

Delivering recruitment
solutions since 1984

Interim Results for the period to 31 January 2013

Adrian Gunn – Chief Executive Officer

Tony Dyer – Chief Financial Officer

April 2013

Financial Headlines

Revenue ↑ **12%** Net Fee Income ↑ 8%

£0.1m reduction in overheads Underlying NFI conversion 25.9%

Underlying profit from operations ↑ **41%**

Tax rate ↓ to 25.0% from 29.5% **EPS** ↑ **33%**

Operating cash generation 245% Debtor Days ↗ 1 day

Net Debt ↓ £3m **Interim Dividend** ↑ **3%**

Operational Headlines

- Strong demand for supplying contractors to UK clients with:
 - Global demand for their services
 - Multi-year engineering infrastructure projects in the UK
- Underlying permanent fees at same stable level for past 18 months
- NFI conversion increase from 19.8% to 25.9% reflects the impact of the developing brands and efficiencies within our cost base
- Simplified Group structure into two distinct business units, Engineering & Professional Services, creating a clearer defined product offering and an enhanced platform for marketing and niche candidate attraction

Since 31 January 2013

- Extended contracts: BAE Systems via Xchanging for 3 years, Babcock & TfL for 1 year
- New contract win: UK Power Networks
- Launch of our new technology brand Connectus in April 2013

Results & Group Performance

Income Statement

Period to 31 January	2013 £m	2012 £m	Increase
Revenue	197.3	176.7	+12%
Contract NFI	13.2	11.6	+14%
Contract gross margin (%)	6.9%	6.8%	
Permanent fees	5.3	5.2	+2%
Discontinued operations ¹	-	0.4	
Gross profit (NFI)	18.5	17.2	+8%
Gross margin (%)	9.4%	9.7%	
Operating overheads	(13.7)	(13.8)	+1%
Underlying profit from operations	4.8	3.4	+41%
Underlying NFI conversion (%)	25.9%	19.8%	
Underlying Operating margin (%)	2.4%	1.9%	
Restructuring costs ²	(0.4)	-	
Profit from operations	4.4	3.4	+29%
Net interest	(0.4)	(0.2)	
Profit before tax	4.0	3.2	+25%
Taxation	(1.0)	(1.0)	25.0% 29.5%
Profit after tax	3.0	2.2	+36%

1 Discontinued operations relate to Executive Search and Financial Services

2 Restructuring costs consist of the non-recurring management and staff costs incurred during the reorganisation into two business units

Earnings per share & Dividends

Period to 31 January		2013	2012	Change
Profit after tax	£million	3.0	2.2	+36%
Average shares in issue	million	23.5	23.4	+0%
Shares under option	million	1.1	1.1	+0%
Fully diluted shares	million	24.6	24.5	+0%
Earnings per share				
Basic	pence	12.65	9.53	+33%
Diluted	pence	12.05	9.09	+33%
Dividend per share	pence	5.15	5.00	+3%

