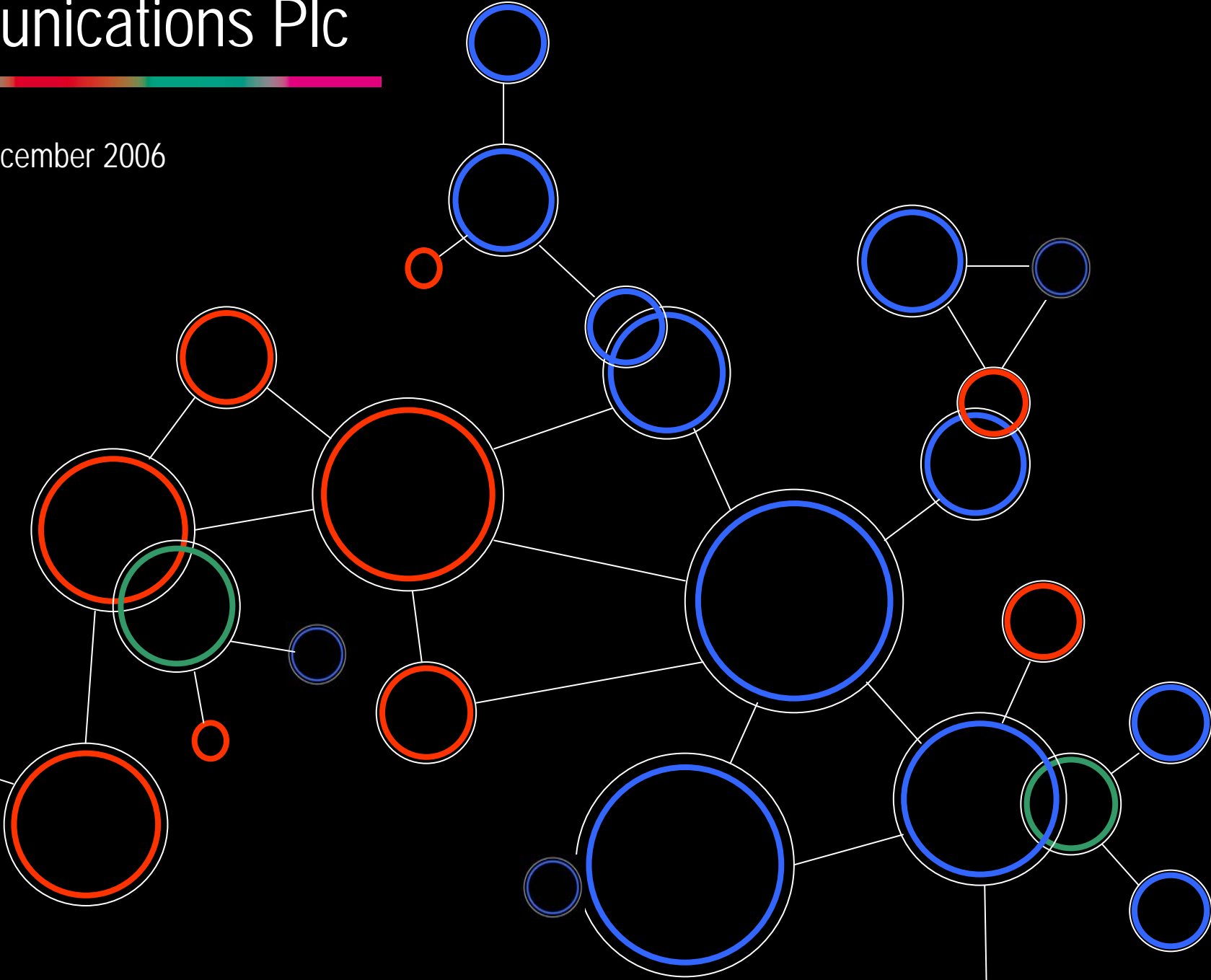


# Chime Communications Plc

2006 Preliminary Results  
For the Year Ended 31<sup>st</sup> December 2006  
13<sup>th</sup> March 2007



# Agenda

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Highlights

Operational review

Financial review

Review of strategic progress

Summary and outlook

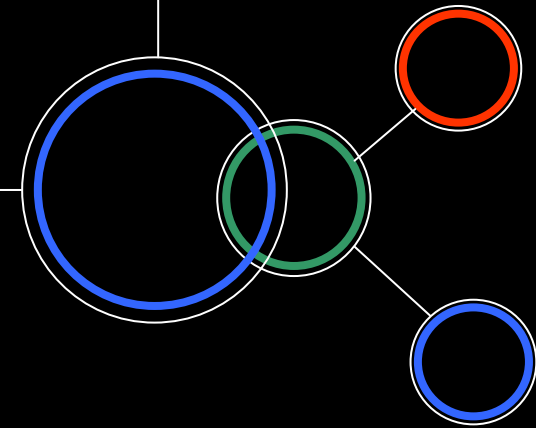
Lord Bell

Chris Satterthwaite

Mark Smith

Chris Satterthwaite

Lord Bell



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# Highlights



- All key indicators show excellent results
- Net cash of £2.9m (2005: net debt of £3.0m)
- Expanded our digital capability
- Introduced new four year incentive plan for senior management
- Opened new international offices in Washington, Doha, Riyadh and Abu Dhabi
- Acquisition of Fast Track – the UK's leading sports marketing agency
- Acquisition of Facts International – a fieldwork research business

