



Preliminary Results

For year end 31st July 2019
6 November 2019

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Highlights



Establishing a strong platform for future long-term growth

On a continuing underlying basis:

- PBT up 5% at £11.4m
- Operating profit conversion up 1.6% pts at 19.0%
- Basic EPS up 22%
- Net debt down 39% on July 2018, a £16.1m reduction
- Improvement Plan underway
 - Clear focus on core growth markets
 - Group reorganisation implemented including:
 - New Head of International
 - New UK Heads of Sales, Technology and Delivery
 - Creation of UK new business development function
 - Creation of dedicated fulfilment operation
 - Major technology platform upgrade ongoing

Financial Results



UK Engineering, our core business, up 4%

Financial Results

The business

Improvement Plan

Summary & Outlook

Continuing Group NFI declined 1% YoY

Net Fee Income (NFI) ¹ £'m	2019	2018	Change
Engineering	49.4	47.5	4%
Technology	11.6	14.5	-20%
UK	61.0	62.0	-2%
International	9.6	9.4	1%
Continuing Total Group NFI	70.6	71.4	-1%
Contract	49.3	51.0	-3%
Perm	21.3	20.4	4%
Continuing	70.6	71.4	-1%
Discontinued	1.5	7.5	-80%
Total Group NFI	72.1	78.9	-9%

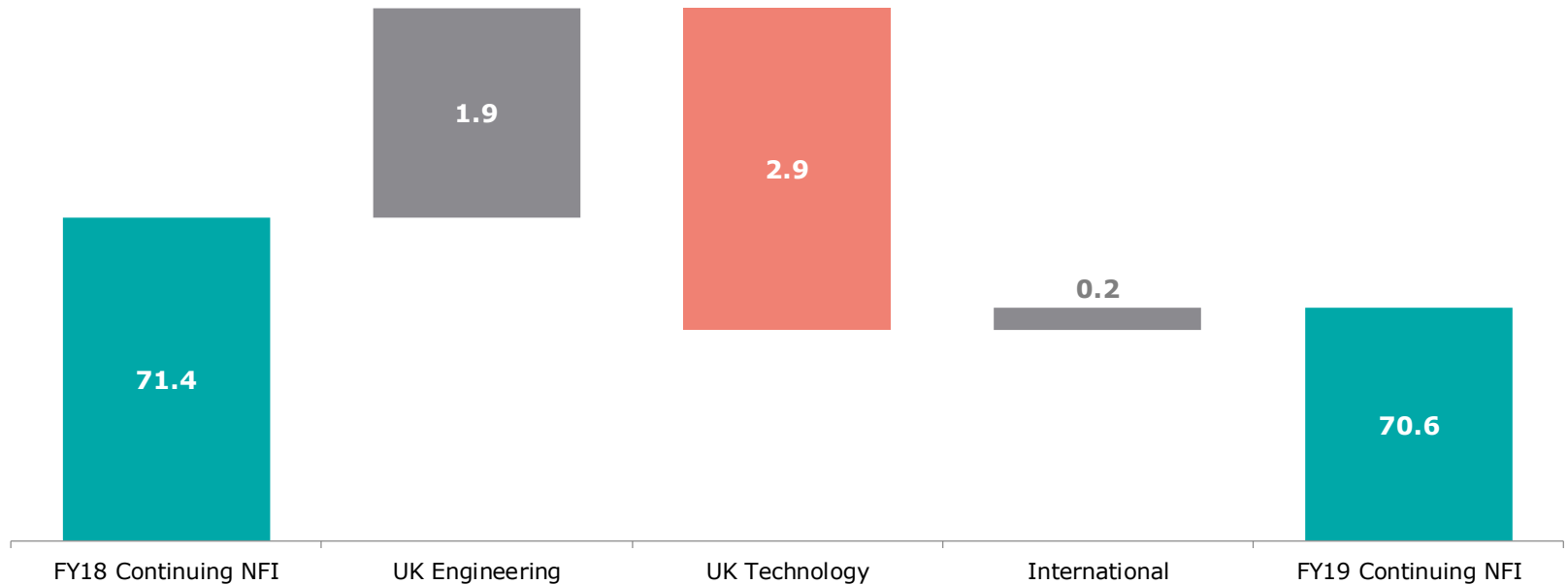
1 Net Fee Income ("NFI") is calculated as revenue less contractor payroll costs, on a like for like constant currency basis

