



Buy

(from No rec)

First Artist Corporation*

Primed to deliver strong growth

Current price 7.37p
Target price 8.5p

Market cap: £6.6m
Shares in issue: 89.4m
NAV (FY1): £4.8m
Gearing (FY1): 61.2%
Interest cover (FY1): 7.0x

[Full valuation data on back page](#)

Performance

	Stock	All-Share
1 month:	5.4%	0.7%
3 months:	9.3%	6.9%
12 months:	78.8%	18.8%

High/low:
12 months: 7.5p/3.1p

Last results: Finals, 30 Jan 06
Next results: Interims, Jul 06
Next event: AGM, 29 Mar 06

Reuters/BBG FAN.L/FAN.LN

In the last year First Artist's management team has returned the football agency business to profit, established an entertainment business and made two significant acquisitions. ABG Financial Management took the group into wealth management and The Finishing Touch brought in event management skills. There are now considerable cross-selling and up-selling opportunities within the group as well as the potential for strong internal growth. We do not believe that this is reflected in the current valuation and initiate coverage with a Buy recommendation and target price of 8.5p.

Year to Oct	Sales £m	PBT £m	EPS p	EPS growth %	DPS p	Yield %	P/E x	EV/EBITDA x	VORR x
2005A	5.9	0.8	1.2	na	0.0	0.0	6.0	8.8	0.9
2006E	9.9	1.2	0.9	-28.8	0.0	0.0	8.4	6.5	0.7
2007E	10.8	1.5	1.1	22.2	0.0	0.0	6.9	4.7	0.5
2008E	11.7	1.9	1.4	26.5	0.0	0.0	5.4	3.4	0.4

Source: Arbuthnot estimates, company data

- All group businesses have growth potential** While the football agency business is likely to continue to dominate the external perception of the group, management has made strategic moves to stabilise profits. The establishment of First Artist Entertainment, while still at a relatively early stage, has already attracted a number of new names. ABG Financial Management has a substantial client base which should be able to benefit from the forthcoming pension "A-day". The Finishing Touch bolstered its blue chip list of corporate clients with a move into the public sector three years ago. This contract is being replaced by a number of new, larger contracts that TFT is well-positioned to win by the end of this financial year. As well as the upside potential to forecasts from the newer businesses we hope that our forecasts for the football business will prove to be far too conservative as World Cup years tend to act as a boost to transfer activity.
- Earnings likely to be paid in full at acquisitions** Although both ABG Financial Management and The Finishing Touch have recently been acquired, from the January trading update it appears they are likely to achieve their maximum earnings, which would be a clear endorsement of First Artist's ability to identify and integrate suitable acquisitions. For ABGFM this will mean an additional £1.93m (payable in a combination of cash and shares) on the initial consideration of £1.07m (made up of £1.0m in cash and 1.25m shares). For TFT there will be an additional £1.95m (again a combination of shares and cash) on the initial £1.36m cash and 1m shares.
- Valuation** As we believe that our forecasts are extremely conservative, it is even more surprising to see how the shares appear to be significantly undervalued on most valuation metrics. For 2006E, the P/E of 8.4x, the EV/EBITDA of 6.5x and the VORR of 0.7x all suggest there could be considerable upside. We have initiated coverage with a Buy recommendation and a target price of 8.5p, which is derived from a forward P/E of 9.4x, a discount to the mean of that of the comparators and a substantial discount to the market, despite the stronger earnings growth expected after the pullback this year on the increased number of shares in issue following the placings of last year.

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Priced at close 10 March 2006

Overview

Company activities

First Artist Corporation's primary business activity is representing the commercial and sporting interests of leading personalities in the worldwide arena of sport and media. The company is one of the largest football agencies in the world and has offices in the UK, Italy, the US and Middle East and a network of associates across the globe. ABGFM's principal activity is to provide a range of taxation and financial consultancy services to a growing number of clients including corporate entities, sportsmen and media personalities. Finishing Touch are among the market leaders in the organisation of conferences and other events for corporate and public sector clients throughout the UK and Europe.

