



Investor Update – October 2007

# PhotonGroup

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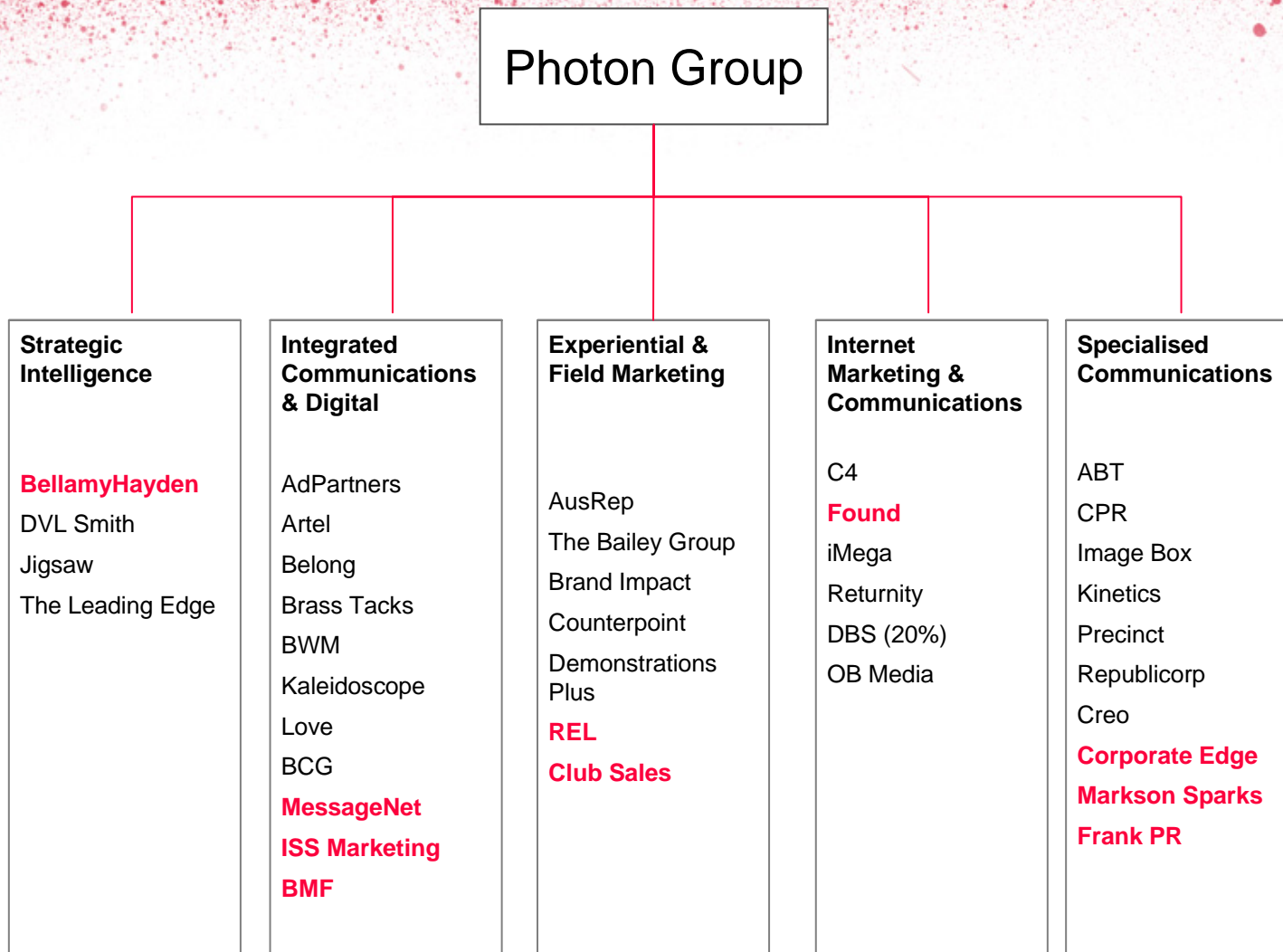
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## Executive Summary