2 Continuing results exclude the discontinued business (as part of previously announced Q1 2019 restructuring) comprising Contract Telecoms Infrastructure markets in Africa, Asia and Latin America (some of which was UK sourced) plus our operations in Dubai, Kuala Lumpur and Qatar

3 On a continuing basis there is no material impact from constant currency adjustment

Continuing business

NFI bridge £'m



- Continuing Group NFI 1% lower than prior year
- UK Engineering continued strong growth (+4%), supported by key contract wins
- UK Technology disappointing, action taken and leadership changed
- International business growth was tempered by short term refocus within the US market, positioning the business for future growth

Main NFI drivers¹

Financial Results

The business

Improvement Plan

Summary & Outlook

- Group continuing NFI 1% lower
- UK Engineering NFI +4%
 - Maritime +16%; Engineering Technology +9% and Infrastructure +4%
 - Auto -25% due to challenges in the UK auto sector; lower Gattaca Projects NFI reflective of lumpy nature of business
- UK Technology NFI declined by 20% year-on-year, driven by UK IT (-16%) and UK Telecoms (-39%)
 - UK IT impacted by planned closure of Technology Sales business unit in Bromley and temporarily reduced headcount as consultant workforce rebalanced
 - Substantial restructuring of UK Telecoms to reposition business and to better address higher growth and value-added parts of sector
- International +1%
 - Americas declined 9%, driven by US (-23%), offset partly by Canada +22%
 - Other international +31%: China +54% and South Africa +22%
- Some shift towards Permanent NFI 30:70 (2019: 28:72) from Contract, partly driven by RPO wins within UK Engineering and growth of continuing businesses in China and Mexico
- Continued success of Gattaca Solutions business, growing by 16% with new clients and scaling up of existing major clients.

¹ Net Fee Income ("NFI") is calculated as revenue less contractor payroll costs, on a like for like constant currency basis

Continuing underlying EBIT conversion 19%, up 1.4% pts

Financial Results

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Continuing underlying EBIT up 8% YoY

Period to 31 July	2019		2018		Continuing reported change %	Continuing underlying change %
	Continuing Reported £m	Continuing underlying ² £m	Continuing Reported £m	Continuing underlying ² £m		
Revenue	635.8	635.8	631.3	631.3	+1%	+1%
Contract NFI	49.3	49.3	51.0	51.0	-3%	-3%
<i>Contract gross margin</i>	8.0%	8.0%	8.4%	8.4%		
Permanent fees	21.3	21.3	20.4	20.4	+4%	+4%
Gross profit (NFI) ¹	70.6	70.6	71.4	71.4	-1%	-1%
<i>Gross margin (%)</i>	11.1%	11.1%	11.3%	11.3%		
Admin expenses	(65.8)	(57.2)	(96.7)	(59.0)	-32%	-3%
EBIT	4.8	13.4	(25.3)	12.4	NA	+8%
<i>NFI conversion (%)</i>	6.8%	19.0%	-35.4%	17.4%		
<i>Operating margin (%)</i>	0.8%	2.1%	-4.0%	2.0%		
Financing	(1.7)	(2.0)	(1.5)	(1.5)	+19%	+32%
Profit before tax	3.1	11.4	(26.7)	10.9	NA	+5%

1. NFI is calculated as revenue less contractor payroll costs

2. Continuing underlying results exclude non-underlying items within continuing administrative expenses (2019: £1.4m, 2018 £1.7m), the NFI and (losses) / profits of discontinued operations before taxation (2019: £(7.6)m, 2018: £1.9m), amortisation of acquired intangibles (2019: £1.3m, 2018 £2.7m), impairment of goodwill and acquired intangibles (2019: £5.8m, 2018 £33.3m) and P&L exchange gains from revaluation of monetary foreign assets and liabilities (2019: £0.3m, 2018 £0.1m).