Key issues on which investors must take a view

While the contribution of the football agency business has been reduced as a percentage of the group, it is still likely to act as a swing factor in terms of profits in the shorter term. Having seen the boom and bust we would expect the professional football clubs in the UK and Italy to continue to move towards dealing with professional agents, which should be beneficial for leaders such as First Artist. Having made acquisitions in wealth management and event management we would expect to see further consolidation moves. Management must prove both that it can integrate the initial acquisitions and also that it can make further earnings-enhancing ones.

Likely direction of consensus revisions

We would hope that having introduced conservative forecasts there will be scope for upward revisions as the year progresses. There are a number of drivers to this: firstly, that the World Cup prompts some larger deals, secondly, that there is the potential to cross-sell the wealth management services, thirdly, that the media division growth accelerates and finally, that there are more earnings-enhancing acquisitions.

Valuation and reason behind target price

We have initiated coverage with a Buy recommendation as we believe that following the acquisitions of 2005, First Artist has a much broader base to deliver increased earnings. While the share price target of 8.5p would represent a forward P/E of 9.4x, which is still a big discount to the market, the company also has relatively low EV/sales and EV/EBITDA multiples. Having had a successful January transfer window, we would also expect a strong period around the 2006 World Cup, although we have not factored this into our forecasts.

Risks to our view

The main risk to our view relates to there being another downturn or boom in the football transfer market. We believe that the football industry is generally being run more sensibly but a large proportion of revenues are still reliant on television rights. There is much conjecture as to the future direction of these across Europe. With an acquisition-led strategy there will be risks that any deal may turn out to be better or worse than anticipated.

First Artist Management

First Artist Management (FAM) is the original business, which has been a leading player representative agency since 1992 and is considered a respected voice in the football industry. The revenues for this division are derived from a number of sources, including a small amount from retainers and the majority as a percentage of any transfers or any renegotiations of improved contracts. Obviously the more players that are represented and the better the quality they are, then the more chance for FAM to receive larger fees. Table 1 below shows the recent financial history, adjusting 2003 to 12 months vs. the 16 months reported, and our forecasts for this division.

Table 1: First Artist Management

Year to October (£m)	2003	2004	2005	2006E	2007E	2008E
UK	1.59	1.56	2.42	2.00	2.20	2.40
Europe	1.38	2.07	1.74	1.60	1.80	2.00
Other	0.07	0.07	0.01	0.00	0.00	0.00
Total sales	3.04	3.70	4.17	3.60	4.00	4.40
Operating profit (before central costs)	-1.51	0.43	1.26	0.92	1.00	1.10
<i>Operating margin (%)</i>	<i>-49.8</i>	<i>11.6</i>	<i>30.2</i>	<i>25.6</i>	<i>25.0</i>	<i>25.0</i>

Source: Company report & accounts, Arbuthnot estimates

FAM has a very strong franchise in both the UK and Italy and is building up its presence in a number of newer markets. The Premiership (England) and Serie A (Italy) are two of the biggest leagues in the world with a number of clubs in each having substantial transfer budgets.

In addition to representing approximately 200 players in the UK, FAM also regularly represents the Premiership clubs themselves and holds licences from FIFA and UEFA to organise football matches and other events. For example, in the past it was the driving force behind the "Evening Standard 5-a-side tournament". With its offices located next door to Wembley Stadium, FAM and indeed most of the First Artist businesses, should have additional revenue-generating opportunities when the stadium is eventually completed.

FAM's European operation is run from Milan, where the wholly-owned subsidiary, PromoSport is based. The majority of the approximately 150 players play in Italy, although there is a presence in Spain, Germany and most of the major leagues across Europe. Another 20 players around the globe are represented through the offices in the US and Middle East.

As well as the expected services of transfer negotiations and contract extensions on behalf of players and clubs, FAM - through ABG Financial Management - is able to offer advice on how to manage their money most efficiently. FAM's key philosophy is to try to ensure its clients can perform to the best of their ability on the football field, thereby enhancing the possibility of multiple other revenue streams eg, product endorsements, etc.

The ability to offer some of the related financial services into the Italian football industry could prove a significant opportunity given the generally less-sophisticated advice currently available. The fact that this is emanating from London will also be seen to be a positive, given London's status as the pre-eminent financial centre in Europe.

