

# Huveaux

## 2006 RESULTS

5 March 2007

## John van Kuffeler Chairman

To build a substantial, high quality B2B publishing and media group delivering essential and intelligent information to our selected growth markets.

Over five years we have :

- Created a modern and substantial B2B group
- Consistently delivered excellent financial results from our market leading brands
- Developed those brands to produce new revenue sources for the future
- Embraced the opportunities offered by digital technologies

## Financial Highlights

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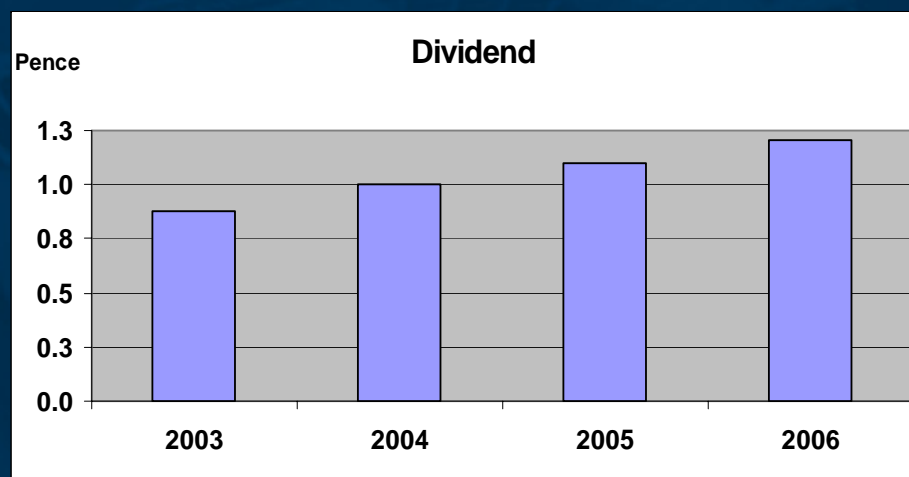
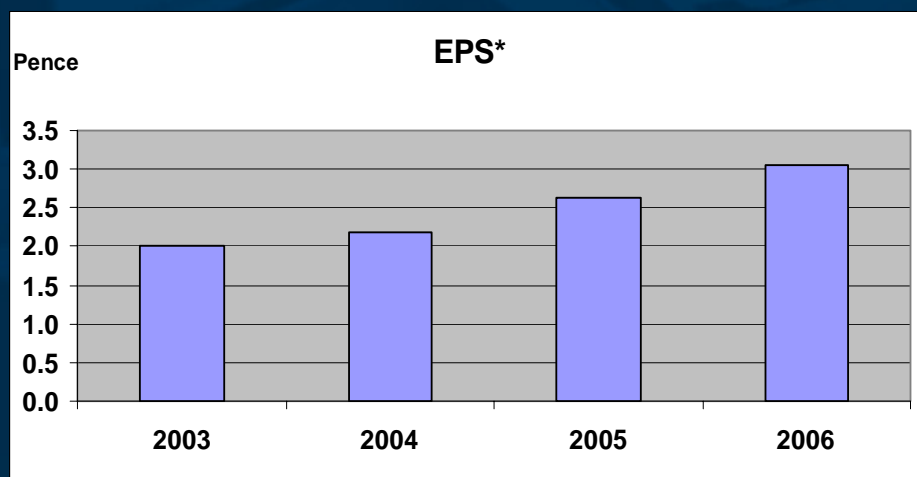
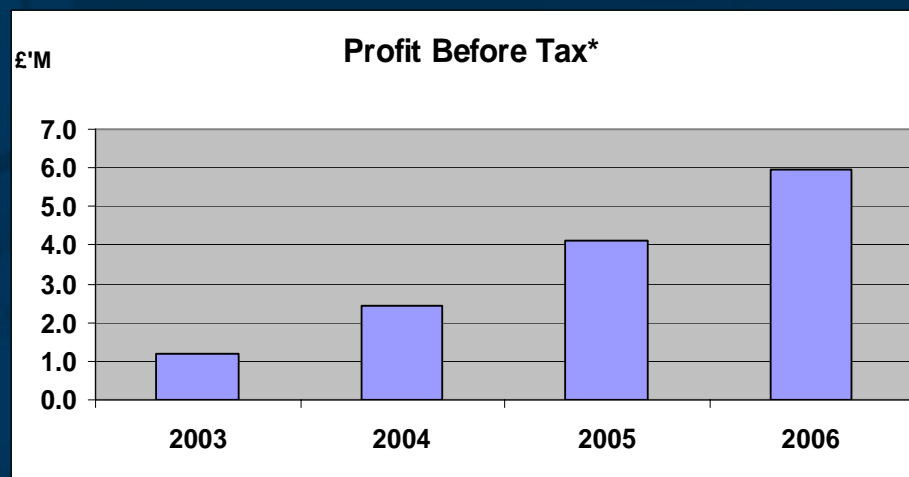
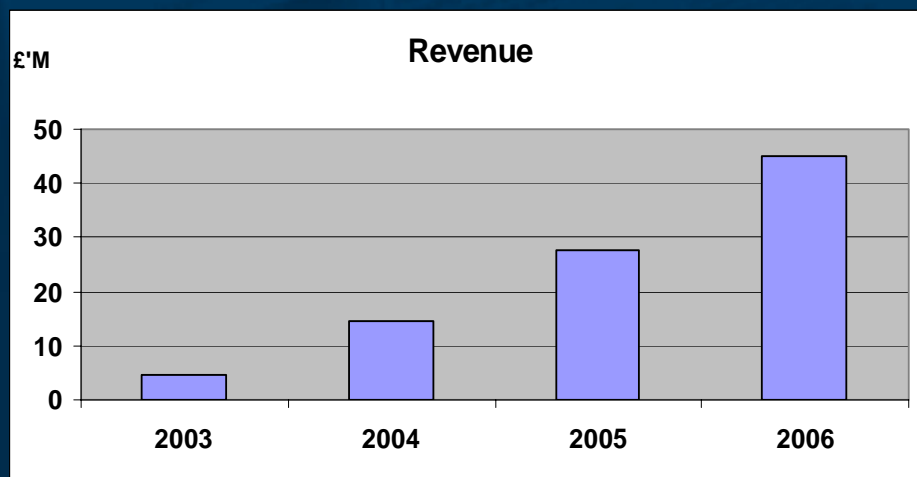
- Sales up 62% to £45m
- Pre-tax profit\* up 43% to £6m
- EPS\* up 17% to 3.06 pence per share
- Organic EBITDA increased by 14%
- Dividend up 10% to 1.21 pence per share
- Digital and events revenues maintained at 26% and 12%
- Strong performance from recent acquisitions
- Continued modest gearing

