



Interim Results

for the six months to 31 January 2017

20th April 2017

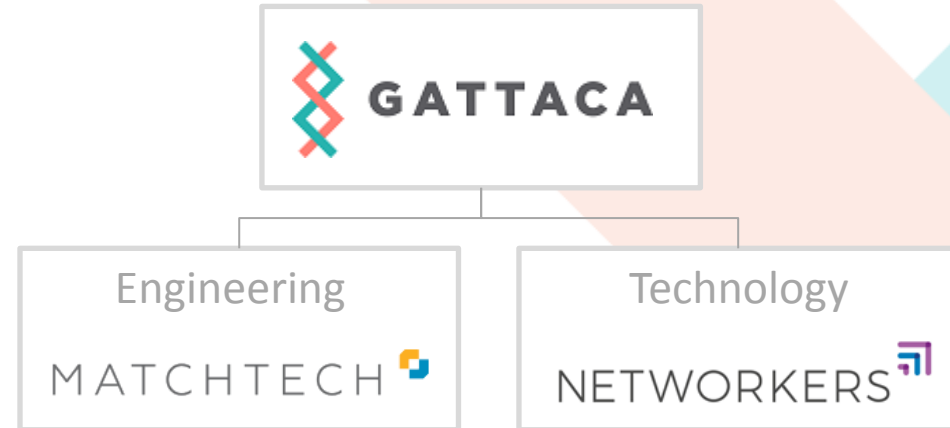
Strategic Highlights



Progress resulting from strategic changes

Largest specialist international pure play Engineering & Technology recruiter:

- ▶ Engineering Technology is now the Group's fastest growing business
- ▶ Gattaca brand now securing new Solutions mandates
- ▶ Restructuring in IT delivering improved performance
- ▶ Same research-driven approach applied to the Telco business
 - » Diversify the client base
 - » Sharpening the niche focus
 - » Mirroring clients' direction of travel
 - » Strategic account manager based in China appointed to largest client
- ▶ Investments in infrastructure and processes to ensure scalability



Financial Highlights

Interim results - headlines



- ▶ NFI down 4% in constant currency
- ▶ Engineering NFI down 4% in constant currency
 - » Engineering Technology (+20%) and Aerospace (+14%) offset by other sectors
 - » Contract NFI resilient, flat YoY, permanent (-13%), challenging environment post EU Referendum
- ▶ Technology NFI down 5% in constant currency
 - » IT restructuring improving performance with a return to growth expected in H2
 - » Telco (50% of Technology NFI) restructured to reduce dependence on largest clients
- ▶ Overheads up 3% in constant currency (£0.8m) resulted in underlying EBIT down 21%