- Since announcement of new organisational structure – acquired six Australian-based and three UK-based companies
- Total upfront payments of A\$106 million - an average multiple of 5 times FY08 EBITDA and are expected to accretive to FY08 earnings per share
- Strong pipeline of acquisitions in UK, US and Australia – expect offshore EBITDA to be approximately 20% of total FY08 EBITDA
- Expand funding at current structure and pricing to maintain flexibility to pursue acquisitions
- Photon is a low risk, high growth stock. Its diversity means it is not dependent on any one sector, company, client or management team
- Expect FY08 net revenue of approximately \$340 million, EBITDA of approximately \$70 million and cash flow per share in excess of 42 cents
- NPAT expected to be up approximately 20% in FY08 reflecting organic growth and accretive acquisitions

# 38 companies across a diverse range of marketing segments

## Photon Group



FY08 YTD Acquisition – 60% BellamyHayden, 49% Found

## Recent Acquisitions

- Continued disciplined approach to acquisitions – looking for lower risk, high margin and well managed businesses
- Funded via the issue of 903,228 Photon shares and A\$100.3 million in cash consideration drawn against the ANZ facility

Company	Division	Upfront Payment A\$m
REL	Experiential & Field Marketing	18.1
MessageNet	Integrated Communications	6.0
ISS Marketing	Integrated Communications	6.0
Markson Sparks	Specialised Communications	3.0
Corporate Edge	Specialised Communications	15.7
Bellamy Hayden (60%)	Strategic Intelligence	5.0
Club Sales	Experiential & Field Marketing	8.0
BMF	Integrated Communications	25.6
Frank PR	Specialised Communications	18.5
<b>Total YTD FY08</b>		<b>105.9</b>

## Recent Acquisitions – Payment Structure

- Average upfront multiple of 5 times FY08 estimated EBITDA
- All YTD acquisitions have opportunity to earn additional consideration based on EBIT performance over the next three to four years
- Earn-out model has been proven at aligning vendors' interests with those of Photon shareholders
- Growth is key criteria for earn-out payments
- Of the 26 Photon companies with earn-out arrangements previously or currently in place – only three vendors have left the Group

## Recent Acquisitions – High Quality Clients

- Acquisitions have added further blue chip clients across a diverse range of marketing sectors

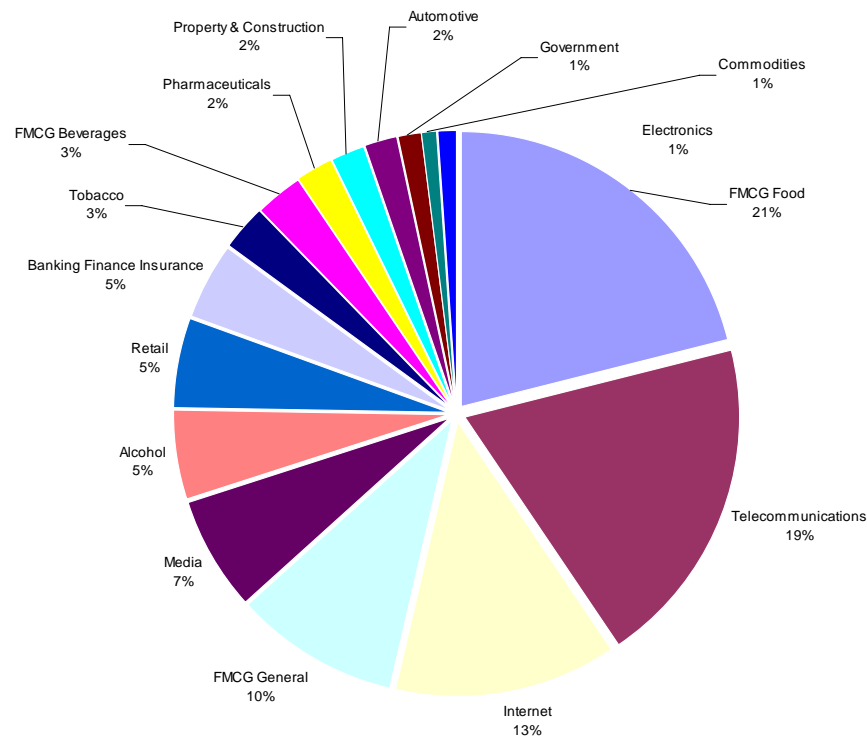
<b>Australia Examples</b>	<b>UK Examples</b>
Austar	Unilever
Lion Nathan	Danone
Aldi	Blackberry
Dairy Farmers	Waitrose
Tattersals	Ferrero
Jenny Craig	Sainsburys
Talent2	Shell
Safcol	National Grid
Fonterra	Tesco
George Weston	Marks & Sparks
Nestle	Lloyds
Tabcorp	Cadbury Schweppes

