Edison investment research

12 July 2007

The Mission Marketing Group

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	PE (x)	Yield (%)
12/06**	37.5	2.2	6.1	1.0	20.8	0.8
12/07e	76.3	6.1	15.2	1.1	8.4	0.9
12/08e	90.8	7.1	16.7	1.3	7.6	0.9

Note: *IFRS figures excluding non-cash charges. ** 2006 includes 8.5 months trading only

Investment summary: themission®: To communicate

The Mission Marketing Group is a young marketing communications and advertising group with an experienced management team, complementing strong organic growth with a buy-and-build strategy. With an international client base and a broad spread of traditional and digital services, it operates with a lower cost structure than its peers. The rating discount is overdone and we initiate coverage with a target price of 161p and on the back of the company's pre-close trading update

National advertising and business communications

By concentrating outside the Central London market, the company has been able to make its first three acquisitions at sensible historic multiples of under 7x EBIT. These have given the group a range of creative-led services without the structural legacy issues that hamper the industry. The client list is blue-chip with a high element of recurring business, seemingly unaffected by limited London presence. Opportunities for cross- and up-selling have started well but are yet to be fully exploited.

Incentivising earn-outs

Earn-outs for acquisitions are structured to incentivise succession management in addition to the vendors, with every group employee a shareholder. This helps avoid the pitfalls of ring-fencing, encourages group companies to work co-operatively and smoothes the succession within individual operations. We calculate that the total outstanding group potential liability is £19.5m. Good cash generation should mean that gearing will fall away from our forecast 65% at end-2007.

Valuation: Overlooked

An element of discount is to be expected with liquidity issues, the market awaiting proof that management is successful in its acquisition programme and the dilution from future earn-out payments. We argue, however, that 34% is too high. Narrowing the target discount to 20%, which still represents a degree of scepticism by the market, implies a share price of 161p, a 26% uplift on the current level.

Investment summary: themission®:

Price	127.5p
Market Cap	£33m

Share price graph

Share details

Code	TMMG
Listing	AIM
Sector	Media
Shares in issue	26.036m

Price

	High	Low
52 week	136.5p	102.5p

Balance Sheet as at 31 Dec 2006

Debt/Equity (%)	20.8
NAV per share (p)	120
Net borrowings (£m)	5.4

Business

National marketing communications and advertising group.

Valuation

	2006	2007e	2008e
P/E relative	148%	64%	63%
P/CF	12.6	5.3	4.5
EV/Sales	0.9	0.7	0.6
ROE	6%	12%	14%

Revenues by geography

UK	Europe	US	Other
100%	0%	0%	0%

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The Mission Marketing Group is a research client of Edison Investment Research Limited

To communicate

Multi-disciplinary marketing agency

The Mission Marketing Group is a multi-discipline marketing agency, founded in 2002. The current management team joined the group in early 2006, ahead of the group's flotation in April of that year. The acquisition of Bray Leino accompanied the Placing and Admission, a move that considerably expanded the scale of the group's activities. The strategy for growth is predicated on organic growth supplemented by buy-and-build, as has been pursued by others in the sector. Aside from major players such as WPP, Publicis, Omnicom, Interpublic and Havas, much of the industry remains highly fragmented. The Mission Marketing Group (themission®) is focused away from the high-overhead central London market and has offices across England and Scotland, with the additional benefit of organic growth being higher, coming from a lower base and without the inflated pricing structures. The management has extensive experience within the industry and within highly acquisitive companies. themission® has a broad spread of clients (the largest of which accounted for 6% of gross profit in 2006) and specific exposure to the Food and Drink, Technology, Property, Pharma/Healthcare and Environmental markets. Group companies have good industry recognition for their creativity, regularly gaining medals at industry award ceremonies, which provide a showcase for gaining new clients and increase the attraction of the group as a potential purchaser.

Valuation

We have assessed the market's valuation of The Mission Marketing Group by benchmarking against its peer group of Small Cap marketing services groups, of which there are a number now quoted. In terms of operational performance criteria such as revenue growth levels and productivity, the company looks well placed. However, the stock market is valuing it at a considerable discount to the subsector, where most companies adopt a similar buy-and-build strategy. Whilst acknowledging that the market will want to see evidence that themission®'s implementation of this strategy is sound, as well as there continuing to be an element of liquidity discount, we would argue that a 34% discount on current year EV/EBITDA is overdone. A narrowing of the discount to 20% implies a share price of 161p, 26% higher than the current level.

