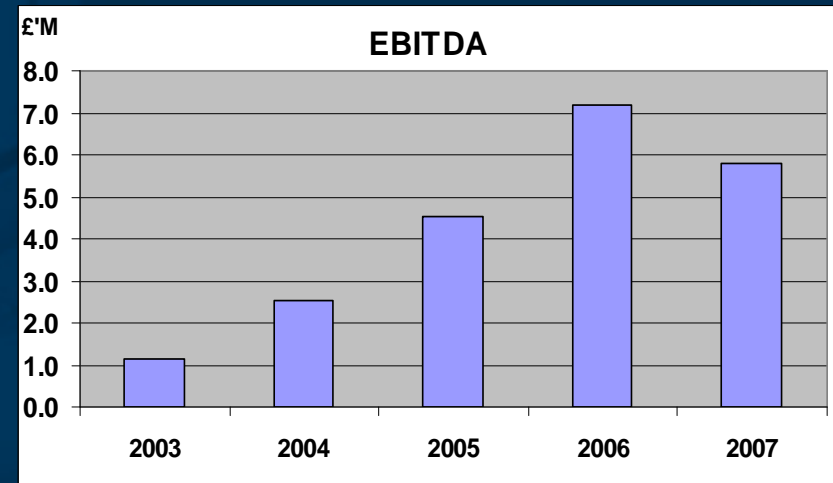
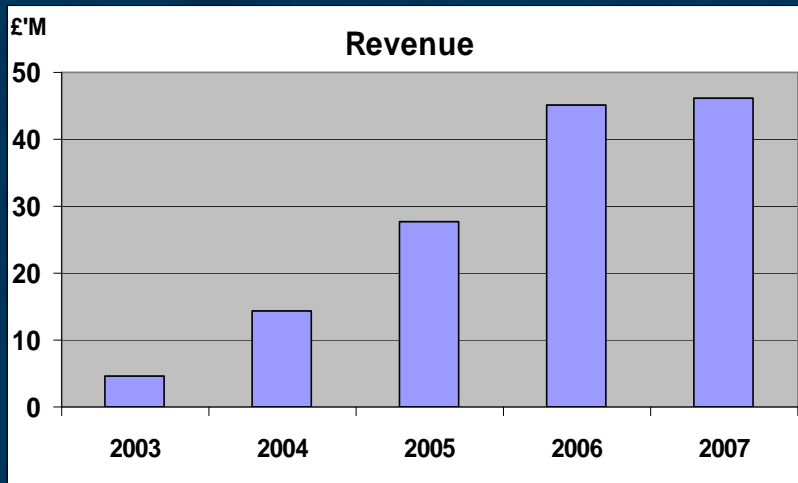
- Dan O'Brien (Finance Director) and Michael Arnaouti (Company Secretary and Director of Corporate Services) have left the group
- We have appointed Rupert Levy as Finance Director and he will be joining Huveaux in April
- John van Kuffeler's position as Chairman has moved to a non-executive role
- Overall annualised cost saving of £0.5 million

- Adopted in 2007
- Full announcement 11 May 2007
- Comparative 2006 results restated
- Main differences to UK GAAP:
  - Intangible assets
  - Goodwill
  - Deferred tax

