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**March Quarter Update & Outlook
May 2009**

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**The future of
media, marketing
and advertising**
(or selling stuff)

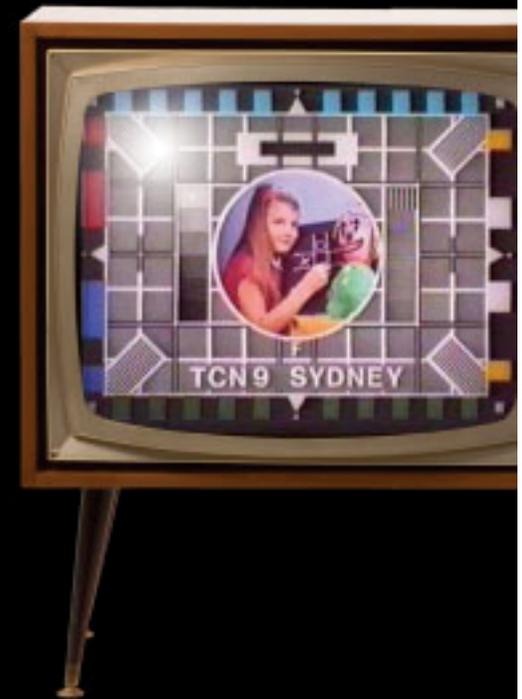
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Lets take a brief
step back