Sensitivities

We identify the key sensitivities for themission® as:

- Overall marketing spend. The group would not be immune to a downturn in overall marketing spend, although this is not currently predicted.
- Loss of key clients or individuals. A standard industry concern, which is mitigated in this instance by a broad spread of clients (largest 6% gross profit) across a number of different market segments. Individuals are linked into earn-out payments over up to three years which are structured to involve and motivate the next layer of management.
- Availability of suitable acquisitions. The emphasis on national coverage excluding London means that themission® is less likely to be in a competitive position for its purchases.

However, vendors' expectations on price may rise, undermining the group's inherent cost advantages.

- Cost control. The company must maintain its control of the wages and salaries, the main element of overhead in any people business. Rent and rates in other parts of the country might experience similar inflation to London.

Financials

Statutory figures can be misleading for acquisitive companies with a relatively short trading history. Published 2006 figures reflected that the company had only come into existence just prior to April's flotation and purchase of Bray Leino, the largest subsidiary.

Post the maiden prelims, themission® bought BDW (on 5.5x 2006 EBIT) and April-Six (on 6.0x 2006 EBIT). Together they have accounted for 31% of group revenues on a consolidated basis. Had all the acquisitions to date been purchased at the beginning of 2006, we derive the figures in Exhibit 1, below. Including 2005 further complicates the comparatives, but using pro forma figures from the placing document, organic growth 2006 on 2005 was 13% at the gross and 25% at the operating profit level, well ahead of market growth. Any additional consideration payable is dependent on performance over up to three years and would equate to exit multiples of around 5x.

Exhibit 1: Pro forma figures

Note: Figures in £m except per share data. IFRS figures excluding non cash charges

	EPS			PBT			EBITDA		
	Actual	Pro forma	% gth.	Actual	Pro forma	% gth.	Actual	Pro forma	% gth.
2006	6.1	13.2		2.2	5.9		2.8	7.1	
2007e	15.2	14.9	13	6.1	6.4	9	7.4	8.2	15
2008e	16.7	16.7	12	7.1	7.1	11	9.1	9.1	11

Source: Edison / Company Accounts

We calculate that there is a potential further liability on acquisitions of £19.5m, payable £1.7m in 2008, £8.2m in 2009 and £9.6m in 2010. Although it is unlikely that these payments will be fully covered by the cash generated within the business, 50% can be paid in shares. Our model makes the conservative assumption that all payments will be cash and the balance sheet is sufficiently strong to do so, with forecast interest cover more than comfortable. If growth does not meet expectations, no further payments will be made.

Company description: Multi-disciplinary national agency

themission® is a grouping of agencies with a good creative reputation and with a range of activities, traditional and new media, that can be offered individually or as a package. Its locations are primarily outside central London and have a considerably lower cost base than the peers. The geographical footprint does not appear to hamper the company's ability to attract a good quality international client list and, in some cases, allows for a more integrated interaction with the client.

Advertising and business communications

As a multi-disciplinary agency, themission® is in a position to offer its clients creative campaigns across different media, traditional and new. The group has no legacy issues of transference from a traditional television and press mindset or requirement to cover an overhead no longer appropriate for the changing marketplace. For ease of reporting, its activities are defined as Advertising and Branding, Media (where much of the turnover is put through), Digital and Online, PR and Events and Learning.

Whilst the group itself is recently formed, its constituent operations are of longer standing and have good reputations within the industry. It has nine offices around England and Scotland, with its Central London presence limited to a small Covent Garden group facility used for meeting London-based clients. This enables the group to run on lower costs than most of its peers, with wages and salaries at around half of industry levels. Organic growth opportunities are also greater, coming off a lower base. Whilst having a broad coverage and range of services, the group specialises in the Food and Drink, Pharma, Property, Technology and Environmental segments.

The group companies have a blue-chip client base, including well-known brands such as Wrigley, WKD and King of Shaves, with a good flow of new business including the Gardasil launch for Sanofi Pasteur, campaigns for arts and crafts retailer, The Works, and the relaunch of Shloer. Group companies feature regularly winning medals at industry award ceremonies such as Fresh and Cream, which are important for raising profile in a fragmented industry, attracting clients and creative individuals and improving the attraction of the group to a potential vendor.