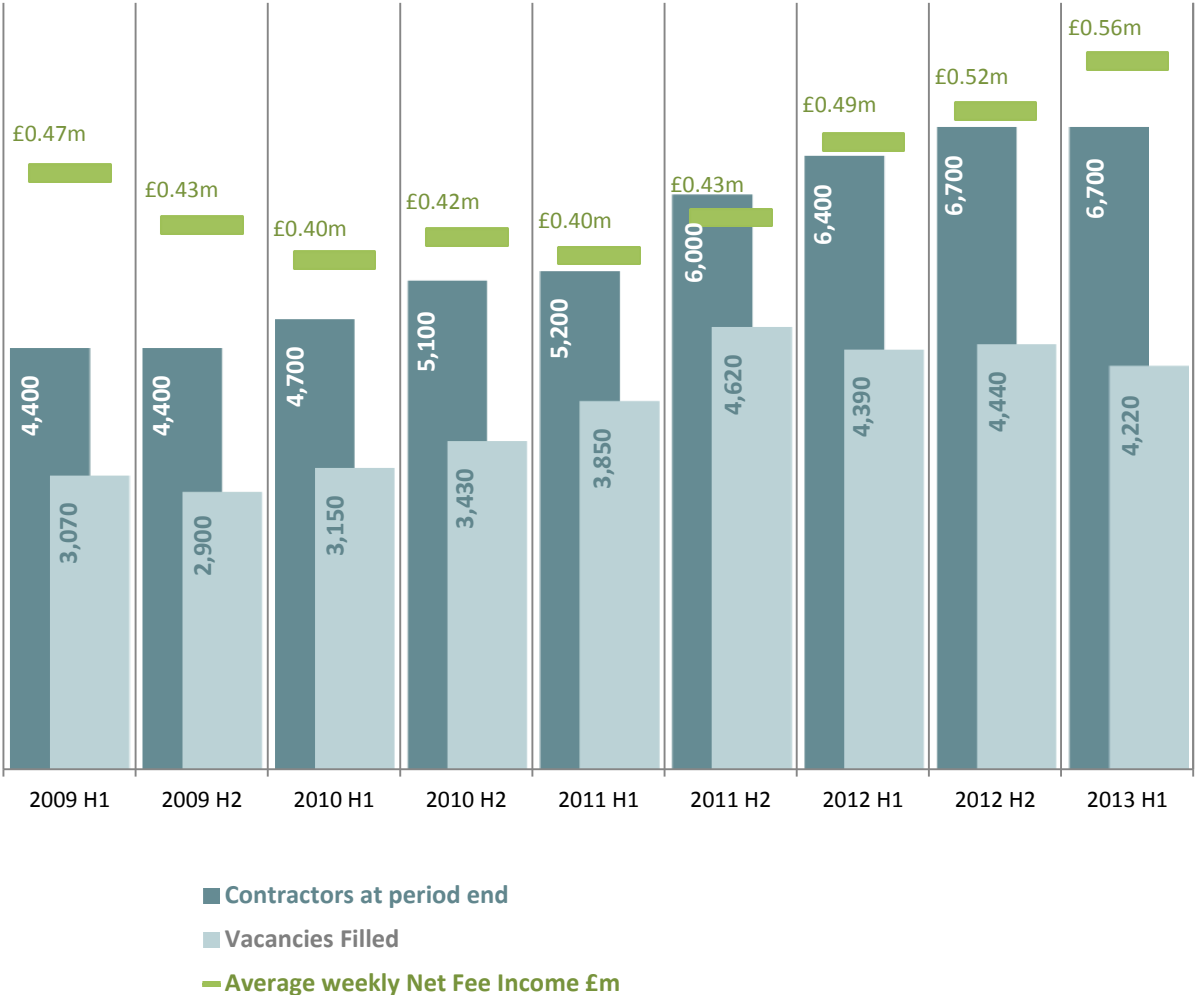
Statement of financial position

Period to 31 January	2013 £m	2012 £m
Non-current assets		
Tangible	1.8	1.7
Intangible	0.6	0.8
Current assets		
Trade debtors	59.5	53.3
Other debtors	1.0	0.9
Cash ¹	0.6	0.9
Total assets	63.5	57.6
Liabilities		
Trade & other creditors	(26.5)	(20.7)
Invoice discounting facility ²	(8.5)	(11.9)
Net assets	28.5	25.0
Net debt¹⁺²	(8.0)	(11.0)
<i>Debtor days</i>	48	47