\* Adjusted profit before goodwill amortisation and exceptional items

# Financial Highlights

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\* Pre exceptional items and goodwill amortisation

## Strategic Progress in 2006

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- Acquisition of Political Wizard has accelerated our growth in political monitoring
- Acquisition of Letts and Leckie & Leckie has established us as the no. 1 supplier of revision guides in the UK
- Epic has supported digital initiatives across Huveaux
- Healthcare Division is the market leading CME publisher in France with the first CME programmes now underway

## Sales Growth

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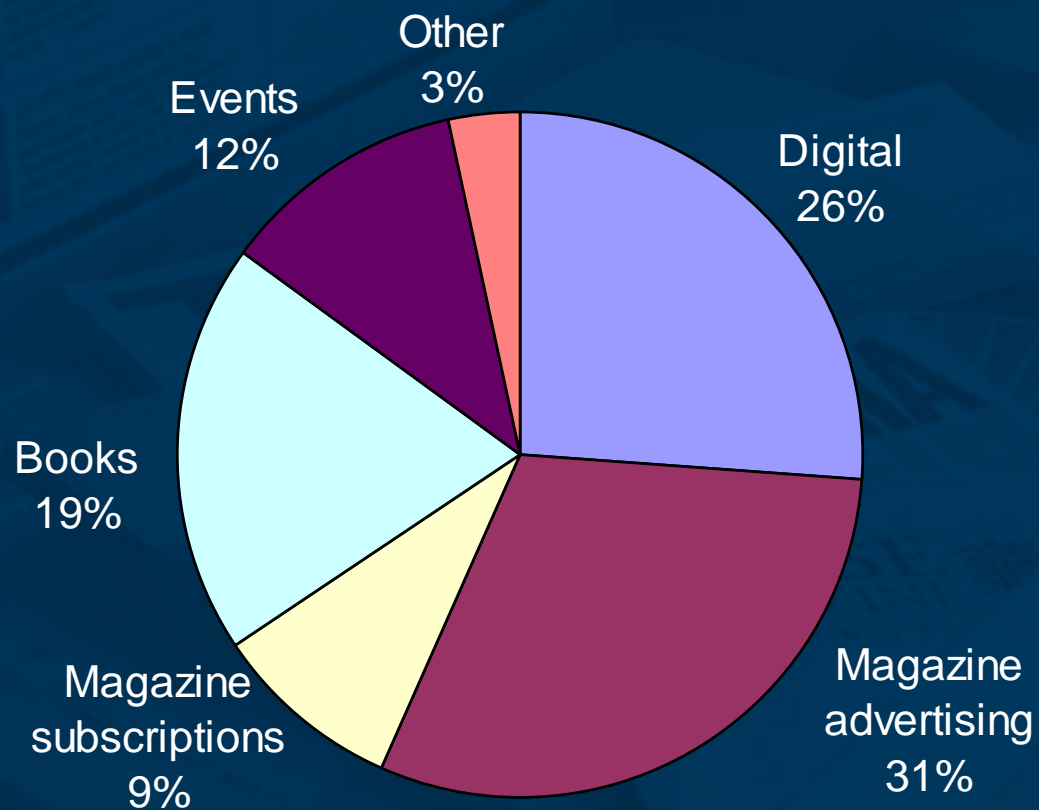
### Organic sales growth:

- Political division up 18% in 2nd half
- Civil Service training up 20%
- Sales constrained at Lonsdale due to disruption in the science revision guides market at KS4
- Market share gains despite challenging trading conditions in France
- Epic raising margins and applying expertise across the group



## Balanced revenue sources

### 2006 Revenue Sources



### Political Wizard and Letts & Leckie

- Integration successfully completed
- New strategy in place
- Strong Q4 2006 performances

## Dan O'Brien Finance Director

## 2006 Results

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£'000	<u>2006</u>	<u>2005</u>
Turnover	45,028	27,736
Operating Costs	(38,365)	(23,589)
Net interest	(711)	6
Pre-tax profit*	5,952	4,153
Tax	(1,354)	(428)
Profit after tax	3,473	1,535
Adjusted EPS* (pence)	3.06	2.62