Organic growth supplemented with buy-and-build

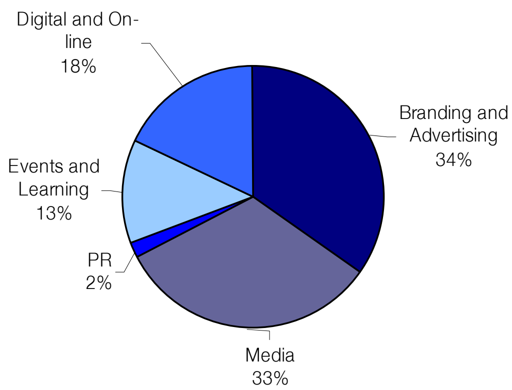
In addition to having delivered organic growth well ahead of the market, themission® has bought three companies since its admission to AIM in April 2006 and intends to continue the combined strategy to build the group. Target companies are well run and recognised for their creative reputation by their peers within their sectors. Each should provide a new group service for group clients and be capable of leadership in their chosen sector. They have well-established management teams who will have built their own companies to a certain stage and are now looking to make the next step but are unwilling or unable to make that change independently. Being based outside the traditional London-based centre of the industry, they benefit from lower employee costs, with the new locations also providing existing group companies with a low-risk option for extending their geographic footprint.

The commitment to buy-and-build does not negate the need for organic growth and each of the underlying businesses produces and reports against detailed business plans agreed at the time of purchase. Additionally there are synergistic opportunities by activity and geography, which have started to be addressed successfully, but have yet to be fully exploited.

Management experienced in sector and corporate activity

Mission Marketing is headed by Iain Ferguson and Tim Alderson (under the Chairman, Rt. Hon Francis Maude). Both Iain and Tim have extensive, relevant experience within the sector and, more specifically, of running programmes of corporate activity. Iain was previously at Havas, the world's sixth largest marketing communications group, where he was responsible for the running of the international reorganisation programme implemented in 2003. This involved the disposal of around twenty subsidiaries across various territories. Prior to that, he was CEO of Euro RSCG Marketing Services based in New York, having previously run their European operations. Tim Alderson was CFO of Creston from inception, through flotation and up to £80m market capitalisation through a buy-and-build programme. Prior to Creston, he was corporate finance manager, then FD of the Product and Service Division of Thames Water plc.

Exhibit 2: 2007 pro forma revenue split by activity



Source: Edison / Company

The group is currently made up of five operating companies, which have some overlap between business offerings as illustrated in Exhibit 3 below. For reporting purposes, only the activities are discussed, rather than the individual companies. Although these activities are often used by clients on a standalone basis, 'down-the-corridor' access means that campaigns can be adjusted or redirected at short notice to the most appropriate medium.

Exhibit 3: Activities and sectors

Activity \ Market	Food & Drink	Healthcare	Property	Environmental	Technology
Branding & Advertising	Bray Leino, Big	Bray Leino, Big	BDW	Bray Leino	April-Six
PR	Bray Leino	Bray Leino		Bray Leino	
Events & Learning	Bray Leino	Bray Leino		Bray Leino	
Digital	Bray Leino, Big, Fuse	Bray Leino, Big, Fuse	BDW	Bray Leino	April-Six

Source: Mission Marketing

Whilst the activities as described are fairly self-explanatory, the Events & Learning function is less usual in a group of this scale. Often provided in collaboration with other group functions, it designs and provides learning programmes such as that for the launch of the Highway Agency Traffic Officer Service or to support the launch of Gardasil (the cervical cancer vaccine) in the UK which was accompanied by a concert at the Royal Albert Hall. The recent acquisition, BDW, works within the residential property market, predominantly on larger new developments or refurbishments where between 10 and 100 properties will be marketed.

Acquisition implementation

For a company joining the group, there are obvious advantages to be able to share the expertise and geographical reach of the 'siblings', but there is no requirement for each of the companies to undertake all of the activities. The alignment of interests through the equity holdings makes the operations more likely to use each other as an outsource partner, as well as offering a physical geographic location for expansion by sharing offices.

