

Interim results for the six months to 30 September 2011

Don Elgie, Group Chief Executive
Barrie Brien, COO & CFO

30 November 2011

Creston...

Agenda

1. Group Overview
2. Acquisition of The Corkery Group
3. Financial Review
4. Trading and Divisional Performance
5. Summary and Outlook
6. Appendices

Group Overview

Don Elgie, Group Chief Executive

Creston...

Financial Highlights

- Revenue up 14 per cent to £36.5 million (H1 2011: £32.0 million)
 - Like-for-like revenue up 3.3 per cent (H1 2011: 8.5 per cent)
 - Digital and online revenue up 16 per cent - represents 42 per cent of Group revenue (H1 2011: 41 per cent)
 - International revenue has grown to £9.6 million - represents 26 per cent of Group revenue
- Headline PBT up 13 per cent to £4.8 million (H1 2011: £4.2 million)
- Headline DEPS up 11 per cent to 5.63 pence (H1 2011: 5.06 pence)
- Dividend per share up 11 per cent to 0.83 pence (H1 2011: 0.75 pence)

Corporate and Operational Highlights

- Acquisition today of The Corkery Group, a New York based full service health and medical public relations company specialising in product and issues communications
- April 2011: Launch of *Creston Unlimited*, a brand and innovation consultancy
- August 2011: Launch of NBC in Hong Kong to service HTC in Asia Pacific
- September 2011: Launch of *Grapevine*, an organic initiative combining the healthcare communication skills of RDC with the local marketing expertise of EMO
- October 2011: Launch of *Cultúr Health* by Cooney/Waters, a dedicated Hispanic health communications service
- Appointment of Tim Bonnet as Chairman of the Communications division
- Appointment of Richard Huntingford to the Plc Board, as Chairman of the Remuneration Committee

Proposition and Strategy

- All Creston companies share a common commitment to *understanding*, *influencing* and *inspiring* consumers on behalf of their clients
- Our objective is to build an international insight and communications group that delivers long-term sustainable growth
- We will achieve this by pursuing the following strategic priorities:
 - adapting to change – meeting constant change with constant innovation;
 - sharing knowledge – embedding collaborative working between our companies;
 - nurturing the best talent – attracting, motivating and retaining the best people in our industry;
 - investing in start-ups – fostering entrepreneurialism to expand the Group's offer; and
 - international expansion – gaining exposure to new markets and growing with our clients.

Acquisition of The Corkery Group

Don Elgie, Group Chief Executive

Creston...

The Corkery Group Overview

- Acquisition strengthens the Health division and complements Cooney/Waters, the US healthcare communications specialist
- Founded in 1998, based in New York, c. 25 staff
- Experienced management team with long tenures of service
- Focused on stable, growing and long-term client relationships (8-15 years)
- Clients include: American Society of Clinical Oncology, Gilead Sciences (recently agreed to purchase Hepatitis C specialist Pharmasset in US\$11 billion deal) and the U.S. Centers for Disease Control and Prevention
- Excellent client referencing during due diligence process

The Corkery Group – Adding value

Cooney/Waters Group

COONEY
WATERS

Healthcare PR

Focusing exclusively on health and science across therapeutic areas and health industries

ALEMbic
HEALTH COMMUNICATIONS

Health Advocacy

Building support for ideas, creating alliances, informing policy and education

THE **CORKERY** GROUP

Health Issue/Product Communications

Delivering focused issue-oriented communications for the world's leading public and private health organisations

Cooney Waters Group – Expanded expertise

Practice Areas

- Strategic marketing
- Advocacy
- Public health education
- Constituency relations/advocacy
- Health/science communication
- Corporate reputation building
- Issues and crisis management
- Policy communication

Health/Medical Areas

- Neurology
- Infectious diseases
- Endocrinology/metabolic
- Paediatrics
- Health & wellness
- Oncology
- HIV/AIDS
- International Health Policy

Financial Review

Barrie Brien, COO & CFO

Creston...