First Artist Entertainment

First Artist Entertainment (FAE) was formally launched in November 2005 in response to the increasing progression of First Artist's sports clients into the more mainstream media. FAE will receive a large proportion of its fees as a percentage of the work that it secures for its talent. There are an increasing number of avenues for work for its clients so we would expect more steady progress. Table 2 below shows the recent financial history and our forecasts for this division.

Table 2: First Artist Entertainment

Year to October (£m)	2003	2004	2005	2006E	2007E	2008E
Sales	0.13	0.26	0.24	0.25	0.26	0.29
Operating profit	0.06	0.09	0.09	0.10	0.13	0.15
<i>Operating margin (%)</i>	<i>43.5</i>	<i>34.6</i>	<i>37.8</i>	<i>40.0</i>	<i>50.0</i>	<i>51.7</i>

Source: Company report & accounts. Arbutnot estimates :

FAE is expected to build on the last three years of growth in direct response to the increasing number of celebrities it is now attracting. In addition to those that would be expected to come from the sports fields, FAE is also picking up music, television and other personalities.

FAE specialises in trying to maximise the commercial value of its clients through contract negotiations as well as offering legal advice, PR expertise and media skills training. As with FAM it is now also, through ABG Financial Management, able to offer wealth management advice.

FAE's clients include football commentators and pundits such as Andy Gray, Martin Tyler, Andy Townsend, Alan Curbishley and Ruud Gullit. Other sports personalities include Dennis Taylor while from more mainstream areas, FAE was responsible for placing Rula Lenska in the Celebrity Big Brother house as well as helping Suzanne Shaw move on from the pop group Hear'say to a career in acting and presenting.

The 2006 World Cup should provide opportunities for a number of FAE's clients given the need for numerous pundits, especially in the earlier stages.

As well as the cross-selling potential to FAE's clients of ABG Financial Management, there is also likely to be a number of synergies with the event management business of The Finishing Touch, given the large number of after-dinner speakers on FAE's roster.

ABG Financial Management

ABG Financial Management (ABGFM) was bought by First Artist in July 2005 as a means of providing wealth management advice to existing First Artist clients and the possibility of becoming the agent for some of ABG's clients. Table 3 below shows the recent financial history, adjusted to match First Artist's October year end, and our forecasts for this division.

Table 3: ABG Financial Management

Year to October (£m)	2003 [†]	2004 [†]	2005 [†]	2006E	2007E	2008E
Pensions/life assurance	0.75	0.82	0.72	0.90	0.90	0.90
Mortgages	0.22	0.19	0.18	0.15	0.15	0.15
Investments	0.12	0.25	0.35	0.35	0.40	0.45
Renewals	0.31	0.32	0.35	0.35	0.40	0.45
Total revenues	1.40	1.58	1.60	1.75	1.85	1.95
Operating profit	0.26	0.43	0.50	0.58	0.64	0.70
<i>Operating margin (%)</i>	<i>18.4</i>	<i>26.9</i>	<i>31.3</i>	<i>33.1</i>	<i>34.6</i>	<i>35.9</i>

Source: Company report & accounts. Arbuthnot estimates

[†] adjusted to October year end

ABG Financial Management (ABGFM) is already well-established having been founded in 1987 and having approximately 2,000 clients. It specialises in wealth management and almost half of its 19 employees are highly-qualified advisers in pensions and other disciplines.

While revenues are very much driven by commission income given the volumes of money and the long-term nature of relationships with clients, there is a strong base to build upon. This is especially true of the higher-quality renewals (trail income) and the investment income.

The pension "A-day" (next event due 6 April 2006), has been and is likely to continue to be good for ABGFM as it has good exposure to Self-invested Personal Pensions (SIPPs). As with most of its client products, there is likely to be a greater focus on capital preservation rather than on growth. Equity investment is generally through capital-protected tracker accounts vs. the FTSE100. There are strong property management credentials, both in direct property and property funds.

ABGFM has strong relationships with a number of intermediaries, particularly lawyers, where the experience in matrimonial financial disputes often stands them in good stead.

As we mentioned earlier in the report, there is a significant opportunity for ABGFM to cross-sell its services to the agency businesses. To maximise this opportunity in Italy, ABGFM's intention is to recruit a multilingual lawyer.