Heads of Agreement are more detailed in their description of the terms than is usual and thus are reached at a later stage in the purchase negotiations, reducing the legal costs and increasing the chances of successful completion. They include a formal business plan, set out in The Mission Marketing Group format. Deal structures are typically based on earn-out, using a combination of cash, paper and debt. Atypically, the deals are structured to avoid situations where operations are artificially ring-fenced to the extent that corporate efficiencies are impossible to achieve. Although the vendors are the key party in the initial negotiations, the next layer of management is taken into consideration, with these individuals taking an increasing proportion of any additional consideration earned over the relevant period (typically three years). Additionally, all acquired staff members are given a small number of shares (at the expense of the vendors) to improve the 'buy-in' through the organisation. By this strategy, themission® seeks to avoid the relatively common experience of profitability peaking just prior to the earn-out period ending.

Post acquisition, the acquired companies continue to report against their agreed budgets and business plan in group format, with regular central support and with a group presence at board meetings.

Industry context

There remain legacy issues within the sector, particularly concerning Cordiant and Incepta, which have undermined investor perception of the quality of earnings within the marketing services sector. However, industry expectations of market growth and greater emphasis from the individual companies on controlling their expense ratios should lead to improving returns. At an earlier stage of development than most of the quoted sector, themission® has a tight rein on costs.

Marketing services continued growth…

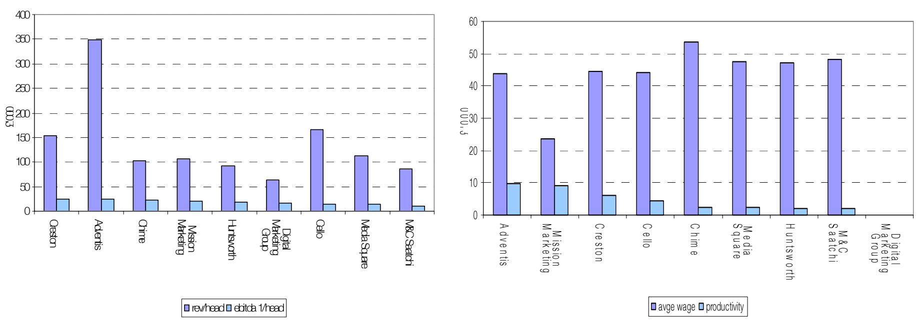
Although there are variations between the different strands of activity, marketing budgets within the UK are forecast to continue rising by levels outstripping inflation, with the Q107 Bellwether Report noting a net positive 8% of companies increasing their budgeted spend in the year. The Carat ad spend forecast is expecting global growth of 5.8% in 2007, increasing to 6.4% in 2008, whilst the UK is slightly lower with an anticipated rate of 4.1% in the UK in 2007, with a further 3.9% in 2008. Figures published by WPP are more conservative, with forecast global rates of 4%, but more optimistic for the UK with a consensus of 5–6%. The latest Holmes Report on the PR industry, published June 2007, discloses estimated growth in that sector of 10–11%, with Veronis Suhler anticipating 9% worldwide.

…greatly outstripped by digital

However, these areas are modest compared with market forecasts for the continued growth in digital ad spend. Having overtaken radio spend to take 10% of overall budgets, Zenith Optimedia is expecting the digital share of the cake in the UK to rise to 16.6% in 2007 and 22.6% as major FMCG companies appreciate more fully the opportunities offered by the new routes to market. PWC are forecasting that digital will account for 30% of the UK market by 2011. The supply side of the industry has been remarkably slow to address the shift away from television and the print media, and the growth in the sector has largely been led by the client base. There are now specialist digital-based agencies addressing this sizeable market, but there is a strong argument that the client base wants to see a digital strategy that will be an integrated part of its communications, rather than needing to deal with separate agencies for the various strands.

The exceptional growth of the digital ad spend has led to an upwards squeeze in the wages commanded by those with expertise in this area.

Exhibit 4: Sector benchmarks



Source: Companies' accounts/Hemscott

Sector benchmarking

Exhibit 4 demonstrates some of the key benchmarks in the sector and themission®'s place within the sector. These charts show clearly one of the group's core differentiators: its geographic footprint. Whilst the revenue generated per head is about halfway through the pack of quoted peers, the average wage per employee (the principle element of cost) is considerably lower. The other companies pay between £43,900 and £53,700, i.e. double what themission® pays for its staff, being located outside central London. Our proxy for productivity, revenue/gross income (as appropriate) per £1 of average earnings shows the absolute value of this approach. Sorting the data by EBITDA per £1 of average earnings ranks themission® third out of the eight where all relevant data is available, behind Creston and Adventis.