## High Growth with Increasingly Lower Risk

- Photon's business is truly diverse
- Largest sector – Experiential & Field Marketing – 38% of Net Revenue
- Largest company client – 6% of Net Revenue
- This client represents six touch points across the Group
- Largest individual account relationship – 3% of Net Revenue
- Photon has five divisional Managing Directors, 61 CEOs, 1,400 full time employees and over 5,000 casual staff

## High Growth with Increasingly Lower Risk

- At September 2007, Photon generated revenue from 976 unique client relationships
- 30 relationships have up to six touch-points in the Group
- Top 50 clients generate 49% of Net Revenue



## Managing Off-Shore Expansion

- Focus on those sectors with less volatility and clearly defined operating systems and intellectual property that can be shared across international markets
- Senior Management expertise in off-shore expansion
  - 1985 -1992: Tim Hughes, Senior VP Corporate Development and Investment Grundy Worldwide during Grundy Worldwide's successful expansion from its Australian base into the US, UK and Europe
  - 2004 – 2007: Tim Hughes, Executive Chairman Macquarie Media Group led the Australia-based media fund during a number international investments
- In medium term, establish off-shore divisional Managing Directors and finance and other support centre functionality in UK and US
- What has worked so well in Australia can work in other markets

## International Divisional Structure

- Divisional structure working to share best practices and learnings
- Tapping networks to source high quality acquisitions
- Examples of structure at work across the divisions:
  - Experiential & Field marketing – The Bailey Group, Counterpoint and REL
  - Specialised Communications – CPR, Ro Markson and Frank PR / Corporate Edge and Precinct
  - Internet Marketing & Communications – OB Media, Found and iMega
  - Strategic Intelligence – DVL Smith and TLE
  - Integrated Communications & Digital - Love and Belong

## Acquisition Funding – Debt Facility

- In discussions to expand existing facility by A\$120 million on similar terms (incl. pricing)
- Flexibility for acquisitions while maintaining leverage at less than 3.5x pro forma EBITDA
- Facilities available in Australian Dollars, Sterling and US Dollars to provide a natural hedge against potential currency movements

### At 30 September 2007

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Facility Balance	A\$219.7 million
Interest Cover (greater than 3.0x)	4.5x
Financial Indebtedness (less than 67%)	58%
Financial Indebtedness / Pro Forma EBITDA (less than 3.5x)	2.8x

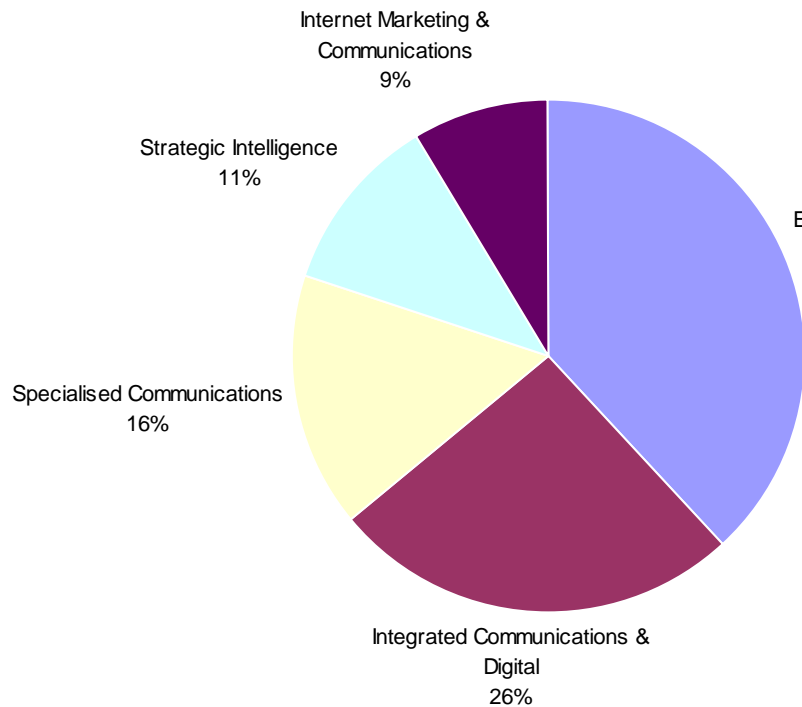
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## FY08 Estimated Results including YTD Acquisitions