Cashflow

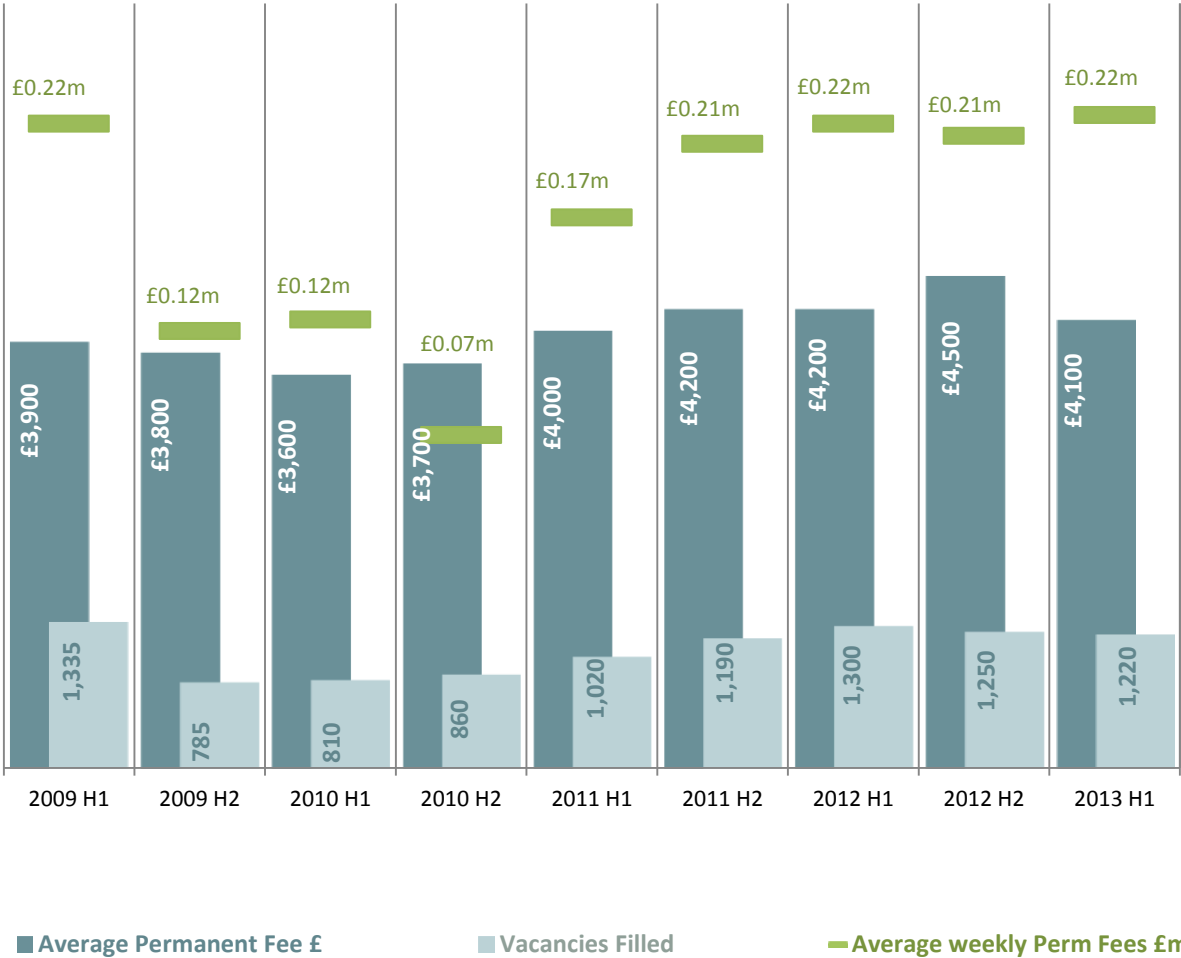
Period to 31 January	2013 £m	2012 £m
Profit from operations	4.4	3.4
Decrease in trade debtors	2.4	2.2
Increase in trade creditors & provisions	3.2	3.3
Non-cash items: Depreciation & amortisation	0.4	0.3
Share based payment charge	0.4	0.2
Cash inflow from operating activities	10.8	9.4
<i>Cash conversion (%)</i>	<i>245%</i>	<i>276%</i>
Capital expenditure (net of disposal proceeds)	(0.2)	(0.5)
Acquisition	-	(0.4)
Interest & Fees	(0.4)	(0.3)
Taxation	(1.1)	(0.7)
Net cashflow (before dividends and financing)	9.1	7.5
Dividends paid	(2.5)	(2.5)
Movement in banking facilities & cash	6.6	5.0