The company is similarly ranked in terms of cash conversion from operating profit, despite its relatively early stage of corporate development.

Sensitivities

Marketing spend

The key sensitivity for themission® is the health of overall marketing spend. Whilst the latest Bellwether Report showed that there was a majority looking to increase their marketing spend within their 2007–2008 budgets, this survey does have an inherent tendency to the positive. However, should the economy slow from current expectations, not all areas would be seeking to restrain their advertising and marketing budgets as they compete for a greater share of a smaller pot. Areas such as the property market would more likely increase spend as the market slowed, as the current condition of high demand reduces the need for marketing literature and events.

Dependence on key clients or individuals

There are always concerns voiced by potential investors as to the quality of the earnings in a marketing services company and, as with all the companies in the peer group, there is a reliance on key clients and individuals. However, themission® does have a good spread of clients with the ten largest clients in 2006 accounting for 31% of gross profit and the largest accounting for 6%. The individual companies within themission® have a good record of client retention and three of the top five clients are common from 2005 to 2006.

Personal relationships between clients and their account managers/creatives are critical. The acquisition structure used by the company should help any transition by ensuring an orderly transfer to the next generation within the subsidiaries. The ex-London factor reduces employee — and client — churn.

Availability of appropriate acquisitions

The industry remains highly fragmented, particularly outside London, where competition for high-quality agencies can be intense. Many vendors will also prefer to work with an acquirer of smaller scale who can understand their 'vision', solve their succession issues and who will take personal relationships within the agency more seriously. It could be, however, that vendors' price expectations in the key areas such as Leeds and Manchester come more into line with those being paid in London, diminishing themission®'s price and cost advantages.

Cost control

With any people business, control of the wages and salaries bill is key to achieving acceptable returns. As described earlier, themission® has advantages in this aspect and is also not suffering from the considerable rent and rate increases experienced by those located in and around Golden Square (maintaining a small Covent Garden office with meeting room used as a group resource).

Valuation

Peer group comparison

Whilst they may vary in the range of activities and services provided to their clients, there is now a meaningful cohort of SmallCap marketing services companies which provide benchmarks for valuation. As the business models mature, they are increasingly differentiated; Creston discipline-by-discipline; Cello increasingly upstream; Huntsworth on PR, etc. Digital Marketing Group may not technically be a marketing services group, but is included because of the degree of overlap. Whilst there has been some takeover activity to provide absolute indications of value, the larger profile deals within the sector have been of distressed stocks, reflected in the prices paid, rather than of companies on the front foot.

Earnings based valuation

Exhibit 5: Peer group

Note: Descending by mkt cap. Prices at close 06/07/07.

Company	Y/E	Price (p)	Mkt Cap (£m)	EV/EBITDA	EV/EBITDA 1	EV/EBITDA 2	Rev gth
Huntsworth	Dec	104	212	14.5	8.9	8.0	7%
Chime	Dec	56	149	11.1	8.8	7.7	13%
Creston	March	170	95	9.3	6.0	5.6	14%
M&C Saatchi	Dec	159.5	85	8.6	5.5	4.7	10%
Digital Marketing Group	March	125	81	17.0	15.0		
Cello	Dec	152.5	55	10.7	9.0	7.8	13%
Media Square	Feb	11.5	38	5.5	4.2		-3%
Mission Marketing	**Dec**	**126.5**	**33**	**13.7**	**5.1**	**4.2**	**56%**
Adventis	Dec	57	23	11.6	8.2	6.5	19%
average				11.3	7.9	6.4	16%
Mission Marketing discount					-35%	-35%	

Source: Edison/companies' accounts/Hemscott/Digital Look

The buy-and-build strategy has been tried and tested with various degrees of success within the sector. It is therefore inevitable that a new player will need to prove to the market that it is skilled in the identification of and negotiation with suitable targets before it is accorded a rating in line with those who have already demonstrated success.

We take EV/EBITDA as an earnings' measure, but a traditional P/E would show a similar result. The sales-based metrics are of less use because of definitional issues between companies on sales, revenues and gross income, according to the various business models.

Although we recognise a recent new issue may bear an unfamiliarity and liquidity discount, we argue that this has been overdone. Using the 2007 actual forecast (which understates the pro forma equivalent figure as BDW and April-Six are only included for nine months) Mission Marketing shares are sitting on a 35% discount to the peer group, despite anticipating good rates of revenue growth. Narrowing the target discount to 20%, which still represents a degree of market scepticism, would imply a share price of 161p, a 26% uplift on the current level.