 - » Savings in UK sales staff costs (commission/bonus/share scheme) offset by investments in international sales and business development to drive future growth
 - » Investments in increased office capacity in London, Dallas and China
 - » One-off cost overruns of c.£0.7m, relating to new London office, entity set-up costs to support large pan-European mandate and delays in back-office synergies
- ▶ Integration of Networkers now complete, final costs incurred in H1
- ▶ Profit for FY2017 likely to be 10-15% below previous expectations (announced on 13 April 2017)
- ▶ Interim dividend maintained - policy remains target cover of 2.0x over cycle

Income Statement



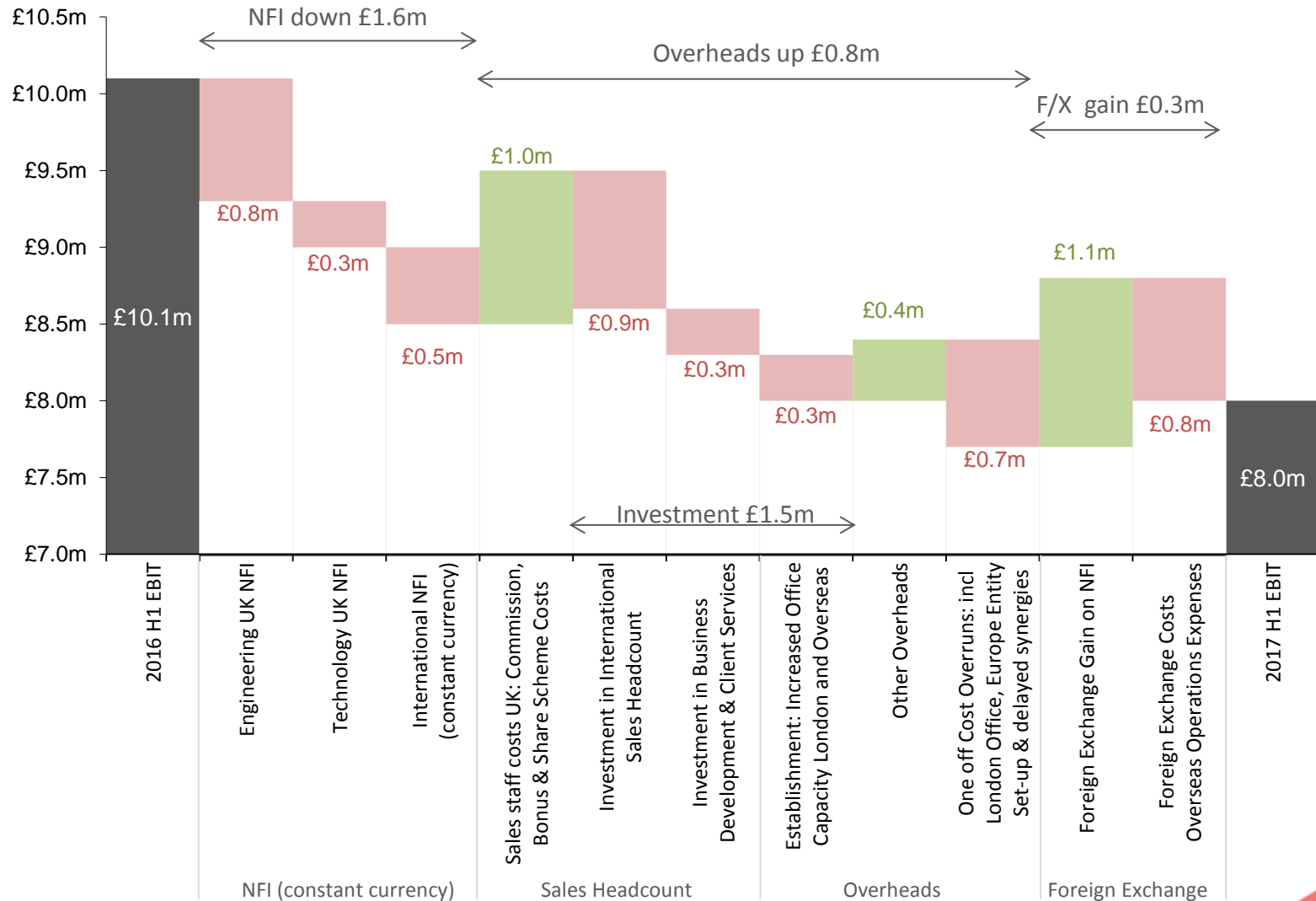
Period to 31 January	2017		2016		Reported Change %	Underlying Change %	Constant Currency %
	Reported £m	Underlying ¹ £m	Reported £m	Underlying ¹ £m			
Revenue	304.2	304.2	297.9	297.1	+2%	+2%	+1%
Contract NFI	26.3	26.3	26.6	26.5	-1%	-1%	-3%
<i>Contract gross margin (%)</i>	8.9%	8.9%	9.2%	9.2%			
Permanent fees	9.1	9.1	9.9	9.4	-8%	-3%	-7%
Gross profit (NFI)	35.4	35.4	36.5	35.9	-3%	-1%	-4%
<i>Gross margin (%)</i>	11.6%	11.6%	12.3%	12.1%			
Overheads	(29.9)	(27.4)	(29.5)	(25.8)	+1%	+6%	+3%
Profit from operations	5.5	8.0	7.0	10.1	-21%	-21%	-24%
<i>NFI conversion (%)</i>	16%	23%	19%	28%			
<i>Operating margin (%)</i>	1.8%	2.6%	2.3%	3.4%			
Financing	(0.3)	(0.6)	(0.1)	(0.7)			
Profit before tax	5.2	7.4	6.9	9.4	-25%	-21%	