Income Statement

	Headline Results September 2011		Reported Results September 2011	
	£'m	Change (%)	£'m	Change (%)
Revenue	36.5	+14%	36.5	+14%
PBIT	4.9	+9%	4.3	-2%
Pre-tax profit	4.8	+13%	4.1	-2%
Post-tax profit	3.4	+11%	2.8	-7%
Diluted EPS (pence)	5.63	+11%	4.67	-7%
Dividend per share (pence)	0.83	+11%	0.83	+11%

Balance Sheet

	September 2011 £'m	March 2011 £'m
Goodwill	101.6	101.3
Property, plant and equipment	3.4	3.5
Deferred tax assets	0.7	0.7
Non-current assets	105.8	105.5
Cash	0.4	1.7
Debtors & WIP	30.5	30.5
Creditors	(23.7)	(30.8)
Bank loans and loan notes	(6.3)	(1.7)
Net current assets/(liabilities)	0.9	(0.3)
Deferred consideration	(8.6)	(8.4)
Net assets	98.1	96.8

- The deferred consideration will be paid in cash in June 2013 and June 2015

Operating Cash Flow

	September 2011	September 2010
	£'m	£'m
Headline EBITDA	5.5	5.1
Share based payments	0.1	-
Working capital movement	(7.0)	(3.3)
Headline operating cash flow	(1.5)	1.9
Cash effect of Headline add-backs	(0.3)	-
Reported operating cash flow	(1.8)	1.9

- The H1 outflow was predominantly due to a decrease in pre-billing
- Group is focused on reversing this in the second half

The Corkery Group – Acquisition details

- Acquisition by Cooney/Waters for a cash payment of US\$6.0 million (£3.8 million) (with US\$0.5 million cash on acquired B/S)
- The Corkery Group consolidated into Cooney/Waters and David Corkery will be a recipient of 47 per cent of the Cooney/Waters' Deferred Consideration (there is no increase to the US\$21 million cap)
- Unaudited September YTD 2011 revenue US\$6.3 million (£4.0 million) and PBIT of US\$1.9 million (£1.2 million)
- Acquisition is immediately earnings enhancing

New Banking Facility

- Replaces existing facility which reduces from £25 million to £5 million in March 2012
- New £20 million revolving credit facility expiring 30 September 2015 plus a £10 million accordion facility on the same terms (subject to changes in market conditions)
- Margin range between 1.55 – 2.40 per cent over LIBOR, 3 covenants:
 - Interest cover > 4.0
 - Net Debt : EBITDA < 2.5 times (< 2.0 times from 1 October 2014)
 - Total Debt : EBITDA < 3.0 times (< 2.5 times from 1 October 2014)
- This new Barclays Corporate facility, with operating cash flow and strong balance sheet, provides the financial base to continue investment in the Group's organic and acquisitive growth

Trading and Divisional Performance

Barrie Brien, COO & CFO

Creston...

Divisional Analysis

	Revenue			Headline PBIT			Headline PBIT Margin	
	2011 £m	2010 £m	Growth %	2011 £m	2010 £m	Growth %	2011 %	2010 %
30 September								
Insight	7.5	7.7	-3%	1.7	2.2	-23%	22%	28%
Communications	21.0	19.8	+6%	2.9	2.3	+24%	14%	12%
Health	8.0	4.5	+78%	1.8	1.2	+45%	22%	27%
Head Office	-	-	-	(1.5)	(1.3)	-14%	-	-
Group	36.5	32.0	+14%	4.9	4.4	+9%	13%	14%

Insight:

- Small revenue decline but a robust performance in a contracting market
- H1 FY12 revenue > H2 FY11, reflecting new management's impact
- New clients won: Intel, Heineken, BBC, Danone Dairies

Communications:

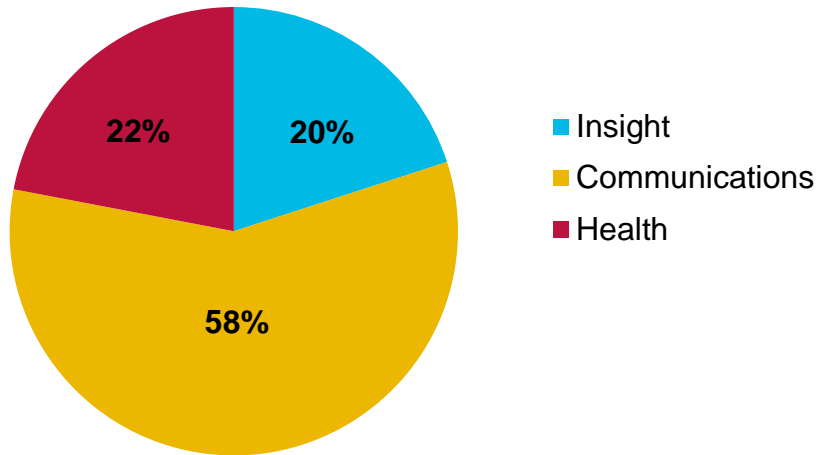
- PBIT growth for all companies plus margin improvement
- Demand for direct and digital services continues to be a growth driver
- Prior year investments in social media, mobile marketing etc. paying off