Financials

With acquisitive companies with a relatively short trading history, statutory figures can provide a somewhat misleading picture. The published figures for 2006 reflected that the company had only come into existence just prior to flotation and that Bray Leino, the largest subsidiary, was bought contemporaneously with the placing in April. Post the publication of the maiden preliminary figures, themission® bought BDW, a property marketing agency, on 5.5x historic EBIT and April-Six, a specialist IT b2b agency, on 6.0x historic EBIT. Any additional consideration payable is dependent on performance over up to three years and would equate to exit multiples of around 5x. By way of comparison, Digital Marketing Group has recently announced the acquisition of two digital creative agencies (also outside London) for nominal 31.3x (6.5x normalised earnings) and 7.3x historic EBIT. Together, BDW and April-Six would have accounted for 31% of group revenues on a consolidated basis.

We include in Exhibit 6, below, our interpretation of how the numbers would look had all the acquisitions been purchased at the start of 2006. Including 2005 further complicates the comparatives, but using pro forma figures from the placing document, organic growth 2006 on 2005 was 13% at the gross and 25% at the operating profit level, well ahead of market growth.

Exhibit 6: Pro forma figures

Note: Figures in £m except per share data. IFRS figures excluding non cash charges

	EPS			PBT			EBITDA		
	Actual	Pro forma	% gth.	Actual	Pro forma	% gth.	Actual	Pro forma	% gth.
2006	6.1	13.2	N/A	2.2	5.9	N/A	2.8	7.1	N/A
2007e	15.2	14.9	13	6.1	6.4	9	7.4	8.2	15
2008e	16.7	16.7	12	7.1	7.1	11	9.1	9.1	11

Source: Edison / Company Accounts

Building cash flow

As with any acquisition strategy based on earn-outs, an important consideration is the level and affordability of any additional consideration that may become payable. We calculate that there is a potential further liability of £19.5m, payable £1.7m in 2008, £8.2m in 2009 and £9.6m in 2010, sums we treat as quasi-debt within the balance sheet. Although it is unlikely that the payments will be fully covered by the cash generated within the business, up to 50% can be funded by the issue of shares at themission®'s option. Should debt be used (as assumed in our model), the balance sheet is sufficiently strong to avoid gearing rising above comfortable levels and interest cover remains above 5.0x. If growth does not match expectations, no further payments will be made.

Conversion of operating profit into cashflow is building towards industry standard levels at 80%.

Mix of bank debt and loan notes

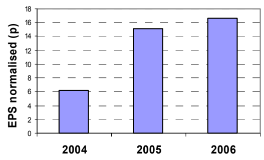
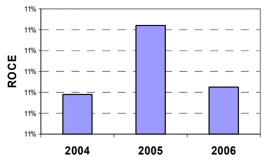
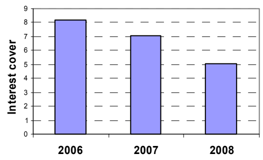
We regard the acquisition loan notes as quasi-debt. In addition to these, we estimate the company had drawn down £18.5m of a £23m revolving credit facility (as a result of the acquisitions) on which it pays LIBOR plus 2%, with a downwards ratchet based on debt to EBITA ratios. This is scheduled to be reviewed in September.

Exhibit 7: Financial estimates

Note: 2006 figures are adjusted to reflect the expected impact of the move to IFRS reporting. Normalised EPS figures exclude non-cash IFRS charges.

