



Mitchell Communication Group

FY'09 Half Year Results Presentation

25th - 27th February 2009

Presented by:

Stuart Mitchell – Chief Executive Officer

Luke Littlefield – Chief Operating Officer

Agenda

- Group Overview
- Business Segment Overview
- Financials
- Cash & Capital Management
- Outlook

Group Overview

- Exceptional performance in difficult times
- Traditional media business continues to be the strength, 2,000+ clients
- Strategy of diversification has proven to be astute
- Full service digital media business leads the market
- Majority of businesses are Number 1 in their market and have outperformed the market significantly
- Client base is predominately Australian owned with whom we have long standing relationships
- Conservatively geared
- All businesses are 100% owned and controlled
- Over 32 years of history and a proven track record growth despite market cycles
- The outlook is difficult but we expect to continue a positive performance and we are not adjusting our forecast

Group Overview

1H FY'09 Financial Results ...

- Key Financial Highlights:

Gross Billings	↑ 5.5% to \$626.0 million
Operating Revenues	↑ 29% to \$110.8 million
EBITDA	↑ 13% to \$15.1 million
Net Profit After Tax	↑ 12% to \$8.1 million
Operating Cash Flow	↑ 259% to \$12.7 million
Basic & Diluted EPS	↑ 4% to 2.8 cps
Interim Dividend	↑ 6% to 1.9 cps

Business Segment Overview

Business Segment - Media

	1H FY'09	1H FY'08	Movement	Movement
	\$m	\$m	\$m	%
Total Billings ¹				
- Australia	\$558.3	\$530.9	\$27.4	5.2%
- New Zealand	\$18.6	\$21.8	(\$3.2)	(15%)
Total Revenues	\$19.8	\$17.9	\$1.9	11%
EBITDA	\$3.8	\$3.5	\$0.3	9%

- ✓ Number 1 traditional media strategy, planning and buying organisation in Australia;
- ✓ Significant driver of cash flows and business opportunities across the group;
- ✓ Gross Australian media billings up 5.2%, versus industry contraction of 3.8%²;
- ✓ Stable margins despite challenging conditions in New Zealand;
- ✓ Numerous accounts won and retained during the period.

1 – Total billings include intercompany billings

2 – Nielson Adex excluding Online and Pay TV for the period July to December 2008

Business Segment Overview

Business Segment - Digital

	1H FY'09	1H FY'08	Movement	Movement
	\$m	\$m	\$m	%
Total Billings ²				
- Australia	\$53.2	\$37.5	\$15.7	42%
- New Zealand	\$6.9	\$9.9	(\$3.0)	(30%)
Total Revenues	\$64.4	\$50.4	\$14.0	28%
EBITDA	\$9.0	\$7.8	\$1.2	15%

- ✓ Highly successful strategy of full service digital offering – strategic advantage;
- ✓ Gross billings for our Australian online ad business increased by 42%, compared to online ad spend in Australia increasing by 25.7%¹;
- ✓ Strong, continued growth in Search and Display, outpacing market growth during the period by 73% and 44% respectively;
- ✓ Number 1 full service digital agency and Number 2 search company in Australia;
- ✓ All direct business demonstrating excellent growth.

1 – PricewaterhouseCoopers – IAB Online Advertising Expenditure Report – December 2008.

2 – Buying agencies only and includes intercompany billings



Business Segment Overview

Business Segment - Diversified

	1H FY'09	1H FY'08	Movement	Movement
	\$m	\$m	\$m	%
Total Revenues	\$26.6	\$17.7	\$8.9	50%
EBITDA	\$4.2	\$3.9	\$0.3	8%

- ✓ During the period Stadia Media extended its:
 - ✓ Licence agreement with Cricket Australia and constituent state cricket associations for a further 3 years;
 - ✓ Licence agreement with AFL for advertising rights at Telstra Dome for a further 3 years;
- ✓ AFL and Cricket advertising revenues achieved record levels, primarily driven by strong domestic sales relating to Cricket;
- ✓ Public relations and brand activation businesses performed exceptionally well as a result of successfully cross selling divisional capabilities and as marketers look for alternate ways of reaching their customers;
- ✓ Acquisition of Vivid Group, Agile automated ad agency templating and Picture this! video and event production services have all made a positive contribution during the period.

Financials

Detailed Financial Analysis

	1H FY'09	1H FY'08	Movement	Movement
	\$m	\$m	\$m	%
Operating Income	\$110.8	\$86.1	\$24.7	29%
Operating Expenses	\$95.7	\$72.7	\$23.0	32%
EBITDA	\$15.1	\$13.4	\$1.7	13%
Depreciation & Amortisation ¹	\$1.3	\$0.7	\$0.6	86%
EBITA	\$13.8	\$12.7	\$1.1	9%
Amortisation of Intangibles on Acquisitions	\$1.3	\$1.6	(\$0.3)	(19%)
EBIT	\$12.5	\$11.1	\$1.4	13%
Net Interest Expense	\$0.8	\$0.1	\$0.7	700%
Tax	\$3.6	\$3.4	\$0.2	6%
Minority Interest	-	\$0.4	(\$0.4)	(100%)
Net Profit After Tax	\$8.1	\$7.2	\$0.9	12%

1 –Excluding intangibles amortisation associated with acquisitions.

Cash & Capital Management

- Net debt of \$9.8 million at 31 December 2008;
- Cash flows from operations of \$12.7 million (after tax paid of \$7.6 million);
- Market capitalisation of \$136 million at \$0.47 closing price on 24 February 2009;
- Top 20 shareholders hold approximately 71% as at 23 February 2009;
- Fully franked, interim dividend of 1.9 cps, up 6%;
- Announcement of Dividend Reinvestment Plan, with effect from the 2009 Interim Dividend, allowing shareholders to elect to reinvest dividends payable into new shares.

Outlook

Remainder of FY'09 ...

- Stronger second half contribution from traditional media and digital media business due to their earnings profile;
- Continued growth in all divisions as we continue to take market share and leverage from innovation;
- Full period contributions from Vivid Group, Agile and Picture this! Productions.

Important Notice

The material covered in this document is a presentation of general information about the Mitchell Communication Group's ("MCU") activities current as at the date of this presentation. It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. You should consider this, with or without professional advice, when deciding if an investment is appropriate.

To the extent permitted by law, neither MCU nor any of its related bodies corporate accept responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material. The presentation must be used in its entirety without revision. Reproduction, other than in its entirety, is not permitted.