Health:

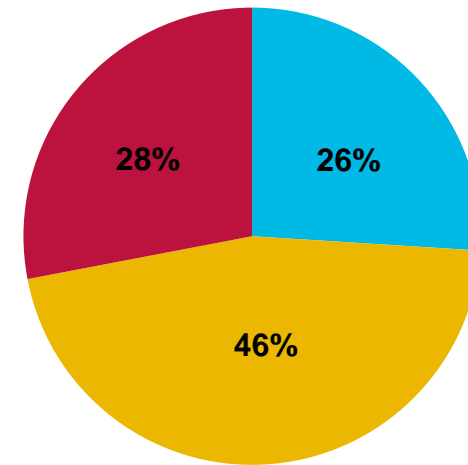
- Revenue and PBIT increase driven by the six month contribution from Cooney/Waters
- Nominal like-for-like revenue growth

Revenue/PBIT analysis for six months to 30 September 2011

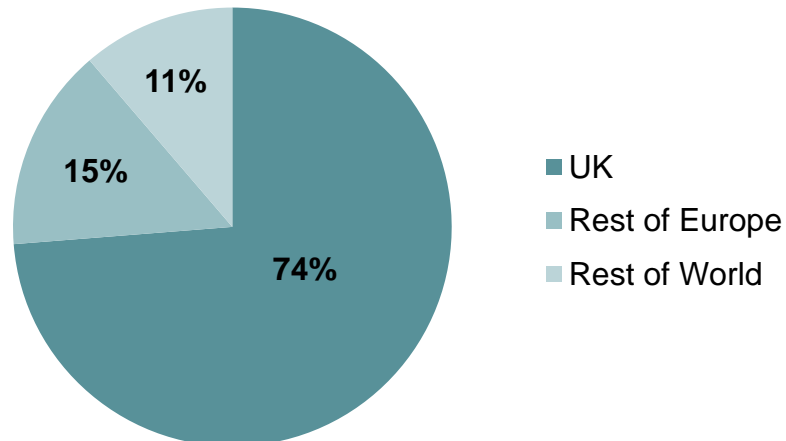
Revenue by division



Headline PBIT by division



Revenue by geography



Top 20 clients by revenue – 40% of which are serviced by at least two divisions

Position	Client	Insight	Communications	Health	Tenure
1	Nissan		X		1996
2	Diageo		X		2002
3	Danone	X	X		1996
4	Infiniti		X		2007
5	Unilever		X		1990
6	Sanofi	X		X	1992
7	GSK	X	X	X	2005
8	Jaguar		X		2008
9	COI	X	X		2001
10	Land Rover		X		2008
11	UCB			X	2008
12	Canon		X		2001
13	Sainsbury's	X	X		2006
14	NFID			X	1995
15	HTC	X	X		2006
16	Lexus		X		2006
17	Astellas	X		X	2007
18	Toyota		X		2009
19	Aviva	X			2008
20	Tesco	X	X		1993

Creston outperforms in 2010/11 client satisfaction surveys...

KPI	Creston vs. industry average
Understanding of your business	+16.2%
Trust and advocacy	+15.1%
Attitude	+13.2%
Effort	+9.5%
People and skills	+8.1%
Effectiveness of output	+7.0%

Sample details: 30,000 clients interviewed across the marketing services industry by *Relationship Audits & Management*



...and our success is recognised by the industry

- 9 of our agencies have won or been shortlisted for an award in 2011
 - 9 wins
 - 28 shortlists
- Highlights:
 - Nelson Bostock named **Large Consultancy of the Year** by the Public Relations Consultants Association
 - Nelson Bostock awarded **UK Consultancy of the Year** at the SABRE Awards (The Holmes Report)
 - Fever Highly Commended as **New Consultancy of the Year** at the PR Week Awards
 - Red Door Communications won **Best Single Event** for its *A Matter of Urgency* campaign for Astellas at the EMEA Sabre Awards
 - Cooney/Waters won **Best Community Campaign** and Alembic won **Best Public Service Campaign** in the Big Apple Awards
 - TMW won **Best Design** in the Financial Services Sector for First Direct at the Blades Awards

