

4 July 2006

## Huntsworth PLC

Annual General Meeting Trading Update for the half year ended 30 June 2006

### Highlights:

- "Excellent first six months" Jon Foulds, Non-executive Chairman
- Profits for first six months ahead of market estimates
- Organic growth for PR companies comfortably ahead of comparable period last year
- Over 20% PR operating margins
- Intention to pay interim dividend of 0.6p per share, up 20%

The following statement will be made by Jon Foulds, Non-executive Chairman, at the Annual General Meeting of Huntsworth PLC to be held in London at 11.00 a.m. today:

"As a result of the transformational changes of the last 18 months, I am reporting to shareholders later this year than will be our future practice. Exceptionally, therefore, I am combining my usual comments with our trading update.

### **The Half Year**

At operating company level our profits will be ahead of market estimates. We also expect profit after tax for the first half to be ahead of market forecasts even after the new imputed interest on earn out liabilities and the IFRS treatment of our Group incentives. This is due to sustained downward pressure on costs and a lower than forecast tax charge.

As we are only a few days into the second half of the year, I will also, at the interim stage in September, bring shareholders up to date on prospects for the full year when we have seen how far this momentum is continuing in the second half, plus the impact of the new incentive schemes before you today.

There will be no material exceptional restructuring charges in the period.

In the half year, over 90% of our revenues will be in Public Relations - of which 70% is either retainer or repeat business.

Overall operating margins will be in excess of 19.5% - with our PR companies showing in excess of 20%.

Organic growth in our PR companies will be approaching 5% - which is nearly 50% ahead of the comparable period last year.

At the half year, we expect to raise the interim dividend by 20% to 0.6p per share (2005 0.5p per share).

### **Huntsworth and its clients**

In the first six months, we have won some £25m of net new fees which will be recognised in 2006.

New clients include John Lewis Partnership (where we handle both Corporate and Financial PR), Waitrose (launch in Scotland), Royal Mint (PR and Public Affairs), BDO Stoy Hayward (regional PR in the south of the UK), a pilot

PR programme for the RSPCA and Grupo Ferrovial, S.A. (on their bid for BAA plc).

We have been awarded additional mandates from many existing clients including further project work for Deutsche Telekom AG, National Grid Transco plc and Yell Group plc. We also assisted Lookers plc on their successful defence against a hostile offer from Pendragon plc.

We are receiving more mandates from clients across a number of our offices, geographies and practice areas. There is growing evidence that our network is beginning to work efficiently and meeting new client needs.

For example, Trimedia was recently awarded the 13 country PR programme for COLT Telecom Group plc. Roche Diagnostics International has appointed Huntsworth Health across its integrated communications offering. In the US and the UK, GCG now work for Harry and David Operations Corp. In the UK regions, Harrison Cowley is working for McDonald's Corporation following a referral from Red which handles McDonald's corporate PR.

### **Huntsworth and the PR Market**

We are now one of the two largest independent PR Groups in the world. In the UK, we are the third largest of all PR Groups - whether part of a marketing services conglomerate or not - and are closing fast on the number 2.

Harrison Cowley is now the largest UK Regional PR company. In Continental Europe, Trimedia has established offices in eleven countries - in eight of which we are now in the top five.

But what about work quality and peer group recognition?

Red received three industry accolades from the Holmes Report in 2005: Best European Consumer Agency, Best Sponsorship and Best Public Sector Campaign,

In 2006 the Holmes Report made Red "The Company you would most like to work for" and the CIPR awarded the agency the Best Technology award.

Trimedia Austria received the "2006 SABRE Award in Sponsorship Category" and Trimedia UK was one of only 30 companies to receive 3 stars under the new accreditation "Best Company Star Awards".

Last month, PR Week, our trade magazine, reported that in a survey of 150 European IR Directors, Citigate Dewe Rogerson (CDR) was recognised as the best known and the most respected investor relations agency in the UK. Last month, the same magazine, reported that CDR was the top ranked M&A PR advisor. In addition Merger Market recognised CDR as the Number 2 M&A PR Advisor in both the UK and Europe.

I could give you more examples - but let me just say that Huntsworth Health, GCG and Harrison Cowley have all been publicly lauded in the last year as have so many of our other businesses, both small and large.

### **Interim Results and new research**

With our half year numbers in September, we will be presenting a new analysis of our public relations business by both geography and across the sectors that we serve: healthcare, financial (project and retainer), corporate, public affairs, consumer, business to business and internal communications.

To give shareholders a clear idea of how our business is growing, we will publish these sector reports on a regular basis and use the 2006 results as the base year against which to measure future growth and sector trends.

We are reviewing our financial calendar. We will accelerate our reporting timetable over the next financial year.

### **Board Committees**

Our Board committee structure has been working well and has been busy over the last six months.

First, a committee under the Chairmanship of our Senior Independent Director has considered a possible change of name of our holding company. When our merger with Incepta was announced, we indicated that we would ask shareholders whether they would approve such a name change. We employed MORI to carry out a preliminary survey for us both internally and externally in the City, amongst advisors, analysts and shareholders. It was quite apparent from this research that there was no appetite for a change and we are therefore continuing with the Huntsworth name.

After an extensive internal and external search by the Nominations Committee, we appointed Sally Withey as our new Finance Director. Sally, who has been with Huntsworth for over two years, continues to make a great impact on our business and, on behalf of all shareholders, I warmly welcome her to the Board and to this new role.

Sally succeeds Roger Selman, who was our Finance Director for over four years. Roger was recently - and rightly - voted one of Finance Week's Top 100 performers in 2005. Without Roger, we would never have achieved the progress we are reviewing today. We owe Roger an enormous debt of gratitude for his loyalty, his hard work and his determination to do what is in shareholders' interest.

Robert Alcock, our Senior Independent Director, is also chairing the Committee which will select my successor. The Committee, assisted by an external search firm, expects to report before the end of this financial year.

Charles Good will be stepping down from the Board after serving as a non-executive director of Citigate and then Incepta since 1988. He has been a tower of strength during the integration process and I thank him on behalf of us all.

### **Conclusion**

In all probability, this will be my last Huntsworth AGM. I am delighted that I will be able to hand over our company in such robust health. I am particularly pleased that we now have a Senior Executive Team of such depth and experience. They are well equipped to take this business forward in the years ahead.

I would like to thank all those who make Huntsworth a success - our clients, staff, shareholders and suppliers. Thank you for all the support you have given me and the Board over the last six years."

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