



Martin Ashley

Design Associates

GLOBAL DESIGN

Specialists in re-branding
financial products with related
global literature systems

Visual noise



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17 March 2005

Typographic Design Ltd

Buy
157p

UK
Media/Advertising &
Smaller Companies

Non-core
Price
Euro 22.8m (US\$3.6bn)

Reuters MAP.D
SEAQ MAP.D

• DOMINANCE OF LARGE GROUPS

The number of large, global consultancies remains static due to the prohibitive costs of premises, design staff and a shrinking revenue stream. As a result, their size is probably 30-50 staff from their peak of 100-150 including admin support personnel.

The collapse of stockmarkets following the bursting of the dotcom bubble and 9/11 resulted in a reduction of large, global projects as design and marketing spend fell. The consequent redundancies from large consultancies led to smaller groups forming.

• IMPACT OF TECHNOLOGY ON DESIGN COMMISSIONS

These new design units were able to exploit technology and undertake projects previously requiring large numbers of design staff.

By networking with overseas, specialist consultancies, smaller groups found they could additionally deliver large projects requiring local knowledge without having to set up expensive new offices manned by extra staff. These new design units were able to exploit technology and undertake projects previously requiring large numbers of design staff.

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Price performance

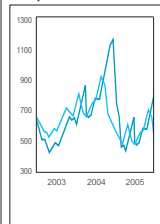
Year end/May	2002A	2003A	2004A	2005A
P/BET lin	1.5	4	11.3	4.6
Tax rate %	1.2	15	12.5	9.3
EPS p	5.8	17	17.6	3.6
Net div. p	7.3	1.2	19.4	7.3
P/E x	8.4	5.8	71.3	8.4
Yield %	8.9	7.3	7.8	8.9
Tax rate %	1.2	8.4	1.2	8.4
EPS p	5.8	8.9	5.8	8.9
Net div. p	7.3	1.2	7.3	1.2
P/E x	8.4	5.8	8.4	5.8
Yield %	8.9	7.3	8.9	7.3
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EPS p	5.8	8.9	5.8	8.9
Net div. p	7.3	1.2	7.3	1.2
P/E x	8.4	5.8	8.4	5.8
Yield %	8.9	7.3	8.9	7.3
Tax rate %	1.2	8.9	1.2	8.9
EPS p	5.8	5.5	5.8	5.5
Net div. p	7.3	6.4	7.3	6.4
P/E x	8.9	6.3	8.9	6.3

Source: ZXBank

Market cap £1.5m
12month price range 104p - 155p
No. shares in issue 17.1m
NAV per share 146p

Next event Finals (August)
FTA All share 3,899
Media/Advertising
Smaller Companies 4,760

Stock performance



Key data
Relative 1m 3m 12m
% -11.6 -18.5 -14.9

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Typographic Design Ltd

17 March 2005

Chapter opening

Over the last six months the stock has outperformed the Milan index by 10%, partially recovering the ground it had lost over the previous year. We believe the market is beginning to realise the growth opportunities provided by Typographic. The lack of precise data and degree of scepticism about the company's strategy in this sector have probably limited the upside of the stock.

IMPROVING CUSTOMER DEMAND

We believe a rerating is likely to occur once the market fully realises the true potential of Typographic following this acquisition. Hence, despite its recent performance, we believe the stock continues to be undervalued. We therefore reiterate our BUY recommendation with a 12-month target price of ITL 42,000 (+17%). Our view is based on the following:

Management confirmed that demand for Typographic products is recovering worldwide. After a record year in Italy in 1997, turnover should continue to grow in 1998 (+8%) and 1999 (+5%). European countries are also recovering, whereas the US should see a modest rise (+4.5%). The sole exception is the Far East, where the restructuring of the Japanese operations will not be enough to offset a drop in other areas. We believe this positive trend is due to a recovery in consumer confidence, as well as a better perception of Media products among customers who place a higher emphasis on quality and value.

Strong growth potential in the longer term

Concerns about the maturity of the brand are likely to fade, as the acquisition of Typographic provides further scope for the future growth of the group. After a phase of restructuring, Typographic which will become a medium-term turnover and EBIT growth in the range of 10% p.a. which will become a medium-term turnover and EBIT.

• Greater diversification and wider product mix

The purchase of Typographic will lower the overall business risk, enriching the existing portfolio of products with new items while providing access to

a new distribution channel and customer segments. This operation will also provide greater exposure and critical mass in the US market, a notoriously problematic area for the group in the past.