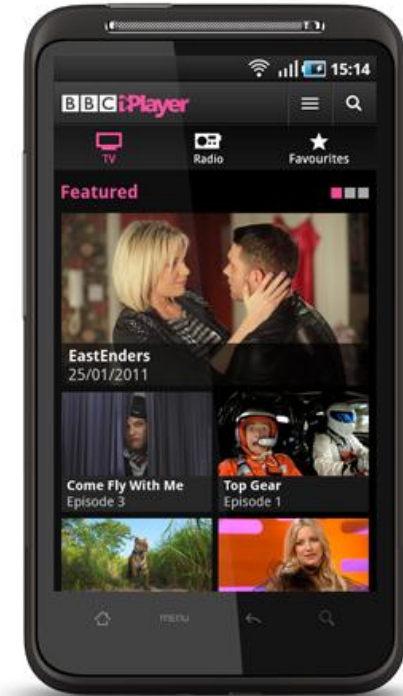


Measuring audience satisfaction and brand attitudes for the BBC

Creston...
Insight



- First time appointment in July 2011 to the roster
- Following a nine month pitch process, ICM appointed alongside major research companies including Kantar, Ipsos and GfK
- Two important trackers won immediately:
 - Satisfaction survey to monitor the experience of audiences as they interact with the BBC
 - Brand tracking study which assesses attitudes to the full range of BBC brands and their competitors
- The BBC was impressed by ICM's creative solutions and its ability to develop research programmes that blend established and cutting edge research techniques



Attracting new prospects for Range Rover Evoque

Creston...
Communications



- Client of the Group since 2008
- Marketing activities on behalf of Land Rover and its dealer networks including radio and web advertising; direct mail/email; out of home and digital point of sale etc.
- Introduced ICM to conduct aftersales consumer research
- EMO and Now Here This assisted Land Rover in launching the new Range Rover Evoque at Harvey Nichols – targeting new audiences

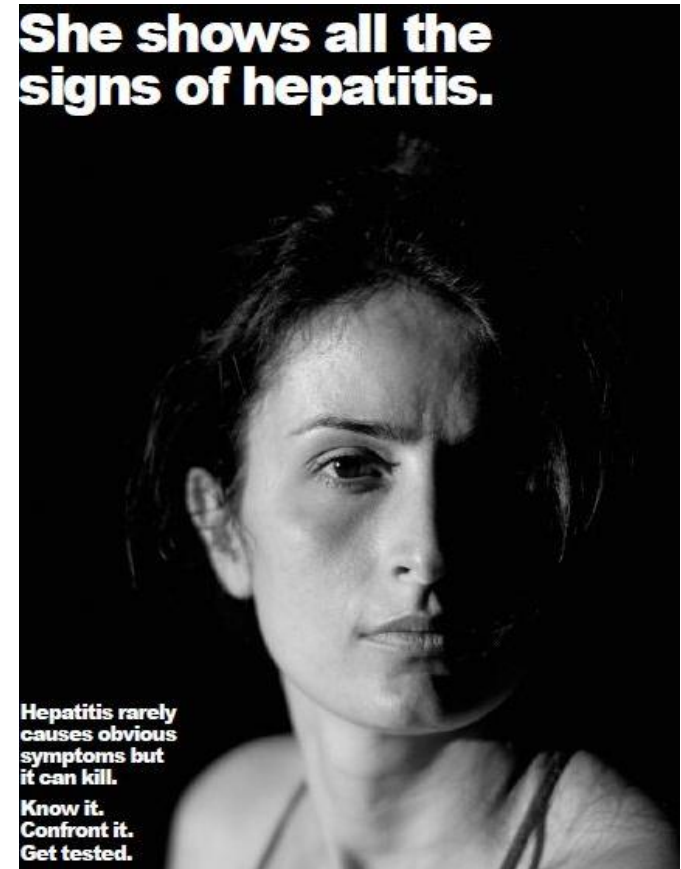


Delivering a global campaign to 193 WHO member countries

- Red Door Communications and Cooney/Waters to co-ordinate next two campaigns for World Hepatitis Day
- Selected following a public tender beating 15 submissions
- Campaign endorsed by WHO – only one of four disease specific days to be officially recognised
- Campaign will launch in early 2012 – targeting national governments, health policy makers and the general public
- WHA commented: “...(they) put forward a highly engaging and original campaign, not only to raise awareness but importantly to inspire action.”