Contract Activity



Growing | Diversifying | Adding Value

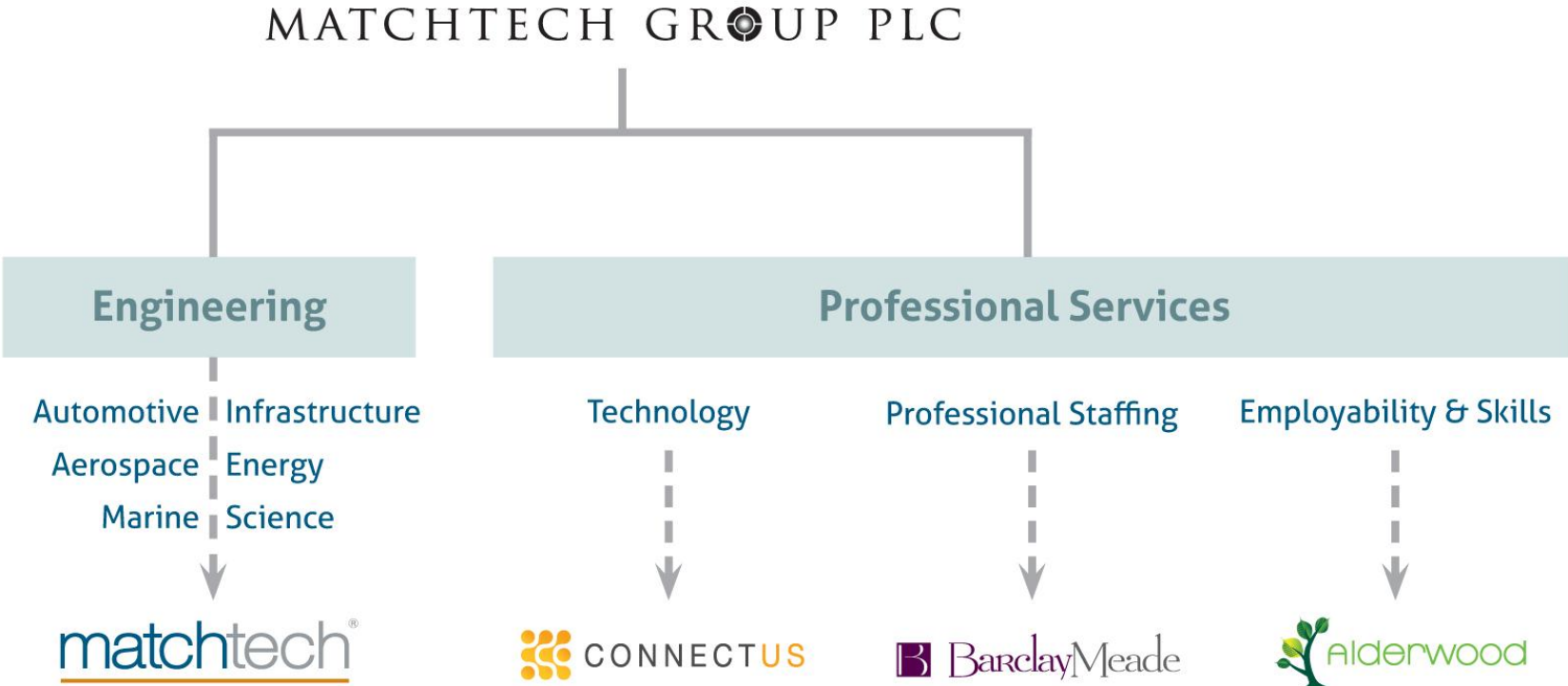
Permanent Activity



Growing | Diversifying | Adding Value

Business Review

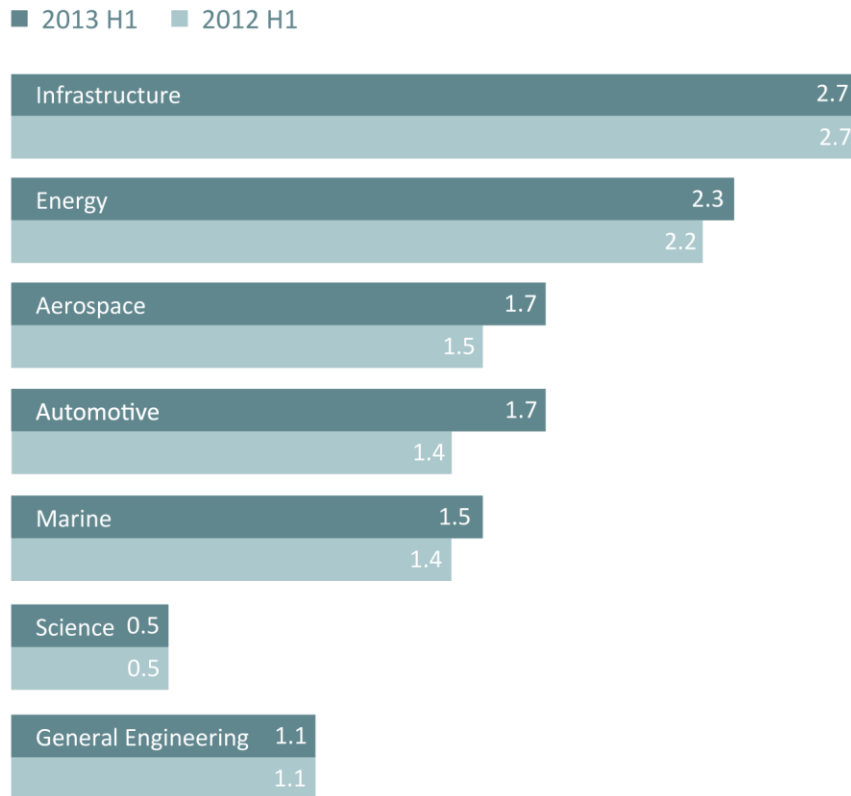
Group Structure



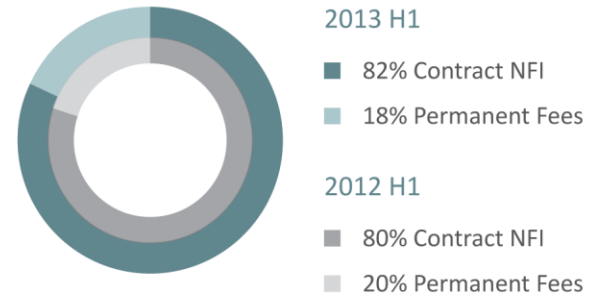
Growing | Diversifying | Adding Value

Engineering

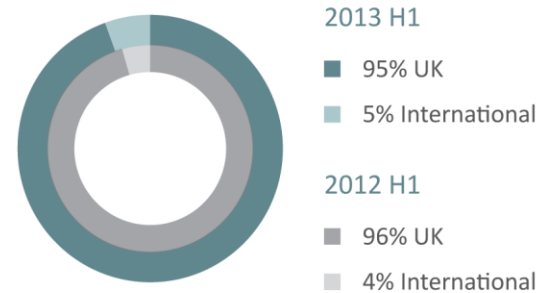
NFI by Sector (£m)



NFI by type (%)



NFI by region (%)