1978

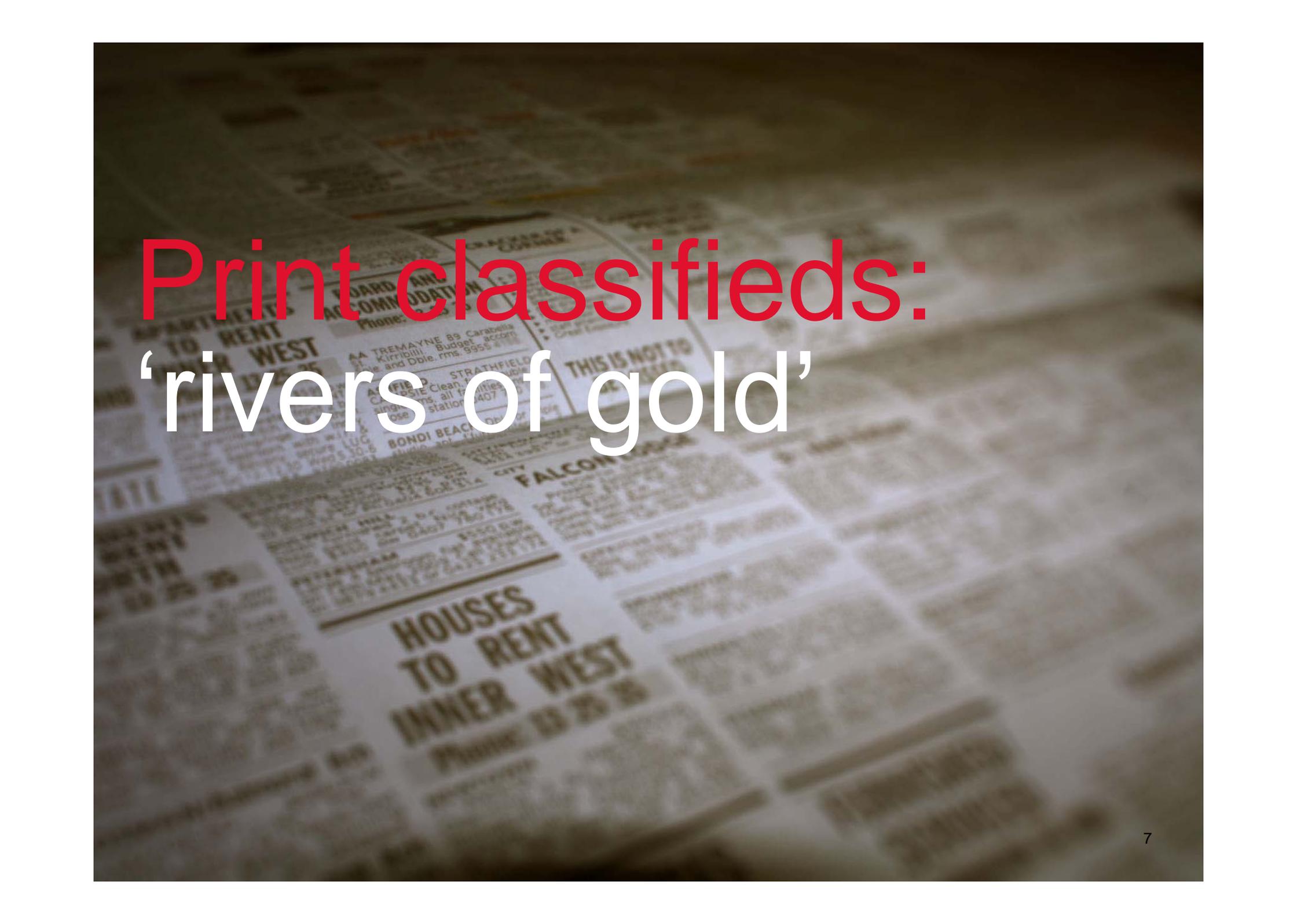


TV networks: 3



Reach: 91%





Print classifieds:
'rivers of gold'

A photograph of numerous vintage radio receivers, including portable and desktop models, arranged on several shelves. The image is dimly lit and serves as a background for the text.

Radio stations: 6 in Sydney

2UE 2SM
2GB 2KY 2CH 2UW

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That world
no longer exists

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A strange
and unknown
landscape

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Last year, for the first time ever, Nielsen reported that Australians spend **more time online** than watching TV.

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The average young person consumes **38 hours** of media content – a miracle of ‘multiple partial attention’.

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When asked what single medium they could not live without on a desert island, most teenagers choose the **Internet** over any other.

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The
consumer
evolves

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1. Passive recipients
2. Active interpreters
3. Engaged participants
4. Media co-creators
5. Empowered consumer

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Passive recipients

- Film
- TV
- Radio
- Press
- Outdoor

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Active interpreters

- Internet
- iTV
- Mobile
- Guerilla

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Engaged participants

- Communities
- Social networks

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Media co-creators

- YouTube
- Flickr
- Wikipedia
- Twitter

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Empowered consumer

- What I like, when I like it
- Try before you buy
- What does 'Joe' think?

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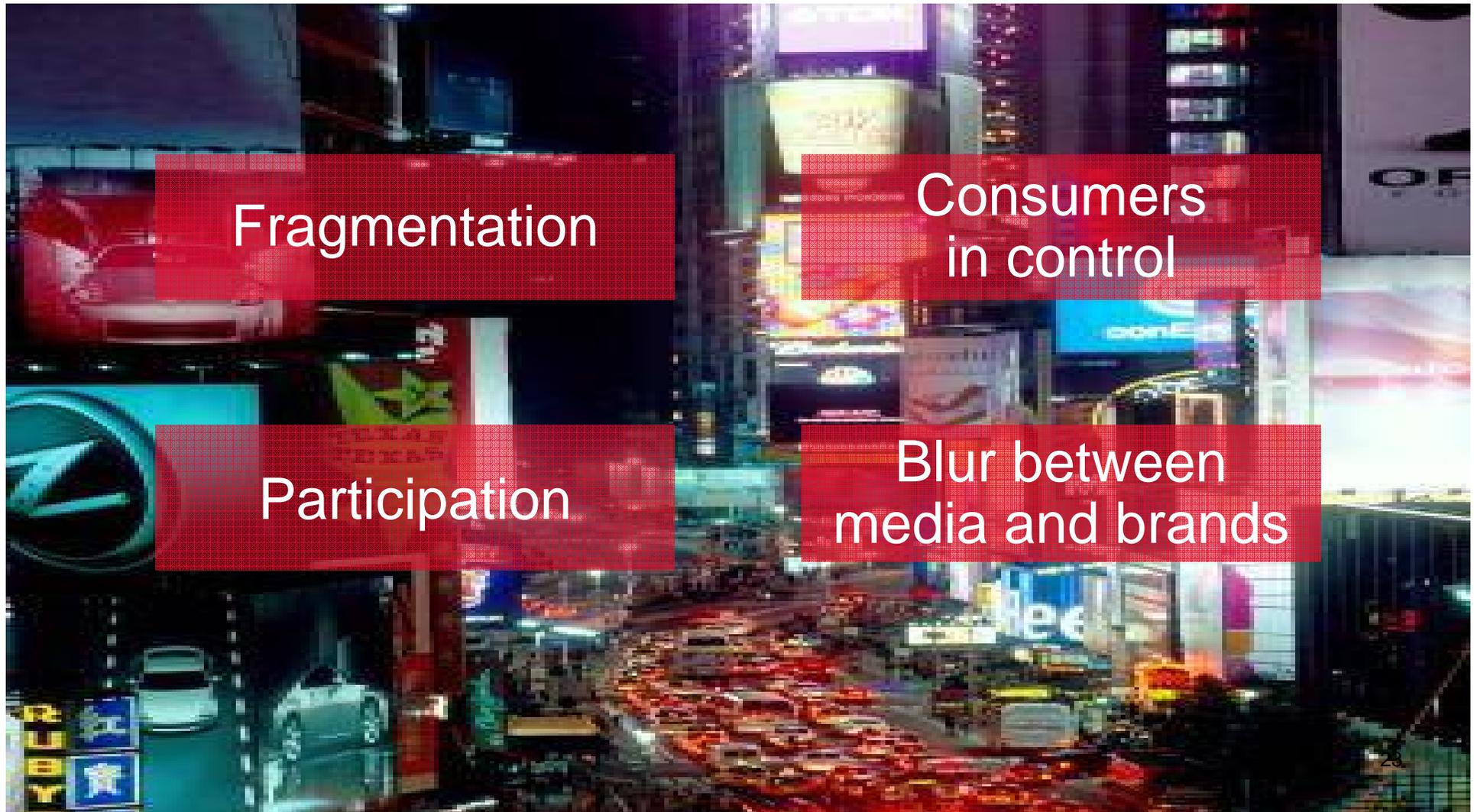
Future media trends