\*Before exceptional items and goodwill amortisation

## Exceptional Items

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*GBP million*

Political Wizard	0.1
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Letts and Leckie	0.2
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Other Learning Division	0.1
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France	0.2
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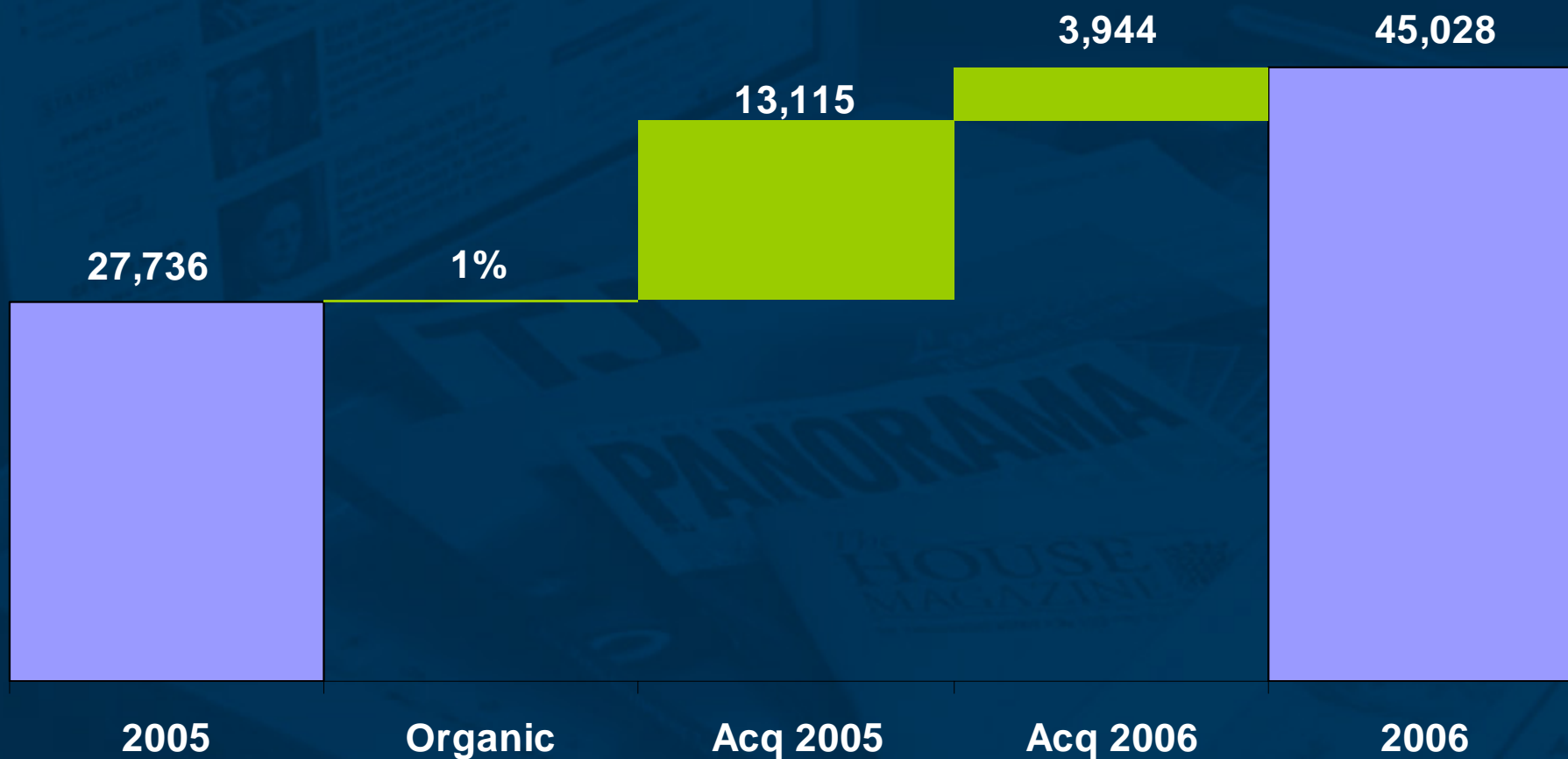
0.6