While the football business is an important part of ABGFM because of the cross-selling opportunities, it also represents a significant diversification for First Artist. However, the ABGFM management believes that the football-related business could be replaced without any job cuts.

The Finishing Touch

The Finishing Touch (TFT) was bought by First Artist in September 2005 as a means of providing event management capability to its growing number of contacts. First Artist and its board members have a long history in event management having previously promoted and hosted the "Horse of the Year Show", North American sports such as NFL football, NBA basketball and NHL ice hockey, the World Sports Awards at the Royal Albert Hall as well as Gorbachev's UK Lecture Tour. First Artist also ran the popular "Evening Standard 5-a-side tournament". While TFT has opportunities to build on this sports heritage, it also offers further diversification away from football with the growing public sector side. Table 4 below shows the recent financial history (adjusted to meet First Artist's October year end) and our forecasts for this division.

Table 4: The Finishing Touch

Year to October (£m)	2003 [†]	2004 [†]	2005 [†]	2006E	2007E	2008E
Corporate	2.03	2.32	2.40	2.40	2.60	2.80
Public sector	0.57	1.39	1.68	1.90	2.10	2.30
Total sales	2.60	3.71	4.08	4.30	4.70	5.10
Operating profit	0.14	0.38	0.40	0.50	0.55	0.60
<i>Operating margin (%)</i>	<i>5.3</i>	<i>10.1</i>	<i>9.7</i>	<i>11.6</i>	<i>11.7</i>	<i>11.8</i>

Source: Company report & accounts, Arbutnot estimates

[†] adjusted to October year end

TFT is well-established having been set up in 1989 by Mel Atkins, the current MD. Having delivered stellar organic growth of 15-20% pa throughout the 1990s, securing clients such as Arthur Andersen, Andersen Consulting (Accenture) and The London Stock Exchange, there was a peak with the TMT boom in 2000. Thanks to its prudent and conservative management the business had built a strong cash position which enabled it to weather the downturn and impact of 9/11 in the earlier part of this decade.

As well as having 120 bluechip corporate clients, the move into the public sector with an initial three-month pilot for 30 events in 2003 provided a springboard for renewed growth. The pilot was converted into a three-year contract that mushroomed from 70-80 events per annum to 250-300. While this contract expires in September 2006, it will be replaced with a substantially larger opportunity in which we believe TFT is extremely well-positioned to win a substantial share.

TFT retains a small central team of seven which has been relocated from Richmond to the head office and has some 25 event managers that, while most are freelance, tend to mainly work for TFT. As with many jobs in this area, the one-day events will be higher gross margin while the more residential type courses will provide a stable income.

TFT has strong disciplines in managing the events matched by its administrative capabilities. The company's investment in its database and information systems puts it ahead of the competition.

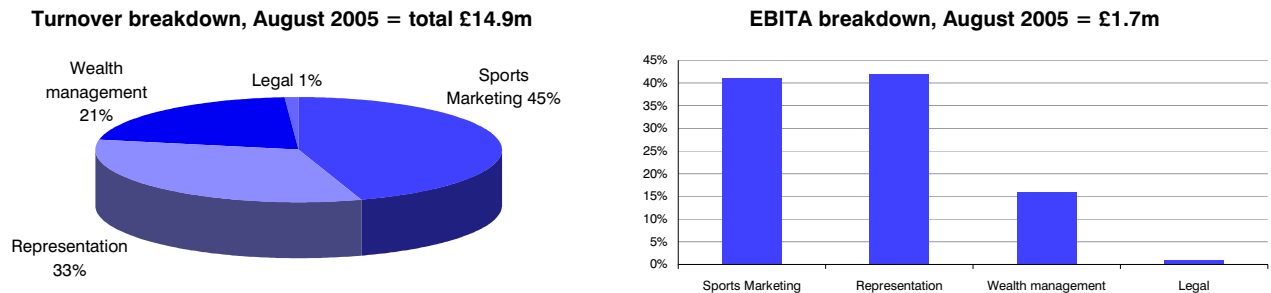
For the corporate sector there has been a significant recovery, with 2005 proving to be the best Christmas to date. As well as the cross-selling opportunities with FAE and the upside potential with the new public sector contracts, there are a number of other initiatives that if successful, could see substantial upside in profitability.