£'000	2006	2007e	2008e
Year end 31 December	IFRS	IFRS	IFRS
PROFIT & LOSS			
Revenue	37,468	76,330	90,767
Cost of Sales	(22,417)	(46,207)	(55,395)
Gross Profit	15,051	30,123	35,372
EBITDA	2,771	7,405	9,103
Operating Profit (before GW and except.)	2,523	7,080	8,778
Intangible Amortisation	0	0	0
IFRS adjustment	(300)	(817)	(905)
IFRS interest adjustment	(120)	(225)	0
Operating Profit	2,103	6,038	7,873
Net Interest	(309)	(1,006)	(1,725)
Profit Before Tax (norm)	2,214	6,074	7,053
Profit Before Tax (FRS 3)	1,794	5,032	6,148
Tax	(749)	(1,944)	(2,186)
Profit After Tax (norm)	1,465	4,130	4,866
Profit After Tax (FRS 3)	1,045	3,088	3,961
Average Number of Shares Outstanding (m)	21.6	24.0	26.0
EPS - normalised (p)	6.8	17.2	18.7
EPS - normalised and fully diluted (p)	6.1	15.2	16.7
EPS - FRS 3 (p)	4.8	12.9	15.2
Dividend per share (p)	1.0	1.1	1.3
Gross Margin (%)	40.2	39.5	39.0
EBITDA Margin (%)	7.4	9.7	10.0
Operating Margin (before GW and except.) (%)	6.7	9.3	9.7
BALANCE SHEET			
Fixed Assets	38,558	65,675	65,675
Intangible Assets	37,115	63,377	63,377
Tangible Assets	1,443	2,298	2,298
Investments	0	0	0
Current Assets	20,961	18,941	19,867
Stocks	237	334	361
Debtors	9,642	13,597	15,411
Cash	11,082	5,010	4,095
Current Liabilities	(17,759)	(22,553)	(22,555)
Creditors	(9,890)	(13,947)	(15,055)
Short term borrowings	(7,869)	(8,606)	(7,500)
Long Term Liabilities	(15,914)	(28,004)	(27,122)
Long term borrowings	(8,595)	(18,500)	(17,500)
Other long term liabilities	(7,319)	(9,504)	(9,622)
Net Assets	25,846	34,060	35,866
CASH FLOW			
Operating Cash Flow	2,189	5,818	7,315
Net Interest	(309)	(1,006)	(1,725)
Tax	(782)	(1,048)	(2,004)
Capex	(368)	(350)	(350)
Acquisitions/disposals	(2,436)	(19,656)	(1,721)
Financing	13,608	(153)	0
Dividends	0	(319)	(323)
Net Cash Flow	11,902	(16,714)	1,191
Opening net debt/(cash)	17,330	5,382	22,096
HP finance leases initiated	46	0	0
Other	0	0	(0)
Closing net debt/(cash)	5,382	22,096	20,905

Source: Edison Investment Research

Growth	Profitability	Balance sheet strength
		

Sensitivities evaluation	
Litigation/regulatory	○
Pensions	○
Currency	○
Stock overhang	○
Interest rates	◖
Oil/commodity prices	○

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 04-08e	N/A	ROCE 07e	11.0	Gearing 07e	64.9	Address:	
EPS CAGR 06-08e	648	Avg ROCE 04-08e	10.8	Interest cover 07e	7.0	Garden House 57-59 Long Acre London WC2E 9JL	
EBITDA CAGR 04-08e	N/A	ROE 07e	12.1	CA/CL 07e	0.8		
EBITDA CAGR 04-08e	81.2	Gross margin 07e	39.5	Stock turn 07e	1.6	Phone	020 7935 7572
Sales CAGR 04-08e	N/A	Operating margin 07e	9.3	Debtor days 07e	65.0	Fax	020 7240 3525
Sales CAGR 06-08e	55.6	Gr mgn / Op mgn 07e	4.3	Creditor days 07e	54.5	www.themission.co.uk	

Principal shareholders	%
Directors	14.0
David Morgan (employee – vendor Bray Leino)	7.5
Amvescap	5.4
Universities Superannuation Scheme	5.3
Fiona Shepherd (employee – vendor April-Six)	4.6
Stephen Crowther (employee – vendor April-Six)	4.6
Polar Capital Partners	4.0

Forthcoming announcements/catalysts	Date *
AGM	24 May 2007
Trading update	11 July 2007
Interim results	23 Sept 2007*
*Note: * = estimated*	

Management team

CEO: Iain Ferguson (50)

Iain was executive VP at Havas and oversaw the international reconstruction in 2003 which included a programme of 20 disposals. Previously, he was with Euro RSCG Marketing Services as CEO, based in New York, having built up the European operations.

CFO: Tim Alderson (50)

Tim was CFO of Creston, the marketing service company, from pre-flotation through its buy-and-build stage. Prior to Creston, he was corporate finance manager, then FD of the Product and Service Division of Thames Water plc.

Chairman: Rt Hon Francis Maude (53)

A lawyer by training, Francis Maude has considerable business experience in a non-executive and executive capacity. He was Chairman of Incepta and oversaw its sales to Huntsworth, where he was appointed Chairman.

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