# Operating profit analysis

£m	2006	2005	Growth %	Organic Growth %
Operating income	78.8	63.0	25	11
Costs	(66.5)	(54.7)		
<b>Operating profit</b>	<b>12.3</b>	<b>8.3</b>	<b>47</b>	<b>33</b>
<i>Operating profit margin</i>	<i>15.6%</i>	<i>13.2%</i>		
Profit before tax	11.1	7.3	51	
Earnings per share	3.08p	2.49p	24	
Dividend per share	0.58p	0.48p	21	

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# Fast Track



- The UK's leading sports marketing business
- Headed by Alan Pascoe, Edward Leask, John Ridgeon and Jim Glover
- Initial consideration £15m satisfied by £10m in cash from within borrowing facility and £5 million in shares
- Warranted pretax profits for 2007 of £2.5m
- Multiple of 7 on average profits (EBIT)
- Deferred consideration to 2012 up to a maximum of £43 million
- Major clients include:
  - UK Athletics
  - UK School Games
  - Volvo
  - Group 4 Securities
  - GlaxoSmithKline/Lucozade
  - Landrover
  - Camelot/ National Lottery Promotions



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# Operational overview



- Operating income up 25% to £78.3m (2005: £63.0m)
- Average income per client up 13% to £68,000 (2005: £60,000)
- Number of clients using more than one company in the group increased to 215 (2005: 183) – representing 54% of income (2005: 44%)
- Income per employee up 6% to £104,000 (2005: £98,000)
- 9% of revenues derived from digital activities - achieving critical mass
- International income 32% of total (2005: 30%)

# Public Relations review

£m	Operating income			Operating profit		
	2006	2005	% <i>growth</i>	2006	2005	% <i>growth</i>
Public Relations	47.8	40.8	17%	8.3	6.6	24%

- Retained position as UK's largest public relations business
- Operating income up 17%; operating profit up 24%
- Operating margin up to 17.3% (2006: 16.3%)
- 4 businesses making over £1 million operating profit
- 4 businesses making between £500,000 and £1 million operating profit
- All brands now offering online services

# Advertising and Marketing Services review

£m	Operating income			Operating profit		
	2006	2005	% <i>growth</i>	2006	2005	% <i>growth</i>
Advertising and Marketing Services	26.3	18.6	41%	3.5	1.5	137%

- VCCP continues to excel as a modern advertising agency
- In its first five years the most awarded IPA effectiveness agency ever
- Operating income up 41%; operating profit up 137%
- Operating margin up to 13.4% (2006: 8.0%)
- Launch of VCCP Blue and relaunch of Gasoline as BMT (Branded Moments of Truth)
- Supported design business start-up – Someone
- Confident new business pipeline. Carbon Trust won and two others pending
- Investing in online capabilities – Search, pay per click, media buying and creative
- Specialist businesses, Teamspirit and TTA, continue to perform strongly
- Fast Track will become part of this division

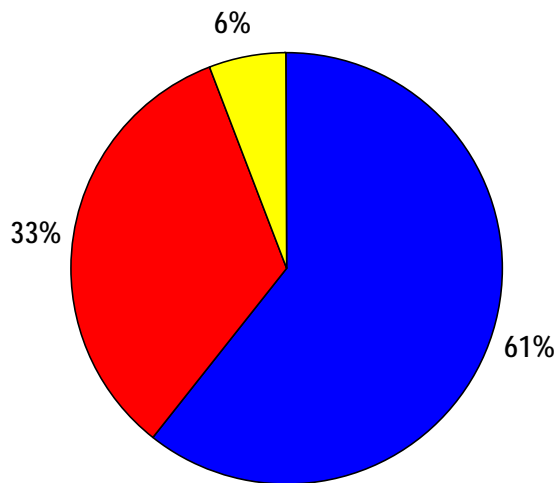
# Research review

£m	Operating income			Operating profit		
	2006	2005	% <i>growth</i>	2006	2005	% <i>growth</i>
Research	4.7	3.6	31%	1.0	0.7	48%

- Winner in 2006 of two of the Market Research industry's Excellence and Effectiveness Awards
- Operating income up 31%; operating profit up 48%
- Operating margin up to 21.7% (2006: 19.1%)
- Expanding deliberative research activities
- Launch of Opinion Leader Forum
- Ledbury exploiting cross selling opportunities
- Acquisition of Facts International

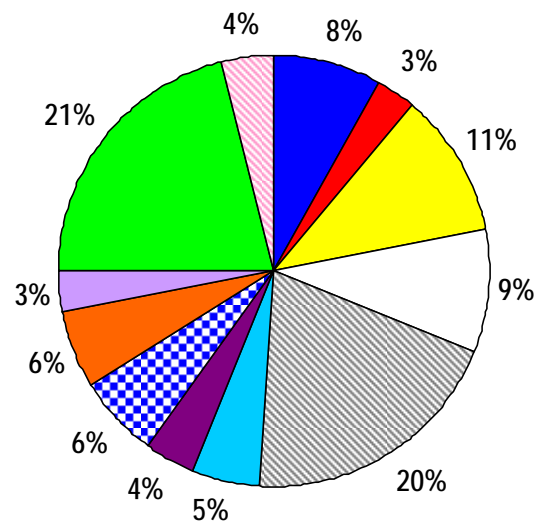
# Operating income split

## By division



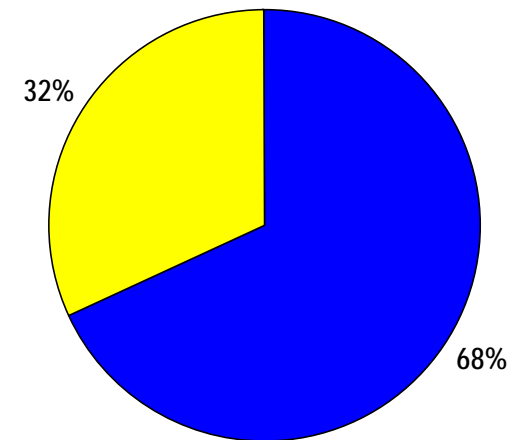
- Public Relations
- Advertising and Marketing Services
- Research