Competition and valuation

There are two UK-quoted competitors in the football agency business. In Figures 1 and 2 we provide breakdowns from each company's latest financial results and offer a brief description of each company's areas of activity.

Formation Group

Figure 1: Formation Group



Source: Company report & accounts

Sports marketing

Fox Advertising, Sponsomatic and RC&A Sports Management - outdoor advertising and media solutions to brands. Active Sports Marketing - full marketing services to brands.

Representation

Proactive - representation and management services to professional footballers in the UK, Scandinavia and the US.

Wealth management

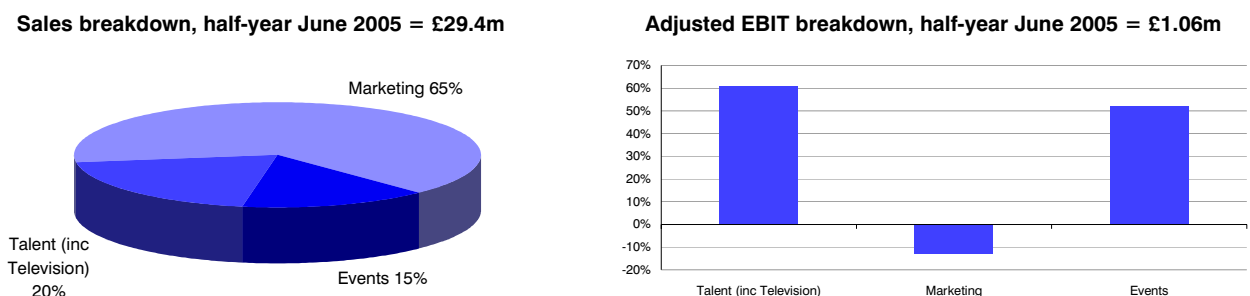
Kingsbridge Asset Management - financial advice and services to professional athletes and associations.

Legal

Capital Sports Solutions - bespoke capital funding services and solutions to sporting clubs.

CSS Stellar

Figure 2: CSS Stellar



Source: Company interim report & accounts

Talent

PFD - Europe's leading literary and talent agency. CSS Stellar Management represents sports clients.

Television

CSS Presenters - management agency for showbusiness and entertainment personalities.

Marketing

GEM – a full service marketing communications company. The Sponsorship Consultancy assists clients with sponsorship issues.

Events

Icon - one of Europe's leading event signage specialists.

In Table 5 (financial year) and Table 6 (calendarised) we compare the metrics of First Artist with its two UK-quoted competitors - Formation Group and CSS Stellar.

Table 5: Competitor valuation metrics (FY)

Financial Year End	Year to	Price (p)	Market Cap (m)	EV/Sales (x)			EV/EBITDA (x)			P/E (x)		
				FY05E	FY06E	FY07E	FY05E	FY06E	FY07E	FY05E	FY06E	FY07E
CSS Stellar	Dec	39.00	11.3	0.3	0.4		7.8		102.6	23.1		
Formation Group	Aug	5.50	6.3	0.5	0.4	0.4	3.8	3.5	3.1	5.6	4.7	4.2
First Artist	Oct	7.37	6.6	1.7	1.0	0.8	8.8	6.5	4.7	6.0	8.4	6.9
			High	1.7	1.0	0.8	8.8	7.8	4.2	102.6	23.1	6.9
			Mean	0.8	0.6	0.6	6.3	5.6	3.7	38.1	12.1	5.6
			Low	0.3	0.4	0.4	3.8	3.5	3.1	5.6	4.7	4.2

Source: Consensus estimates and Arbutnot estimates for First Artist

Table 6: Competitor valuation metrics (CY)