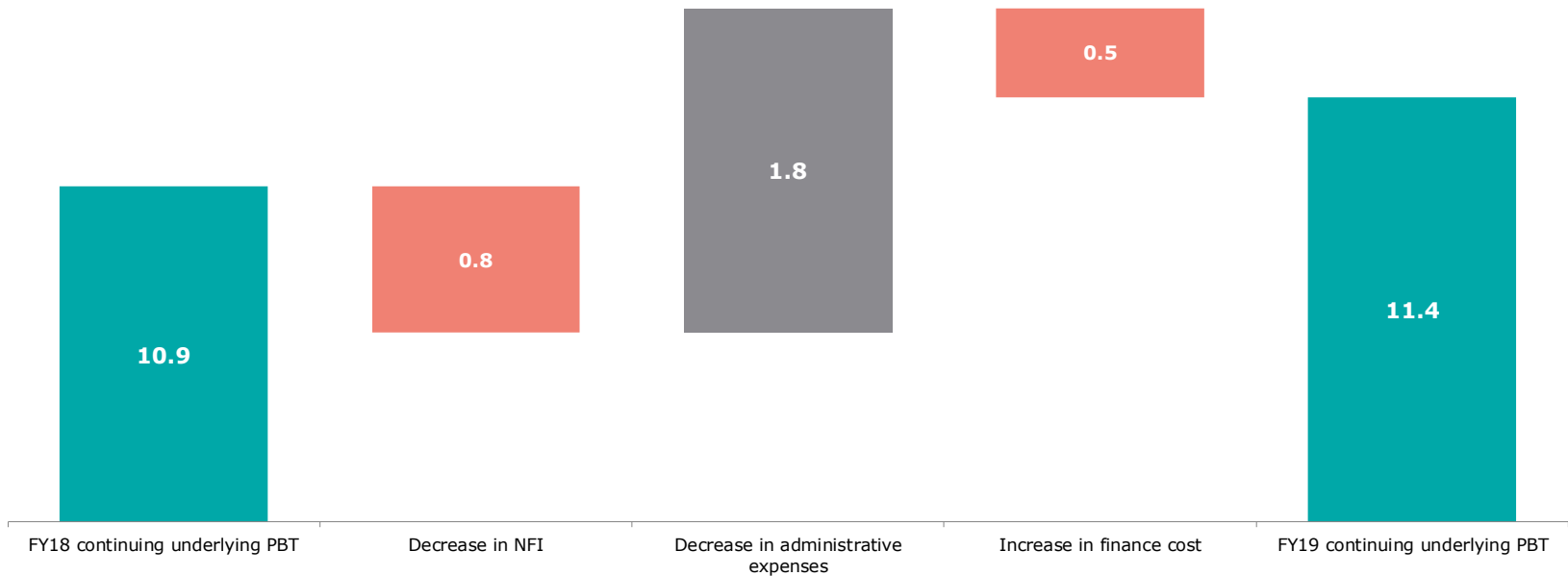
Continuing underlying PBT up £0.5m, (+5%)

Financial Results

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Improvement Plan

Summary & Outlook



1. See slide 7 for definition of continuing underlying

22% increase in basic EPS

Financial Results

The business

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Period to 31 July	2019			2018			Underlying change %
	Total reported group £m	Continuing reported £m	Continuing underlying £m	Total reported group £m	Continuing reported £m	Continuing underlying £m	
(Loss) / Profit before tax	(4.5)	3.1	11.4	(24.9)	(26.7)	10.9	+5%
Taxation	(1.4)	(1.5)	(2.5)	(2.2)	(0.4)	(3.4)	-26%
(Loss) / Profit after tax	(5.9)	1.6	8.9	(27.1)	(27.1)	7.5	+18%
Earnings per share	pence	pence	pence	pence	pence	pence	
Basic	(18.3)	4.9	27.5	(85.3)	(85.4)	22.5	+22%
Diluted	(17.8)	4.8	26.7	(85.3)	(85.4)	22.5	+19%
Dividend per share			0.0			3.0	

- Basic EPS of 27.5p, up 22%
- Ongoing WHT expected to be c£100k vs £1.4m in FY18 and £2.0m in FY17

