14 April 2008

Daniel Stewart & Company

H1 results

First Artist*

Media
FAN.L (AIM)

Buy

Upside 177%

Star appeal

First Artist has reported solid interims with each division trading well. On unchanged forecasts, the group is materially undervalued at 4.1x FY08E P/E

Investment Case

- First Artist's interims highlight the resilient nature of its business model as a focussed marketing services group with media, events and client representation divisions.
- Following the group's H1 results we are leaving our FY08E and FY09E earnings estimates unchanged (FY08E EPS 17.1p).
- Across all metrics (P/E, EV/EBITDA, FCF yield, interest cover), we believe that First Artist is materially undervalued and we retain our Buy stance and 194p price target.

Price	**70p**
Target Price	**194p**

Source: Proquote

Shares in issue	13.7m
Net Debt (Cash)	£11.8m
Market Cap	£9.6m
Enterp. Value	£21.4m
NAV/Share	67.2p
Next Event	Prelims, November 2008

*** Daniel Stewart acts as broker to First Artist**

Forecasts	08/07A	08/08E	08/09E	08/10E
Turnover (£m)	48.6	60.5	63.7	66.6
EBITDA (£m)	4.0	5.6	6.0	6.3
DSC PBT (£m)	2.4	3.6	4.0	4.5
Tax (%)	22.1	29.5	29.0	29.0
DSC EPS (p)	13.68	17.08	18.62	20.84
DPS (p)	0.0	0.0	0.0	0.0

Ratios	08/07A	08/08E	08/09E	08/10E
NAV (p)	55.9	67.2	82.6	100.8
P/E (x)	5.1	4.1	3.8	3.4
Yield (%)	0.0	0.0	0.0	0.0
Price/NAV	1.3	1.0	0.8	0.7

Company Description

First Artist is a media, events and entertainment management group

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Solid H1 results underline resiliency

First Artist has reported a solid set of H1 results, highlighting the resilient nature of its business model as a focussed marketing services group with operations across three core divisions of media, events and entertainment/sports representation.

First Artist has reported H1 revenue growth of 48.1% (£27.4m vs £18.5m), with the growth spread across each operating division, aside from sports that is against exceptionally strong comparatives in H1 2007.

First Artist has reported revenue growth of 48.1% (£27.4m vs £18.5m), with the growth spread across the group

Group EBITA came in at £0.77m (+8.0% vs £0.71m), with the top-line growth partially offset by the relatively low margin contribution from Dewynters, higher sports division losses (H2 weighted) and higher head office costs (the group has taken on Central London office space into which it has now consolidated its broad base of operations).

Media

First Artist's largest division, Media (encompassing Dewynters, Sponsorship Consulting and First Rights), recorded YoY revenue growth of 61.7% (£20.3m, representing c.74% of group sales), driven by organic growth and a full-period contribution from the Dewynters business (acquired December 2006).

A small uptick in divisional operating margin (7.6% vs 7.1%) led to an annual increase in EBIT of 72.7% to £1.55m (vs £0.90m).

Events

The Events division benefited from the first-time contribution from the group's contract with the Training Development Agency, delivering public sector events revenue of £2.3m, up 123% on H1 2007 (£1.0m). This highlights the value of the three-year contract for First Artist.

The Events division benefited from the first-time contribution from the group's contract with the Training Development Agency

Amid challenging market conditions, the group reported a small decline in corporate sector work (£1.8m vs £1.9m), resulting in divisional revenue growth against H1 2007 of 40.1%.

The divisional operating margin increased from 11.7% to 12.4% to deliver EBIT of £0.50m vs £0.34m in H1 2007.

Entertainment

The Entertainment division reported flat sales (£3.0m) with the sports division (£1.3m vs £1.5m) declining due to an exceptionally strong trading period in H1 2007.

However, this was offset by solid growth in both entertainment and wealth management revenues (+6.5% and +12.5% respectively).

Flat divisional revenue of £3.0m was offset by higher operating costs and EBITA fell to an expected seasonal loss of £0.6m (vs loss of £0.2m in H1 2007).