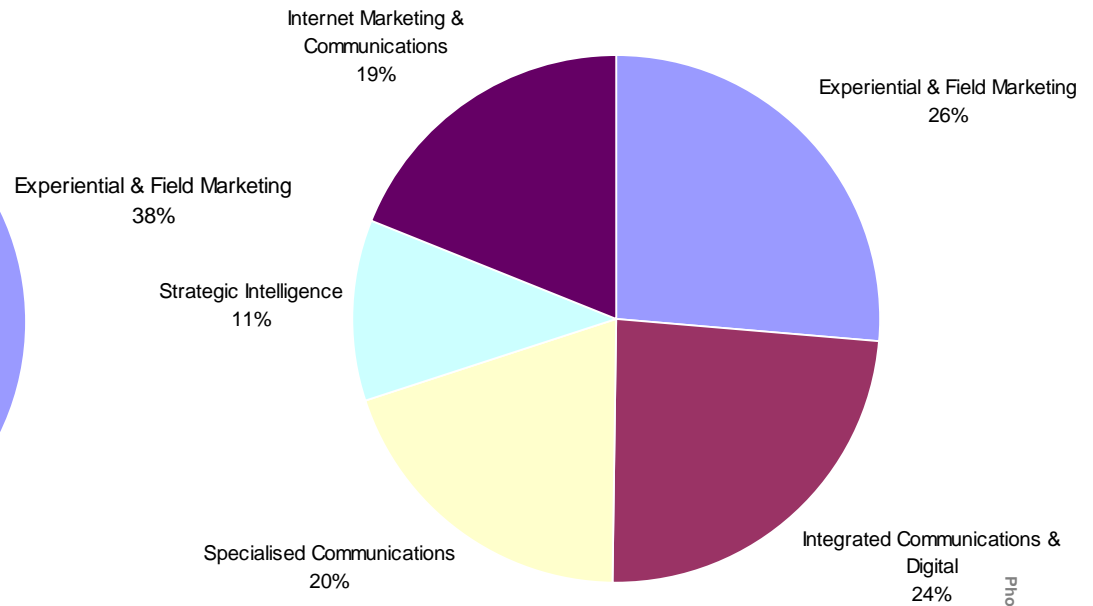
A\$m	<b>FY07A</b>	<b>FY08E</b>
Net Revenue	194.6	c.340.0
EBITDA	45.1	c.70.0
Cash flow per share	34.4 cents	c.42.0 cents