## By industry sector



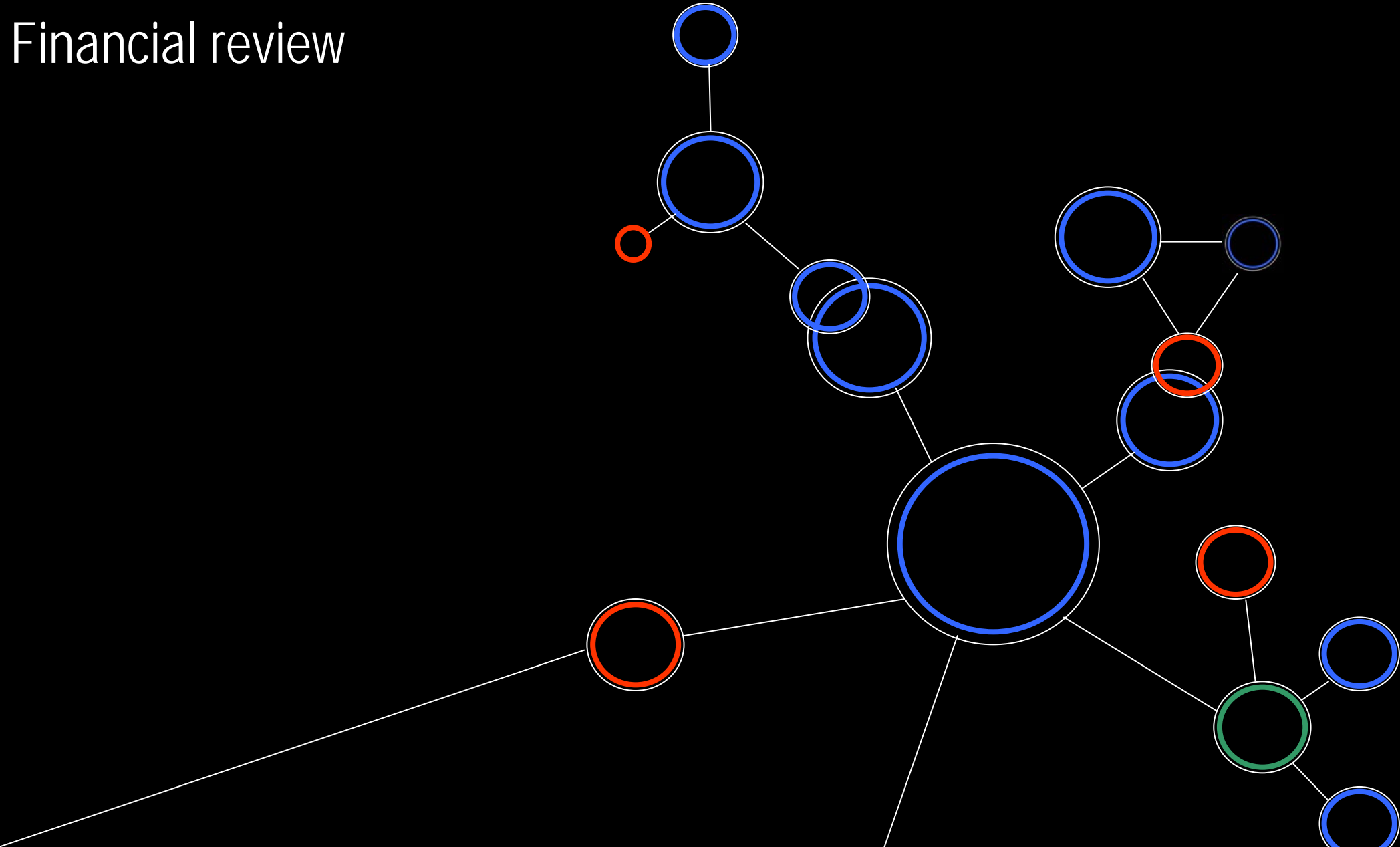
- B2B
- Financ'l Services
- Gov't/Pub. Bodies
- Leisure/Ent'tment
- Property
- TMT
- Energy/Utilities
- FMCG
- Healthcare
- Other
- Retail/Services
- Transport/Travel/Tourism

