

Hardman & Co

Leaders in Corporate Research

Tel: 020 7929 3399
Fax: 020 7929 3377

www.hardmanandco.com
email: research@hardmanandco.com

4 -5 Castle Court
London EC3V 9DL

YouGov

A Further Meeting of the Minds : This Time with Centaur Media plc

861p 14 March 2007

Following on from its announcement of a strategic investment in US based online political and social agency Polimetrix in December of last year, YouGov has now announced its entry into a 50:50 joint venture agreement with publishing and information group, Centaur Media plc, creating a new enterprise – YouGovCentaur.

Centaur is one of the UK's largest publishing and information groups and has over 700 employees spread out across 18 distinct business units.

By joint venturing with Centaur YouGov gains access to Centaur's subscription lists within its key markets of law, marketing, financial services and engineering. By gaining access to these specialist lists YouGov will be able to develop specialist panels and through these panels offer both syndicated and bespoke research in Centaur's markets. The research findings generated by the panels are likely to be published in Centaur's key titles.

The Board of the new venture is to include three of YouGov's senior management team including YouGov's CEO, Nadhim Zahawi, and three of Centaur's senior management team including Centaur's CEO, Geoffrey Wilmott. Both parties will contribute £100,000 to the joint venture in the way of start up capital.

Centaur publishes 7 weekly titles, 3 fortnightlies, 8 bi-monthlies and a number of print and on-line directories.



Share Price: 861p

12m High: 1005p

12m Low: 315p

Market Cap: £114.5m

Shares in issue: 13.43m

NAV/Share: 51p

Gearing: Net cash

Interest Cover: n/a

EPIC Code: YOU

ISIN: GB00B0771P53

Sector: Media & Entertainment

Market: London AIM

PR: Financial Dynamics

Website: www.yougov.com

Broker: Numis Securities Limited

Previous Research Note: "UK YouGov – US Polimetrix – A Meeting of the Minds" – 12 December 2006

Analyst: Rae Ellingham

Y/E	Sales	Ebit	Pre-tax	EPS	P/e ratio	Divi p.	Yield
31 July	£m	£m	Profit £m	Diluted p.			%
2005A	2.9	0.9	0.9	5.6	153.8	-	-
2006A	9.6	3.9	4.1	21.1	40.8	-	-
2007E	12.3	4.6	4.9	25.7	33.5	-	-
2008E	14.2	5.1	5.7	29.4	29.2	-	-

Centaur's main publication titles include:

- Marketing Week
- The Lawyer
- Money Marketing
- The Engineer
- Fund Strategy and
- Recruiter

Centaur also owns and manages six industry portals –

- www.mad.co.uk - for the marketing, media, advertising and design community
- www.thelawyer.com - for the legal community
- www.theengineeronline - for the engineering community
- www.moneymarketing.co.uk – for the financial services industry
- www.nma.co.uk – for the new media community; and
- www.financeweek.co.uk – for finance directors and their teams

The company also organises conferences, events, summits and exhibitions. By joint venturing with Centaur YouGov can gain access to Centaur's extensive network of contacts.

Centaur earned £15.1m in pre-tax profits for the year ended 30 June 2006 on turnover of £82.3m. Brokers are forecasting pre-tax profits of between £15.6m and £17.0m for the financial year to 30 June 2007. The company, which listed on AIM in March 2004 and moved to the Official List in December 2004, has a current market capitalisation of £226m.

Its strategy is based around building high quality publications that will attract a committed base of readers and advertisers. The company actively seeks out new markets with high growth potential and limited competitive activity. Once it has built its brand Centaur seeks to extend its brands into other product offerings.

While the company's principal strategy is to grow organically it aims to maximise its revenues with the minimum of additional costs – hence the joint venturing route.

Centaur prides itself as being innovative and entrepreneurial. As with Polimetrix, this would appear to be a further "meeting of the minds".

By partnering with Centaur YouGov hopes to accelerate its growth in Centaur's markets. YouGov and Centaur are already working together. Earlier this year YouGov in conjunction with The Lawyer (one of Centaur's key titles) published the results of a survey on lawyer retention revealing that associate retention is one of the biggest issues facing the legal profession today with nearly two-thirds of lawyers in the UK's top ten law firms not interested in partnership roles. The questions for the survey were supplied by The Lawyer and modified by YouGov to fit with YouGov's market research methodology. Two new projects, one in the legal and one in the financial sector, are apparently underway.

Other New Developments

YouGov has also announced two other new developments recently. The first is an Organisational Consulting offering which will centre on employee engagement research, leadership models, talent retention, employer brand management and employee consultation. The offering will be deployed across the UK, the Middle East and North America. The second is an online Omnibus service covering the United Arab Emirates, Saudi Arabia, Syria, Morocco and Egypt.

Potential Upside

Our current valuation for YouGov is 745p per share. However, as we commented back in October of last year, potential upside for this company's shares is likely to come from higher than forecast growth in the UK and/or from new contracts in the Middle East. The company has also since our last valuation made a strategic investment in US based Polimetrix which has the potential to lead to significant revenues through the cross-selling opportunities available between the two companies and announced two new product offerings. This new joint venture adds to YouGov's potential and the recent market pullback has only made this growth company's shares more attractive.

The information in this document has been obtained from sources believed to be reliable, but cannot be guaranteed. Hardman & Co. can accept no liability for its contents. In the UK, this information is provided for the use of ordinary business investors, market counterparties and sophisticated investors, as defined in the rules of the Regulator, and is not intended to be made available to unsophisticated individuals. Hardman & Co. does not undertake investment business in the UK and therefore does not buy or sell shares, although it and individuals associated with it may own shares as long term investments. Hardman & Co. is commissioned by companies to produce research material, but estimates and content are, in all cases, those of Hardman & Co., not the companies concerned. Past performance cannot be relied upon as a guide to future performance.