¹ Underlying results exclude the trading and net proceeds of divested businesses (2017: £nil; 2016: £0.3m loss), amortisation of acquired intangibles (2017: £1.4m; 2016: £1.8m) and integration and restructuring costs relating to the Networkers and Resourcing Solutions acquisitions (2017: £1.1m; 2016: £0.9m), exchange gains from balance sheet conversion (2017: £0.3m; 2016: £0.6m).

Profit bridge



- ▶ Reduction in NFI of £1.6m
- ▶ Investments to support future growth of £1.5m



Effective Tax Rate



Period to 31 January	2017 Reported £m	2016 Reported £m
Profit before tax	5.2	6.9
Corporation Tax Rate	19.7%	20.0%
Corporation Tax	1.0	1.4
Non-deductable expenses	(0.1)	0.3
Irrecoverable withholding tax	0.7	0.4
Prior year adjustment	-	(0.1)
Overseas losses unprovided	0.1	-
UK and overseas tax rates differential	0.1	0.2
Total tax charge for period	1.8	2.2
Effective Tax Rate	35.5%	31.5%

Earnings per share & Dividends

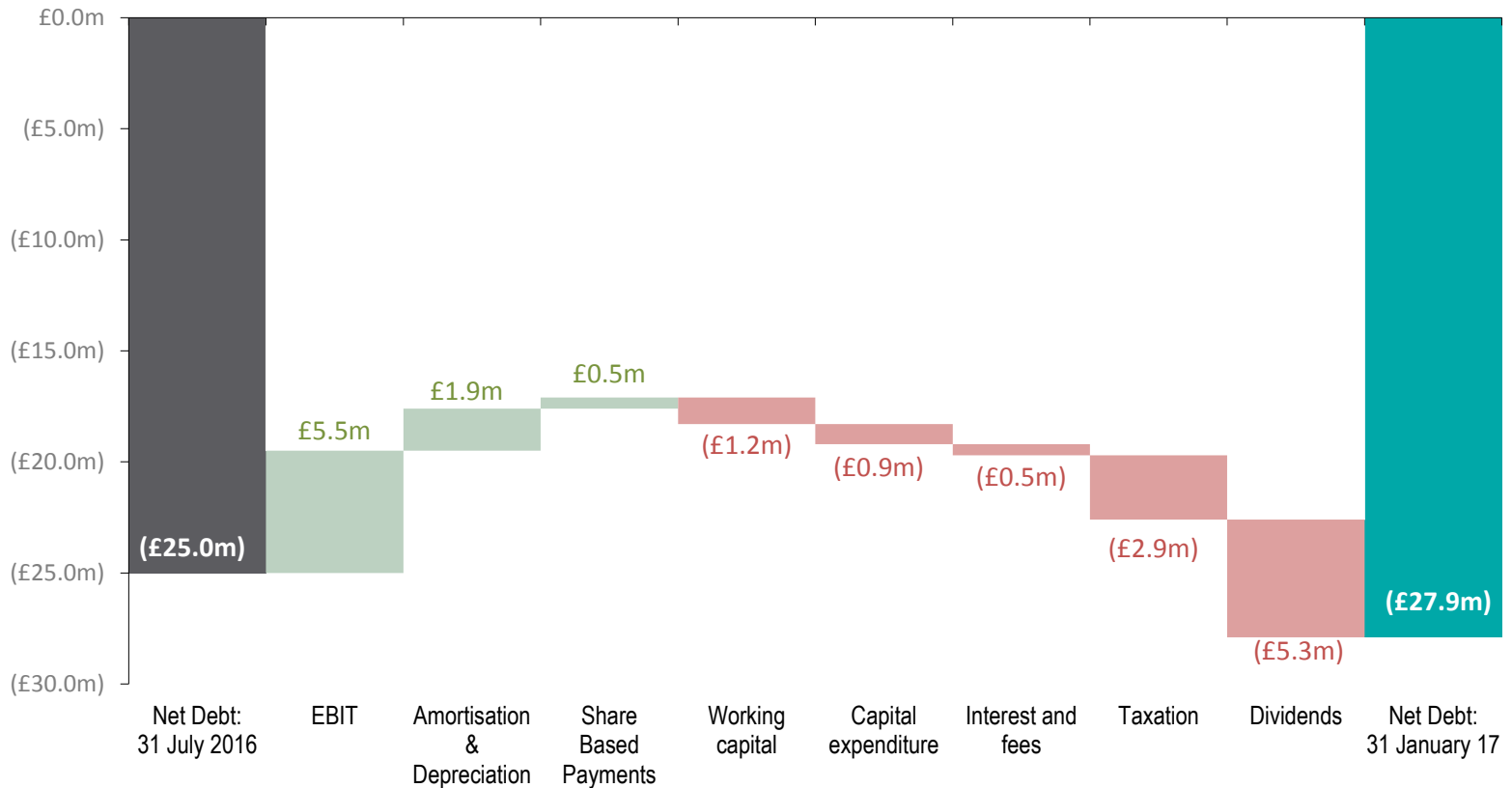


Period to 31 January	2017		2016		Underlying Change %
	Reported	Underlying	Reported	Underlying	
	£m	£m	£m	£m	
Profit before tax	5.1	7.4	6.9	9.4	-21%
Taxation	(1.8)	(2.3)	(2.1)	(2.6)	-15%
Profit after tax	3.3	5.1	4.8	6.8	-24%
	million	million	million	million	
Average shares in issue	31.2	31.2	30.8	30.8	
Shares under option	0.7	0.7	1.3	1.3	
Fully diluted shares	31.9	31.9	32.2	32.2	-1%
Earnings per share	pence	pence	pence	pence	
Basic	10.7	16.5	15.4	21.9	-25%
Diluted	10.5	16.1	14.8	20.9	-23%
Dividend per share		6.00		6.00	+0%

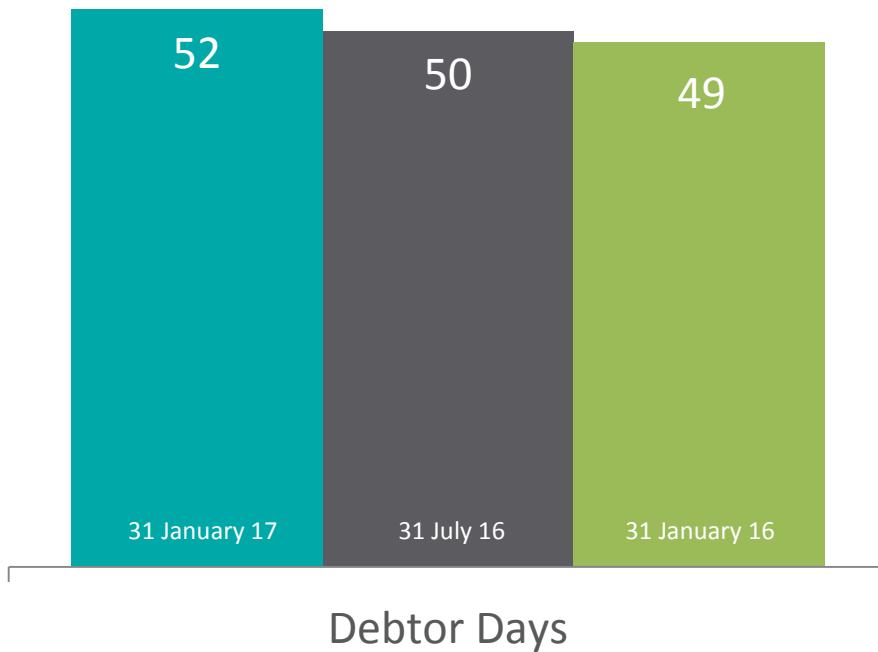
Cashflow



- ▶ £2.4m of cash generated before dividends paid of £5.3m
- ▶ Net debt increased by £2.9m to £27.9m



Debtor Days



- ▶ Debtor days increased slightly due to payment mechanism issue with largest client, to be resolved imminently
- ▶ UK Debtors in good order
- ▶ Overseas overdue debts up by £2.5m since 31 July 2016
- ▶ Actions in place to redress position by year end