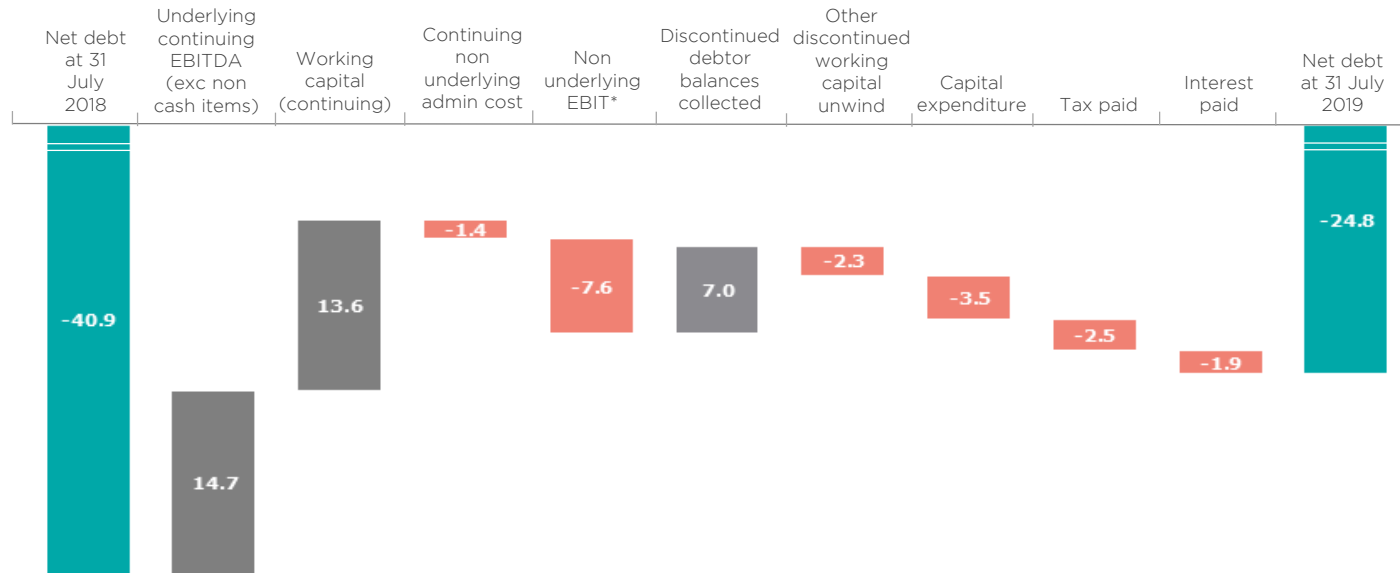
39% reduction in net debt

Financial Results

The business

Improvement Plan

Summary & Outlook



- Days sales outstanding (DSO or debtor days) at 45 (July 2018: 52 days)
- Working capital remains a key management focus to manage Group Net Debt, July 19 working capital movements driven by;
 - Strong DSO from UK debtors
 - Positive working capital unwind on closure of discontinued operations
- Capex spend relates to Primary Business Systems investment project on group systems
- Refinancing in place to October 2022
- 2019 year end on a Wednesday, our most optimal day in terms of intra week cash balance

