

Hasgroveplc

Full year trading update

Hasgroveplc (AIM: HGV, 'Hasgrove', or the 'Group'), the pan European marketing and communications services group, is providing a trading update for the year ended 31 December 2010.

Hasgrove expects to report gross income in the region of £28.5m (2009: £26.8m) and an increased pre-exceptional operating profit of approximately £3.5m (2009: £2.9m).

This growth in profit has been achieved despite a reduction in public sector work that impacted the second half of the year, significant investment in Interact, the intranet business and underperformance in one division that required further restructuring.

In the fourth quarter the Group experienced delays in client decisions due to extended procurement processes. The majority of the delayed contracts have now either been converted or approved but the revenue and profit could not be reflected in the 2010 results. The operating profit attributable to these contracts was approximately £0.35m. The Group continues to attract high quality opportunities and the pipeline is strong.

During the year, Hasgrove restructured its business and continued to reduce its cost base. As a result there will be an exceptional cost of £970,000 for the full year. These costs include six office moves to bring a number of business units together. Despite the focus on productivity and rebuilding the client portfolio, the Group has continued to win several industry awards including a Cannes Gold achieved by the Chase.

2010 was also a year of investment in the organic growth. Odyssey Interact, the intranet product company, has developed a multi-language version of Interact Intranet, with its innovative use of social media in the workplace a key differentiator.

Interel has continued to build its global affiliate network and Amaze's focus on and investment in digital strategy and technology has been instrumental in the company winning a major global account at the end of the year.

The operating units continued to be highly cash generative and despite the office consolidations and restructuring costs, net debt only increased marginally to £6.6m at 31 December 2010 (31 December 2009: £6.5 million).

The Group expects to publish its full year results for the year to 31 December 2010 in April 2011.

Rod Hyde, Group Chief Executive, said:

"We have made substantial progress over the last year. Despite the UK public sector cuts, our profits have grown by approximately 20% to £3.5m. Sales pipelines continue to be healthy and our conversion rates are good. Investment in our businesses and offerings are already starting to pay off and we are increasingly optimistic about our prospects in 2011."

Enquiries:

Hasgroveplc

Rod Hyde, Group Chief Executive
Paul Sanders, Group Finance Director

0161 242 5650

Peel Hunt

Capel Irwin/Richard Kauffer

020 7418 8900

College Hill

Adrian Duffield/Rozi Morris

020 7457 2020

Note to editors

Hasgroveplc is now organised into two divisions: Digital and Communication Services and Public Affairs and Strategic Communications. The Group is exploiting and benefiting from both operational and cost synergy benefits within the two divisions, although the two units do work together on a number of international projects.

There are now more than 380 personnel in the Group, serving a broad client base of more than 600 clients.

The Digital and Communication Services division which includes Amaze, Odyssey Interactive (trading as Interact) and the Chase offers a broader range of marketing and technology services including web design and build, intranet solutions, search, social media, user online reputation management, experience optimisation and analytics, as well as design, PR, print and broadcast advertising and brand consulting. The division has over 260 people working in offices in the north west of England, London and Brussels.

The Public Affairs and Strategic Communications division, which has now been consolidated under the Interel brand, is an international consulting group specialising in public affairs, strategic communications and association management. Interel has over 125 professionals in its offices in Brussels, London, Berlin, Paris, Prague, Madrid and WashingtonDC and has a well established network of affiliates and partners spanning the globe.