

## Photon Group Limited

---

1. Overview
2. Acquisition History
3. Photon Five Pillars/Composition/Revenue and EBITDA Split
4. Era of Engagement
5. Market Trends
6. 2007 Year in Review
7. Income Statement/ Financial Indicators
8. Seven Year Revenue and EBITDA Growth Chart
9. Balance Sheet
10. Diversification by Sector
11. Top Ten Clients
12. Outlook

PhotonGroup

Photon Group Limited

## Photon Group

- Listed ASX April 2004 (ASX:PGA)
- Enterprise Value in excess of \$500 million
- Employ over 1,100 Full time and 4,000 Part time staff
- Photon operates over 30 independent businesses in the marketing, internet and communications sector. These businesses whilst operating in quite distinct fields do offer complimentary services for cross-selling to clients, specialties including;
- Online marketing, retail marketing and merchandising, market research, interactive and Digital promotions, mainstream advertising, public relations, corporate design, email marketing, direct marketing and promotional marketing.
- Photon encourages the specialist companies to work together to extend client relationships and business opportunities across the group.
- Photon provides leadership, business discipline, direction, foresight and capital to the management of its subsidiary companies. Photon further provides wider client network opportunities, security, stability and opportunity for its staff.

PhotonGroup

Photon Group Limited

## Acquisition History

	2000	2001	2002	2003	2004	2005	2006	2007
Love	April							
bellamyhayden	August							
Returnity	November							
Brass Tacks		April						
IDFAssociates		May						
CPR		December						
Adpartners			May					
Precinct Group			July					
Australian Business Theatre				January				
Robbins Brandt Richter (NZ)				April				
The Bailey Group					March			
Artel					March			
Image Box					March			
The Leading Edge					July			
Orchard National						January		
Legion Interactive						March		
Kinetics						June		
Kaleidoscope						July		
Republicorp						August		
Counterpoint						October		
SEE							February	
CREO (NZ)							April	
Demonstration Plus							May	
iMega							July	
Ausrep							July	
Jigsaw							July	
Belgiovine Williams Mackay							August	
Dark Blue Sea (on market - 19.88%)							December	
OBMedia (US)								January
C4 Communications								February
DVL Smith								February
Found Agency								March

PhotonGroup

Photon Group Limited

## Photon Five Pillars



PhotonGroup

Photon Group Limited

## Five Pillar Composition

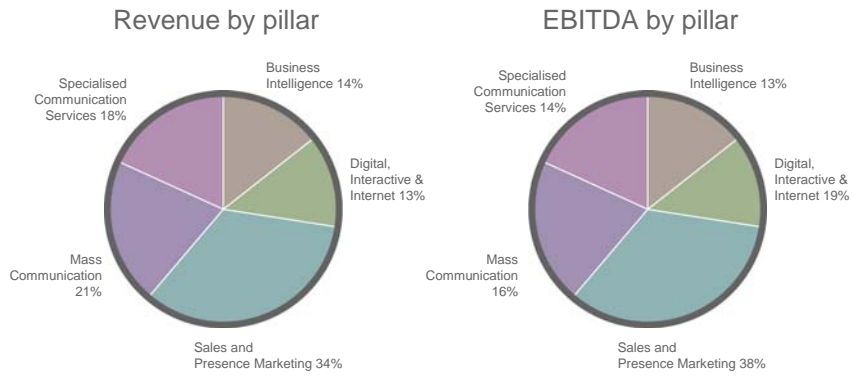
Business Intelligence	Digital, Interactive and Internet	Sales and Presence Marketing	Mass Communications	Specialised Communication Services
The Leading Edge Jigsaw DVL Smith	Returnity Legion Interactive iMega Dark Blue Sea (19.9%) OBMedia (US) C4 Found Agency	The Bailey Group Orchard National Counterpoint Marketing & Sales Demonstration Plus Ausrep	Love AdPartners Brass Tacks The Artel Group Kinetics Kaleidoscope SEE BWM	Bellamyhayden Ideass/Precinct CPR ABT RBR (NZ) Image Box Republicorp Creo (NZ)

Acquired FY07

PhotonGroup

Photon Group Limited

## H107 Revenue and EBITDA by Pillar



PhotonGroup

Photon Group Limited

## The era of engagement

*“Companies now, and in the near future, will be able to reach out and touch their customers any time, wherever they may be.”*

↑ Harvard Business Review, David Kenny and John F. Marshall

PhotonGroup

Photon Group Limited

## Evolution of Marketing Services

- Fragmentation of mass media
  - Internet and Digital are key driver/s (always connected = increased usage = eroding activities)
- Era of information overload
  - A real savvy consumer
- Convergence around the mobile
  - One device
- Consumer controls media consumption
  - Time and space shifting, where and when we do things has changed
  - PVR's, podcasting, blogging



PhotonGroup

Photon Group Limited

## Changes in Marketing Landscape

	Early 90's	2006
➤ TV Channels	4	127
➤ Radio Stations	149	256
➤ Magazine Titles	395	670
➤ Mobile Phones	-	18.4m
➤ Internet Penetration	-	6m
➤ SMS sent	-	6.7b

Source: ACMA Telecommunications Performance Report 2004/05

PhotonGroup

Photon Group Limited

## 2007 Year in Review

- Successful integration of each of the acquired company's.
- Field Marketing, PR and Digital, Interactive & Internet growing strongly.
- Revenue and EBITDA growth ahead of expectations.
- Photon Group in US market with OBMedia acquisition.
- Ongoing investment in Digital and Internet with acquisitions of C4 and Found Agency in February and March.