## International



- UK
- International

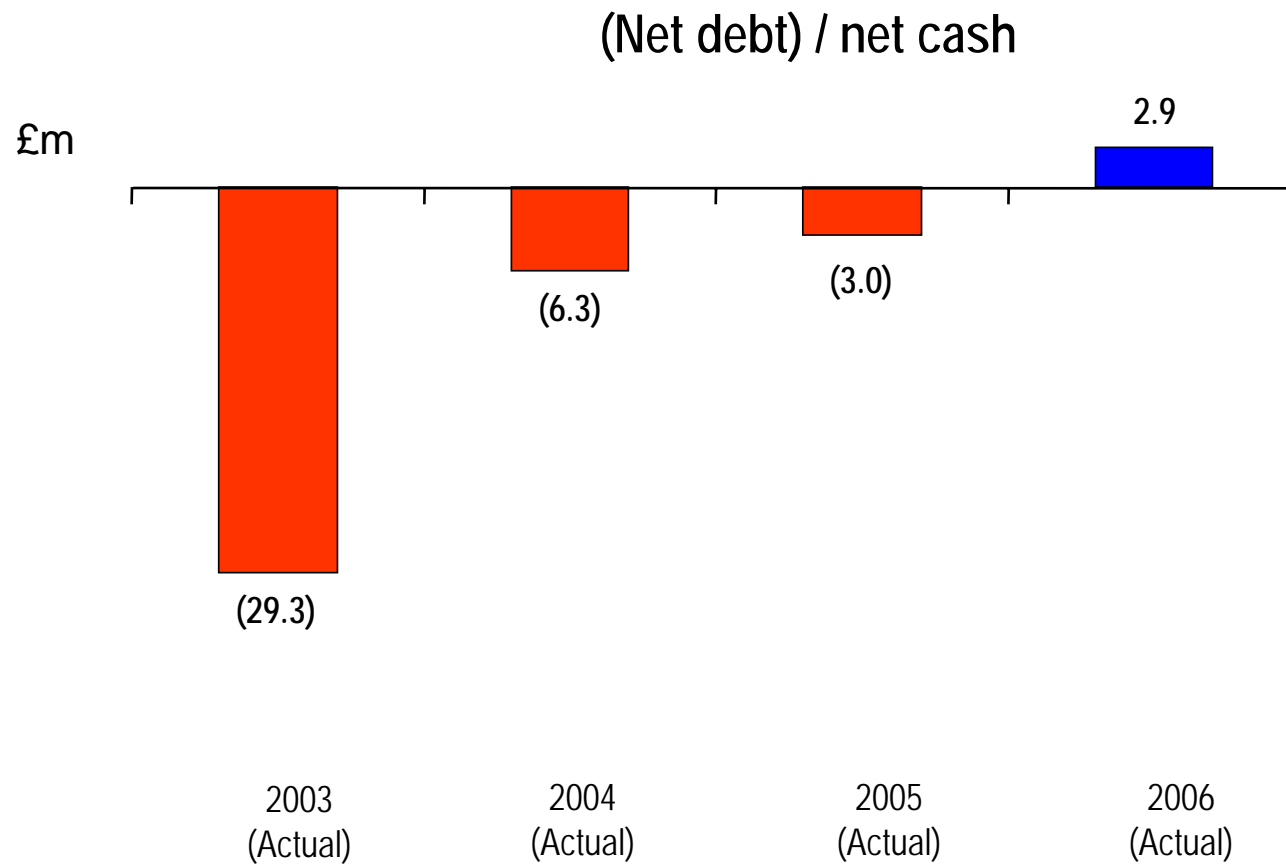
# Financial review



# Cash flow

£m	2006	2005
Profit Before Tax	11.1	7.3
Associates & Discontinued Operations	0.3	(0.7)
IRFS Adjustments	1.0	0.5
Depreciation	1.1	1.5
Capital Expenditure	(1.6)	(0.9)
Working Capital	(2.9)	2.1
<b>Cash generated from trading</b>	<b>9.0</b>	<b>9.8</b>
Taxation	(2.3)	(1.3)
Effective Tax Rate	28%	22%
Restructuring Costs	(0.5)	(1.0)
Acquisitions, Disposals & Deferred Considerations (net of fundraising)	2.2	(2.9)
Dividends	(1.2)	(1.0)
Purchase of Own Shares	(1.0)	-
Other	(0.3)	(0.3)
<b>Increase in cash</b>	<b>5.9</b>	<b>3.3</b>
<b>Closing net cash/(debt)</b>	<b>2.9</b>	<b>(3.0)</b>

# Net cash position



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# Banking arrangements



- Current forecast maximum debt of £12 million in 2008 and cleared by end of 2008
- Cash deferred consideration of up to £7.5 million in 2008 for VCCP
- Facility increased from £15m to £25m
- Three year facility to February 2010

# Deferred considerations

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## Maximum payments

£m	Cash	Shares	Total
2007	1.4	0.8	2.2
2008	6.5	6.4	12.9
2009	0.8	0.8	1.6
2010	2.5	7.6	10.1
2011	1.1	1.1	2.2
2012	-	-	-
2013	9.0	9.0	18.0
<b>Total</b>	<b>21.3</b>	<b>25.7</b>	<b>47.0</b>