Who's the boss?

“A new generation of media consumers has risen, demanding content when they want it, how they want it, and very much as they want it.”

Rupert Murdoch, CEO, News Corporation, 13.3.06

Four key themes:



Fragmentation

Consumers
in control

Participation

Blur between
media and brands

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5 reasons
the future will not
be like the past

1. We bypass media gatekeepers with search and content



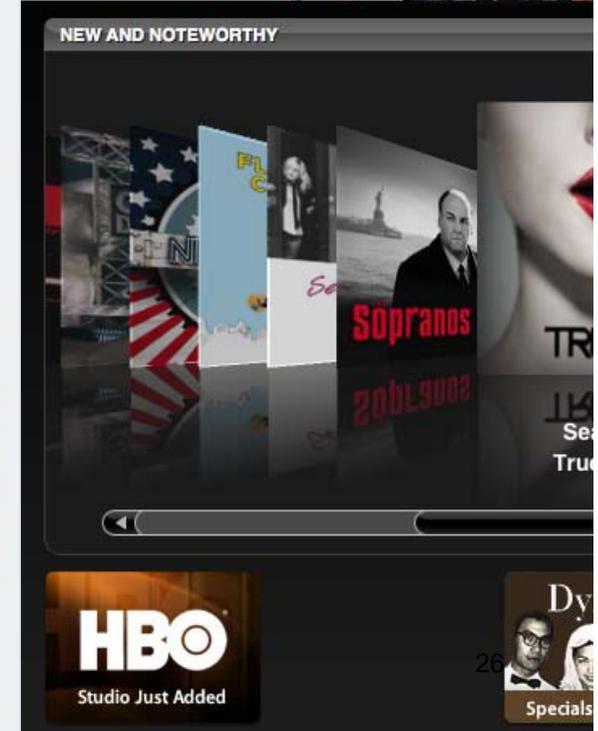
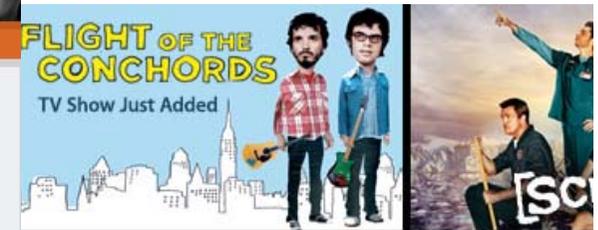
2. Technology kills 'appointment viewing'



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3. Consumer empowerment has re-invigorated 'try before you buy'



4. Mobile content becomes a reality



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The future of
media, marketing
and advertising
is here!