Better positioning than some foreign competitors

Typographic will progressively increase its focus on the clothing segment from the current 10% to an expected 40% of turnover by 2000. Typographic high level of expertise in this field, coupled with a lack of exposure to the shoe segment, should allow Typographic to improve its market share and cost structure. We expect a slight decrease in advertising Sportssystem will progressively increase its focus on the clothing segment from the current 10% to an expected 40% of turnover by 2000. Benetton's high level of expertise in this field, coupled with a lack of exposure to the shoe segment, should allow Sportssystem to improve its market share and cost structure. We expect a slight decrease in advertising expenses and a stabilisation thereafter.

Over the last six months the stock has outperformed the Milan index by 10%, partially recovering the ground it had lost over the previous year. We believe the market is beginning to realise the growth opportunities provided by Sportssystem. The lack of precise data and degree of scepticism about the company's strategy in this sector have probably limited the upside of the stock.

We believe a rerating is likely to occur once the market fully realises the true potential of Benetton following this acquisition. Hence, despite its recent performance, we believe the stock continues to be undervalued. We therefore reiterate our BUY recommendation with a 12-month target price of ITL 42,000 (+17%). Our view is based on the following:

IMPROVING CUSTOMER DEMAND

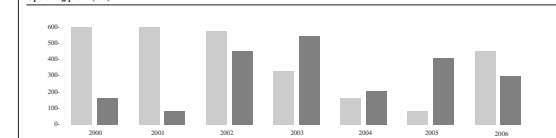
Management confirmed that demand for Benetton products is recovering worldwide. After a record year in Italy in 1997, turnover should continue to grow in 1998 (+8%) and 1999 (+5%). European countries are also recovering, whereas the US should see a modest rise (+4.5%). The sole exception is the Far East, where the restructuring of the Japanese operations will not be enough to



Typographic Design Ltd

17 March 2005

Operating profit (£m)



OPERATING PROFIT FOR TYPOGRAPHIC DESIGN

Over the last six months the stock has outperformed the Milan index by 10%, partially recovering the ground it had lost over the previous year. We believe the market is beginning to realise the growth opportunities provided by Typographic Design. The lack of precise data and degree of scepticism about the company's strategy in this sector have probably limited the upside of the stock.

We believe a rerating is likely to occur once the market fully realises the true potential of Slug following this acquisition. Hence, despite its recent performance, we believe the stock continues to be undervalued. We therefore reiterate our BUY recommendation with a 12-month target price of ITL 42,000 (+17%). Our view is based on the following: Management confirmed that demand for Typographic Design products is recovering worldwide. After a record year in Italy in 1997, turnover should continue to grow in 1998 (+8%) and 1999 (+5%). European countries are also recovering, whereas the US should see a modest rise (+4.5%). The sole exception is the Far East, where the restructuring of the Japanese operations will not be enough to offset a drop in other areas. We believe this positive trend is due to a recovery in consumer confidence, as well as a better perception of Typographic Design products among customers who place a higher emphasis on quality and value.