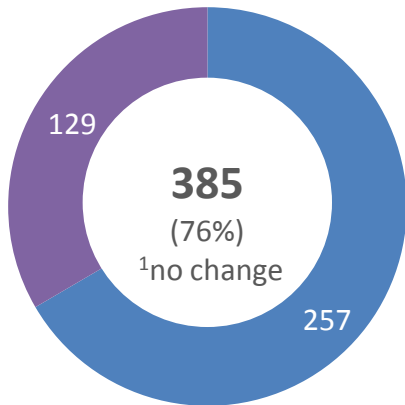
Operational Highlights



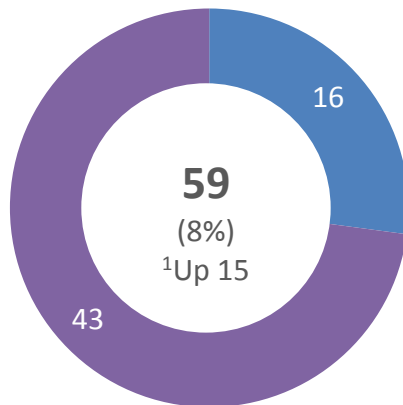
Global Headcount



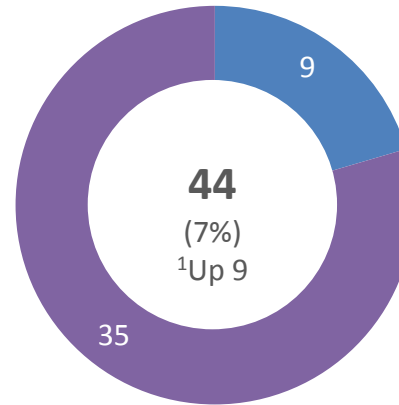
United Kingdom



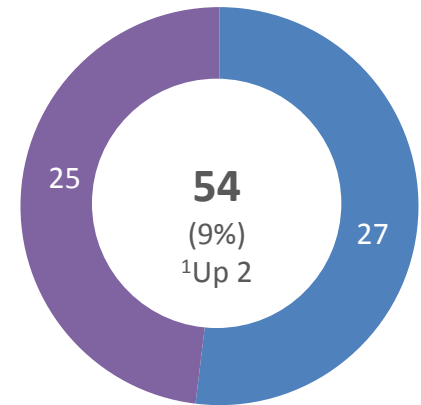
Americas



Asia



Middle East & Africa



■ Engineering ■ Technology

Global headcount: **795**

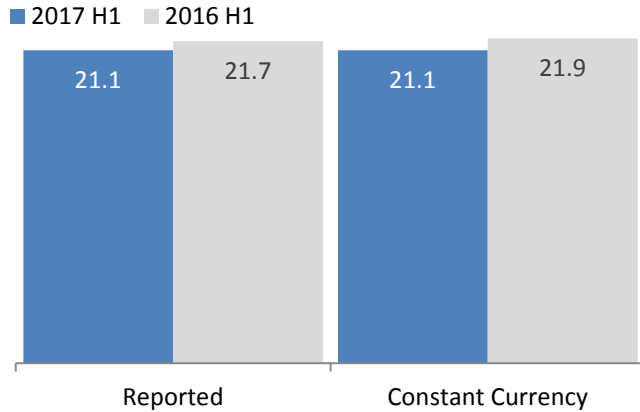
Sales: **572** (72%)

Management & Support: **223** (28%)

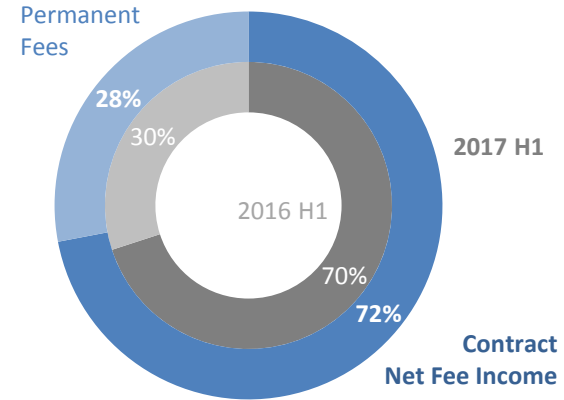
¹ Change from 31 July 2016

Engineering

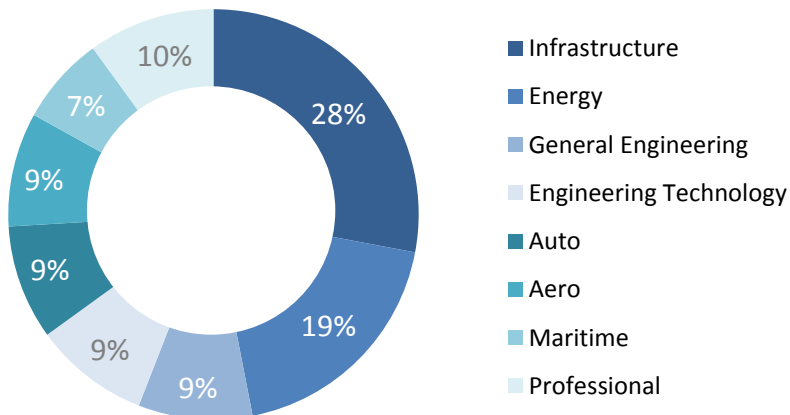
NFI £m



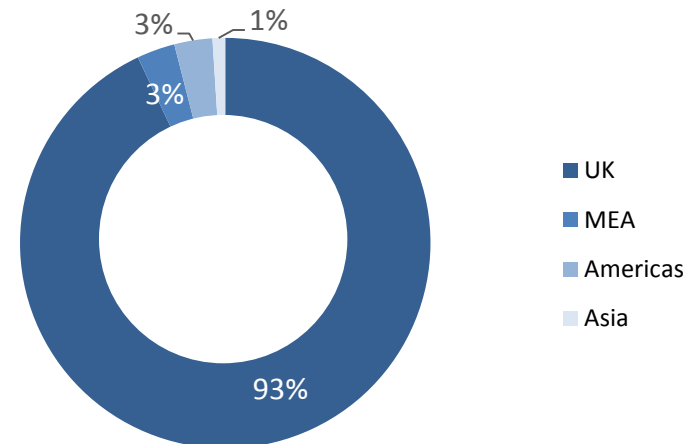
NFI by type



NFI by sector



NFI by region



Engineering Performance

NFI down 4% in constant currency

Growth Drivers

Engineering Technology Contract NFI up 20%

- Major wins in SME market

Aerospace 14% NFI growth

- Successful targeting of OEMs/supply chains

Gattaca Solutions

- First mandates coming through

International

- Developing business US and Mexico
- Launched in China and Malaysia
- Canada, Dubai and Qatar declined due to dependence on Oil and Gas market

Challenging

Automotive NFI down 14%

- Higher volumes at lower margins at major clients
- HEVs demand to drive growth in medium term

Maritime NFI down 18%

- Withdrawal of supply to some UK defence projects
- Recovering with increasing contractor numbers on Type 26 & Offshore Patrol Vessel