The Business



Business overview

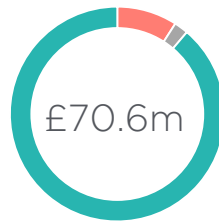
Financial Results

The business

Improvement Plan

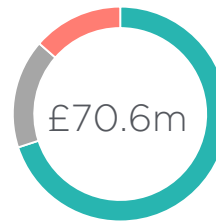
Summary & Outlook

NFI



NFI BY LOCATION

Americas	£6.4m	9.1%
Asia	£1.5m	2.1%
EMEA	£62.7m	88.8%



NFI BY SEGMENT

UK Engineering	£49.4m	70.0%
UK Technology	£11.6m	16.4%
International	£9.6m	13.6%

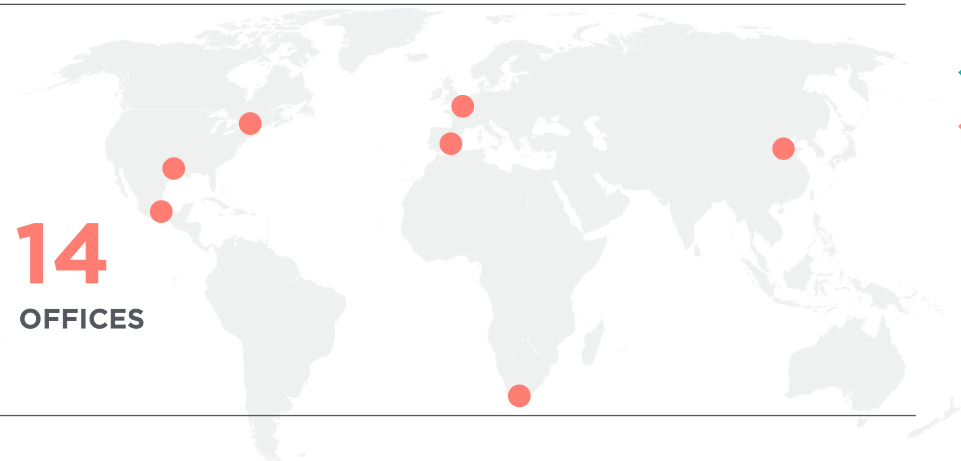
Locations

OUR GEOGRAPHIC FOOTPRINT

739
PEOPLE

7
COUNTRIES

14
OFFICES



SALES STAFF MIX

72%

NFI CONVERSION

19.0%

STAFF ENGAGEMENT

78%

Comprehensive staffing solutions

Financial Results

The business

Improvement Plan

Summary & Outlook



Traditional staffing



Workforce Solutions



Packaged Campaigns



Engineering & Technology projects



Market insight reporting



Talent Attraction & Employer Branding

Product Mix

PERMANENT NFI

30%

CONTRACT NFI

70%

SOLUTIONS

27%

CONTINGENT EXCLUSIVE

11%

PSL AND FRAMEWORK

62%

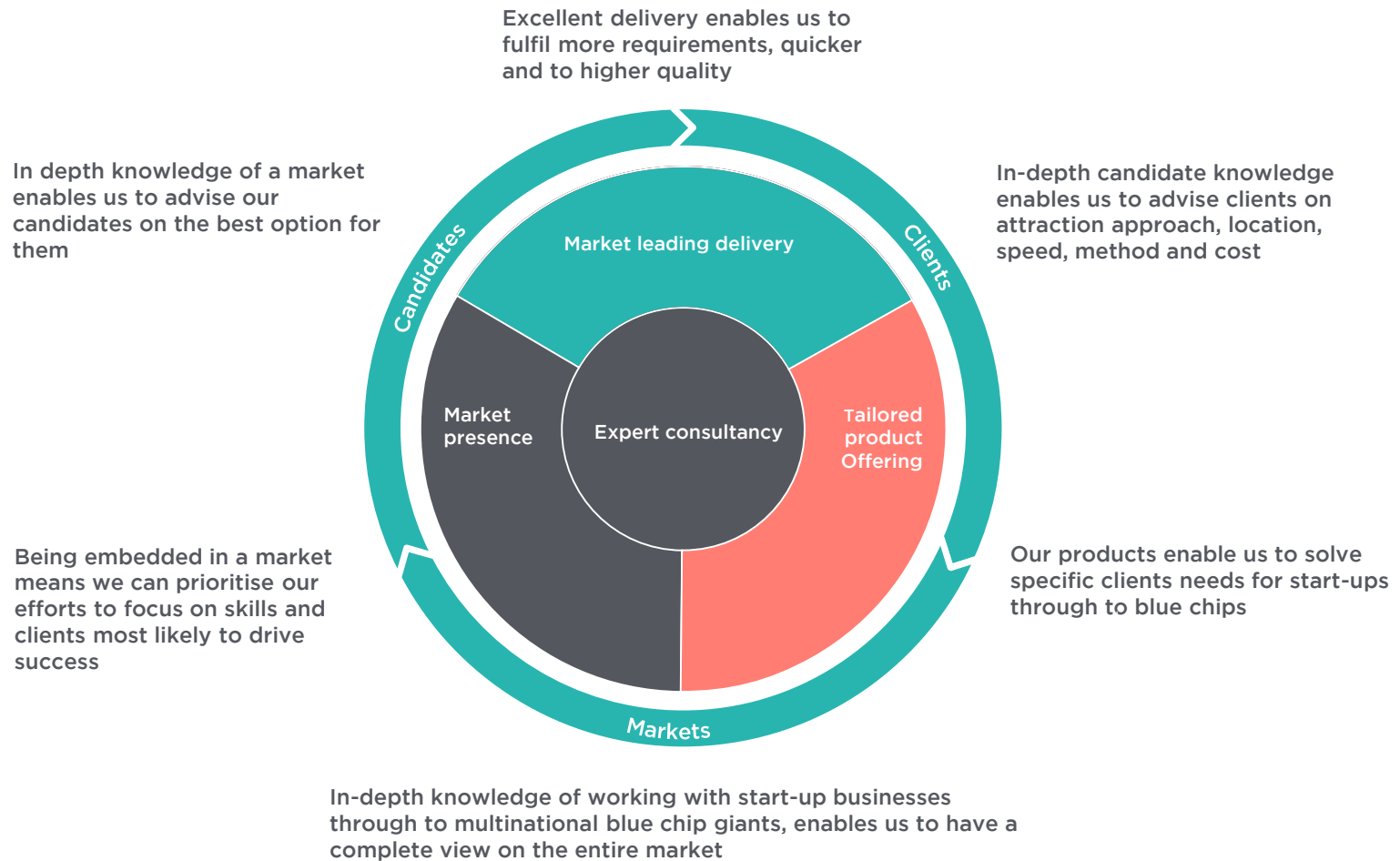
The business model

Financial Results

The business

Improvement Plan

Summary & Outlook



Improvement Plan



Platform for long term growth

Financial Results

The business

Improvement Plan

Summary & Outlook

Our Improvement Plan



SELL TO A MARKET

Growing the customer base, deepening customer relationships

- Aligned go-to-market plan
- Consistent execution
- Invest in sales resource
- Focus on new client conversion, upsell & cross sell