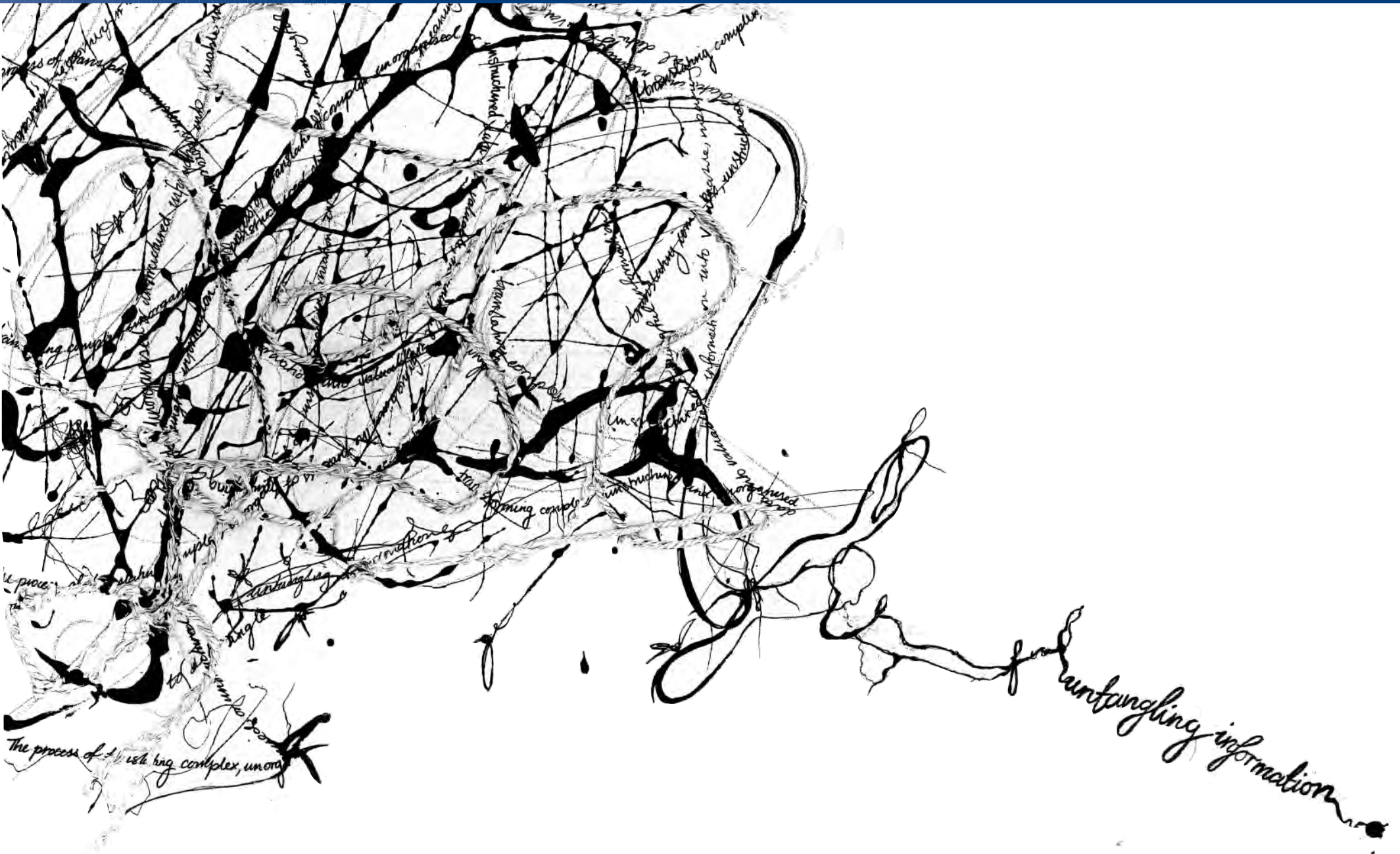
Quickly responding to client needs

Concerns about the maturity of the brand are likely to fade, as the acquisition of Typographic Design provides further scope for the future growth of the group. After a phase of restructuring, Typographic Design (which will become a medium-term


turnover and EBIT growth in the range of 10% p.a. (which will become a medium-term turnover and EBIT. Management confirmed that demand for Typographic Design products is recovering worldwide. The purchase of Typographic Design will lower the overall business risk, enriching the existing portfolio of products with new items while providing access to a new distribution channel and customer segments. This operation will also provide greater exposure and critical mass in the US market, a notoriously problematic area for the group in the past. Typographic Design Ltd will progressively increase its focus on the clothing segment from the current 10% to an expected 40% of turnover by 2000. Typographic Design's high level of expertise in this field, coupled with a lack of exposure to the shoe segment, should allow Typographic Design to improve its market share and cost structure.

We expect a slight decrease in advertising expenses and a stabilisation thereafter, provides further scope for the future growth of the group. After a phase of restructuring, Typographic Design (which will become a medium-term turnover and EBIT growth in the range of 10% p.a. (which will become a medium-term turnover and EBIT. Management confirmed that demand for Typographic Design products is recovering worldwide. The purchase of Typographic Design will lower the overall business risk, enriching the existing portfolio of products with new items while providing access to a new distribution channel and customer segments. This operation will also provide greater exposure and critical mass in the US market, a notoriously problematic area for the group in the past. Typographic Design Ltd will progressively increase its focus on the clothing segment from the current 10% to an expected 40% of turnover by 2000. Typographic Design's high

Information bombardment



AAR Message-based design



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Source: ZX Bank


Market cap £1.5m **Next event** Finals (August)

12month price range 104p - 155p **FTX All share** 3,889

No. shares in issue 17.1m **Media/Advertising**

NAV per share 146p **Smaller Companies** 4,760

Stock performance



Key data

Relative 1m 3m 12m
% -11.6 -18.5 -14.9

before

Martin Ashley Design



Interims

157p

▲▲ Buy
Up from undervalued

Typographic Design Ltd

Future potential in long term

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MAP.D
SEAO
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17 March 2005

Typographic Design continues to succeed in its quest for European expansion with potential mergers almost agreed. North American markets reveal strong partnership possibilities.