Infrastructure NFI down 4%

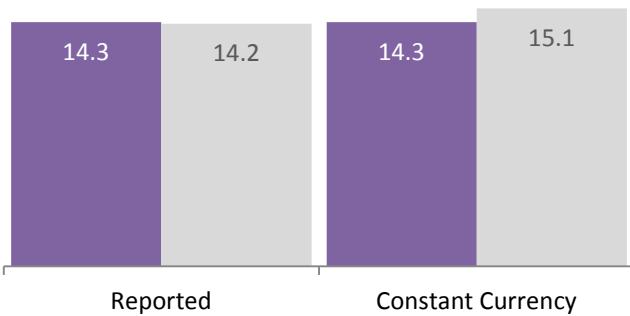
- Mixed performance Private vs Public sectors

Energy NFI down 8%

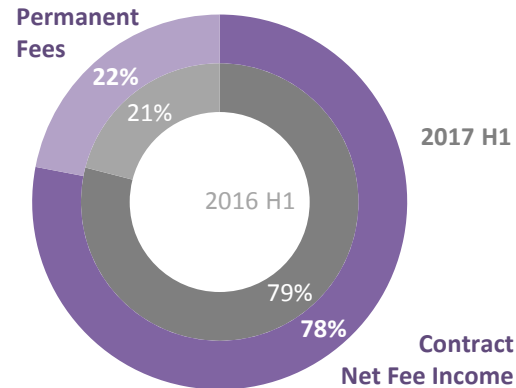
- Growth in Transmission & Distribution, Renewables
- Stable lower demand in Oil & Gas