Interim profit & loss recap

Six months ended 31 Dec, A\$m	1H2009	1H2008	Change
Revenue	\$333.2m	\$245.6m	36%
Net Revenue	\$221.6m	\$158.6m	40%
Underlying EBITDA	\$40.3m	\$28.9m	39%
EBITDA Margin ¹	18.2%	18.2%	
Underlying Net Profit after minorities	\$9.5m	\$8.6m	10%
Underlying Net Profit after minorities Adjusted ²	\$16.7m	\$13.0m	28%
Underlying EPS Reported ³	9.4 cents	11.5 cents	
Underlying EPS Adjusted ^{2,3}	16.6 cents	17.3 cents	
Payout ratio (annual)	50%	100%	
Interim Dividend (ff)	6.0 cents	11.5 cents	

1. EBITDA margin is EBITDA / Net Revenue
2. Adjusted for amortisation of intangibles and present value charges
3. WANOS 1H2009 of 100,494,358 (1H2008 of 75,267,363)



Capital management update

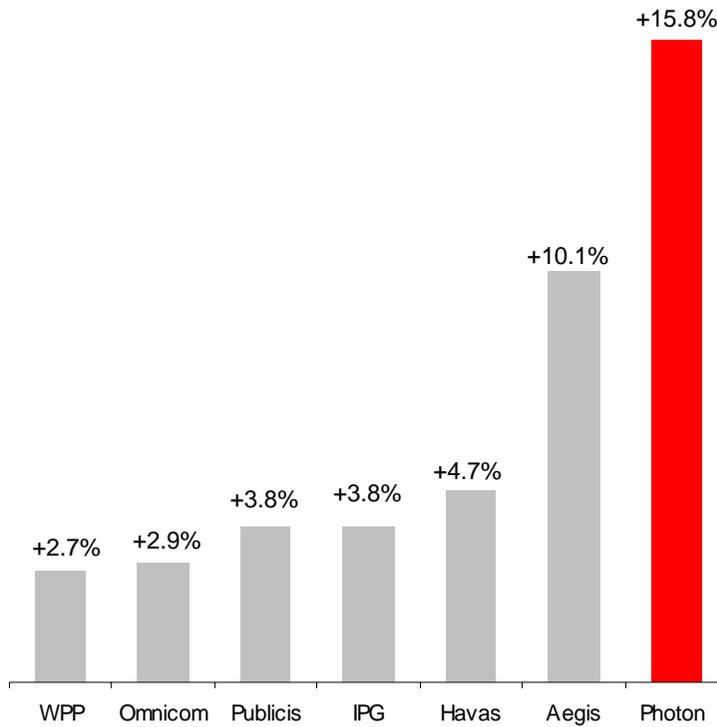
- Approximately half the facility due in July extended to April 2010 and the remainder to March 2011
- Retained earnings from 50% dividend payout will be used to pay down approximately \$50 million of debt over the next 2 and half years
- Over 75% of debt at floating rates with weighted average cost of debt at less than 6.0% including hedged component

31 March 09				
A\$ million	Facility Limit	Term	Drawn ¹	Av. Interest Rate
Facility A1	\$88m	April 10	\$54m	6.9%
Facility B	\$120m	Oct 10	\$117m	5.0%
Facility A2	\$46m	March 11	\$46m	7.2%
Facility C	\$76m	Oct 11	\$73m	5.9%
Total Facilities	\$330m		\$289m	5.9%