Earnings

The new offices and higher depreciation (£0.30m vs £0.17m) resulted in higher costs in H1 2008, driving group EBITA of £0.77m (+8.0% vs £0.71m).

Significantly higher interest payments (£0.75m net interest outflow in H1 2008 vs £0.42m in H1 2007) resulted in group breakeven at the pre-tax line against a small profit in H1 2007 (£0.27m). A minor tax inflow resulted in H1 2008 EPS of 0.57p.

Forecasts unchanged

Following the group's H1 results we are leaving our FY08E and FY09E earnings estimates unchanged. We believe that the H1 performance has underpinned our estimates (c.45% of forecast revenue covered in H1).

Our top-line assumptions include organic growth of c.6% H2 vs H2 2007 in Media (readily achievable given new and existing contracted shows in Dewynters, with the pipeline including 'Oliver' and 'Sleeping Beauty', as well as increasing revenue from digital channels and non-West-End clients such as Department Stores), as well as a forecast decline in sports revenue (prudent assumption against strong H2 2007) and flat Events revenue against H1 2008 (£4.2m vs £4.1m).

Marginally lower central costs have been equally offset by a light upward revision to interest, driving unchanged earnings estimates of 17.1p in FY08E, rising by 9.0% to 18.6p in FY09E.

Outlook and valuation

The group is benefiting from a resilient and diverse revenue stream, picking up new clients across its three core business divisions and supplementing organic growth.

We expect the cross-sale opportunities to drive further growth and see solid potential upside from internal, high-margin client referrals, as well as further acquisition opportunities.

We expect the cross-sale opportunities to drive further growth

Valuation

Our unchanged estimates drive P/E multiples of just 4.1x FY08E and 3.8x FY09E.

These multiples completely fail to reflect the true value of First Artist's:

- Diverse and resilient revenue streams, notably from Dewynters and public-sector events (three-year contract)
- Market-leading positions in theatre/entertainment marketing (>75% UK market share) and sports marketing (Europe's largest)
- Upside from owned IP monetisation and delivery of entertainment formats across multimedia utilising owned, created or acquired content
- Continued heavy external investment in core markets (theatre productions, sports transfers/wagers)
- International growth and acquisition opportunities

With the debt level of £11.8m (H1 2008) and estimated gearing of 118% to FY08E (dropping to 85% FY09E), it should be noted that the net debt/EBITDA ratio to FY08E is just 2.1x (1.8x FY09E), with interest covered 4.1x (4.4x FY09E) and a substantial FCF yield in FY08E of 29.4%.

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In order to factor in debt levels, we highlight an EV/EBITDA ratio of 3.8x FY08E, dropping to 3.4x FY09E.

Across all metrics (P/E, EV/EBITDA, FCF yield, net debt/EBITDA, cash interest cover), we believe that First Artist is materially undervalued and we retain our Buy recommendation and 194p price target (target multiple 6x FY09E EV/EBITDA, 10x P/E).