PhotonGroup

Photon Group Limited

## Income Statement

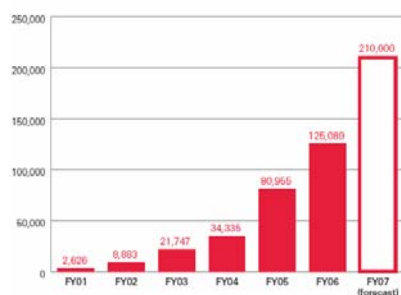
Three Year Summary	Actual \$m	Actual \$m	Actual \$m	Half Year \$m
Revenue (Net)	34.3	80.4	124.8	85.2
<b>EBITDA</b>	<b>5.6</b>	<b>18.2</b>	<b>28.4</b>	<b>19.1</b>
Depreciation	0.6	1.7	3.1	2.0
EBIT	3.6	11.2	23.5	15.1
Reported NPAT (after min)	1.3	4.6	12.7	6.9
<b>Adjusted NPAT (after min) *</b>	<b>2.7</b>	<b>10.8</b>	<b>15.9</b>	<b>10.2</b>
WANOS	28.9	50.8	59.9	66.2
Reported EPS	4.5	9.1	21.2	10.4
<b>Cash EPS</b>	<b>9.1</b>	<b>21.3</b>	<b>26.5</b>	<b>15.4</b>
Net Debt/(Cash)	9.0	21.2	52.9	54.2
Interest Cover (x)	7.0	5.4	6.7	7.2
Net Debt/EBITDA (x) **	1.6	1.2	1.9	1.2
P/E		29.0	23.7	N/A
Dividend (ff)	2.0	8.0	20.0	10.0
Yield (%)	0.7	1.4	3.5	N/A

PhotonGroup

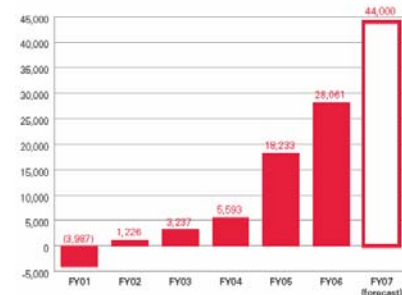
Photon Group Limited

## 7 Year Growth

Revenue ('000)



EBITDA ('000)



PhotonGroup

Photon Group Limited

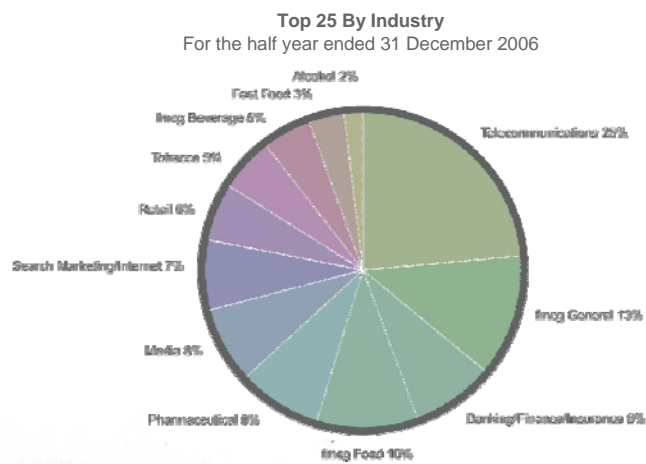
## Balance Sheet (31 December 2006)

	\$m	\$m
Cash	24,245	
Working Capital	11,355	
Financial assets	13,235	
Other Assets	8,493	
Fixed Assets @ WDV	12,900	
Intangibles:		
Goodwill	229,008	
Identifiable Intangibles @ WDV	13,824	
<b>Total Assets</b>		<b>313,060</b>
Provisions	26,223	
Deferred Payments (PV):		
Current	17,342	
Non-Current	19,243	
Borrowings:		
Bank	72,833	
Finance Leases	5,582	
<b>Net Assets</b>		<b>171,837</b>

PhotonGroup

Photon Group Limited

## Diversification by Sector



PhotonGroup

Photon Group Limited

## Top Ten Clients (As at December 2006)

	Industry	Number of Photon relationships	% Total Revenue
Client 1	Telecommunications	6	5.50%
Client 2	FMCG General	2	3.36%
Client 3	Telecommunications	4	3.02%
Client 4	Search Marketing/Internet	1	2.98%
Client 5	Alcohol	4	2.65%
Client 6	Retail	5	2.52%
Client 7	Banking/Finance/Insurance	2	2.32%
Client 8	Pharmaceutical	3	1.96%
Client 9	Media	1	1.65%
Client 10	Media	2	1.55%
<b>Total Top 10</b>			<b>27.52%</b>
<b>Total Top 20</b>			<b>39.46%</b>

PhotonGroup

Photon Group Limited

## Outlook

---

- Due to organic growth and recently announced acquisitions, we are budgeting revenue of approximately \$200m and EBITDA in excess of \$40m (up 43%).
- We continue to explore further acquisitions in a disciplined manner that have growth prospects and can leverage existing Photon businesses and clients, both in Australia and globally.
- Continued opportunities under review in fast growing Internet, Interactive and Digital sectors.
- Currently reviewing further off shore opportunities following recent acquisitions in the US (OBMedia) and UK (DVL Smith).
- Photon is now a truly diverse and independent marketing and communications group.
- We are well positioned for growth into 2007 and beyond.

PhotonGroup

Photon Group Limited