# FY08 Estimated Results – Pro Forma Net Revenue and Pro Forma EBITDA by Division

## FY08 Pro Forma Net Revenue



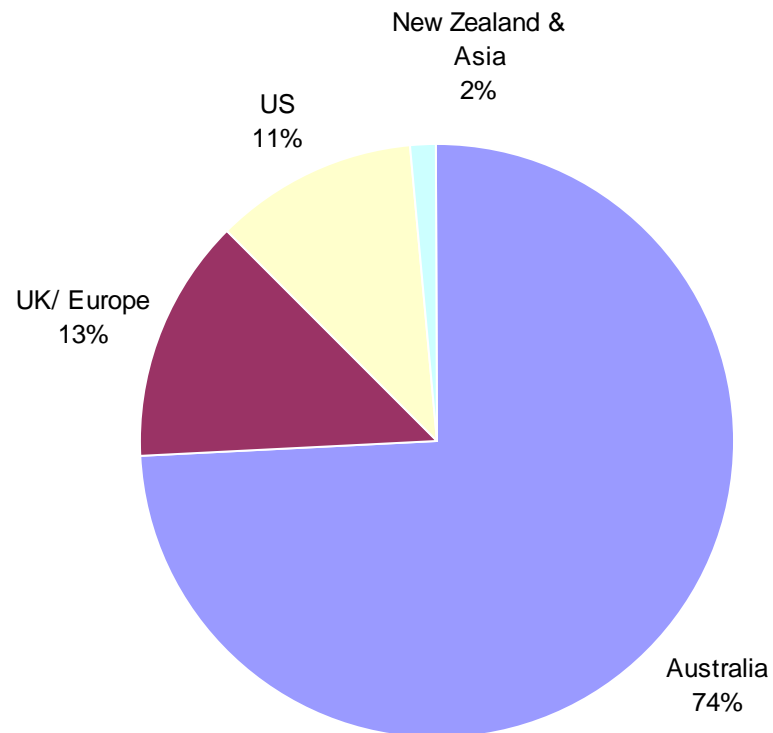
## FY08 Pro Forma EBITDA



## FY08 Estimated Results – Pro Forma EBITDA by Geography

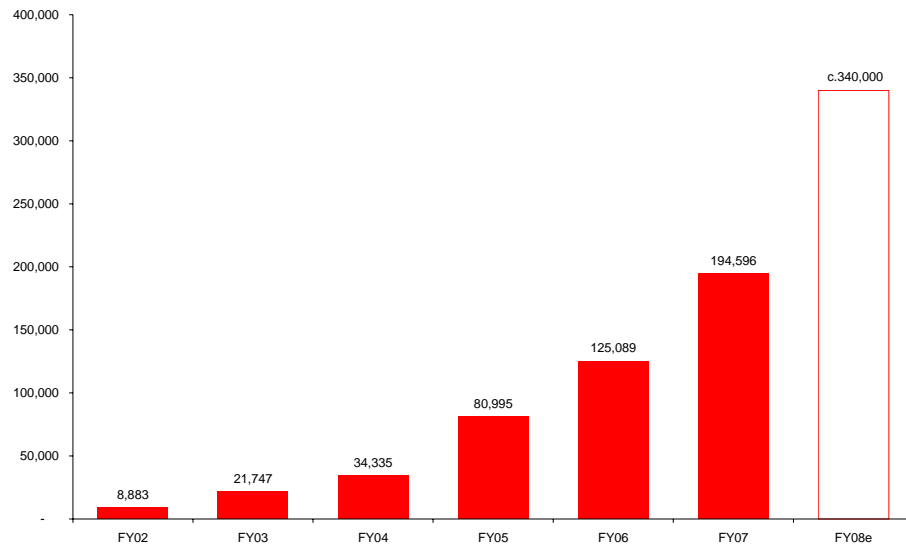
- In 2008 over 20% of pro forma EBITDA is estimated to be generated internationally

### FY08 Pro Forma EBITDA

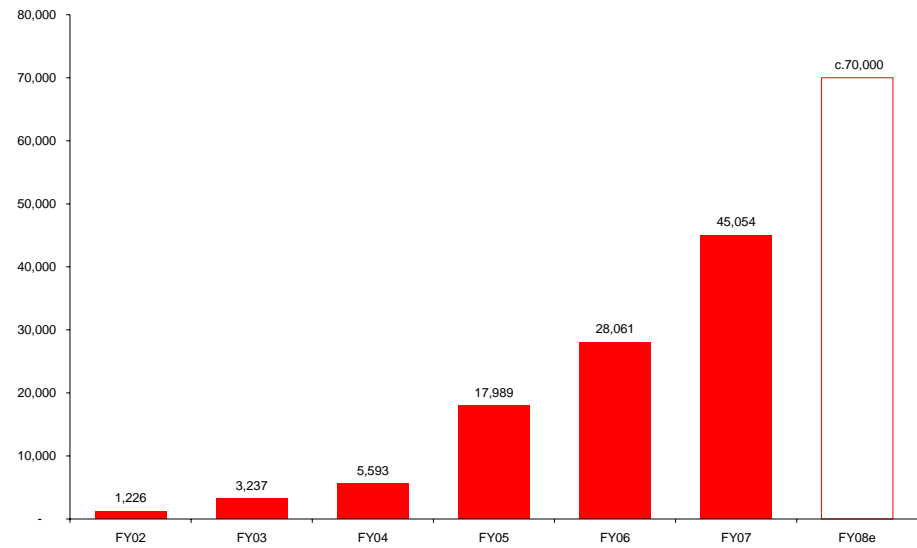


# Seven Year Revenue & EBITDA

## Net Revenue




## EBITDA



## Outlook

- Existing operations have commenced new financial year on track. Experiential and Field Marketing, Internet Communications and Specialised Communication markets are strong
- Exciting acquisition prospects in Australia, UK and US – expect offshore EBITDA to be 20% of total FY08 EBITDA
- Expanded funding at current structure and pricing to maintain flexibility to pursue acquisitions
- Photon is a low risk, high growth stock. Its diversity means it is not dependent on any one sector, company, client or management team
- Expect FY08 net revenue of approximately \$340 million, EBITDA of approximately \$70 million and cash flow per share in excess of 42 cents
- NPAT expected to be up approximately 20% in FY08 reflecting organic growth and accretive acquisitions
- Overall the outlook for 2008 is very positive