UK
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Stock performance



Key data

Relative 1m 3m 12m
% -11.6 -18.5 -14.9

after

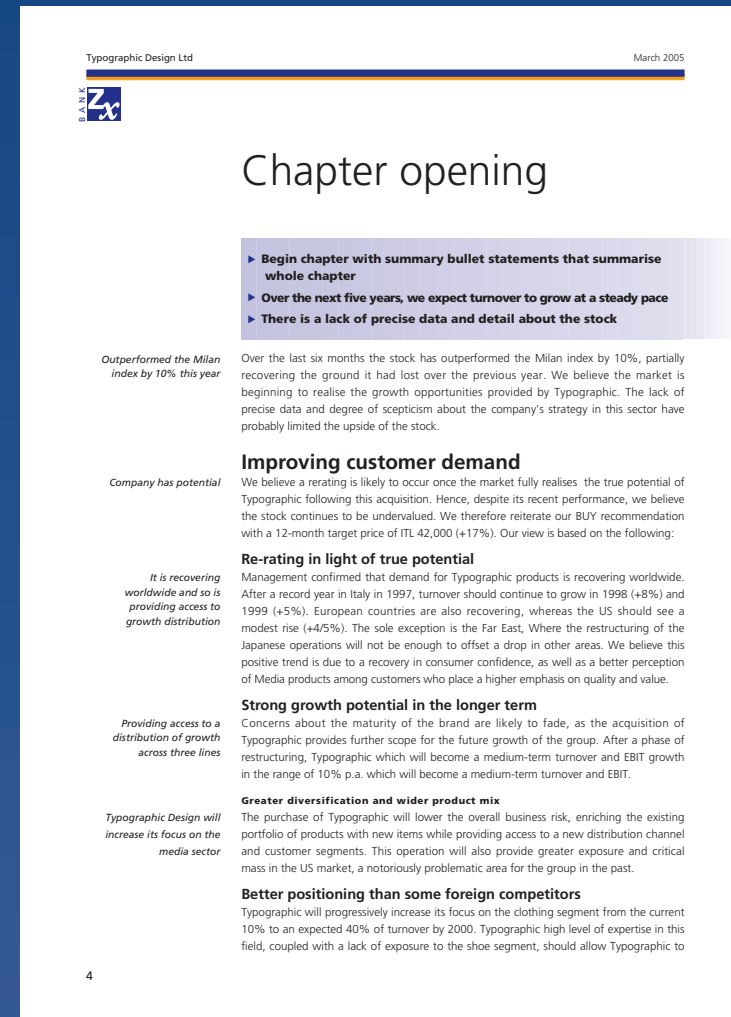
August 2001

AAR Message-based design



before

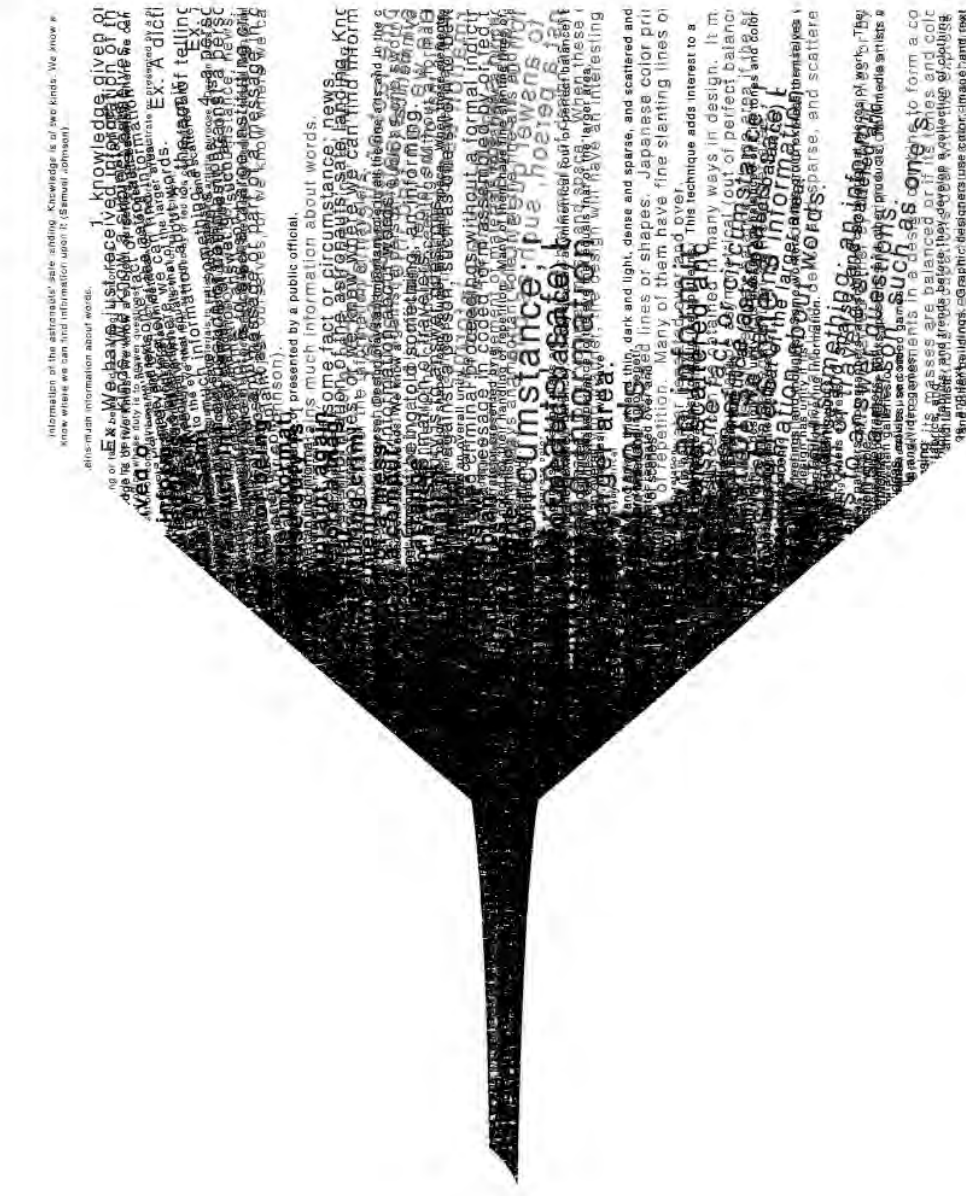
Martin Ashley Design



after

August 2001

Filters



Information flow

Key Points

1. In 30 seconds...
2. Reward growth in the forthcoming years
3. Reward growth in the forthcoming years
4. Reward growth in the forthcoming years
5. Reward growth in the forthcoming years
6. Reward growth in the forthcoming years
7. Reward growth in the forthcoming years
8. Reward growth in the forthcoming years
9. Reward growth in the forthcoming years
10. Reward growth in the forthcoming years

The collage consists of several document pages from a financial report for Typographic Design Ltd. The pages are arranged in a grid-like fashion, with red arrows pointing from a central 'Key Points' box to specific sections on the pages. The pages include:

- Table of Contents:** Lists sections like 'Contents summary', 'Introduction to Typographic Design', 'Revenue and margins', 'Reward growth in the forthcoming years', 'Chapter opening', and 'Summary information (consolidated)'. It includes page numbers and a '30 seconds...' summary.
- 30 seconds...:** A summary section with a large '30' and 'seconds...' text, and a list of key points.
- Operating profit for Typographic Design:** A bar chart showing operating profit for the last 12 months.
- Reward growth in the forthcoming years:** A section discussing future growth prospects, including a table of revenue and profit forecasts.
- Chapter opening:** A section titled 'Chapter opening' with a large '1' and '1' in a box.