NFI £m

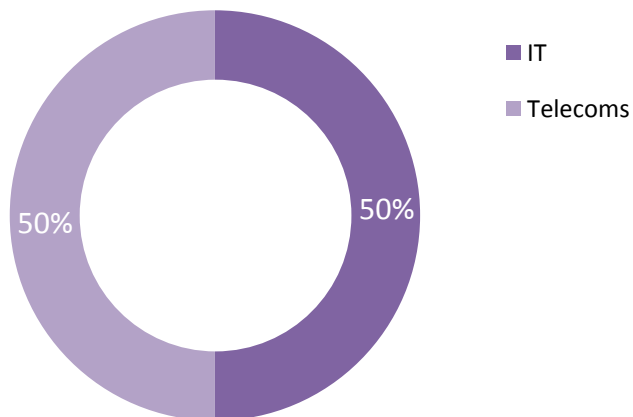
■ 2017 H1 ■ 2016 H1



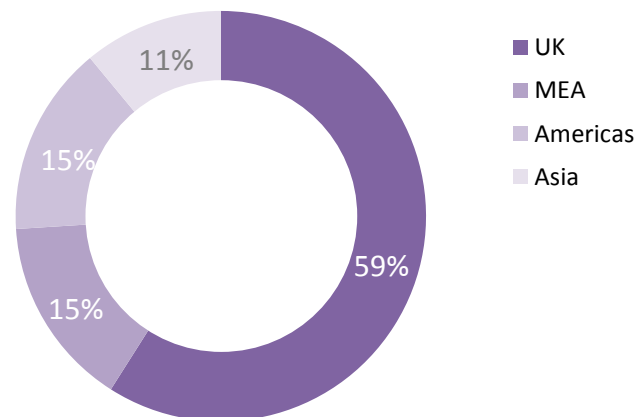
NFI by type



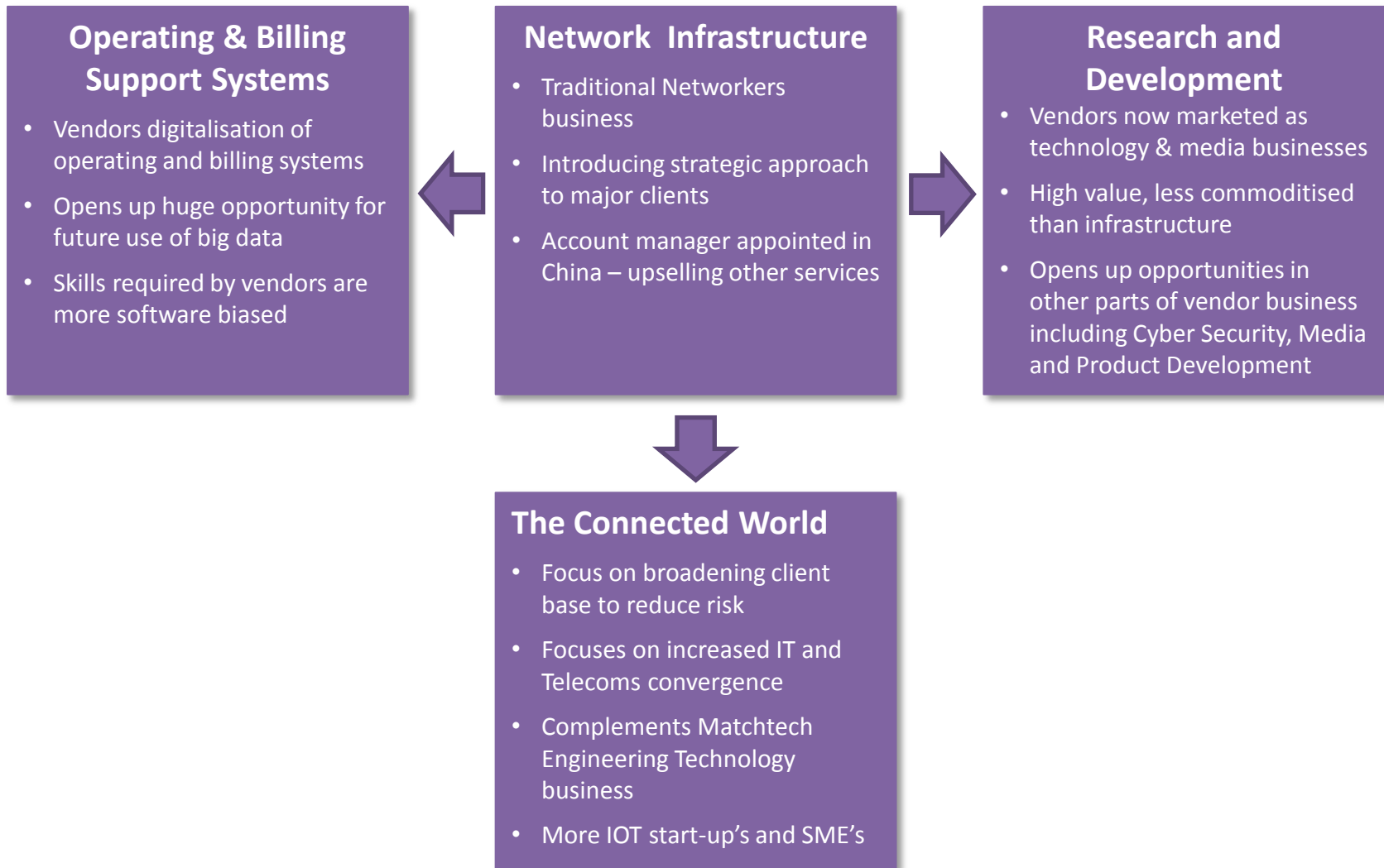
NFI by sector



NFI by region



Telecommunications restructuring to focus on key niches



Technology Performance

NFI down 5% in constant currency

Growth Drivers

Connected World/R&D NFI up 24%

- SME market focus with low entry barrier/higher margins

OSS/BSS NFI up 12%

- Shift of skillset demand from infrastructure

ERP NFI up 10%

- Growth in SAP and Oracle contract support

Cyber Security NFI up 148%

- Good early traction in attractive market

Cloud NFI up 3%

- Increasing contractor base and steady growth of perm business

IT Leadership 14% growth in contract NFI

- Offset by permanent fee decline

Challenging

Corporate accounts NFI down 6%

- Price caps by the NHS

Digital Development NFI down 28%

- 2 large contract clients reduced demand
- Growth in perm

Telco Infrastructure NFI down 9%

- Over-reliance on small number of large vendors
- Strategic refocus mirrors successful approach in IT

Acquisition - Resourcing Solutions Ltd



- ▶ As announced on 2 February 2017, Group initially acquired 70% of RSL's issued share capital for £6.9m plus a completion adjustment of £0.5m
 - ▶ Remaining 30% subject to a put and call options exercisable from 12 months post-completion for 5.0x trailing EBITA at that time.
 - ▶ All consideration is payable in cash from the Group's existing resources.
 - ▶ The Group took on on RSL's existing working capital finance facilities of £3.8m at 31 January 2017.
- ▶ RSL, which was founded in 1996, operates from three UK offices in Reading, Uxbridge and Derby, providing specialist contract and permanent candidates to companies operating in the Rail, Power and Built Environment sectors.
- ▶ RSL generated NFI of £7.5m and underlying EBITA of £2.0m in the 12 months to 31 January 2017. Over the same period approximately 88% of RSL's Net Fee Income ("NFI") was generated from contract placements, with the balance from permanent recruitment fees.
- ▶ The Acquisition has been immediately earnings enhancing for Gattaca.