# Revenue

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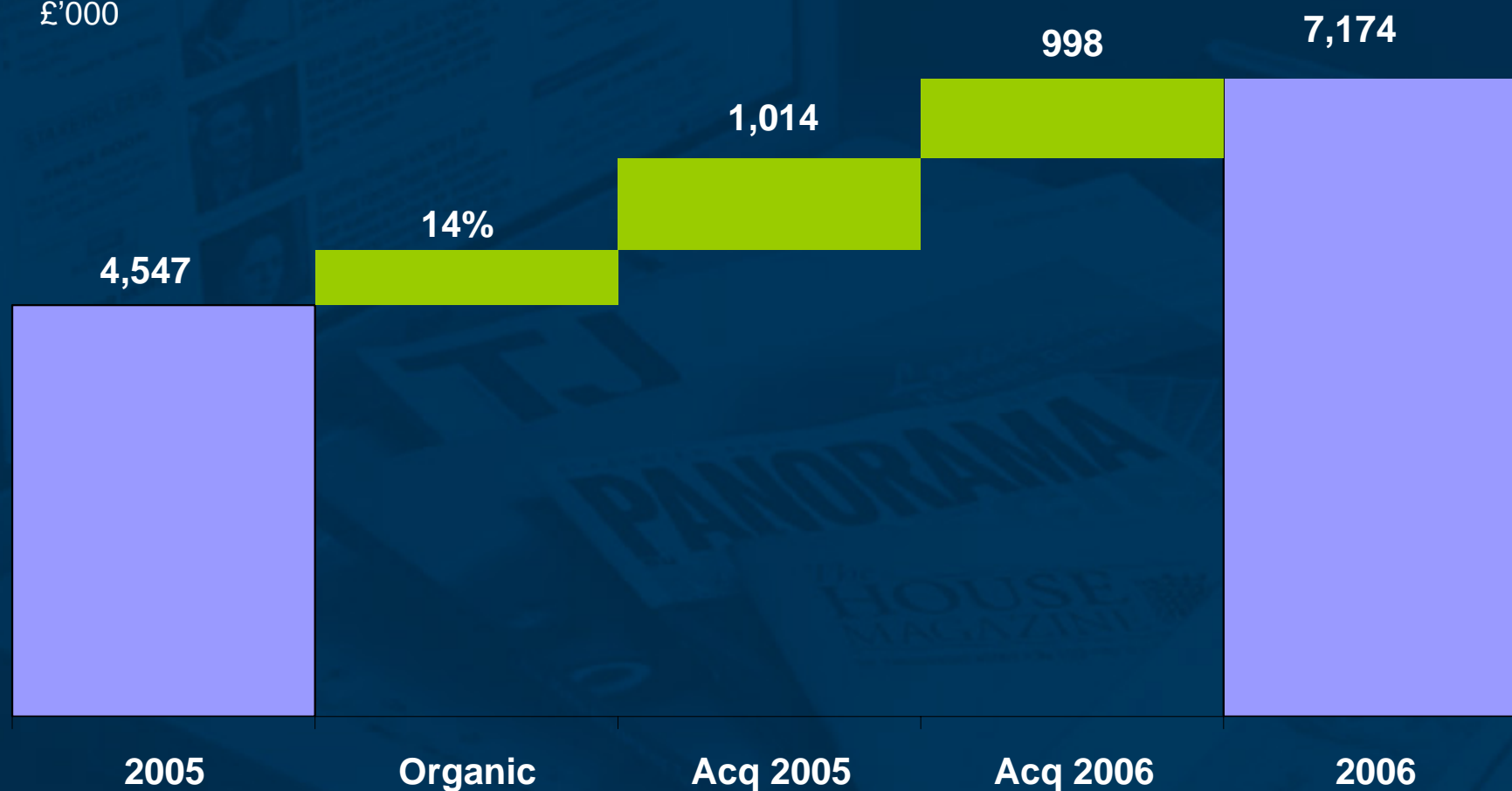
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£'000



# EBITDA

£'000



## Divisional Overview

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	2006	2005	2006		2005	
£'000	Revenue	Revenue	EBITDA*		EBITDA*	
Political	10,578	9,721	2,483	23.5%	1,800	18.5%
Learning	19,516	11,224	4,068	20.8%	2,615	23.3%
Healthcare	14,934	6,791	2,379	15.9%	1,481	21.8%
HQ			(1,756)	3.9%	(1,349)	4.9%
Total	45,028	27,736	7,174	15.9%	4,547	16.4%

\*Profit before interest, tax, depreciation, goodwill amortisation and exceptional items



## Borrowings & Gearing

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- Acquisition of Letts and Leckie funded by £5.5 million placement of shares and £8 million term loan
- Acquisition of Political Wizard funded by £5.4 million term loan
- Net debt now stands at £18.7 million
- Gearing at 31% with net debt to EBITDA of 2.6 times
- Operational cash generation remains very strong with cash conversion > 100%

Gerry Murray

CEO

## Delivered in 2006

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- Delivering profits and building pipeline
- Double digit profit and EPS growth
- Building diversified revenue streams from brand extensions
  - Web based applications
  - Events business
  - E-learning
  - Increasing collaboration across the group
- Platform for future organic growth
- New Education division