Acquisition Overviews

PhotonGroup

## REL Field Marketing (UK)

- Formed in 1995
- 2006 Field Marketing Agency of the Year
- Access to 2,500 field staff incl. 60 full time client and administration staff
- Client base covering major retailers incl. Sainsbury's & Waitrose and FMCG (fast moving consumer goods) incl. Reckitt Benkiser & Ferrero
- Activities include merchandising, field marketing, promotions & events, audits & mystery customers, POS management, warehouse & distribution
- David Norbury ex-Sales Director at Diageo and Lawrence Clube ex-Director at Sainsbury

[www.relfm.co.uk](http://www.relfm.co.uk)



## MessageNet Integrated Communications & Digital

- Established in 1995
- MessageNet has created a niche allowing businesses to engage in two way communications that are personal, immediate and have a high reach
- MessageNet has over 1,500 clients incl. Coca Cola for which the challenge was to create an efficient way to communicate with field staff both inside and outside of business hours
- Activities include SMS, email, web & integrated, white-label business solutions, mobile ticketing, eFax, promotions & campaigns, MMS Warehouse

[www.messagenet.com](http://www.messagenet.com)



## ISS Marketing

### Integrated Communications & Digital

- Established in 1997
- ISS Marketing is one of the largest below the line promotional marketing agencies in Australia
- Specialises in creating targeted solutions and delivering measurable results for our clients' brand
- ISS Marketing's core services cover such areas as consumer and trade promotions, sponsorship marketing, FMCG, licensing, packaging and Point of Sale design
- Key clients include Lion Nathan, Bacardi Lion, Nestle Australia, Tabcorp/Keno, Tattersals and The Australian Open
- Associated companies include Jelly Bean Studios and DBS Display

[www.issmarketing.com.au](http://www.issmarketing.com.au)



## Markson Sparks Publicity Specialised Communications

- Founded by Ro Markson
- Markson Sparks Publicity specialises in media management, communications and relationship management
- Clients extend across a broad range of sectors including media, recruitment, weight loss, consumer packaged goods and services companies
- Helps its clients design and implement publicity strategies, build media relationships, provide media training, and launch products, services and companies

[www.marksonsparks.com](http://www.marksonsparks.com)

## Corporate Edge Specialised Communications (UK)

- Established 1997
- Corporate Edge comprises a Branding business and a Communications business
- Corporate Edge Branding is a branding company that specialises in corporate, service and product branding
- Offers its clients brand creation, strategic development, visual expression of brands and employee engagement
- Corporate Edge Communications specialises in corporate reporting, corporate responsibility and interactive communications
- Client base includes top UK corporate and consumer brands

[www.corporateedge.com](http://www.corporateedge.com)

**CORPORATEEDGE**

## Club Sales & Merchandising Field Marketing

- Founded in 2000
- Club Sales manages the flow of high quality products through all channels within the FMCG industry with total respect and commitment to staff, clients and customers
- Client base encompasses a number of leading FMCG and beverage companies and includes a strong presence in the frozen food segment
- Provides its clients food broking services (including negotiations with supermarket chains), and merchandising / in-store sales force services with the aim of maximising sales of clients' products
- Over 150 field staff



## BMF

### Integrated Communications & Digital

- Established in 1996 by Warren Brown and Matthew Melhuish
- World class independent advertising agency based in Sydney
- Full service creative agency with strategic planning, creative research, account management and media and production departments. Specialist in-house capabilities in advertising on-line, retail, direct mail and design
- BMF is currently B&T National Agency of the Year and B&T Direct Agency of the Year and collected three top awards at the recent AFA Effectiveness Awards
- Blue chip Australian client base including Lion Nathan, Aldi, Commonwealth Bank, Dairy Farmers, and the Federal Government
- A team of over 115 full time employees

[www.bmf.com.au](http://www.bmf.com.au)



## Frank Public Relations Specialised Communications (UK)

- Formed in 2000 by Graham Goodkind and Andrew Bloch
- Fast growing consumer public relations company
- Only UK-based PR agency to win Marketing Magazine's PR Agency of the Year in two consecutive years (2005 and 2006)
- Clients span FMCG, leisure, fashion, lifestyle, consumer and personal finance sectors
- Top 10 clients (over 20 individual brand accounts) accounted for c.55% of FY07 revenue
- 53 full time employees

[www.frankpr.it](http://www.frankpr.it)