Profit and Loss

Table 1: First Artist income statement FY06A-FY10E

Y/E August	2006A	H1 2007A	H2 2007A	2007A	H1 2008A	H2 2008E	2008E	2009E	2010E
Sales									
Media	0.0	12.6	21.1	33.6	20.3	22.4	42.7	44.6	46.4
Events	3.1	2.9	2.3	5.2	4.1	4.2	8.3	8.9	9.5
Entertainment	6.4	3.0	6.8	9.5	3.0	6.5	9.1	9.5	9.9
Total sales	**9.5**	**18.5**	**30.1**	**48.6**	**27.4**	**33.1**	**60.5**	**63.7**	**66.6**
Gross profit									
Cost of sales	(3.2)	(11.4)	(17.6)	(28.9)	(17.4)	(19.3)	(36.7)	(38.5)	(40.3)
Total gross profit	**6.3**	**7.1**	**12.6**	**19.7**	**9.9**	**13.9**	**23.8**	**25.1**	**26.3**
Gross profit margin (%)	*66.7*	*38.6*	*41.7*	*40.5*	*36.3*	*41.8*	*39.3*	*39.5*	*39.5*
EBIT									
Marketing	0.0	0.9	1.4	2.3	1.5	1.8	3.3	3.5	3.7
Events	0.2	0.3	0.2	0.5	0.5	0.3	0.9	0.9	1.0
Entertainment	2.0	(0.2)	2.3	2.0	(0.5)	2.9	2.2	2.4	2.5
Central costs	(0.6)	(0.4)	(1.2)	(1.6)	(0.9)	(1.0)	(1.9)	(1.9)	(2.0)
Total EBIT	**1.6**	**0.6**	**2.6**	**3.2**	**0.6**	**4.0**	**4.6**	**5.0**	**5.4**
EBITA (pre-g'will/options)	**1.7**	**0.7**	**2.9**	**3.6**	**0.8**	**4.3**	**5.0**	**5.4**	**5.7**
Goodwill amortisation	0.0	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.4)	(0.3)	(0.3)
Share option charges	(0.1)	0.0	(0.1)	(0.1)	0.0	0.0	(0.1)	(0.1)	(0.1)
Total operating profit	**1.6**	**0.6**	**2.6**	**3.2**	**0.6**	**4.0**	**4.6**	**5.0**	**5.4**
Operating margin (%)	*17.0*	*3.0*	*8.8*	*6.6*	*2.1*	*12.1*	*7.5*	*7.8*	*8.1*
Depreciation	(0.1)	(0.2)	(0.3)	(0.4)	(0.3)	(0.3)	(0.6)	(0.6)	(0.6)
EBITDA (pre-options)	**1.8**	**0.9**	**3.1**	**4.0**	**1.1**	**4.5**	**5.6**	**6.0**	**6.3**
Interest receiveable	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1	0.1
Interest payable	(0.3)	(0.5)	(0.8)	(1.3)	(0.8)	(0.7)	(1.5)	(1.4)	(1.3)
Net interest	**(0.3)**	**(0.4)**	**(0.8)**	**(1.2)**	**(0.7)**	**(0.6)**	**(1.4)**	**(1.4)**	**(1.2)**
Total exceptionals	**(0.2)**	**(0.3)**	**00**	**(03)**	**(0.1)**	**0.0**	**(0.1)**	**0.0**	**0.0**
Profit before tax	**1.2**	**(0.2)**	**1.8**	**1.7**	**(0.3)**	**3.4**	**3.1**	**3.6**	**4.2**
Profit before tax (pre-goodwill)	**1.3**	**0.3**	**2.1**	**2.4**	**0.0**	**3.6**	**3.6**	**4.0**	**4.5**
Tax	**(0.5)**	**0.2**	**(0.7)**	**(0.5)**	**0.1**	**(1.2)**	**(1.1)**	**(1.1)**	**(1.3)**
Rate (%)	*37.5*	*(70.9)*	*33.6*	*22.1*	*606.7*	*31.9*	*29.5*	*29.0*	*29.0*
Profit after tax	**0.7**	**0.0**	**1.1**	**1.1**	**(0.2)**	**2.2**	**2.0**	**2.5**	**2.9**
Total dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained profit	**0.7**	**0.0**	**1.1**	**1.1**	**(0.2)**	**2.2**	**2.0**	**2.5**	**2.9**
Average shares	9.3	11.9	13.1	12.5	13.4	13.7	13.6	13.8	13.9
Fully diluted shares	11.6	12.3	13.5	13.6	13.4	14.9	14.9	15.1	15.2
EPS	7.18	0.07	8.93	9.00	(1.42)	16.39	14.97	17.99	20.66
EPS (pre-goodwill & exceptionals)	9.01	3.80	11.10	14.90	0.57	18.15	18.72	20.37	22.78
Fully diluted EPS	**7.21**	**3.69**	**9.99**	**13.68**	**0.57**	**16.51**	**17.08**	**18.62**	**20.84**
DPS	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source: Company data, Daniel Stewart