## Well Balanced Divisional Structure

### Political

**£11m Turnover**

**150 Employees**

### Education

**£13m Turnover**

**50 Employees**

### Learning

**£12m Turnover**

**200 Employees**

### Healthcare

**£15m Turnover**

**120 Employees**

## Political Division

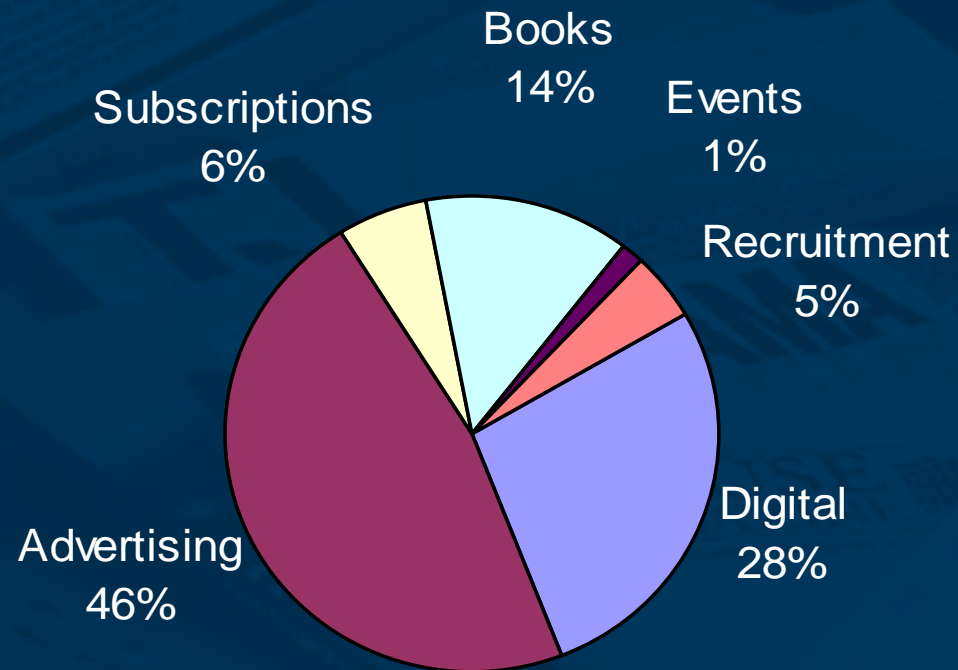
## Political Division

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- DODS brand founded in 1831
- Market leader in UK and EU
- Portfolio
  - Magazines
  - Online news and Data
  - Events
  - Political Reference
  - Executive Search

## 2006 Split of Revenue



## Political: Achievements in 2006

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- Impressive expansion in post election year
- 10% organic sales growth (18% in H2)
- Record profits
- New product launches in online and events
- 30<sup>th</sup> anniversary of House Magazine
- 30% growth in Monitoring in UK and EU
- Launch of The Regional Review
- Launch of DODS polling



## Political: Outlook for 2007

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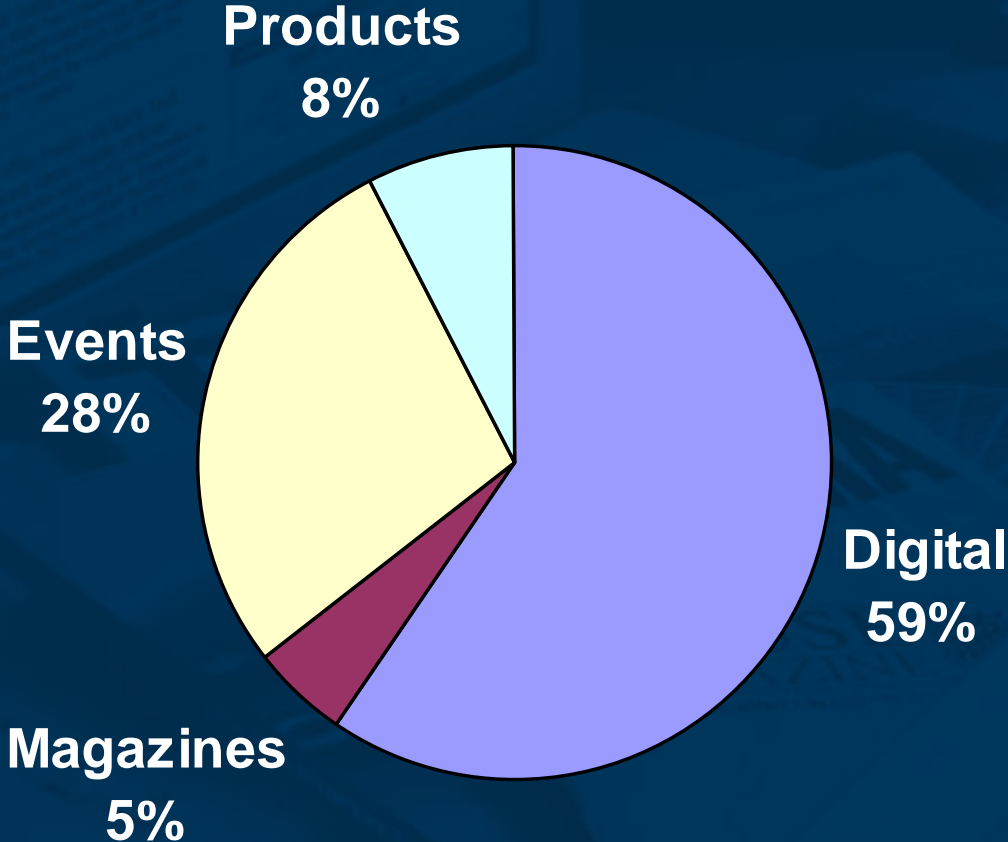
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- Dynamic Political Environment in UK
- Good advertising and information markets
- Improving margins
- Healthy organic growth
- Build UK and EU monitoring
- Develop The Civil Service Network
- Double election year in France
- Expand EU regional publishing
- Expand events business