Engineering

Performance	2013 H1 (£m)	2012 H1 (£m)	Change %
Revenue	141.7	127.9	+11%
Contract NFI	9.5	8.8	+8%
Contract gross margin (%)	6.8%	7.0%	
Permanent fees	2.0	2.0	+0%
Total NFI	11.5	10.8	+6%
Gross margin (%)	8.1%	8.4%	
Operating overheads	(7.4)	(7.7)	+4%
Underlying profit from operations	4.1	3.1	+32%
Restructuring costs ¹	(0.1)	-	
Profit from operations	4.0	3.1	+29%

¹ Restructuring costs consist of the non-recurring management and staff costs incurred during the reorganisation into two business units

KPI's	2013 H1	2012 H1	Change
Underlying NFI conversion (%)	35.7%	28.7%	+7.0 ppt
Permanent placements	453	545	-17%
Average permanent fee	£ 4,200	£ 3,800	+11%
Contractors on assignment	5,100	4,900	+4%
Sales force headcount	146	135	+8%

Market Dynamics

Infrastructure (Utilities, Rail, Highways & Buildings)

- **Growth Drivers** Major rail projects such as HS2, Crossrail and the Doha Metro along with key highways projects LoHAC, A453 and the M1 Managed Motorway Scheme continue to generate demand for contractor staff. In the utilities sector we are in the 4th year of the AMP5 cycle and planning for the next AMP phase has already started.
- **Key Clients** TfL, Atkins, WSP, Mott MacDonald, Mouchel, AWE, Babcock, CH2M Hill
- **New Client Wins** URS Scott Wilson, UK Power Networks

Energy (Oil & Gas, Nuclear & Renewable)

- **Growth Drivers** Global demand for engineering talent in Oil & Gas (especially with subsea experience) is driving up margins and pay rates in the UK and the North Sea is seeing record levels of capital investment.
- **Key Clients** ExxonMobil, Cameron, GE, AWE, Jacobs, KBR, BP, Wood Group, Total, DONG Energy
- **New Client Wins** Aker Solutions, ENI, BHP Billiton, Ceona Services, Iberdrola

Market Dynamics

Aerospace

- **Growth Drivers** OEM's are cascading more responsibility to their supply chain and suppliers are moving to full service design & build. There is a move from metallic to composite components, such as A350 wing and A320 sharklets and a drive for more fuel efficient engines, such as RR Neo fitted to A320. New orders for and deliveries of commercial aircraft are at record levels, particularly in the Asia-Pacific region.
- **Key Clients** GKN, Rolls Royce, Bombardier, COMAC, AIM Aviation, Eaton, UTC
- **New Client Wins** Acro, AgustaWestland (Permanent campaign), Momentive-CCT

Automotive

- **Growth Drivers** There is strong demand from emerging economies for western luxury products. Western engineering & manufacturing 'know how' is helping develop indigenous advanced engineering capabilities and moving them from 'workshop' to 'technical innovators'.
- **Key Clients** JLR, Qoros, Magna Steyr, BMW Mini, Rolls Royce, Ricardo, Aston Martin
- **New Client Wins** Qoros (China), Magna Steyr (China), Nissan

Market Dynamics

Marine

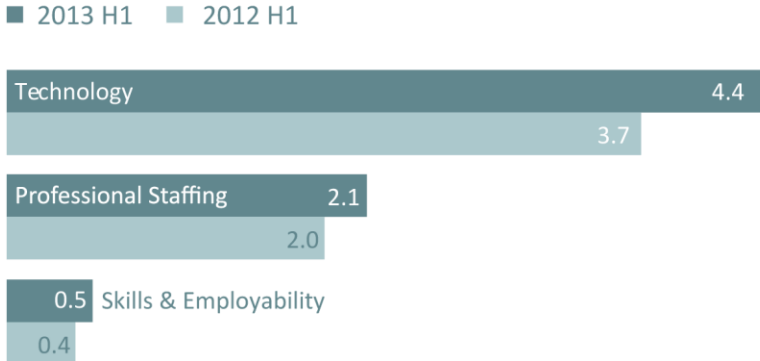
- **Growth Drivers** The Type 26 and Successor programmes have come on-line as the QEC and Oman programmes start to taper off. The commercial manufacturing & engineering marketplace is also showing signs of recovery and the leisure market is seeing increases in the volume of overseas exports.
- **Key Clients** BAE Systems via Xchanging, Babcock, Seaspan (Canada), Griffon, Sunseeker
- **New Client Wins** Seaspan, Irving (Canada), IMarEst (global partnership)