- Summary information (consolidated):** A table of consolidated financial data and two pie charts.

Detail of keypages: Front & Executive Summary

Interims **157p** **Buy**
Up from undervalued

Typographic Design Ltd
Future potential in long term

17 March 2005

Typographic Design continues to succeed in its quest for European expansion with potential mergers almost agreed. North American markets reveal strong partnership possibilities.

UK
Media/Advertising & Smaller Companies

Non-core
Price Euro 22.8m (US\$3.6bn)
Revisors MAP.D
SEAD MAP.D

Key data
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% -11.6 -18.5 -14.9

Stock performance
2003 2004 2005

Year end	P/BET	Tax rate	EPS	Net div.	P/E	Yield
May	£m	%	p	p	x	%
2002A	1.5	4	11.3	4.6	12.6	5.0
2003E	1.2	15	12.5	9.3	5.0	6.0
2004E	5.8	17	17.6	3.6	71.3	7.8
2005E	6.3	23	19.4	7.3	8.4	8.9

Source: ZX Bank

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Dominance of large groups The number of large, global consultancies remains static due to the prohibitive costs of premises, design staff and a shrinking revenue stream. As a result, their size is probably 30-50 staff from their peak of 100-150 including admin support personnel.

Growth of smaller, networked groups The collapse of stockmarkets following the bursting of the dotcom bubble and 9/11 resulted in a reduction of large, global projects as design and marketing spend fell. The consequent redundancies from large consultancies led to smaller groups forming.

Impact of technology on design commissions These new design units were able to exploit technology and undertake projects previously requiring large numbers of design staff.