Creston...
Health

World Hepatitis
Alliance



Summary and Outlook

Don Elgie, Group Chief Executive

Creston...

Summary and Outlook

- Solid first half performance: growing revenue by 14 per cent and PBT by 13 per cent
- The Corkery Group acquisition: immediately earnings enhancing, strengthens the Health division and complements Cooney/Waters, the US healthcare communications specialist
- Interim dividend per share increased by 11 per cent to 0.83 pence (H1 2011: 0.75 pence) per share
- Continued Group diversification through new geographies, services and digital growth to build resilience
- However, macro-economic events lead us to maintain a cautious outlook for the remainder of our financial year

Questions

Creston...

Appendices

Creston...

Headline to Reported Reconciliations

	PBIT £'m	PBT £'m	PAT £'m
Headline	4.9	4.8	3.4
Acquisition, start-up and restructuring related costs	(0.3)	(0.3)	(0.3)
Deemed remuneration	(0.2)	(0.2)	(0.2)
Notional finance cost	-	(0.1)	(0.1)
Taxation impact			0.1
Reported	4.3	4.1	2.8

About Creston

- Insight and Communications business with a specialist Health division
- Over 900 staff based in the UK, US and Hong Kong
- *Better Together* strategy – ‘innovation through collaboration’
- Long standing global clients
- Substantial recurring revenues
- Profitable, good margins and cash generative
- Current acquisitions structured to avoid equity dilution and over-leveraging
- Progressive dividend policy

Example new business won in the current financial year



The Open University



Group Services

Insight Services

- Advertising effectiveness
- Brand Tracking and Development
- Business Placing / Competitor Analysis
- Category Definition and Segmentation
- Category Management System
- Churn and Retention
- Communication / Design Evaluation
- Computer Assisted Design Improvement
- Cover Pages Evaluation
- Customer Closeness
- Direct Mail & Promo Marketing Evaluation
- Employee engagement
- Market Landscaping / Segmentation
- Mobile app usage tracking
- New Product Development Problem Solving
- Online journey tracking
- Package Evaluation Services
- Panels
- Point-of-Purchase Decision Making Exploration
- PR Generation
- Predictive Analytics
- Price Testing
- Product Testing Services including Sensory
- Service / Process Evaluation
- Store opening evaluation
- U and A Studies
- Virtual Shopping and Design Evaluation System

Communications Services

- Advertising
- Brand and Communications Planning
- Community Activation
- Communications Audits & Positioning Development
- Crisis and Issues Management
- Customer Relationship Management
- Data Planning & Management
- Digital Marketing
 - e-CRM
 - Email Marketing
 - Online Advertising – Marketing Effectiveness/Analytics
 - Search Marketing
 - Social Media – Marketing/Programme Strategy/Content Creation & Management
 - Website Design & Build
- Direct Marketing
- Editorial/Customer Publishing – Content Creation & Management
- Employee Communications and Engagement
- Experiential / Event Marketing
- Industry Analyst Relations
- Influencer Relations
- In-store Marketing & Design
- International PR
- Local Marketing
- Media Planning & Buying
- Media Relations
- Media Training
- Mobile Marketing
- Network Marketing Support
- Project & Print Management
- Promotional Marketing
- Public Relations – Planning & Campaign Development
- Sponsorship Activation

Health Services

- Advisory / Comms Boards & Consensus Panels
- Advertising & Marketing Communications
- Advocacy Development
- Brand Identity Guidelines
- Brand Positioning & Campaign Development
- Corporate Reputation Building
- Digital Marketing
 - Application development
 - e-CRM
 - e-detail aids
 - Email Marketing
 - Online Advertising
 - Search Marketing
 - Social Media
 - Website Design & Build
- Direct-to-Consumer / Patient Education
- Health / Science Communication
- Healthcare Policy Campaigning
- Internal Communications / Sales force Education
- Issues and Crisis Management
- Key Messages & Positioning
- Market Access
- Media Relations
- Media Training
- Medical Copywriting
- Medical Education
- Meeting / Symposia: Plans & Implementation
- Multi-Media & e-Learning
- Public Health Education
- Publication Planning
- Public Relations
- Repositioning & Lifecycle Planning
- Strategic Planning & Consultancy

Thank you

Creston...