Cashflow

Table 2: First Artist cashflow statement FY06A-FY10E

Y/E August	2006A	H1 2007A	H2 2007A	2007A	H1 2008A	H2 2008E	2008E	2009E	2010E
EBIT	1.5	0.2	2.6	2.9	0.5	4.1	4.6	5.0	5.4
Depreciation & amortisation	0.1	0.3	0.5	0.8	0.5	0.4	0.9	1.0	0.9
EBITDA	1.5	0.6	3.1	3.7	1.0	4.5	5.5	6.0	6.3
Change in stocks	0.0	(0.2)	0.1	(0.1)	0.0	0.0	0.0	(0.1)	(0.1)
Change in debtors	(1.4)	2.4	(2.2)	0.2	1.5	(2.1)	(0.6)	(0.6)	(0.6)
Change in creditors	(0.2)	(2.6)	2.1	(0.4)	(1.4)	2.0	0.6	0.6	0.6
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating cash flow	**0.1**	**0.2**	**3.2**	**3.4**	**1.0**	**4.4**	**5.5**	**5.9**	**6.2**
Free cash flow									
Cash from operations	0.1	0.2	3.2	3.4	1.0	4.4	5.5	5.9	6.2
Cash interest	(0.1)	(0.2)	(1.0)	(1.2)	(0.6)	(0.8)	(1.4)	(1.4)	(1.2)
Cash tax	(0.5)	(0.2)	(0.3)	(0.5)	(0.1)	(0.5)	(0.5)	(1.1)	(1.1)
Capex	(0.2)	(0.4)	(0.4)	(0.8)	(0.3)	(0.2)	(0.5)	(0.5)	(0.5)
FCF	**(0.7)**	**(0.7)**	**1.6**	**0.9**	**0.1**	**2.9**	**3.1**	**2.9**	**3.4**
% growth							*252*	*(5)*	*16*
FCF/share	**(6.2)**	**(5.6)**	**11.6**	**6.4**	**0.9**	**19.8**	**20.6**	**19.3**	**22.1**
Investment returns & finance									
Additional pension payment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1	0.1
Interest paid	(0.1)	(0.3)	(1.0)	(1.2)	(0.6)	(0.8)	(1.5)	(1.4)	(1.3)
Net interest	(0.1)	(0.2)	(1.0)	(1.2)	(0.6)	(0.8)	(1.4)	(1.4)	(1.2)
Dividends received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outflow	**(0.1)**	**(0.2)**	**(1.0)**	**(1.2)**	**(0.6)**	**(0.8)**	**(1.4)**	**(1.4)**	**(1.2)**
Tax	(0.5)	(0.2)	(0.3)	(0.5)	(0.1)	(0.5)	(0.5)	(1.1)	(1.1)
Rate (%)	*33.7*	*93.2*	*13.6*	*22.4*	*(486.7)*	*12.6*	*14.6*	*26.8*	*25.7*
Investing activities									
Purchase of TFA	(0.2)	(0.4)	(0.4)	(0.8)	(0.3)	(0.2)	(0.5)	(0.5)	(0.5)
Acquisitions	(2.7)	(8.3)	0.7	(7.6)	0.0	0.0	0.0	0.0	0.0
Deferred acquisition payments	0.0	0.0	0.0	0.0	(1.0)	(1.6)	(2.6)	(1.8)	(1.8)
Purchase of intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of TFA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of business operation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net flow from investing activities	**(3.0)**	**(8.7)**	**0.3**	**(8.4)**	**(1.2)**	**(1.8)**	**(3.1)**	**(2.3)**	**(2.3)**
Financing									
Share issue	1.0	0.7	0.1	0.8	0.0	0.0	0.0	0.0	0.0
Cost of financing	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank loans	2.5	13.5	0.2	13.8	0.0	0.0	0.0	0.0	0.0
Management of liquid resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of loans	(0.3)	(3.7)	(1.5)	(5.3)	(0.8)	(0.8)	(1.6)	(1.6)	(1.6)
Capital element of finance lease	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share repurchase	0.0	0.0	0.0	0.0	(0.2)	0.0	(0.2)	0.0	0.0
Net flow from financing	**3.1**	**10.6**	**(1.2)**	**9.3**	**(1.1)**	**(0.8)**	**(1.9)**	**(1.6)**	**(1.6)**
Change in cash	**(0.4)**	**1.6**	**1.1**	**2.6**	**(1.9)**	**0.5**	**(1.4)**	**(0.5)**	**0.0**
Net debt	**(3.6)**	**(11.1)**	**(9.7)**	**(9.7)**	**(11.9)**	**(11.8)**	**(11.8)**	**(10.6)**	**(9.1)**