The ease of delivering global, multi-national projects By networking with overseas, specialist consultancies, smaller groups found they could additionally deliver large projects requiring local knowledge without having to set up expensive new offices manned by extra staff.

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Typographic Design Ltd March 2005

Buy
Up from undervalued

In 30 seconds...

The success of medium-sized groups is due to a mixture of factors: the constant enhancement of technological developments coupled with the facility to deliver large projects with fewer staff. Additionally, the ability to use local expertise in overseas projects.

Increased competition
The growth of small, lean consultancies headed by highly talented and driven personnel results in large projects being won away from previously larger consultancies. Moreover these are costing considerably less as overheads & related costs are lower.

The advantages of using niche specialists
The increasing fragmentation of the design & media industry has led to the growth of highly specialist niche disciplines that are commissioned on a project-by-project basis.

Global solutions
The rapid development of technology has allowed the buying in of staff who possess expertise on the latest software developments. Also, the growing preference for local staff to be involved in multi-national projects by clients has favoured smaller consultancies.

Revenue prediction difficult
The turbulence of global markets following the dotcom crash and 9/11 has meant reduced design spend with unpredictable bursts of growth followed by rapid decline. This discourages hiring permanent staff and favours the use of freelancers.

Share price relative



Sector/ code	Rec	Price (£)	Typo Des EPS (£)			Typo Des EPS Growth		
			31-Mar	03	04E	05E	04E	05E
Media/Adv			349	3.83	6.07	9.74	58.4	
BANPU	Hold	230.00	1604	24.30	46.33	51.53	90.6	
BCP	Hold	11.00	195	0.22	1.02	(88.79)	365.8	
COCO	Hold	28.50	271	2.54	2.83	(6.14)	11.1	
EGCOMP	Hold	72.50	341	4.51	5.69	32.51	26.1	
LAINNA	Hold	145.00	291	10.01	11.98	243.85	19.7	
PTTEP	Hold	398.00	491	7.01	16.32	42.77	132.9	
Media Stocks								
EGCOMP	Hold	92.00	341	4.51	5.69	32.51	26.1	
PTTEP	Hold	446.00	491	7.01	16.32	42.77	132.9	

Stock performance
2003 2004 2005
Source: Datastream
-- Sector — Typographic Design

Key Points

3

Chapter opening page

<p>Typographic Design Ltd March 2005</p>  <h2>Chapter opening</h2> <ul style="list-style-type: none">▶ Begin chapter with summary bullet statements that summarise whole chapter▶ Over the next five years, we expect turnover to grow at a steady pace▶ There is a lack of precise data and detail about the stock <p><i>Outperformed the Milan index by 10% this year</i> Over the last six months the stock has outperformed the Milan index by 10%, partially recovering the ground it had lost over the previous year. We believe the market is beginning to realise the growth opportunities provided by Typographic. The lack of precise data and degree of scepticism about the company's strategy in this sector have probably limited the upside of the stock.</p> <p><i>Company has potential</i> We believe a rerating is likely to occur once the market fully realises the true potential of Typographic following this acquisition. Hence, despite its recent performance, we believe the stock continues to be undervalued. We therefore reiterate our BUY recommendation with a 12-month target price of IFL 42,000 (+17%). Our view is based on the following:</p> <p><i>It is recovering worldwide and so is providing access to growth distribution</i> Re-rating in light of true potential Management confirmed that demand for Typographic products is recovering worldwide. After a record year in Italy in 1997, turnover should continue to grow in 1998 (+8%) and 1999 (+5%). European countries are also recovering, whereas the US should see a modest rise (+4/5%). The sole exception is the Far East. Where the restructuring of the Japanese operations will not be enough to offset a drop in other areas. We believe this positive trend is due to a recovery in consumer confidence, as well as a better perception of Media products among customers who place a higher emphasis on quality and value.</p> <p><i>Providing access to a distribution of growth across three lines</i> Strong growth potential in the longer term Concerns about the maturity of the brand are likely to fade, as the acquisition of Typographic provides further scope for the future growth of the group. After a phase of restructuring, Typographic which will become a medium-term turnover and EBIT growth in the range of 10% p.a. which will become a medium-term turnover and EBIT.</p> <p><i>Typographic Design will increase its focus on the media sector</i> Greater diversification and wider product mix The purchase of Typographic will lower the overall business risk, enriching the existing portfolio of products with new items while providing access to a new distribution channel and customer segments. 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The lack of precise data and degree of scepticism about the company's strategy in this sector have probably limited the upside of the stock.</p> <p>We believe a rerating is likely to occur once the market fully realises the true potential of Slug following this acquisition. Hence, despite its recent performance, we believe the stock continues to be undervalued. We therefore reiterate our BUY recommendation with a 12-month target price of IFL 42,000 (+17%). Our view is based on the following:</p> <p><i>Further scope for growth</i> Reward growth in the forthcoming years Management confirmed that demand for Typographic Design products is recovering worldwide. After a record year in Italy in 1997, turnover should continue to grow in 1998 (+8%) and 1999 (+5%). European countries are also recovering, whereas the US should see a modest rise (+4/5%). The sole exception is the Far East, Where the restructuring of the Japanese operations will not be enough to offset a drop in other areas. We believe this positive trend is due to a recovery in consumer confidence, as well as a better perception of Typographic Design products among customers who place a higher emphasis on quality and value.</p> <p><i>Providing access to a distribution of growth across three lines</i> Quickly responding to client needs Concerns about the maturity of the brand are likely to fade, as the acquisition of Typographic Design provides further scope for the future growth of the group. After a phase of restructuring, Typographic Design (which will become a medium-term turnover and EBIT growth in the range of 10% p.a. (which will become a medium-term turnover and EBIT. Management confirmed that demand for Typographic Designproducts is recovering worldwide.</p> <p><i>Typographic Design will increase its focus</i> Low fixed costs increase competitive edge The purchase of Typographic Design will lower the overall business risk, enriching the existing portfolio of products with new items while providing access to a new distribution channel and customer segments. This operation will also provide greater exposure and critical mass in the US market, a notoriously problematic area for the group in the past. Typographic Design Ltd will progressively increase its focus on the clothing segment from the current 10% to an expected 40% of turnover by 2000. Typographic Design's high level of expertise in this field, coupled with a lack of exposure to the shoe segment,</p> <p>5</p>
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Portrait hardcopy morphing: overview