Calendar Year End	Year to	Price (p)	Market Cap (m)	EV/Sales (x)			EV/EBITDA (x)			P/E (x)		
				CY05E	CY06E	CY07E	CY05E	CY06E	CY07E	CY05E	CY06E	CY07E
CSS Stellar	Dec	39.00	11.3	0.3	0.4		7.8		102.6	23.1		
Formation Group	Dec	5.50	6.3	0.5	0.4		3.7	3.4	5.3	4.6	4.2	
First Artist	Dec	7.37	6.6	1.6	1.0	0.8	8.4	6.2	4.5	6.4	8.2	6.7
			High	0.5	0.4	na	8.4	6.2	na	102.6	23.1	6.7
			Mean	0.4	0.4	na	6.6	4.8	na	38.1	12.0	5.5
			Low	0.3	0.4	na	3.7	3.4	na	5.3	4.6	4.2

Source: Consensus estimates and Arbutnot estimates for First Artist

As can be seen from Tables 5 and 6 above and the previous commentary, the football-related areas of the market are largely out of favour. All three companies have sought to diversify away from football and we would argue that investors have yet to appreciate these moves, especially in the case of First Artist. With CSS Stellar having made moves to improve its problematic marketing division and with both Formation Group and First Artist in our opinion likely to produce results at least in line with consensus and our expectations, we believe there is scope for a re-rating. Such a re-rating would give First Artist an opportunity to make further earnings-enhancing, but very much bolt-on, acquisitions and without a re-rating we believe M&A activity could focus on consolidation.

In summary, we believe our 8.5p price target on an implied 9.4x P/E is achievable by what the company is likely to deliver in financial results, but there is potentially significantly more upside if this area of the market is re-rated.

Financial assumptions

Table 7 below shows the collated data from the individual sections. This is therefore a proforma representation of the last three years: first, we adjust the First Artist 2003 numbers to a 12-month period, and secondly, we adjust the last three years for ABGFM and TFT to the First Artist October year end from their respectively reported June and April year ends. The 2005 actual reported figures are shown in our financial summary on the back page.

Table 7: Divisional financials

Year end October (£m)	2003	2004	2005	2006E	2007E	2008E
Turnover						
FAM						
UK	1.59	1.56	2.42	2.00	2.20	2.40
Europe	1.38	2.07	1.74	1.60	1.80	2.00
Other	0.07	0.07	0.01	0.00	0.00	0.00
Total	3.04	3.70	4.17	3.60	4.00	4.40
FAE	0.13	0.26	0.24	0.25	0.26	0.29
TFT[†]						
Corporate	2.03	2.32	2.40	2.40	2.60	2.80
Public Sector	0.57	1.39	1.68	1.90	2.10	2.30
Total	2.60	3.71	4.08	4.30	4.70	5.10
ABGFM[†]						
Pensions/LA	0.75	0.82	0.72	0.90	0.90	0.90
Mortgages	0.22	0.19	0.18	0.15	0.15	0.15
Investments	0.12	0.25	0.35	0.35	0.40	0.45
Renewals	0.31	0.32	0.35	0.35	0.40	0.45
Total	1.40	1.58	1.60	1.75	1.85	1.95
Grand total	7.03	9.25	10.09	9.90	10.81	11.74
Operating profit						
FAM	-1.51	0.43	1.26	0.92	1.00	1.10
FAE	0.06	0.09	0.09	0.10	0.13	0.15
TFT	0.14	0.38	0.40	0.50	0.55	0.60
ABGFM	0.26	0.43	0.50	0.58	0.64	0.70
Total	-1.06	1.33	2.25	2.10	2.32	2.55
Operating margin (%)						
FAM	-49.8	11.6	30.2	25.6	25.0	25.0
FAE	43.5	38.7	37.8	40.0	50.0	51.7
TFT	5.3	10.1	9.7	11.6	11.7	11.8
ABGFM	18.4	26.9	31.3	33.1	34.6	35.9
Total	-15.1	14.7	22.3	21.2	21.5	21.7

Source: Company report & accounts, Arbutnot estimates

[†]Pro-forma adjusted for October year end

As is shown in Table 7 above we have assumed very little uplift in sales in the recent acquisitions and have been conservative in the more difficult-to-forecast football agency business, given there was a strong January window and that 2006 is a World Cup year. The operating profits are before central costs of between £700,000 and £800,000 for each of the forecast years, hence the 2006 £2.1m operating profit forecast equates to the £1.4m EBITA on the back page. As there is operational gearing in all areas, of what is very much a people business, any upward revision in revenues would have a material impact on profits.