Outlook



Outlook

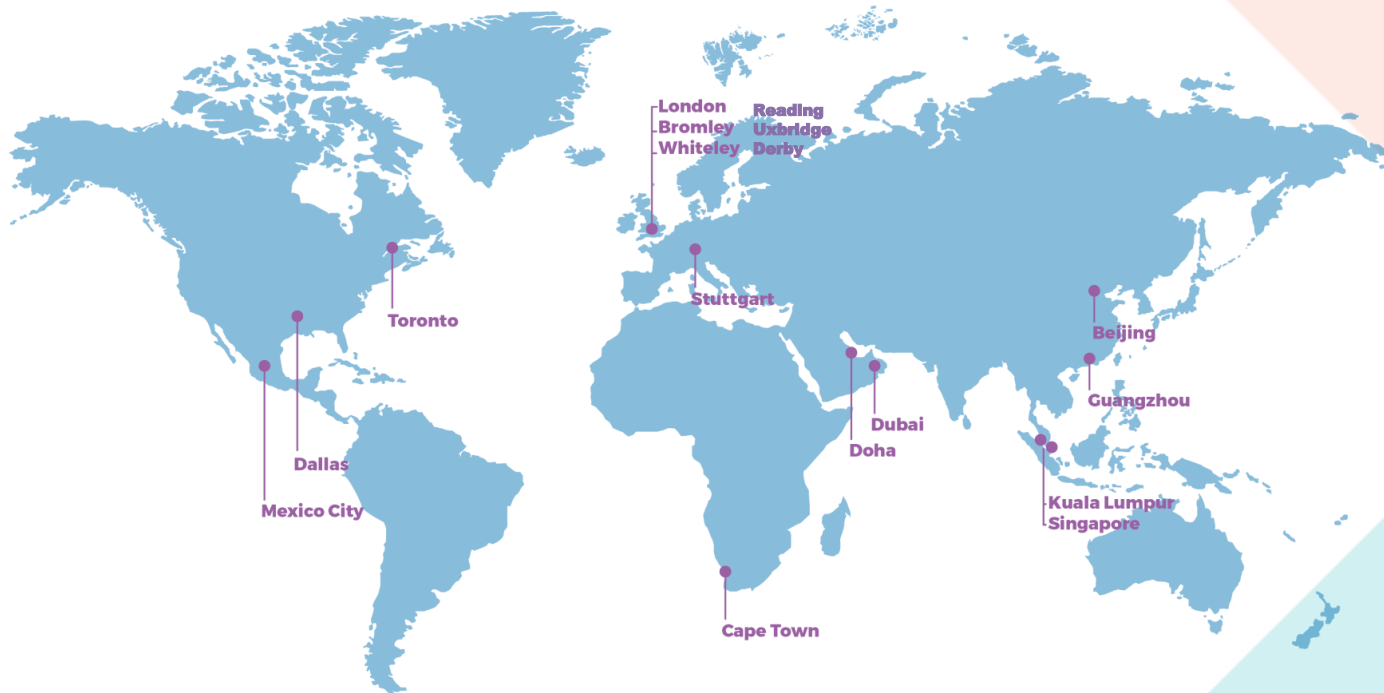


- ▶ Specialist brands in Engineering and Technology well positioned to take advantage of non-cyclical growth opportunities
- ▶ Refocusing of IT business delivering improved NFI performance and should return to growth in H2
- ▶ Similar process underway Telco
- ▶ Uniquely well-placed to take advantage of the convergence between Engineering, IT and Telco skill sets
- ▶ Integration of Networkers complete, target is to consolidate our central cost base
- ▶ Investment in international ops to deliver NFI growth as core services rolled-out
- ▶ Gattaca Solutions winning previously unobtainable mandates
- ▶ Selective investment to continue to support medium and long term growth whilst monitoring macro uncertainties in wider economy
- ▶ Slower NFI growth and cost overruns to impact PBT by 10-15% in FY 2017

Appendices



Overview of Gattaca



16 offices, 11 countries



9,500 contractors
4,000 permanent placements



No1 UK Engineering¹
Top 5 UK Technology¹



880 employees



Candidates placed in
over 100 countries



Revenue of £618m



Trusted by 2,500 employers



In excess of 1 million
candidates on our database



AIM listed

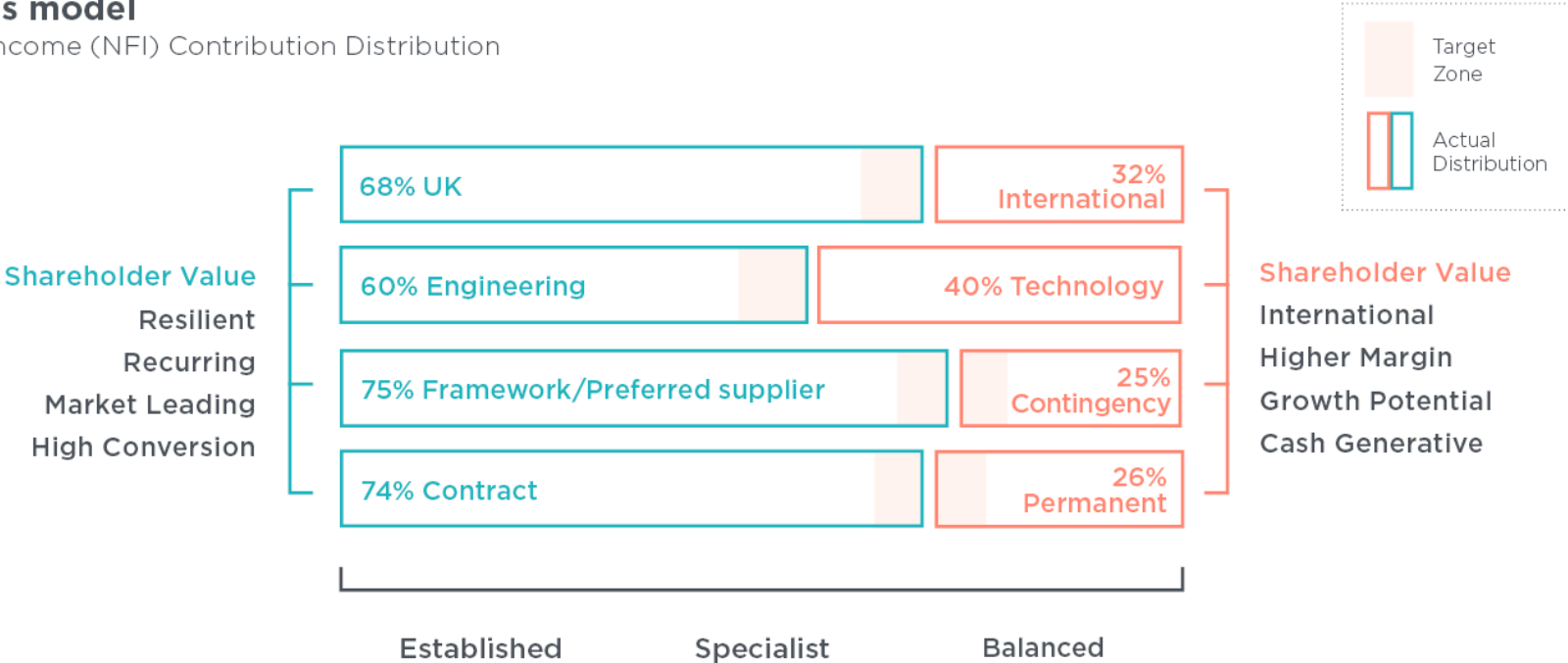
1 Source: Recruitment International Top 500 Report 2016
2 Includes Resourcing Solutions Limited acquired on 2 February 2017