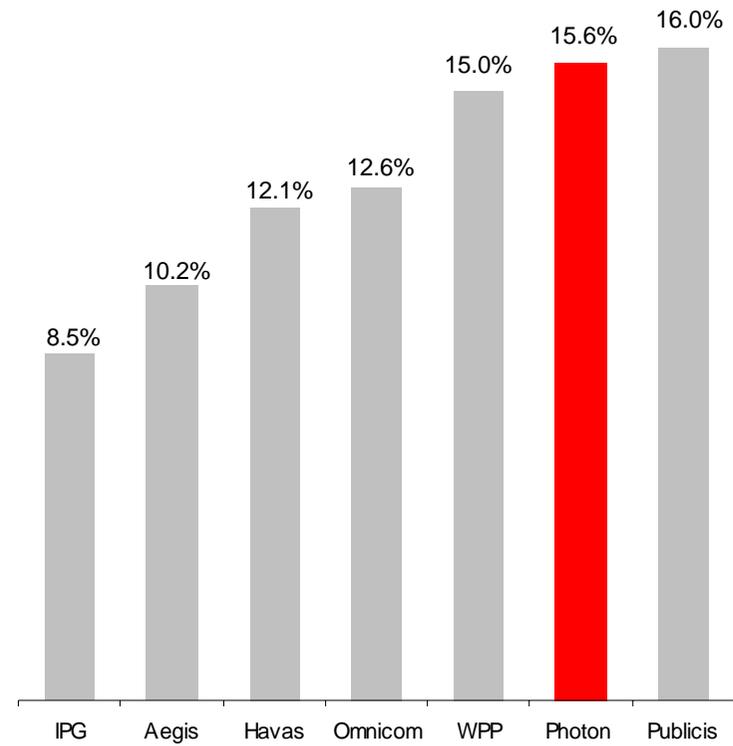
1. GBP and USD denominated borrowings converted at 31 March 2009 exchange rate

Photon continues to outperform international peers

CY2008 Organic Revenue Growth



CY2008 Underlying EBIT Margin





Top 25 Global Marketing Services Companies

2008 Rank	2007 Rank	2008/07 Revenue Growth	Company	2008 Rank	2007 Rank	2008/07 Revenue Growth	Company
1	2	9.8%	WPP Group	16	16	13.4%	Cheil Worldwide
2	1	5.2%	Omnicom Group	17	17	12.6%	IBM Corp (IBM Interactive)
3	3	6.2%	Interpublic Group	18	19	27.0%	Sapient Corp (Sapient Interactive)
4	4	7.9%	Publicis Groupe	19	26	37.1%	inVentiv Communications
5	5	12.4%	Dentsu	20	22	22.6%	Groupo ABC
6	6	12.4%	Aegis Group	21	20	9.0%	STW Group
7	7	10.2%	Havas	22	25	14.2%	LBi International
8	8	12.1%	Hakuhodo DY Holdings	23	23	8.5%	Clemenger Group
9	9	9.5%	MDC Partners	24	24	9.6%	Cossette Communication Group
10	11	10.8%	Asatsu-DK	25	18	(7.0)%	George P Johnson Co.
11	10	4.8%	Alliance Data Systems (Epsilon)				
12	12	3.1%	Media Consulta				
13	13	11.1%	Microsoft Corp.				
14	15	21.9%	Photon Group				
15	14	5.1%	Carlson Marketing				

Source: Advertising Age, ranked by worldwide revenue

March quarter operational update

- In nine months to 31 March 2009 net revenue was up 10% like for like, and normalised EBITDA was up 7% like for like
- March quarter was tougher than expected for some companies
- Field marketing, internet marketing and public relations have continued their strength from the first half – account for over 75% of earnings
- Promotional agencies, project-reliant experiential companies and corporate communications with a transactional or high-end digital focus are struggling to maintain revenue levels as clients reduce spending in these areas
- However cost base reviews which took place in the first half starting to show rewards with improved earnings performances across a number of these companies
- Continued to assess all companies on a marginal cost basis and made a further 52 positions redundant taking total redundancies in 2009 to 181 - resulting in restructuring and one-off costs of \$2.5 million incurred year to date
- Exited unprofitable joint venue in New Zealand (BCG) and restructured smaller agency (Love) to create critical mass

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Outlook

- Photon's market positioning, diversity and non-reliance on traditional advertising are delivering revenue and earnings growth during 2009
- Field marketing, internet marketing, public relations and larger advertising agencies are winning market share and operating in expanding markets driving positive revenue and earnings growth
- The cost bases of those businesses which have been most impacted by the recession have been addressed to protect EBITDA in a low revenue growth environment
- Subject to the last quarter delivering on internal projections, we remain on track to deliver normalised EBITDA growth for FY09 in-line with the mid-point of broker forecasts and previous guidance
- Active broker forecast EBITDA range of \$90 million to \$99 million – mid-point implies FY09 normalised EBITDA up approx. 20% on FY08 reported EBITDA
- Full year dividend will be 50% of underlying net profit after tax



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