Science

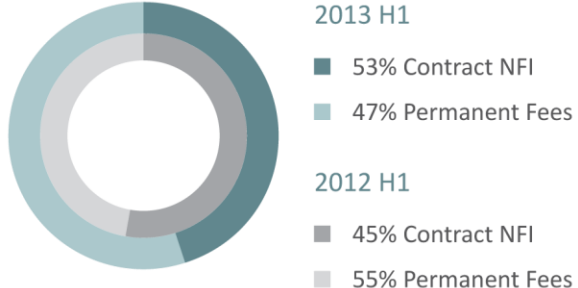
- **Growth Drivers** An increased number of Pharmaceutical and Medical clients are focusing on direct delivery, using specialist agencies for higher level and difficult to fill roles. Our niche service delivery capability complements this change in the market and is driving an increase in permanent fees along with higher demand for contract staff.
- **Key Clients** Lonza, UCB, Arla Foods, Owen Mumford, Reckitt Benckiser, Ramsay Healthcare, InHealth, Alliance Medical
- **New Client Wins** BUPA Cromwell, GE Healthcare, Pall Europe

Professional Services

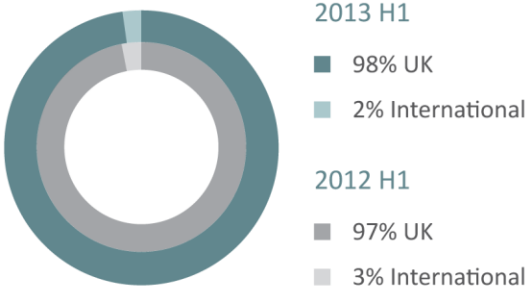
NFI by Sector (£m)



NFI by type (%)



NFI by region (%)



Growing | Diversifying | Adding Value

Professional Services

Performance	2013 H1 (£m)	2012 H1 (£m)	Change %
Revenue	55.6	48.8	+14%
Contract NFI	3.7	2.9	+28%
Contract gross margin (%)	7.1%	6.3%	
Permanent fees	3.3	3.1	+6%
Discontinued operations ¹	-	0.4	
Total NFI	7.0	6.4	+9%
Gross margin (%)	12.6%	13.1%	
Operating overheads	(6.3)	(6.1)	+3%
Underlying profit from operations	0.7	0.3	+133%
Restructuring costs ²	(0.3)	-	
Profit from operations	0.4	0.3	+33%

1 Discontinued operations relate to Executive Search and Financial Services

2 Restructuring costs consist of the non-recurring management and staff costs incurred during the reorganisation into two business units

KPI's	2013 H1	2012 H1	Change
Underlying NFI conversion (%)	10.0%	4.7%	+5.3 ppt
Permanent placements	766	700	+9%
Average permanent fee	£ 4,200	£ 4,600	-9%
Contractors on assignment	1,600	1,500	+7%
Sales force headcount	128	119	+8%

Market Dynamics

Connectus (Technology)

- **Growth Drivers.** Big Data, Smart Manufacturing, Cyber Security, Mobile Computing and ERP projects is creating a demand for both contract and permanent staff. There continues to be a skills shortages across Europe in software development, business analytics, systems architecture, IT security and hardware design. The focus of the new brand is on niche skills, higher margin, lower volume contingency and preferred supplier business.
- **Key Clients** Xchanging, Arqiva, Cognizant, Kingfisher, Selex, NHS, Invensys, Avanade
- **New Client Wins** HCL, Inmarsat, Goodrich Power Systems, Curtis Wright, SAB Miller,

Market Dynamics

Barclay Meade (Professional Staffing)

- **Growth Drivers** Having defined our product offering to have a greater emphasis on the professional level, qualified market place our market share within London and the Home Counties continues to grow. This is complemented with specialist teams operating out of Hampshire who support key Engineering sector clients on a national basis.
- **Niche Markets** Procurement & Supply Chain, Finance & Accounting, HR, Marketing and Sales
- **Client Trading** with over 320 clients, focusing on medium size organisations and high growth private equity backed companies

Market Dynamics

Alderwood (Employability & Skills)

- **Growth Drivers** There has been a consolidation in the Work Based Learning market due to continued investment in new apprenticeship programmes. The Welfare to Work providers who support the governments “Work Programme” are also focusing more on the provision of skills creating larger companies with a higher volume of permanent vacancies.
- **Key Clients** HIT Training, Learn Direct/JHP, Lifetime

Outlook

- The engineering contract markets remain robust with clients continuing to see strong global demand for their products and services and we look to continue supporting long term major infrastructure projects which provide us with longer term visibility
- Our ability to find and recruit scarce skills continues to underpin our permanent fees and provides a platform for growth as candidate confidence returns
- Barclay Meade and Alderwood brands continue to grow and the rebranding of Technology under 'Connectus' brand, will broaden our client base and create further cross selling opportunities within Professional Services
- Our diverse, balanced business model and niche sector expertise give the Board confidence that the Group will continue to grow and take market share
- Trading has continued to progress solidly since our last update on 7 February 2013 and the Board currently anticipates that the results for the year to 31 July 2013 will be in line with its previous expectations

