



Mitchell Communication Group

FY'10 Full Year Financial Results Presentation

18 August 2010

Presented by:

Stuart Mitchell – Chief Executive Officer

Luke Littlefield - Chief Operating Officer

...nothing is beyond our reach.

Digital

- digital communications strategy
- digital media planning and buying
- ROI planning and tracking
- search engine marketing
- search strategy
- e-marketing
- digital creative services

Diversified

- public relations
- corporate social responsibility
- brand experience
- sponsorships
- mobile marketing
- printing and signage
- sports ground marketing
- video and event production services
- media strategy and leverage
- sponsorship negotiation & leverage
- talent management
- digital publishing

Technology

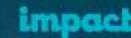
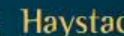
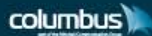
- branding, digital media and application development
- automated ad agency templating

Media

- media communications strategy
- media planning and buying
- consumer insights research
- specialist strategic advice
- branded content solutions
- direct response

Research

- qualitative and quantitative research
- marketing analytics
- communication planning tools and process



Agenda

- Group Overview
- Business Segment Overview
- Financials
- Cash & Capital Management
- Outlook
- Scheme of Arrangement with Aegis

Group Overview

- Consolidated our number 1 market position;
- Top line growth allowed for investment in building operational capacity, in particular staff;
- Digital capabilities ever more important – we continue to lead the market;
- Our renowned, market leading traditional and digital media businesses converted exceptional volume growth to strong profits;
- Financially strong with record cash flows and net cash on the balance sheet at year end;
- Again rewarded shareholders with increased dividends.



Group Overview

FY'10 Financial Results ...

- Double digital growth in billings, revenues and cash flows
- Group margins maintained excluding results of Diversified division
- Key Financial Highlights:

Gross Billings	↑ 16% to \$1,339.2 million
Operating Revenues	↑ 16% to \$261.1 million
EBITDA	↑ 2% to \$34.8 million
Net Profit After Tax	↑ 1% to \$19.4 million
Operating Cash Flow	↑ 91% to \$56.1 million
Basic & Diluted EPS	Steady at 6.5 cps
Final Dividend ¹	↑ 138% to 5.0 cps

Billings and cash flows in excess of \$1.33bn

Top line growth reinvested into operational capacity, in particular staff

1 – Subject to the approval of the proposed scheme of arrangement with Aegis Group plc announced on 29 July 2010

Business Segment Overview

Business Segment – Media

	FY'10	FY'09	Mvt	Mvt
	\$m	\$m	\$m	%
Billings				
- Australia	\$1,090.1	\$947.3	\$142.8	15%
- New Zealand	\$24.9	\$26.7	(\$1.8)	(7%)
Revenues	\$44.0	\$39.7	\$4.3	11%
EBITDA	\$11.2	\$9.3	\$1.9	20%

- Outstanding performance from Australia's most dominant media agency¹;
- Record volumes at improved margins;
- Media billings for Australian agencies up 15%, versus growth of just 1% for the traditional media market as a whole²;
- Australia's largest Media Agency for 6th consecutive year³;
- Media Agencies Mitchell & Partners and MPG awarded an A+ rating for competitiveness in pitches and industry buying share⁴;
- Implementation of Pulse, a proprietary strategic planning system;
- Over 120 new client account wins during the period;
- NZ business turned the corner with billings for second-half FY'10 exceeding the prior period.

Australia's most dominant media agency

15% growth in billings including over 120 new account wins

1 – Australia RECMA report 2010 – *Network Diagnostics*

2 – Nielsen Adex excluding Online and Pay TV for July 2009 – June 2010

3 – The Nielsen Company

4 – Australia RECMA report 2010 – *The Competition*

Business Segment Overview

Business Segment – Digital

	FY'10	FY'09	Mvt	Mvt
	\$m	\$m	\$m	%
Billings ¹				
- Australia	\$138.6	\$109.5	\$29.1	27%
- New Zealand	\$7.9	\$10.8	(\$2.9)	(27%)
Revenues	\$162.9	\$131.3	\$31.6	24%
EBITDA	\$22.4	\$20.1	\$2.3	12%

- Gross billings for our Australian online ad business increased by 27% during the period, more than 2 times that of the online advertising market in Australia which increased by 13%²;
- Across the board success with increased spends coming from finance, automotive, telecommunications and travel sectors as we become ever more efficient at driving business results on behalf of our clients;
- Investment of time and resource into developing digital retail specialisation and The Social Media Unit has been fundamental in demonstrating that growth can be secured by rigorously pursuing a path of innovation;
- Digital creative agency Visual Jazz has gone from strength to strength with a series of high profile client wins, while at the same time winning industry recognition from their peers at local and international award ceremonies.