Source: Company data, Daniel Stewart

Balance Sheet

Table 3: First Artist balance sheet FY06A-FY10E

Y/E August	2006A	H1 2007A	H2 2007A	2007A	H1 2008A	H2 2008E	2008E	2009E	2010E
Fixed assets									
Intangibles	9.5	23.2	23.2	23.2	23.1	22.8	22.8	22.5	22.2
Tangibles	0.8	2.0	2.2	2.2	2.1	2.1	2.1	2.1	2.0
Investments & other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	**10.5**	**25.3**	**25.5**	**25.5**	**25.4**	**25.0**	**25.0**	**24.7**	**24.3**
Current assets									
Stocks	0.0	1.1	1.1	1.1	1.1	1.3	1.3	1.4	1.5
Assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debtors	6.9	9.7	11.8	11.8	10.3	12.4	12.4	13.1	13.7
Cash	1.1	2.5	3.9	3.9	3.2	2.5	2.5	2.1	2.1
Total	**8.0**	**13.3**	**16.8**	**16.8**	**14.7**	**16.3**	**16.3**	**16.6**	**17.2**
Creditors < 1year									
Bank loans & overdrafts	(2.5)	(1.6)	(2.3)	(2.3)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Trade creditors	(3.2)	(9.1)	(11.3)	(11.3)	(9.8)	(11.9)	(11.9)	(12.5)	(13.1)
Corporation tax	(1.0)	(0.6)	(1.0)	(1.0)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Other creditors	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance lease obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accruals & deferred income	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions (deferred consideration)	(1.9)	(3.0)	(3.4)	(3.4)	(2.6)	(2.6)	(2.6)	(0.8)	(0.4)
Total creditors < 1 year	**(9.6)**	**(14.3)**	**(18.0)**	**(18.0)**	**(17.9)**	**(19.9)**	**(19.9)**	**(18.8)**	**(19.0)**
Net current liabilities	**(1.6)**	**(1.1)**	**(1.2)**	**(1.2)**	**(3.2)**	**(3.7)**	**(3.7)**	**(2.2)**	**(1.8)**
Total assets - current liabilities	8.9	24.3	24.3	24.3	22.2	21.4	21.4	22.5	22.5
Creditors > 1 year									
Bank loans	(2.3)	(12.0)	(11.2)	(11.2)	(10.5)	(9.7)	(9.7)	(8.1)	(6.5)
Provisions (deferred consideration)	(1.5)	(4.8)	(4.2)	(4.2)	(2.8)	(1.6)	(1.6)	(1.6)	(0.1)
Pension liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other creditors	0.0	(1.1)	(1.3)	(1.3)	(1.1)	(0.2)	(0.2)	(0.3)	(0.5)
Total creditors > 1 year	**(3.8)**	**(17.9)**	**(16.7)**	**(16.7)**	**(14.4)**	**(11.4)**	**(11.4)**	**(10.0)**	**(7.2)**
Net assets	**5.1**	**6.3**	**7.6**	**7.6**	**7.8**	**10.0**	**10.0**	**12.5**	**15.4**
Capital & reserves									
Called up share capital	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Shares to be issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own shares held	0.0	0.0	0.0	0.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Share premium account	8.8	9.9	10.0	10.0	6.5	6.5	6.5	6.5	6.5
Reserves	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P&L	(4.2)	(4.2)	(3.0)	(3.0)	0.8	3.0	3.0	5.5	8.4
Shareholders funds	**5.1**	**6.3**	**7.6**	**7.6**	**7.8**	**10.0**	**10.0**	**12.5**	**15.4**