ADD VALUE BY PRODUCT

Innovating and developing products to meet client needs

- Align products to sell market segments
- Extend outsourcing capability
- Further develop partnerships for non core skills



EXPERT FULFILMENT BY SKILL

Enhancing our service delivery capability

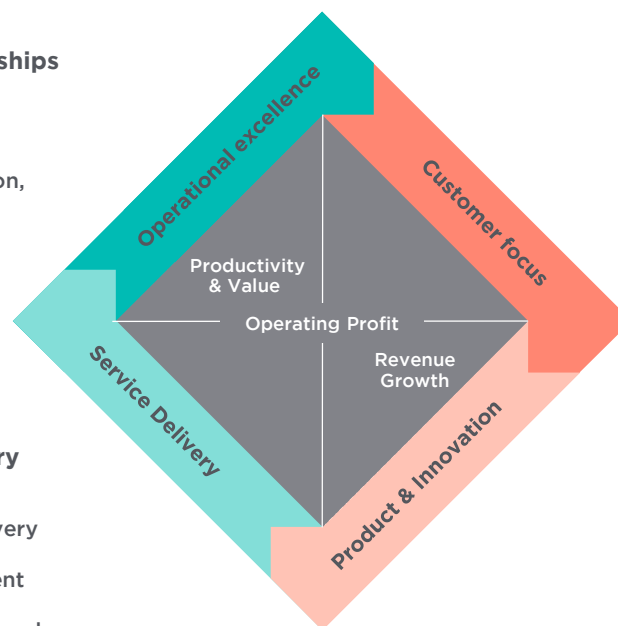
- Enhance scalable & agile delivery model for clients
- Improve candidate engagement capability
- Broaden skill focus within technology and engineering
- Dedicated fulfilment expertise



COLLABORATIVE HIGH PERFORMING CULTURE

Fully aligned operating model

- Focus on finding, developing and retaining great people (specialist roles)
- Implement single end to end technology platform
- Build common process across Group
- Focus on productivity



Achievements against plan to date

Financial Results

The business

Improvement Plan

Summary & Outlook

UK sales operations restructured

- One UK sales organisation with a single leader appointed
- New Head of Technology in place
- Technology division reorganised including cross selling to engineering clients
- Flatter hierarchy and some delayering

Created UK business development function

- UK business development team in place
- Recruited from a range of industry and sector backgrounds

Creation of core UK delivery function

- Appointed UK head of delivery
- 3 key accounts moved to delivery
- Redeployed 40 staff to date

International restructure completed

- Reset of footprint now completed
- Focus on high growth markets (North America)
- New Head of International

Single technology platform

- Our primary business system initiative, a single group wide IT infrastructure will be rolled out to the business in 2020

2020 building on our progress to date



- Embed sales and business development focused on key growth markets
- Continue to build out the fulfilment function, ensuring best in class candidate and client experience across the Group
- Implement our new company-wide technology platform, a critical enabler for the business
- Accelerate our growth in the Americas
- Deliver the turnaround in the Technology business
- Execute IR35 plan

Market presence

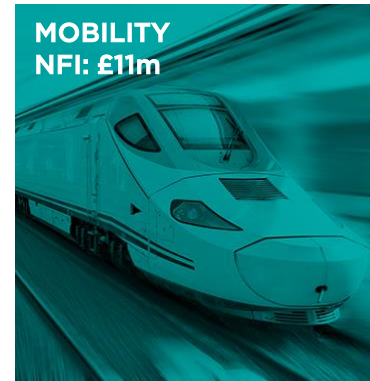
Financial Results

The business

Improvement Plan

Summary & Outlook

Strong position in a number of market verticals, with clear markets identified where there is a potential to grow:



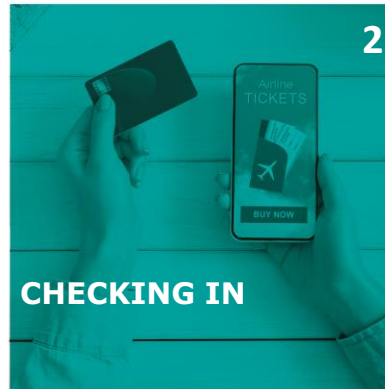
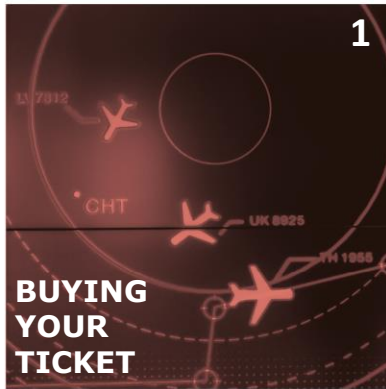
How we connect your world