Achieved double market growth

Continued to lead the market through award winning, innovative thinking and solutions

Business Segment Overview

Business Segment – Diversified

	FY'10	FY'09	Mvt	Mvt
	\$m	\$m	\$m	%
Total Revenues	\$54.2	\$54.2	\$0.0	-%
EBITDA	\$6.0	\$9.6	(\$3.6)	(38%)

- Result impacted by economic conditions however maintained investment in staff across all businesses within the division;
- Stadia Media's AFL football sales for season 2010 have exceeded 2009 and cricket sales for up coming Ashes series are outperforming sales to date for last year;
- Signage specialists the Coleman Group, starting to benefit from Stadia Media's increase in AFL football and cricket sales as well as their growing presence in the exhibition market;
- Improved market conditions and business performance with Public Relations businesses with Q4 FY'10 outperforming the prior period;
- Improved sales pipeline in Technology and Research businesses;
- Acquisition of Insite making a positive contribution in its own right as well as providing a strong source of cross selling to other divisions.

*Improved 2nd Half
Performance*

Financials

Detailed Financial Analysis

	FY'10	FY'09	Mvt	Mvt
	\$m	\$m	\$m	%
Operating Income	\$261.1	\$225.2	\$35.9	16%
Operating Expenses	\$226.3	\$191.0	\$35.3	18%
EBITDA	\$34.8	\$34.2	\$0.6	2%
Depreciation & Amortisation	\$5.4	\$5.4	\$0.0	0%
EBIT	\$29.4	\$28.8	\$0.6	2%
Net Interest Expense	\$1.5	\$1.6	\$0.1	6%
Net Profit Before Tax	\$27.9	\$27.2	\$0.7	3%
Tax	\$8.5	\$8.0	(\$0.5)	6%
Net Profit After Tax	\$19.4	\$19.2	\$0.2	1%

Increased revenues, operating earnings and profit after tax

Group margins maintained excluding results of Diversified division

Cash & Capital Management

- Cash surplus (net of debt) of \$42.5 million at 30 June 2010;
- Cash flows from operations of \$56.1 million (after tax paid of \$10.8 million), up \$26.7 million or 91% on pcp;
- Market capitalisation of \$374.2 million at \$1.24 closing price on 17 August 2010;
- 301.7 million shares on issue at 30 June 2010, weighted average number of shares on issue for the year of 299.6 million;
- Top 20 shareholders hold approximately 73% as at 17 August 2010, with 4,177 shareholders on the register;
- Fully franked, final dividend in respect of the year ended 30 June 2010 of 5.0 cps¹;
- Dividend Reinvestment Plan has been suspended.

Cash surplus (net of debt) of \$42.5 million

Operating cash flows of \$56.1 million, up 91%

Outlook

- In CY 2010, we are forecasting an 8% increase in total ad market spend in Australia;
- Traditional and digital media businesses will continue to go from strength-to-strength;
- Digital's importance will increase;
- Diversified division to continue its recent momentum;
- Continue to capitalise on the convergence of ad spend from traditional to digital media and the high rates of per capita ad spend in Australia;
- Continue to focus on the five key areas of staff, clients, suppliers, profit and shareholders.

Scheme of Arrangement with Aegis

Background

- The purpose of the proposed transaction is to merge Mitchell Communication Group businesses in Australia, New Zealand and Singapore with Aegis, one of the world's fastest growing marketing communications groups;
- Mitchell shareholders can elect to receive either \$1.20 cash per Mitchell share, or Aegis shares, or a combination of the two;
- The scrip component of the offer will be based on the ratio of 40 Aegis shares for every 67 Mitchell shares held, with a cap on the overall quantum of Aegis scrip to be offered of up to 9.9% of Aegis' share capital;
- In addition, in the event the transaction is approved, Mitchell shareholders will receive the benefit of a \$0.05 per share dividend in respect of the year ended 30 June 2010;
- Acquisition of Mitchell, Australia's leading marketing communications group, accelerates transformation of Aegis' Asia-Pacific operations;
- Mitchell staff and clients to benefit from strong cultural fit and Aegis' well-positioned global network.

Scheme of Arrangement with Aegis

Progress Update

- On schedule with Scheme Booklet expected to be lodged with ASIC early September;
- Timetable on track, with first court hearing scheduled for mid September, Mitchell shareholders to meet in late October and implementation expected by mid November;
- Meetings with staff, clients, suppliers and major shareholders have been positive and supportive;
- Still dependent on regulatory, shareholder and court approvals - however both parties remain confident of these being forthcoming;
- Mitchell Communication Group businesses will continue to operate with a focus on delivering growth, innovation and client service.