# Financial Highlights

# Huveaux

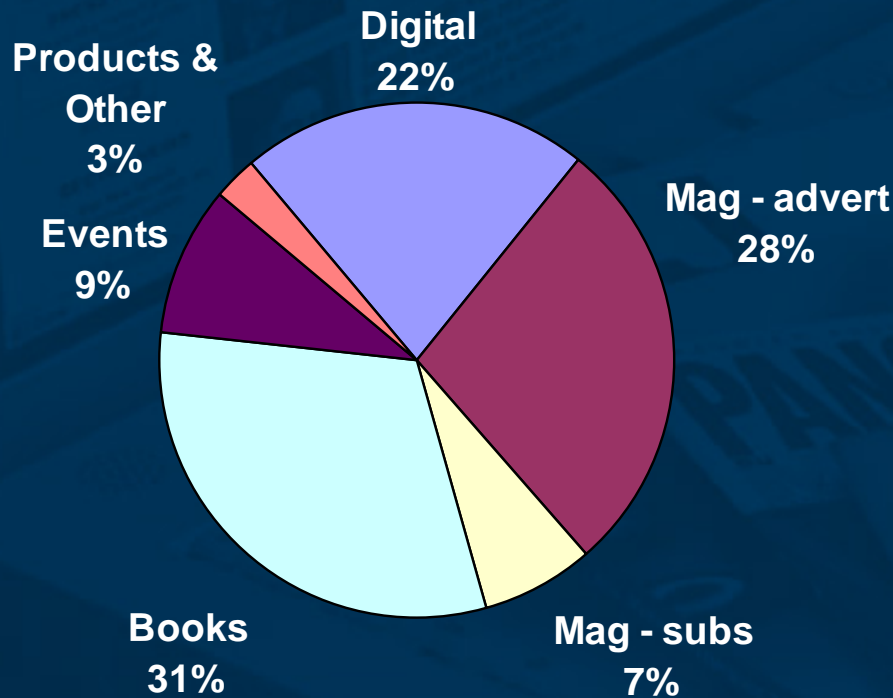
Know more > perform better



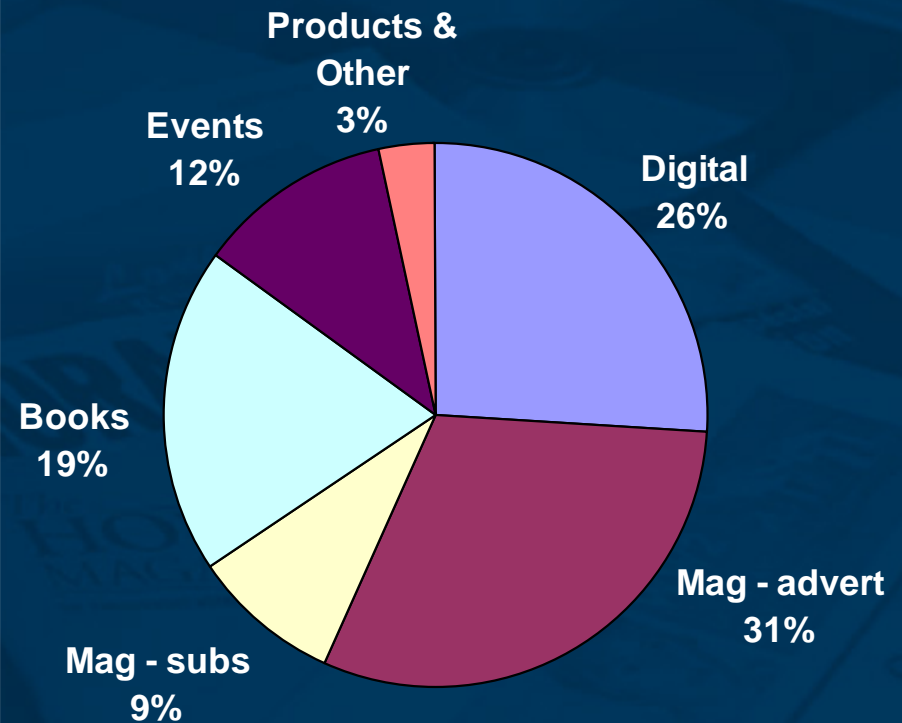
\* Pre non-trading items and amortisation of intangible assets arising from business combinations

# Balanced revenue sources

## 2007



## 2006





# 2007 Normalised Results

£'000	<u>2007</u>	<u>2006</u>
Turnover	46,069	45,028
Operating Costs	(40,863)	(38,365)
Net interest	(1,541)	(711)
Pre-tax profit*	3,665	5,952
Tax	(906)	(1,737)
Profit after tax*	2,759	4,215
Adjusted EPS* (pence)	1.82	2.93