Financial Results

The business

Improvement Plan

Summary & Outlook



Summary & Outlook



Summary & Outlook

Financial
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Plan

Summary &
Outlook

Summary

- Improvement Plan well underway
 - New leadership and business development team
 - New technology platform
- Engineering up 4%
- Solutions growth of 16%
- Basic EPS of 27.5p, up by 22%, continuing underlying PBT up 5%
- EBIT conversion improved by 1.6% points to 19%
- Net debt reduced by £16.1m, 39% reduction year on year

Outlook

- Increased uncertainty in economy
- Cautious as to how markets will develop during FY20
- Focused on rebuilding the business for long-term growth

Q&A



Appendices

1. Investment case
2. Headcount
3. Financial reconciliations
4. IFRS 16 impact



Gattaca has a number of strong fundamentals to build on...

...and is investing in great opportunities to optimise the Group to become a more focused, disciplined and efficient business.

Defining arguments:

Supporting evidence:



Focused growth strategy

- Cross-selling and focus on growing share of client wallet provides significant growth opportunity
- Integrated, Group-wide tech platform being put in place, maximizing productivity and allowing cross-discipline working
- Investing in organic growth in geographies with clear growth prospects
- Growing and investing in Solutions services which embed Gattaca within client operations and deliver incremental margin improvement
- More agile, scalable business being built



Market-leading solutions with a trusted reputation

- A leading provider of specialised and in-demand engineering and technology skills
- Ability to deliver tailored solutions and products
- Broad client base and long-term partnerships. Average tenure of Gattaca's top 50 client relationship is 7.7 years
- Leading brands in both Engineering and Technology(source: REC):
 - No. 2 UK engineering
 - Matchtech
 - No. 4 UK technology
 - Networkers
- Known for:
 - Membership of many engineering and technology associations
 - Work alongside academic institutions



Defined, high growth markets

- STEM skills in demand across geographies and end-markets, driven by growing importance of the digital economy
- Demand for STEM skills robust regardless of wider economic environment
- Well-established and scalable UK business - however with further significant growth and market share opportunity
- Expertise and specialist focus being leveraged internationally, particularly in the Americas where there is significant growth opportunity



Deep expertise with revitalised leadership

- Deep skill- and sector-based expertise within the business
- Now combined with a new management team, bringing fresh perspective and drive to professionalise the business
- Group-wide Improvement Plan in place and delivering results
- Transformation underway professionalising market approach, with rigour and clear methodology being applied to sales
- Growth potential of business being unleashed, limiting factors being eliminated



Resilient business model

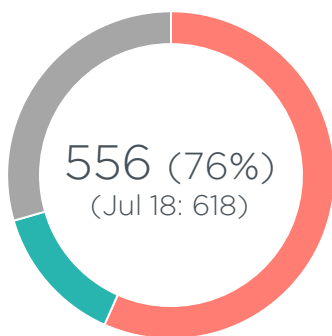
- Focused on STEM skills which will remain in- demand regardless of macroeconomic picture
- Business has remained profitable throughout turnaround
- Progressively de-gearing
- Contract-perm split of 70/30 provides consistent revenue opportunity - "Predictable and recurring"
- Growing Solutions business(c. 30% of UK NFI) further embedding Gattaca within client operations and increasing stickiness and quality of revenue
- Unexploited perm opportunity provides further growth opportunity - Contract to remain dominant



Group Structure

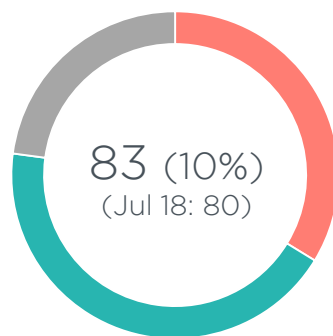
United Kingdom

(86% of Group NFI)



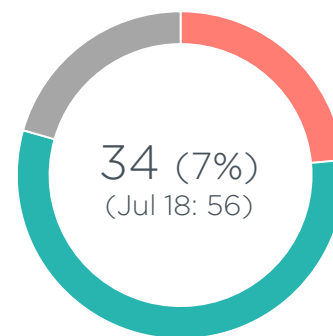
Americas

(9% of Group NFI)