Appendices

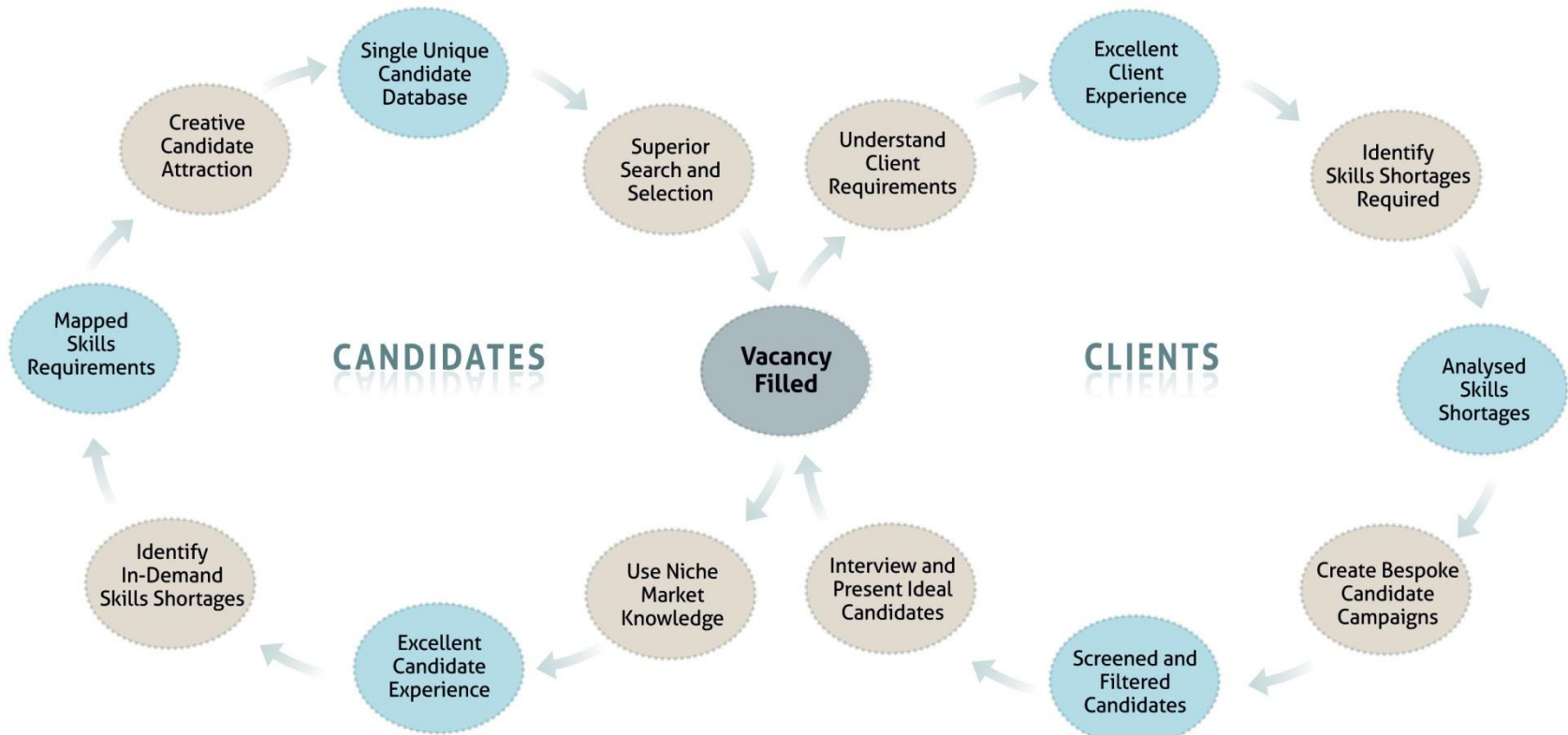
Investment Summary

- **Well balanced** Broad spread of clients, relationships and business mix
- **Established** Strong track record of organic NFI and profit growth
- **Specialist** Niche sector expertise
- **Flexible** Efficient systems and high operational flexibility
- **Resilient** Contract business model, committed funding facilities of £50m
- **Expert** Capability and resources to take market share in permanent recruitment
- **International** Expanding into selected markets
- **Yield** Solid dividend payout record