Typographic Design Limited

Future potential concluding strapline

- ▶ Typographic Design continues to succeed in its quest for European expansion
- ▶ Potential mergers almost agreed with space to add more text if this is required to a maximum length of three lines
- ▶ North American markets reveal strong partnership possibilities with space to expand message

Zx

March 2005

Typographic Design Limited

Future potential concluding strapline

Price performance						
Year end May	PBET (£m)	Tax rate%	EPS (p)	Net div. (p)	P/E (x)	Yield (%)
2002A	1.5	4	11.3	4.6	12.6	5.0
2003E	1.2	15	12.5	9.3	5.0	5.0
2004E	5.8	17	17.6	3.6	71.3	7.8
2005E	6.3	23	19.4	7.3	8.4	8.9

Market cap	£1.5m	Next event	Finals (August)
12 month price range	104p - 155p	FTA all shares	3,889
No. shares in issue	17.1m	Media/advertising & smaller companies	4,760
NAV per share	146p		

Source: Zx Bank

Zx

March 2005

17 March 2005 Interims 157p Buy Up from undervalued

Typographic Design Ltd

Future potential in long term

Non-com
Euro 22.8bn (US\$3.6bn)
MAP D

17 March 2005
Typographic Design continues to succeed in its quest for European expansion with potential mergers almost agreed. North American markets reveal strong partnership possibilities.

Media/Advertising & Smaller Companies

Price performance

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Market cap £1.5m
12 month price range 104p - 155p
No. shares in issue 17.1m
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Next event
FTA All shares 3,889
Media/Advertising & Smaller Companies 4,760

Dominance of large groups The number of large, global consultancies remains static due to the prohibitive costs of premises, design staff and a shrinking revenue stream. As a result, their size is probably 30-50 staff from their peak of 100-150 including admin support personnel.

Growth of smaller, networked groups The collapse of stockmarkets following the bursting of the dotcom bubble and 9/11 resulted in a reduction of large, global projects as design and marketing spend fell. The consequent redundancies from large consultancies led to smaller groups forming.

Impact of technology on design commissions These new design units were able to exploit technology and undertake projects previously requiring large numbers of design staff.

The ease of delivering global, multi-national projects By networking with overseas, specialist consultancies, smaller groups found they could additionally deliver large projects requiring local knowledge without having to set up expensive new offices manned by extra staff.

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Zx Bank Research

Typographic Design Ltd

Future potential

Buy 161p
Up from undervalued

Typographic Design continues to succeed in its quest for European expansion with potential mergers almost agreed. North American markets have strong possibilities.

Zx Bank Research

Typographic Design Ltd

Buy 157p

Price performance

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Typographic Design Ltd

Future potential in long term

Euro 22.8m (US\$3.6bn)

Media/Advertising & Smaller Companies

United Kingdom

Typographic Design continues to succeed in its quest for European expansion with potential mergers almost agreed. North American markets reveal partnership possibilities.