## Learning Division

- Civil Service training
- Conference and exhibition business
- Epic Professional range of offline training aids
- TJ – leading magazine for trainers
- Epic – Clear market leader in e-learning
- TrainerActive - online training resources

# Learning: Revenue Sources



## Learning: Achievements 2006

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- 20% organic sales growth driven by expansion in our briefings and conference business drives
- Epic focus on quality of earnings
- Epic supporting digital initiatives across Huveaux
- Applying events expertise across the group
- Moving learning resources online

## Learning: Outlook for 2007

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- Continued growth in Public Sector training
- Many more conferences
- E-learning market showing growth
- Epic supporting digital growth across Huveaux
- Online learning resources – new business area

## Education: 2006 Highlights

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- Acquisition of Letts and Leckie and Leckie successfully integrated
- Strong Q4 performance
- No.1 supplier of revision guides in UK
- Created new Education Division
- New Divisional MD recruited
- Curriculum changes in KS4 Science were disruptive for Lonsdale

## Education: outlook for 2007

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- Key area for Huveaux growth
- Large expansion of portfolio across the board
- Leading brands and strong content
- Established channels to market
- Digital capability to deliver products
- Combining instruction and assessment
- First commercial digital launch this summer '*i-success*'



## Healthcare Division

## Healthcare Division

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- Strong brand founded in 1818
- Market leader in CME
- 9 magazines
- Leading medical website
- Conferences and events
- Based in Paris
- 120 employees

- Merged JBB with ATP Egora into Huveaux France
- Realised €1 million savings in payroll
- Re-launched all magazines – increases in market share
- Challenging advertising market conditions
- Substantial improvement in profits and margin
- CME accreditation achieved
- Two CME programmes awarded

## Healthcare: Outlook for 2007

# Huveaux

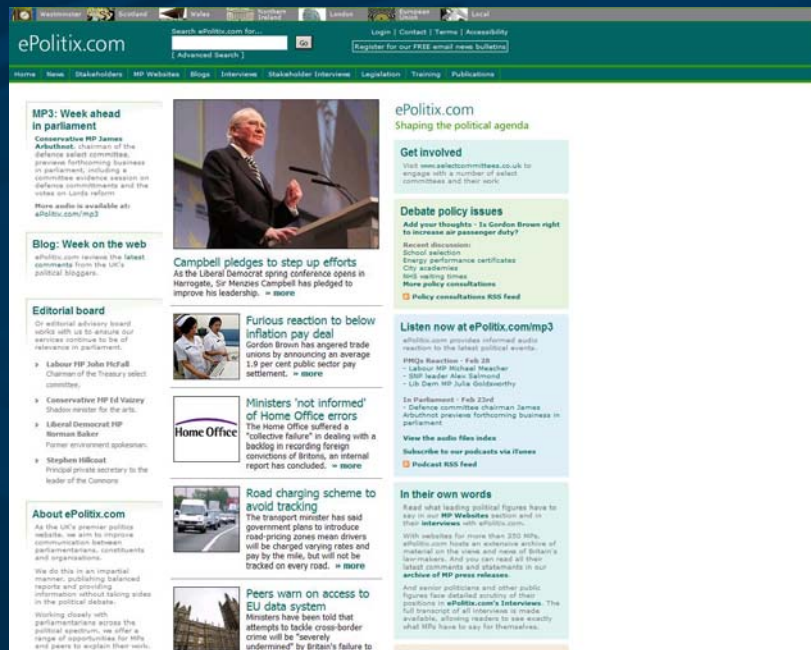
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- All about digital and CME
- Develop further CME revenue streams
- E-learning JV with Epic
- Re-launch of Egora.fr
- Launch online Medical archive
- Digital platform for CME management by doctors

