

12 February 2009

**Hogg Robinson Group plc**  
(‘HRG’, ‘the Company’ or ‘the Group’)

**INTERIM MANAGEMENT STATEMENT**

Hogg Robinson Group plc, the international corporate travel services company, today issues an Interim Management Statement for the year ending 31 March 2009, covering the period from 1 October 2008 to date.

**Overview**

Despite the weak macroeconomic background, HRG has traded as expected for the first four months of the second half and, as we enter the last two important months of our financial year, we remain hopeful of delivering full-year results in line with market expectations.

Client revenue in the four months ended 31 January 2009 was up 5% compared to the same period in the prior year. After excluding the impact of favourable currency movements, this translates into a 6% decline.

Our diversified client portfolio has allowed our business model to be relatively robust in the face of some very challenging economic conditions. We are continuing to reduce our cost base and to improve efficiency so that we will be well placed to take advantage of the economic recovery when it happens.

We have adequate committed funding in place at attractive rates until September 2011. Based on our current forecasts and the cost reduction actions we are taking, the Board believes we have sufficient funding headroom. Nevertheless, the Board considers debt reduction to be a priority in the present climate.

**Client activity**

Industry statistics show a marked drop in premium air travel. Our clients are, for the most part, continuing to travel although they are clearly looking at less expensive options. Our clients pay us for the work that we do rather than the cost of their travel so that, as we work with them to reduce their travel costs, our revenue remains relatively resilient. Inevitably, in some sectors we have seen a decline in activity as a result of fewer passengers and less frequent travel, but the impact has been somewhat mitigated by the increasing contribution from new business wins coming on stream.

We continue to deliver a client retention rate above 90% and are winning more business than we are losing. Since October 2008, we have extended our relationships with Barclays, HSBC and News Corporation, and added AMEC, Astellas Pharma, Groupe SEB and Monte dei Paschi di Siena Bank as new clients, amongst others.

### **Cost reduction and efficiency**

In our third quarter, we made changes to some administrative and support functions to reduce costs and improve efficiency and are already seeing the benefits from those actions. We are now accelerating plans to reduce costs in other parts of our operations to reflect our cautious outlook for trading during 2009. Taken together, these changes will reduce annual operating costs by approximately £10m and will involve a one-off cost of approximately £5m before tax, which will be taken as an exceptional charge in the second half of this financial year.

### **Funding**

The Group has adequate committed funding in place at attractive rates until September 2011. The principal banking covenants for gearing and interest cover have been agreed at conventional levels and are tested for compliance in September and March each year. Based on our current forecasts and the cost reduction actions we are taking, the Board believes that there is sufficient headroom.

### **Pension deficit**

An updated actuarial valuation for the UK defined benefit scheme has been agreed with the scheme's trustees. This valuation has no material impact on the level of the Group's current cash contribution.

### **Balance sheet and dividend**

The announcement of first-half results on 27 November 2008 showed improved earnings and the Board paid an interim dividend of 1.2p per share. The Board places high value on the security of funding and debt reduction and, in recognition of that, is not going to recommend a final dividend for the year. At last year's final dividend level, this will save approximately £8.6m in cash and will strengthen the balance sheet significantly.

On this basis, the dividend for the full year will be 1.2p per share, all of which was paid in January 2009. The Board remains committed to a progressive dividend policy and expects to increase dividends from the re-based level of 1.2p as soon as it is prudent to do so.

David Radcliffe, Chief Executive of Hogg Robinson Group plc, commented:

“We are by no means immune to the current market conditions, but our business has held up well so far thanks to our diversified client base and strong cost control.

We continue to retain our existing clients and are adding new ones regularly, but recognise the need to plan for the future based on a cautious outlook. We have already reduced back-office costs and are now taking action to re-shape other parts of our business so that we are in a position to exploit the opportunities when the trading climate picks up again.

In the current macroeconomic climate, it is difficult to predict with any certainty the outcome for the key fourth quarter of our financial year but, based on our performance to date, we remain hopeful of finishing the year in line with market expectations.”

- Ends -

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**Forward-looking statements**

This announcement may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial conditions, business performance and results of Hogg Robinson Group. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of HRG, including amongst other things, HRG's future profitability, competition with the markets in which the Company operates and its ability to retain existing clients and win new clients, changes in economic conditions generally or in the travel and airline sectors, terrorist and geopolitical events, legislative and regulatory changes, the ability of its owned and licensed technology to continue to service developing demands, changes in taxation regimes, exchange rate fluctuations, and volatility in the Company's share price. As a result, HRG's actual future

financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. HRG undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by applicable law and regulation (including the Listing Rules). No statement in this announcement is intended to be a profit forecast or be relied upon as a guide to future performance.

### **Notes to Editors**

Hogg Robinson Group (HRG), the award-winning international corporate travel services company. Established in 1845, Hogg Robinson operates from headquarters located in Basingstoke, Hampshire. Its interests include owned or controlled corporate travel services operations in 25 key driver/growth markets throughout Asia Pacific, Europe and North America, which are supported by a network of contracted partners. The HRG network extends to over 100 countries.

HRG's philosophy is to focus on three differentiators – its people, its technology and its breadth of service. The company has experienced management and skilled operators together with a strong reputation for technology which it develops and owns in-house. In addition HRG is the only major travel management company to offer a real breadth of branded services. It is these three areas of focus that deliver value, cost savings, efficiency and innovation to clients around the globe.

Its portfolio of clients spans a broad range of industry sectors including but not limited to Telecommunications, Banking and Finance, Pharmaceutical, Automotive, Retail, Food Manufacturing, Media and Entertainment.

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