Stock performance

Price performance

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Media/Advertising & Smaller Companies 4,760

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17 March 2005 Interims 157p Buy Up from undervalued

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Typographic Design Ltd

Future potential in long term

Euro 22.8m (US\$3.6bn)

Media/Advertising & Smaller Companies

United Kingdom

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Impact of technology on design commissions These new design units were able to exploit technology and undertake projects previously requiring large numbers of design staff.

The ease of delivering global, multi-national projects By networking, smaller companies can deliver large projects.

Stock performance

Price performance

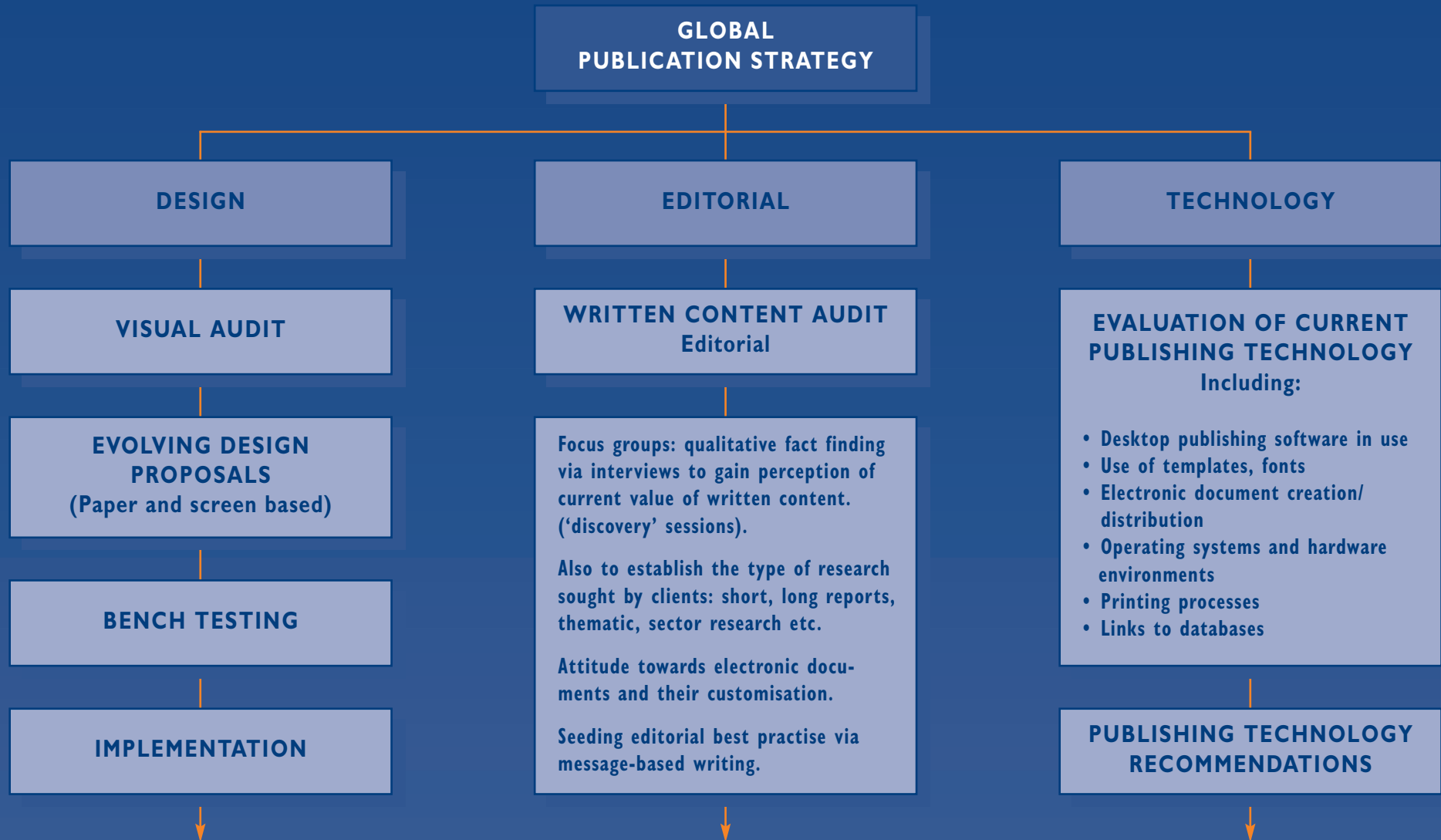
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Our strategic attitude



Our strategic attitude