Our Business Model



Business model

Net Fee Income (NFI) Contribution Distribution



Our strategy



Sharpen our focus

Invest in attractive markets

Greater scale yet even more specialist

Go-to recruiter in our chosen markets

Move up value chain

Place higher level candidates

Work with clients who value service

Provide value added Solutions including RPO and MSP

Think global

Seed overseas offices with experienced UK staff

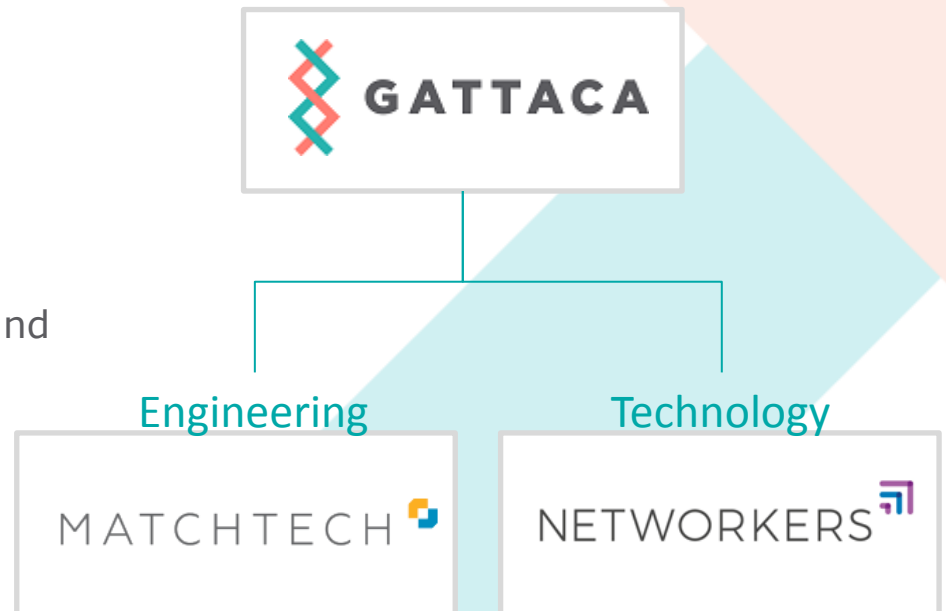
International opportunities for candidates

Leverage client relationships globally

Gattaca Strategic Positioning

Largest specialist international pure play
Engineering & Technology recruiter:

- ▶ Dual brand approach
- ▶ Process led - scalable
- ▶ Contract & permanent
- ▶ Developing solutions under Gattaca brand
- ▶ International coverage
 - » For both clients & candidates



Engineering and Technology convergence

Convergence of skills and sectors

We have comprehensive coverage of skills within our sectors. Our teams are well structured to deal with the increasing convergence of the Engineering and Technology sectors.

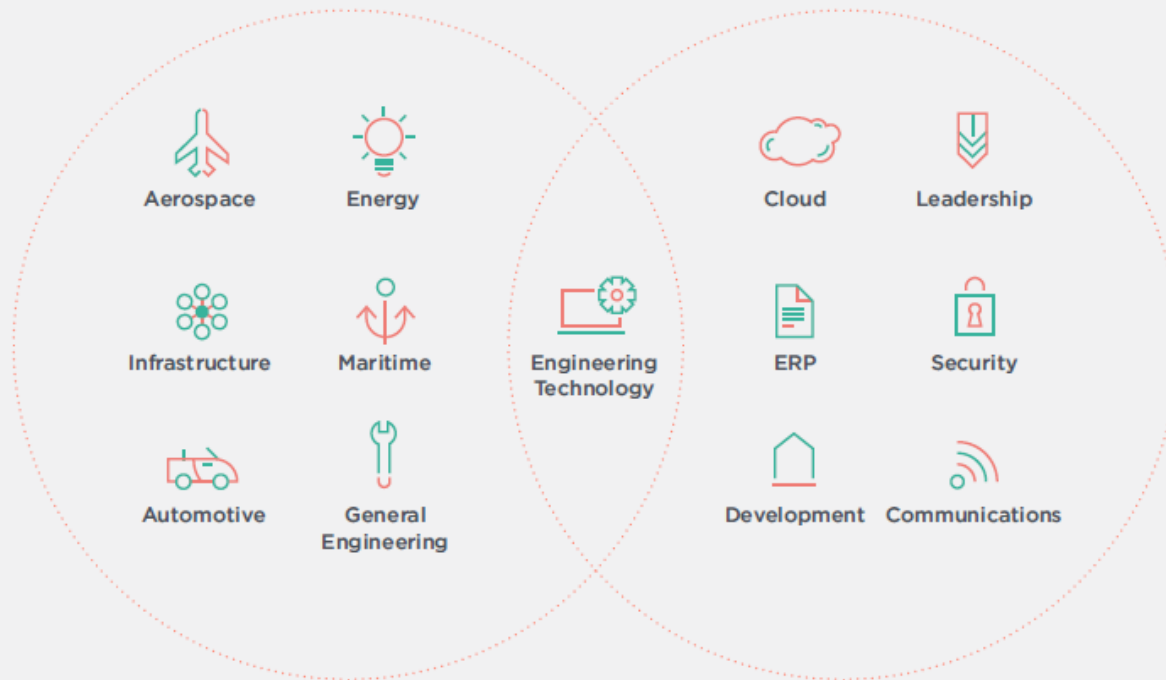
- > Specialist sector expertise
- > Delivering hard-to-find & niche skills
- > Supporting engineering & technology convergence

Engineering

Technology

MATCHTECH 

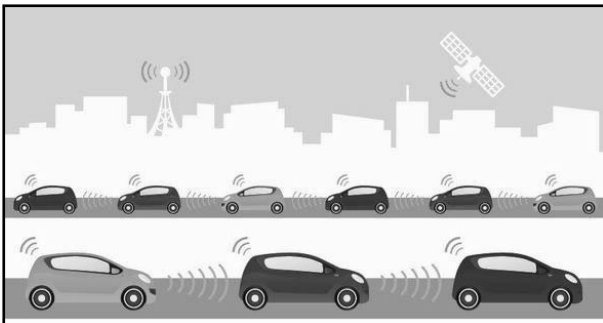
NETWORKERS 



Convergence

- ▷ Engineering and Technology skills sets are converging
- ▷ The convergence of technologies within mobile telecoms and IT utilising 4G networks is driving demand, leading to investment in areas such as
 - » cloud technologies,
 - » the Internet of Things,
 - » mobile broadcasting, and
 - » smart metering.
- ▷ Examples:

Autonomous vehicles



Industrial IoT



Smart Cities