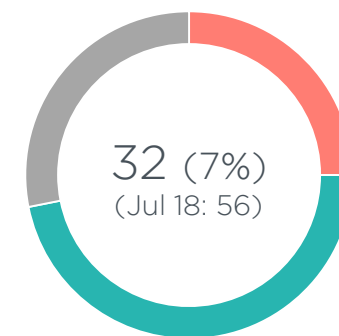
Asia

(2% of Group NFI)



EMEA

(3% of Group NFI)



Engineering

Technology

Management and Group Support

GLOBAL HEADCOUNT¹

705

(July 18: 810)

SALES

506 (72%)

(July 18: 578 71%)

MANAGEMENT & SUPPORT

199 (28%)

(July 18: 232 29%)

1. Note: Headcount as presented above is as at July year end and relates to total group headcount including all discontinued operations

Breakdown of discontinued operations

Period to 31 July (£'m)

	2019 Gross Profit	2019 Profit / (loss) before tax	2018 Gross Profit	2018 Profit / (loss) before tax
International Telco discontinued	0.5	(0.9)	1.7	0.9
Americas Telco discontinued	0.2	0.1	1.0	0.6
Asia discontinued	0.4	(0.2)	2.2	0.3
MEA discontinued	0.4	(0.9)	2.6	0.1
	1.5	(1.9)	7.5	1.9
Onerous lease ⁽¹⁾		(1.1)		0.0
Advisory fees ⁽²⁾		(3.4)		0.0
Costs relating to discontinuation of group undertakings ⁽³⁾		(1.2)		0.0
Total discontinued	1.5	(7.6)	7.5	1.9

1. The onerous lease of £1,102,000 relating to the discontinued Bromley operations.

2. Legal fees incurred in 2019 in relation to the Group's cooperation with certain voluntary enquiries from the US Department of Justice (2018; £nil).

3. Costs relating to preparation of entities for liquidation including professional fees and impairment of certain working capital balances



Pro Forma underlying PBT reconciliation



Period to 31 July (£'m)	2019	2018	Change
Group Profit before tax	(4.5)	(24.8)	20.3
Add back: discontinuing loss / (profit) before tax	7.6	(1.9)	9.5
Continuing Profit before tax as reported	3.1	(26.7)	29.8
Non-underlying Items	1.4	1.7	(0.3)
Amortisation of intangibles	1.3	2.7	(1.4)
Impairment of acquired intangibles	5.9	33.3	(27.4)
Foreign exchange differences	(0.3)	(0.1)	(0.2)
Continuing underlying Profit before tax	11.4	10.9	0.5

Summary of IFRS 16 impact

New accounting standard governing lease accounting:

- Replaces old lease accounting standard IAS 17
- Changes the accounting treatment for all of our property leases
- Mandatory application for all periods commencing on or after 1 January 2019
- The 31 Jan 2020 half-year results will be under IFRS 16



	Profit / Loss	Balance Sheet	Ratios
	EBITDA	Total Assets	Gearing
	EPS (in early years)	Net Assets	Interest cover Asset turnover

Summary of IFRS 16 impact

Profit & Loss Account Impact on 31 July 2019 results

£'m	Before IFRS 16	Exclude rent	Include depreciation	Include interest	After IFRS 16	
Gross Profit	70.6				70.6	
Administrative costs	(56.0)	2.4			(53.6)	Exclude operating lease costs
EBITDA	14.6	2.4	0.0	0.0	17.0	
Depreciation and amortisation	(1.2)		(2.2)		(3.4)	Include straight line depreciation on leased assets
Operating Profit	13.4	2.4	(2.2)	0.0	13.6	
Interest	(2.0)			(0.3)	(2.3)	Include finance lease interest
Underlying Continuing PBT	11.4	2.4	(2.2)	(0.3)	11.3	

Balance sheet impact on 31 July 2019 results

£'m	Before IFRS 16	Exclude rent	Reclassification of onerous lease	After IFRS 16
Total non current assets	15.0	10.7	(0.9)	24.8
Total current assets	115.9	0.0		115.9
Total current liabilities	(71.3)	(2.1)		(73.4)
Total non current liabilities	(17.7)	(8.6)	0.9	(25.4)
Net assets	41.9	-	-	41.9

Immaterial impact on underlying PBT (£0.1m) however P&L sections will be impacted

Backing sheet