Arbuthnot Securities

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Explanation of recommendations

Our analysts award a Strong Buy rating in those cases where they believe there will be total shareholder return - defined as the absolute rise in share prices plus dividend payment - in excess of 20% over a 12-month period. We assign a stock a Buy recommendation where our analysts believe there will be a total shareholder return of 10% or more over a 12-month period. We apply a Neutral recommendation where we anticipate a shareholder return of between plus 10% and minus 10%. We assign a Reduce recommendation where we anticipate a shareholder return of between minus 10% and minus 20%. Our Sell recommendation implies an expected shareholder loss over a 12-month period of 20% or more. Analysts have assigned a 'trading view' to stocks that they think might move materially within the following ten trading days; possibly in response to a move in currency, sentiment, or a specific event. The trading view is a short-term suggestion and does not contradict the recommendation.

Arbuthnot acts as a market maker or liquidity provider for this company. The company has seen this research but no material changes have been made as a result.

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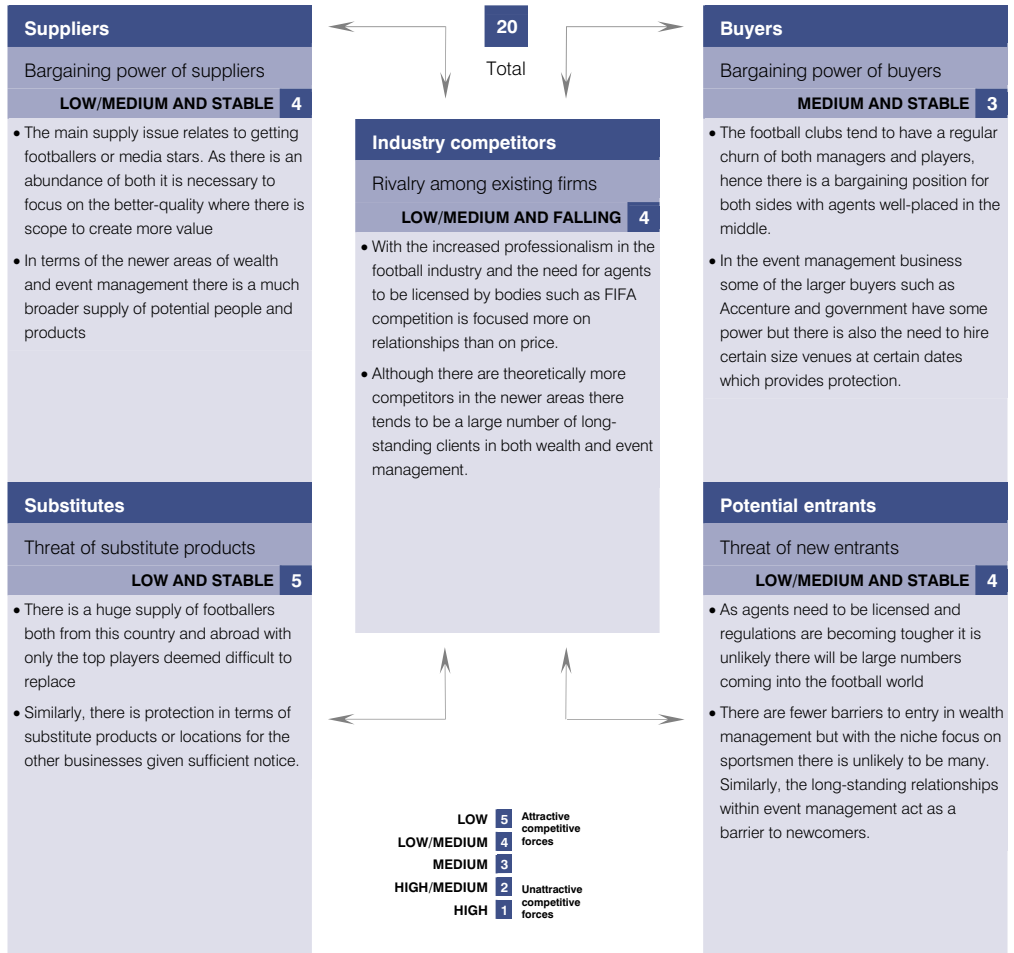
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Analysis of the strategic environment