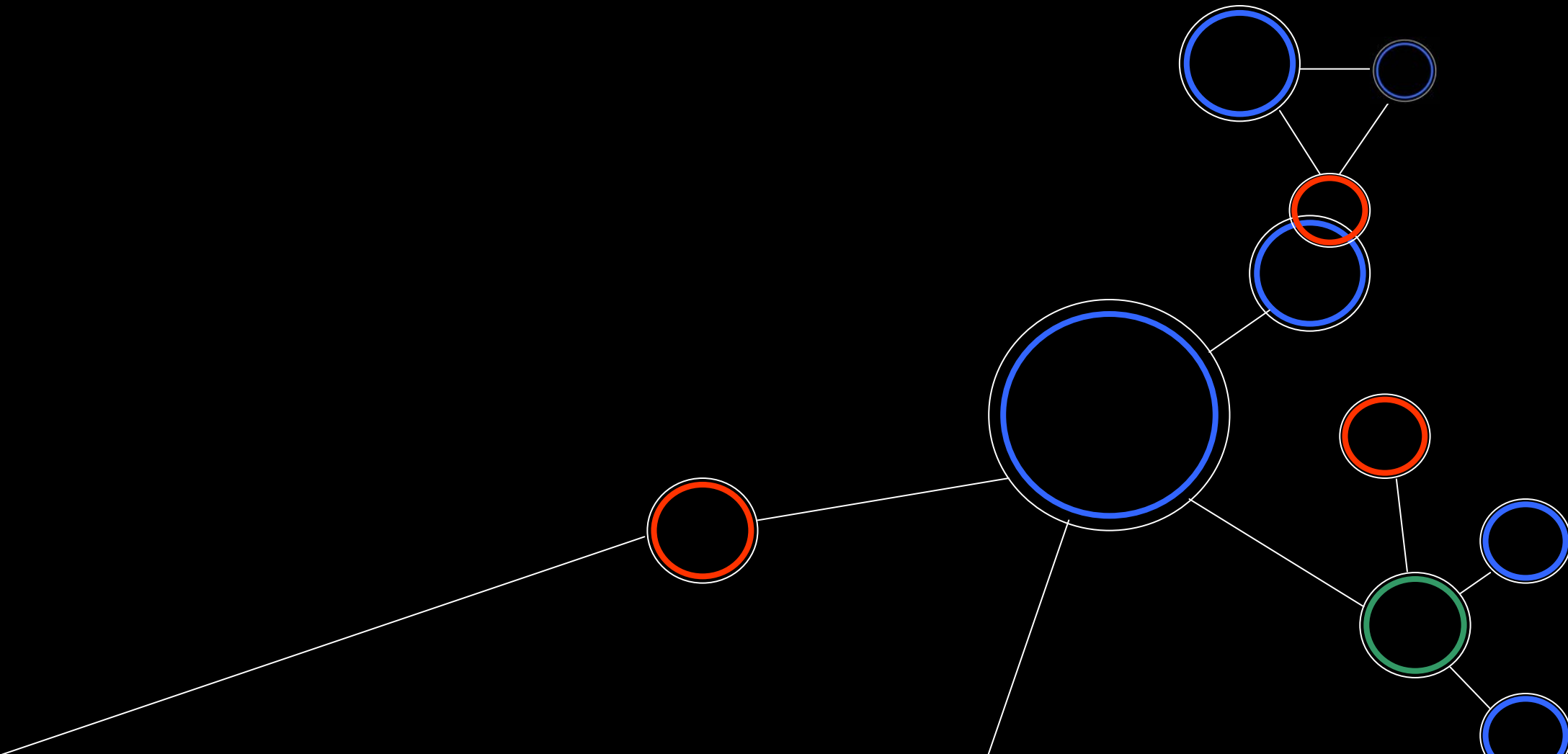
Note: At Chime's option share based payments can be paid in cash

# Margin and IFRS adjustments

	2006	2005
Pretax profits prior to IFRS adjustments	11,932	6,999
IFRS adjustments	(869)	326
Pretax profits post IFRS adjustments	11,063	7,325
<b>Margin prior to IFRS adjustments</b>	<b>16.0%</b>	<b>12.1%</b>
<b>Margin post IFRS adjustments</b>	<b>15.6%</b>	<b>13.2%</b>

Note: IFRS adjustments are expected to be a £2.2 million cost in 2007

# Review of strategic progress



# First year of three year plan

## Shared clients

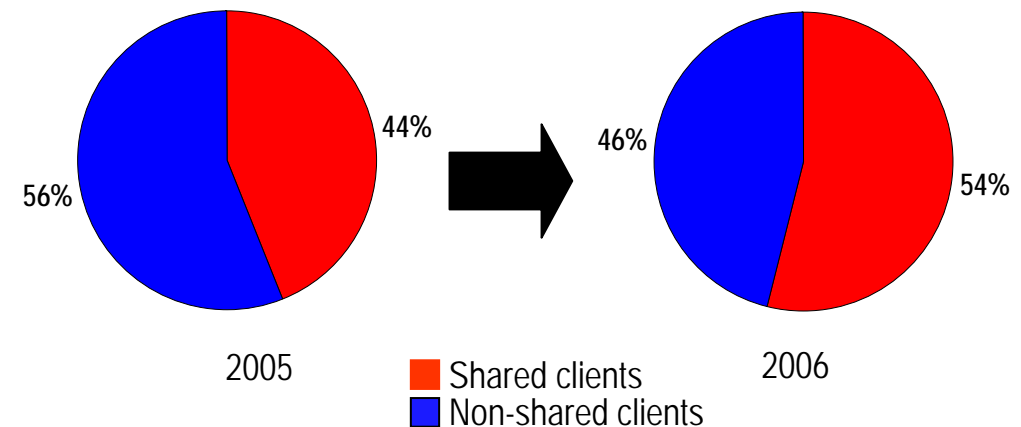
### Objectives

- Increase shared clients to 20% of client base
- Increase shared clients to 50% of income

### Progress

- Shared clients increased to 215 (2005: 183)
  - 19% of total client base
- Value of shared clients increased to 54% of income (2005: 44%)