Business Plan: 7 Key Aims

KPI	Description	2013 Objectives
 <p data-bbox="227 282 795 379">Improving our staff retention levels</p>	Continuing to look at staff engagement and providing career opportunities	To review our internal selection process so we employ the right people develop the business
 <p data-bbox="227 445 761 542">Enhancing internal systems performance and controls</p>	Deliver an even faster, more efficient and robust service to our clients	Shared services ready to grow Group businesses without commensurate extra head count
 <p data-bbox="227 608 838 705">Maximising cross-selling opportunities across the Group</p>	Utilising the increasingly varied client base created from new brands	Continue mapping the structure of key clients and the services we are able to provide
 <p data-bbox="227 771 846 868">Expanding sector diversification and geographical reach</p>	Building on our early success, looking to grow new sectors and strategic UK locations	To scale up and make all existing core teams profitable before expanding further
 <p data-bbox="227 933 765 1031">Extending our international reach</p>	Developing a structured rollout of international opportunities	Ensure existing clients are aware of international capabilities to support their overseas projects
 <p data-bbox="227 1096 834 1193">Increasing the NFI we generate per employee</p>	Developing existing client relationships and winning new business	To bring the NFI per head in the newer brands up towards the levels of the established areas
 <p data-bbox="227 1259 846 1356">Building our conversion ratio of NFI to profit from operations</p>	As investment matures continuing ability to generate high levels of return from NFI	To increase NFI conversion ratio by managing the cost base more effectively

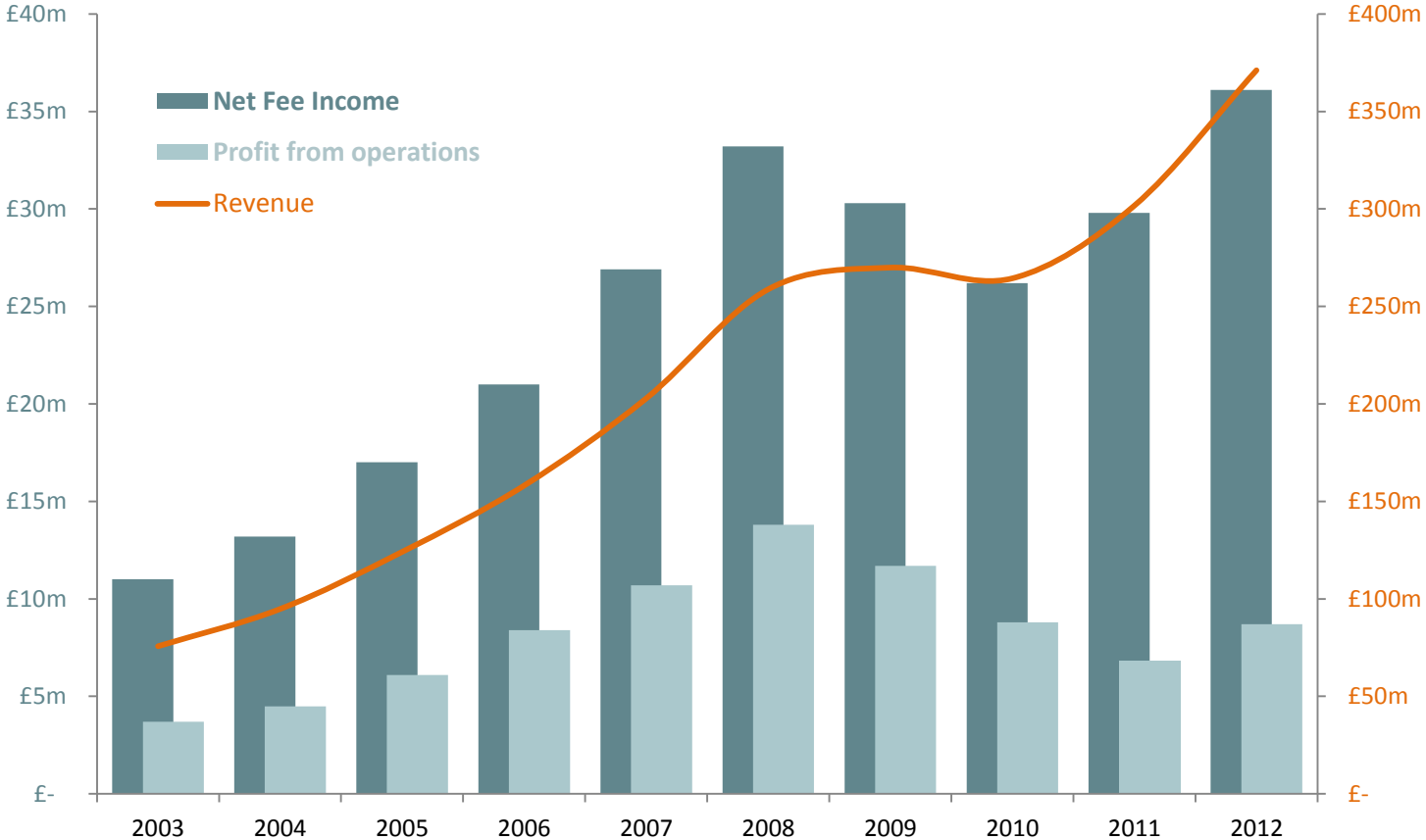
Business Model



Growing | Diversifying | Adding Value

Performance over last 10 years

Growing | Diversifying | Adding Value



NFI conversion % 34% 34% 36% 40% 40% 42% 39% 34% 23% 24%

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