- Driven by internal development
- Development facilitated by Epic technology and expertise
- Profitable today and growing fast
- 26% of group turnover
- Targeting over 50% of group turnover by 2010

# Group Digital Strategy

- ## News and search related advertising
- civil service network
  - epolitix
  - EU projects dissemination



# Group Digital Strategy

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## Subscription based info and intelligence

- Political monitoring and reference data
- Online training resources

The screenshot shows the TrainerActive website. The header features the logo and navigation links: Home, About TrainerActive, Browse, Advanced Search, Buy Credits, Register, Contact Us, Fenman Home. A search bar is present with a dropdown menu for 'All categories'. The main content area includes a 'Member Login' section with fields for username, password, and a 'Remember me' checkbox. Below this is a 'Register' section with a 'register >' link. The central text describes the platform's offerings: 'TrainerActive provides hundreds of training resources available on-demand, 24/7. All the training activities have been designed by professional trainers and are fully tried and tested saving you hours of your preparation time.' It also includes a 'Dive in and take a look' section with a 'View the tutorial' link and a 'New User?' section with a 'View now >' link. A 'Find Training Resources' section lists various topics like Communication Skills, Conflict Resolution, and Leadership. The footer shows the URL: http://www.fenman.co.uk/traineractive/index.php?524\_CAT=38cb079c20a48f53954bde38d78550f

The screenshot shows the TJ ONLINE website. The header features the logo and tagline 'the online resource for L&D'. A search bar is present with a dropdown menu for 'All News'. The main content area is divided into several sections: 'Home', 'The Magazine', 'Discussion Forum', 'Latest News', 'TJ Awards', 'Recruitment', 'Members', 'Products & Services', 'Archives', 'Whitepapers', 'Subscriptions', 'About Us', 'Marketing Zone', 'Contact Us', and 'Top Jobs'. The 'Latest Learning and Development News' section highlights 'New Government legislation prompts maternity coaching' and 'The Commission for Equality and Human Rights has publishes Equalities Review'. The 'Features' section includes a 'FREE TRIAL' offer for 'TJ Power' magazine and a 'FREE TRIAL' offer for 'INCREASE YOUR BUSINESS POTENTIAL'. The footer shows the URL: http://www.fenman.co.uk/traineractive/index.php?524\_CAT=38cb079c20a48f53954bde38d78550f

## E-learning

- Epic bespoke
- *'i-success'*
- CME in France

The screenshot shows the Lonsdale SELF ASSESSMENT website. At the top, there is a navigation bar with the Lonsdale logo and the text 'SELF ASSESSMENT'. To the right of the logo are two buttons: 'Sign In' and 'About Lonsdale'. Below the navigation bar is a 'WELCOME' section with a paragraph of text: 'Lonsdale is one of the UK's leading publishers of revision and practice material for school pupils between the ages of 7 and 16 (in England, key stages 2 to 4). With this self-assessment tool, just select your subject area, your level (and exam board if 'GCSE'), click 'Submit' and start practising your exam technique.' Below this text is an 'Options' section with three dropdown menus: 'Keystage' (with 'Select One' selected), 'Subject' (with 'Select One' selected), and 'Exam Board & Specification' (with 'Select One' selected). To the right of these dropdowns is a 'Submit' button. Below the form is a large image of a diverse group of smiling students. Overlaid on the left side of the image is the text: 'To begin select an option from above'.



## John van Kuffeler Chairman

## Market in 2007

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- Political - good growth continues assuming no election this year
- Learning - strong base continues with significant opportunities
- Education – science products market still turbulent; other subjects good growth
- Healthcare - advertising tough balanced by CME growing

## 2007 Developments

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- Launch digital products in Education
- Extend monitoring offering
- Expand digital media portfolio
- Roll out CME programme in France

## Outlook

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- Jan/ Feb '07 encouraging
- Market leaders in growth sectors
- Diversified revenue streams
- Good market opportunities
- Further acquisitions likely
- Overall good outlook for 2007