### Income from shared clients



**Objective now increased to 25% of client base and 60% of income**

# First year of three year plan

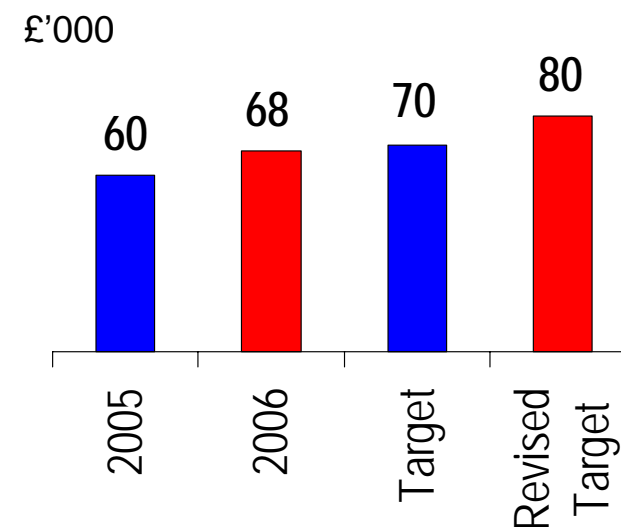
## Income per client

### Objective

- Increase the average fee per client to £70,000 per annum

### Progress

- Average fee per client increased to £68,000 per annum (2005: £60,000 per annum)



**Objective increased to £80,000 per client**

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# First year of three year plan



## Margin

### Objective

- Increase margin to 18% (prior to IFRS adjustments by 2008)

### Progress

- 2005 12.1%
- 2006 16.0% (first year)

# First year of three year plan

## International development

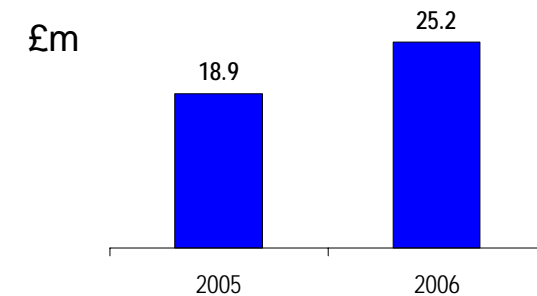
### Objective

- Increase the value of business from international activities

### Progress:

- Increased overseas income in 2006 to 32% (2005: 30%)
- A specialist office in Washington
- Expanded Middle East business hub in Dubai to service Qatar, Saudi Arabia and Abu Dhabi

### International income



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# First year of three year plan



## Leveraging high growth sectors

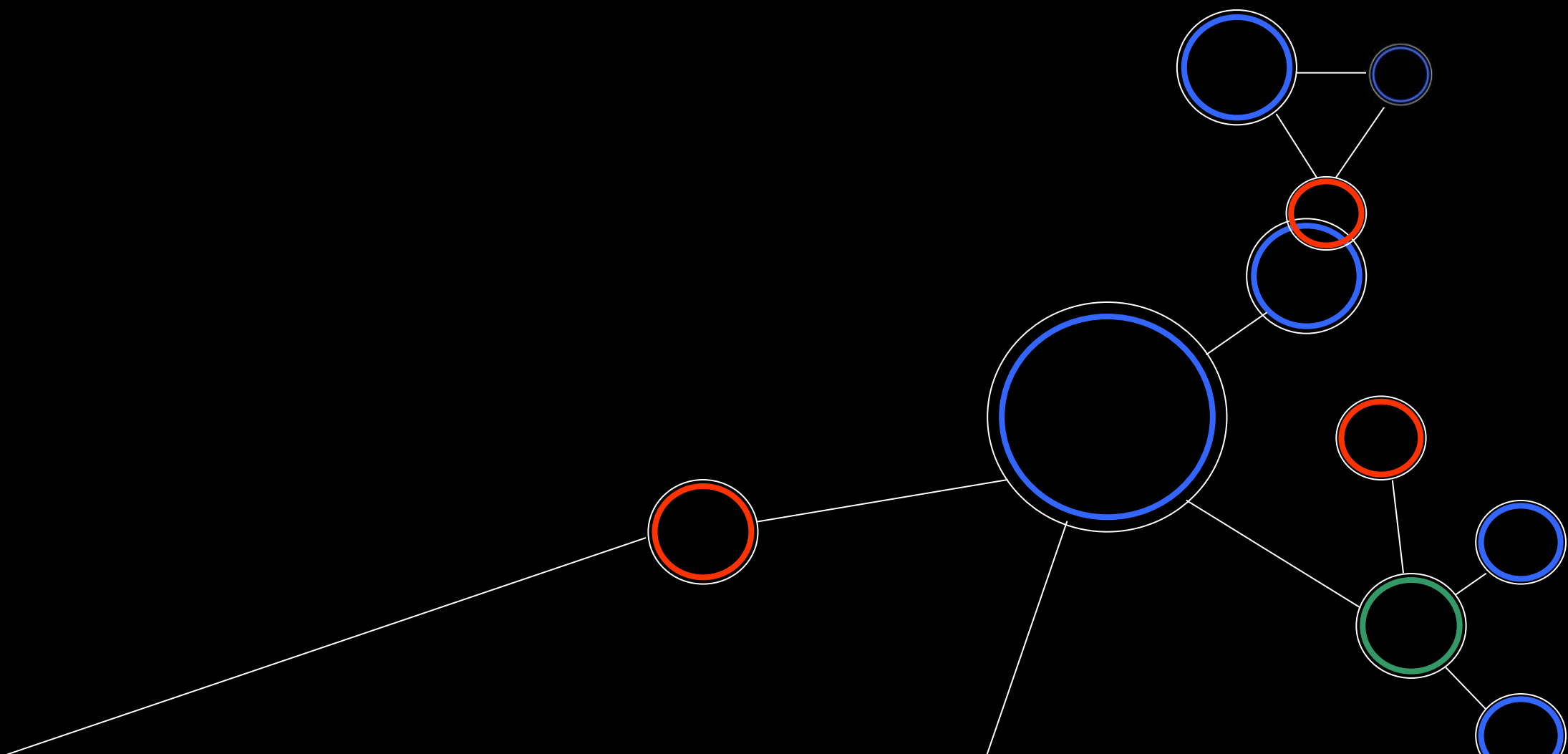
### Objective

- Develop market leading digital capabilities

### Progress

- Establishing digital media capability through 'cherry picking' leading industry talent
  - Organic search
  - Pay per click (ppc)
  - Digital media planning & buying
- } Search engine marketing
- Combining VCCP Digital's creative advertising expertise (when required) for full service digital offer
- Launched web mapping product and search relations