\*Before non-trading items and amortisation of intangible assets arising from business combinations

# Non-trading Items

*GBP million*

Cost reduction programmes	0.7
Aborted deal costs	0.4
Profit on disposals	(0.2)
	<hr/>
	0.9

## Divisional Overview

# Huveaux

Know more > perform better

	2007	2006	2007		2006	
£'000	Revenue	Revenue	EBITDA*		EBITDA*	
Political	10,825	10,578	1,791	16.5%	2,428	23.0%
Learning	10,544	12,718	798	7.7%	1,888	14.8%
Education	12,060	6,798	2,933	24.3%	2,159	31.8%
Healthcare	12,800	14,934	1,752	13.7%	2,366	15.8%
HQ			(1,473)	3.2%	(1,667)	3.7%
Total	46,069	45,028	5,801	12.6%	7,174	15.9%

\*Profit before interest, tax, depreciation, non-trading items and amortisation of intangible assets recognised on business combinations

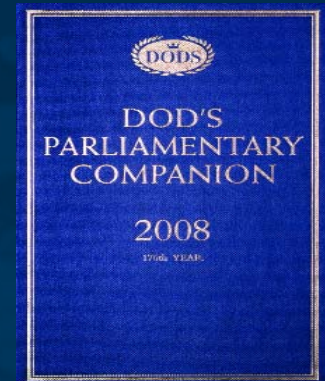
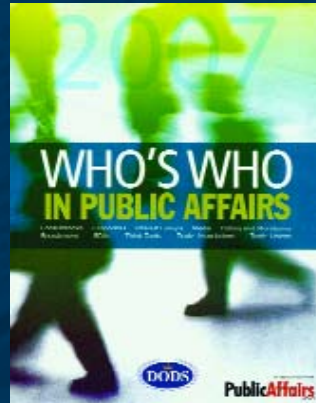
- Gross debt stands at £20.7m having repaid £3.2m during 2007
- Cash generation was very strong with operating cash inflow of £6.0m
- Operating cash conversion at 116% of EBITDA
- Net debt now stands at £18.7 million
- Gearing at 29% with net debt to EBITDA of 3.2 times

- Company has complied with its covenants for 2007
- Relationship with bank supportive
- We have agreed covenants for 2008 onwards that provide good headroom
- Working capital facility of £2.0m retained

- A challenging year across most of our business
  - Healthcare Division faces structural change in its market
  - Learning Division has found ways to adapt to reduced spending on public sector training
  - Education Division has seen good profit growth driven by an expanded portfolio and a successful integration of Letts and Leckie
  - Political Division has regrouped after a year of transition and digital investment, and is now well placed for the year ahead
- We expect all our markets to remain challenging in 2008
- Progress will be delivered by concentrating on cost and margin management

# Huveaux

Know more > perform better



## Political Division



- Flat market in the UK for much of 2007
  - Long transition to Gordon Brown as Prime Minister
  - General election speculation across the autumn
- We made a significant investment in digital
  - people
  - technology
- Strong progress in our Brussels market
- Positive impact of election year in France
- Government business getting stronger



- Government business grew revenues by 29% driven by online and events (CSN, CSA, CSL)
- Civil Service position now well established
- Strong growth in European publishing through Regional Review and Research Review
- Acquisition of European Public Affairs Directory
- EU monitoring shows revenue growth of 150%
- Solid performance in UK monitoring
- Cost base realigned as we enter 2008

## Political: Outlook for 2008

- Largely flat political environment in UK ahead of general election widely expected in 2009
- Civil Service Live exhibition taking place in April 08
- ‘Your Parliament’ exhibition to be held in Westminster Hall
- Growth in events businesses generally
- Continued growth in our Brussels and government businesses
- Growth in UK monitoring
- Benefit of significant cost savings flowing through