Porter's five competitive forces model



Although the football industry has a chequered past it seems well placed to provide a base for growth

Source: Arbutnot (adapted from Porter 1980 p.4); 'Total box' represents sum of five forces: 25 = attractive industry, 5 = competitive industry

SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> One of the leading football agencies Broadened product offering Strong, experienced management Event management diversifies away from football 	<p>Weaknesses</p> <ul style="list-style-type: none"> Very much a small company in terms of market capitalisation Football industry perceived as low-quality Profits likely to be volatile given transfer windows Event management revenues dependent on a few clients
<p>Threats</p> <ul style="list-style-type: none"> Football agents suffer from media concerns Acquisitions are not as successful as anticipated Television revenues for football reduce substantially Unable to complete new acquisitions because of rating 	<p>Opportunities</p> <ul style="list-style-type: none"> Cross-selling potential of products and/or services Further consolidation via acquisition Football agency business has strong trading after World Cup Scope for winning new clients in all areas

Company looking to broaden earnings base away from its strong football heritage

Source: Arbutnot

Company valuation ratios (x)	2006E	2007E
EV/Sales	1.0	0.8
EV/EBITDA	6.5	4.7
EV/EBITDA REL	1.0	0.7
P/E	8.4	6.9
P/E rel	0.6	0.5
P/CEPS	18.7	7.4
P/NAV	1.4	1.1
EV/IC	1.6	1.1
ROIC (%)	16.5	15.8
ROIC/WACC	2.4	2.1
VORR	0.7	0.5
3-year PEG	1.8	
Trend PEG	0.3	
3-year CASH PEG	na	
Trend CASH PEG	-3.6	
EV/Sales/G	0.1	
Industry attractiveness /25	20	

Source: Arbutnot estimates; growth rates from last actual

Share price and recommendation tracker graph (two years)



Source: Thomson Financial, Arbutnot

Summary financial data, year to Oct (£m)	2005A	2006E	2007E	2008E
Sales	5.9	9.9	10.8	11.7
EBITDA	1.1	1.5	1.8	2.2
EBITA	1.1	1.4	1.7	2.1
EBIT	0.9	1.3	1.6	2.0
Interest charge	0.0	-0.2	-0.1	-0.1
PBT	0.8	1.2	1.5	1.9
Tax rate (%)	29.5	25.0	30.0	30.0
Underlying tax rate	30.0	30.0	30.0	30.0
NOPLAT	0.7	1.0	1.2	1.5
Profit after tax	0.5	0.9	1.1	1.4
Reported EPS (p)	0.9	1.0	1.2	1.5
Underlying EPS (p)	1.2	0.9	1.1	1.4
Underlying EPS YoY growth (%)	na	-28.8	22.2	26.5
DPS (p)	0.0	0.0	0.0	0.0
Basic no. of shares (m)	89.4	91.0	95.0	95.0
Fully diluted no. of shares (m)	58.0	92.0	95.0	95.0
Operating cashflow	0.0	1.0	1.7	2.1
Depreciation	0.1	0.1	0.1	0.1
Provision utilisation	0.0	0.0	0.0	0.0
Change in working capital	0.0	0.0	0.0	0.0
Cash tax paid	0.0	-0.3	-0.5	-0.6
Capex	0.0	-0.1	-0.2	-0.2
Asset disposals	0.0	0.0	0.0	0.0
Cash earnings	-0.1	0.4	1.0	1.2
CEPS (p)	-0.1	0.4	1.0	1.2
Fixed tangible assets	0.7	0.9	1.4	1.8
Goodwill	5.3	5.3	5.2	5.2
Other assets	6.3	5.3	6.0	7.3
Total assets	12.3	11.5	12.6	14.3
Current liabilities	6.2	5.6	5.0	5.3
Long-term liabilities	2.8	1.2	1.8	1.8
All liabilities	9.0	6.8	6.8	7.1
Net debt	3.3	2.9	2.0	0.8
Gearing (%)	95.5	61.2	33.3	10.6
Net asset value	3.3	4.8	5.9	7.3

Source: Company data, Arbutnot estimates