# Outlook



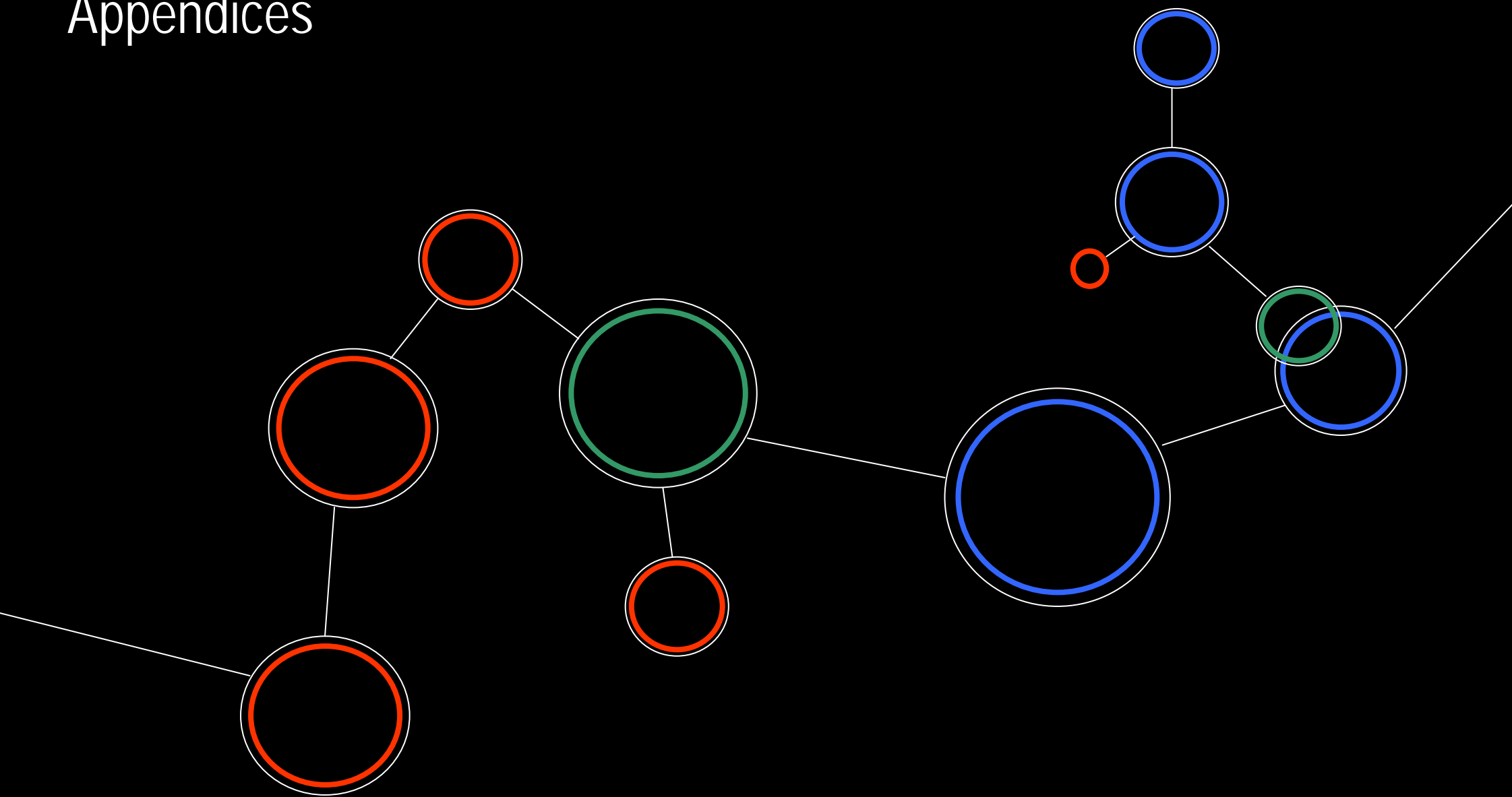
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# Outlook



- Excellent performance in 2006
- Marketplace continues to grow
- Further growth in profitable international income
- Investing in online capabilities to take advantage of growth in that sector
- Acquisition of Fast Track and Facts creates new opportunities
- Optimistic about full year

# Appendices



# Operational management team

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Christopher Satterthwaite  
Group Chief Executive