Source: Company data, Daniel Stewart

Disclosure Checklist

Company	Code	Disclosure
First Artist	FAN.L	2, 3, 6

Source: Daniel Stewart

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3. Daniel Stewart & Co plc and/or its affiliates regularly hold/may hold in future trading positions (which may include options) in this Company
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5. The Company holds more than 5% of the securities of Daniel Stewart & Co plc and/or its affiliates
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7. The author and/or an individual responsible for production of this report has direct ownership of stock in this Company
8. The author responsible for the production of this report received or purchased shares in the issuer, prior to a public offering of the shares.
9. Daniel Stewart and Company is party to an agreement with this company for the publication of research on it
10. This research note has been disclosed to the Company, with resulting amendments, prior to its dissemination

The Daniel Stewart recommendation structure is based on relative upside/downside to target price. The target price is set on a rolling 12 month view. Upside or downside of 10% or more is categorised as Buy or Sell respectively, and less than 10% a Hold.

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Distribution of Ratings

	All Companies	Of which are Investment Banking Clients in the last 12 months
Buy	88%	55%
Hold	8%	25%
Sell	4%	0%

Data as of 31 March 2008

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Authorised and Regulated by the Financial Services Authority. Apr08

Daniel Stewart & Company

14 April 2008

Media
H1 results

Key Assumptions

- 11.0% sales CAGR FY07E-FY09E
- Gross margin unchanged at c.39.5% FY08E-FY10E

Income	08/07A	08/08E	08/09E	08/10E
Sales (£m)	48.6	60.5	63.7	66.6
Gross Profit (£m)	19.7	23.8	25.1	26.3
EBITDA (DSC)	4.0	5.6	6.0	6.3
EBIT (DSC)	3.2	4.6	5.0	5.4
PBT (DSC)	2.4	3.6	4.0	4.5
EPS (FRS-3)	9.00	14.97	17.99	20.66
EPS (DSC)	13.68	17.08	18.62	20.84
DPS(p)	0.0	0.0	0.0	0.0

Valuation	08/07A	08/08E	08/09E	08/10E
P/E (x)	5.1	4.1	3.8	3.4
Div. Yield (%)	0.0	0.0	0.0	0.0
EV/Gross profit (x)	1.0	0.9	0.8	0.7
EV/EBITDA (x)	4.8	3.8	3.4	3.0
EV/EBIT (x)	6.0	4.7	4.1	3.5
P/FCF (x)	11.0	3.4	3.6	3.2
FCF Yield (%)	9.1	29.4	27.6	31.6
P/NAV (x)	1.3	1.0	0.8	0.7
NAV (p)	55.9	67.2	82.6	100.8

Cash Flows (£m)	08/07A	08/08E	08/09E	08/10E
Op. CF (£m)	3.4	5.5	5.9	6.2
Gross CF (£m)	1.7	3.6	3.4	3.9
FCF (£m)	0.9	3.1	2.9	3.4
FCFPS (p)	6.4	20.6	19.3	22.1

Balance Sheet (£m)	08/07A	08/08E	08/09E	08/10E
Fixed Assets	25.5	25.0	24.7	24.3
Current Assets	16.8	16.3	16.6	17.2
Current Liabilities	(18.0)	(19.9)	(18.8)	(19.0)
Capital Employed	24.3	21.4	22.5	22.5
Long-term Liabilities	(16.7)	(11.4)	(10.0)	(7.2)
Net Assets	7.6	10.0	12.5	15.4
Net Debt (Cash)	(9.7)	(11.8)	(10.6)	(9.1)

Recent News / Events

26 February 2008 – Trading update
7 February 2008 – Dewynters earn-out
19 November 2007 – Final results
30 April 2007 – Acquisition of Yell Communications

Management Team

Non-Executive Chairman – Jarvis Astaire
CEO – Jon Smith
Group Managing Director – Richard Hughes
Group Finance Director – Simon Bent

Major Shareholders

J Smith	8.6%
P Smith	6.1%
Singer & Friedlander	4.3%
Barclays Global	4.3%
Herald Investment	2.9%

P/E fails to reflect resilience and growth
First Artist's P/E to FY08E of 4.1x materially undervalues the group's trading performance and potential upside

Reducing net debt
First Artist is forecast to pay down its debt and reduce gearing to c.85% at FY09E

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