# Huveaux

Know more > perform better



## Learning Division



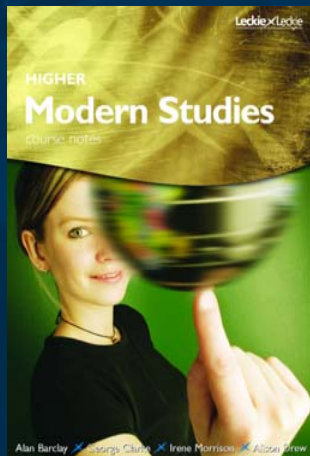
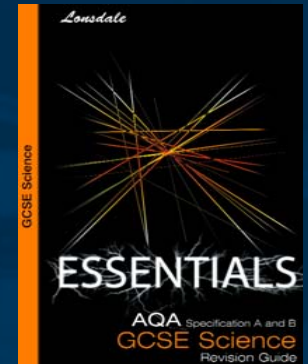
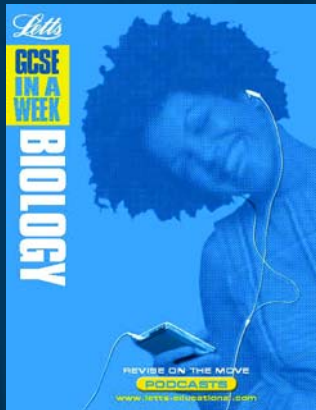
- Disappointing financial performance at Epic and Political Knowledge
- Public sector training cuts across 2007
- E-learning markets competitive
- Fenman recorded good growth in profits
- Solid year for Training Journal
- New management teams now in place across the Division
- Strong end to the year with record sales levels in both Epic and Political Knowledge

- Customised training business model established in response to cuts in training budgets
- Increased Westminster Briefings business with record number of events and conferences
- Launch of several new Civil Service programmes
- Fenman increased profits through cost savings achieved in Q4 2006
- Epic finished the year with a very strong order book
- Significant reduction in headcount and costs at Epic

- Public sector training budgets to remain tight
- Significant further contract wins at Epic and Political Knowledge
- Benefits of cost savings already flowing through
- New management teams in place
- Solid start to 2008

# Huveaux

Know more > perform better



## Education Division



- Like-for-like profit growth of 25%
- Strong schools performance across the board with growth of 9%
- Record sales and profits year for Leckie
- Letts trade sales strong in high street and schools but disappointing to independents and supermarkets
- Lonsdale growth driven by first trade sales and new publishing



- Overall impressive growth in profits driven by cost savings in print, distribution and overheads
- Record sales and profits at Leckie and Leckie driven by new own titles
- New imprint 'Essentials' launched and achieving impressive early volumes
- 'Essentials on-line' digital product launched
- E-commerce revenue growth very strong
- Digital partnerships established with Autology, TutorVista and Research Machines

- Key area of growth for the Huveaux group
- Overall market expected to show modest growth
- Continued expansion of our portfolio across the board
- Return to revenue growth for Letts trade channel
- Leading brands and strong content creates opportunity as schools update materials
- Digital capability further enhanced through partnerships
- Continued growth in profits

# Huveaux

Know more > perform better



## Healthcare Division



- Pharmaceutical advertising market down by 8%
- Rise in generics and lack of new blockbuster drugs
- Our market share held at 24%
- Low margin contract publishing activities closed without impacting profits
- Cardiology magazine disposed of for €0.9m
- CME revenues starting to build slowly
- Agreement signed with Federations des Spécialités Médicales to produce accredited CME programmes

- Advertising markets have decreased further in early 2008 and remain unstable
- CME programmes revenue streams continue to build slowly
- E-learning products available on Egora.fr website
- Medical monitoring product introduced
- Continue to review our options with this business group

## John van Kuffeler Chairman

## Uncertain external economic environment for 2008

### Focus on:

- Cost control
- Organic growth
- Margin improvement
- New management teams

- Jan / Feb 2008 steady in UK but still difficult in France
- Some protection from defensive revenue models and diversified revenue streams
- Expect to show solid H1 performance
- Further significant acquisitions unlikely
- Overall steady outlook for 2008



# Huveaux

Know more > perform better