Kevin Murray  
Bell Pottinger Group



Nick Taylor  
Bell Pottinger Group



Ian Priest  
The VCCP Group



Adrian Coleman  
The VCCP Group



Viki Cooke  
The Opinion  
Leader  
Group



Deborah Mattinson  
The Opinion  
Leader  
Group

# With market leading clients



CHIME COMMUNICATIONS

PLC

# Segmental analysis

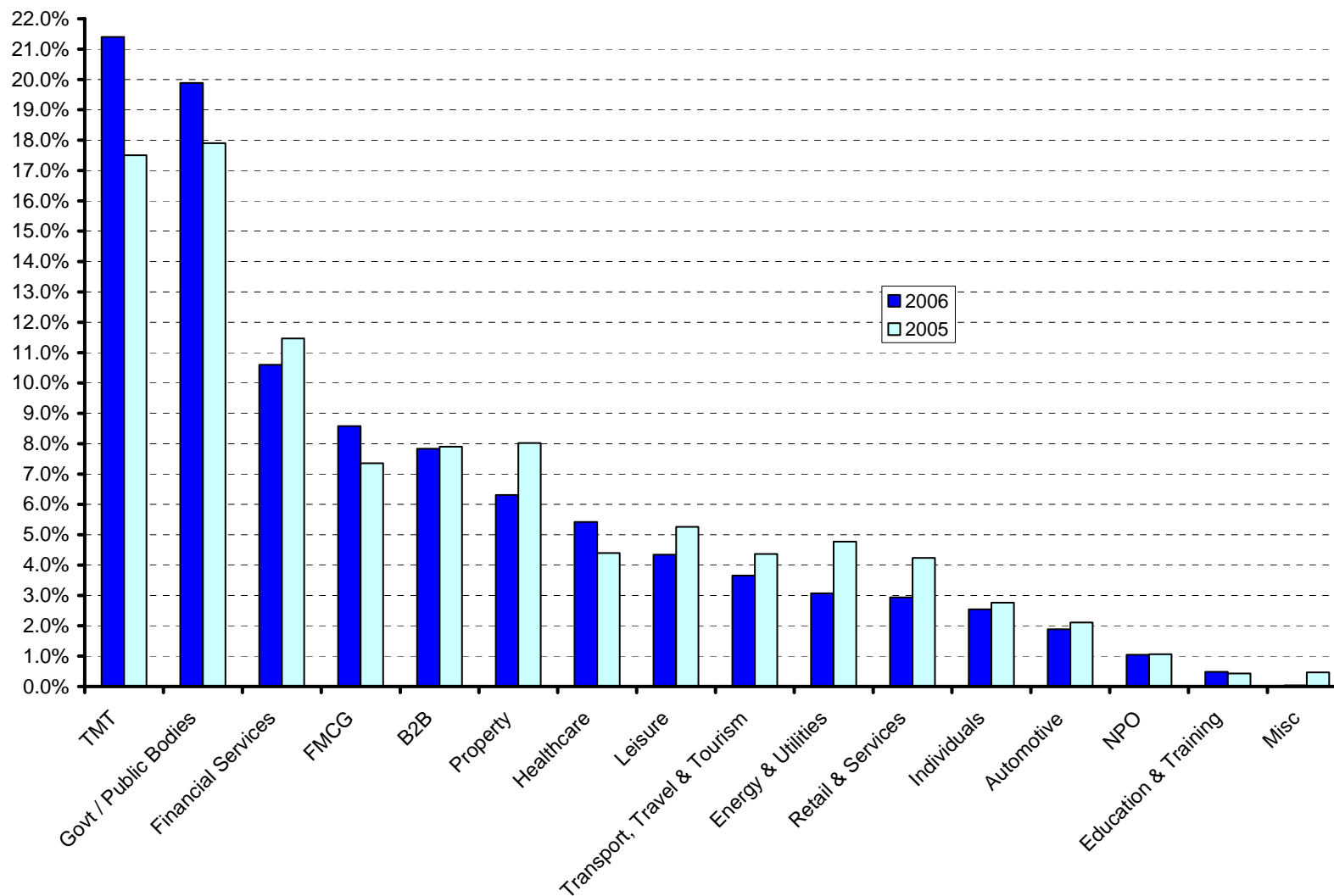
	Operating Income		Operating Profit			Operating Margin	
	2006	2005	2006	2005	% <i>growth</i>	2006	2005
Public Relations	47.8	40.8	8.3	6.6	24%	17.3%	16.3%
Advertising and Marketing Services	26.3	18.6	3.5	1.5	137%	13.4%	8.0%
Research	4.7	3.6	1.0	0.7	48%	21.7%	19.1%
	<b>78.8</b>	<b>63.0</b>	<b>12.8</b>	<b>8.8</b>	<b>45%</b>	<b>16.2%</b>	<b>14.0%</b>
Central costs	-	-	(0.5)	(0.5)		-	-
<b>Total</b>	<b>78.8</b>	<b>63.0</b>	<b>12.3</b>	<b>8.3</b>	<b>47%</b>	<b>15.6%</b>	<b>13.2%</b>

# Five year trading history

£000's	2002	2003	2004	2005	2006
Operating Income	70,406	53,902	52,076	63,032	78,816
Costs	74,569	54,511	44,948	54,696	66,552
<b>Operating Profit/(Loss)</b>	<b>(4,163)</b>	<b>(609)</b>	<b>7,128</b>	<b>8,336</b>	<b>12,264</b>
Profit/(Loss) Before Tax	(6,992)	(2,211)	6,424	7,325	11,063
<b>Operating Profit Margin</b>	-	-	<b>13.7%</b>	<b>13.2%</b>	<b>15.6%</b>
<b>Earnings per Share</b>	-	-	<b>2.2p</b>	<b>2.49p</b>	<b>3.08p</b>
Dividend per Share	1.27p	-	0.30p	0.48p	0.58p

# Industry sectors

CHIME REVENUE BY SECTOR



CHIME COMMUNICATIONS

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