

The logo for Matchtech Group PLC, featuring a stylized gear or circular pattern with a central dot, rendered in a light teal color.

MATCHTECH GROUP PLC

Interim Results for the period to 31 January 2016

Brian Wilkinson – Group Chief Executive Officer

Tony Dyer – Group Chief Financial Officer

April 2016

Highlights

- Solid financial performance
- Strength in Engineering offset by some weakness in Technology
- Integration of Networkers on track
- Significant cost synergies realised of £2.3m, in excess of market expectations
- Investments in connectivity and business development implemented
- Managing Directors appointed to run Asia and the Americas
- New IT market segmentation implemented post period end with clear niche specialist focus

The logo for Matchtech Group PLC is located in the top left corner. It consists of several overlapping, semi-transparent circles and arcs in shades of light blue and teal, creating a stylized, abstract design.

MATCHTECH GROUP PLC

Results

Engage our staff | **Delight** our clients | **Promote** our candidates

Income Statement

Period to 31 January	2016			2015		Reported Change %	Pro-forma Change %
	Reported £m	Adjustments £m	Underlying ¹ £m	Reported £m	Pro-forma Underlying ¹ £m		
Revenue	297.9	(0.8)	297.1	220.2	298.0	+35%	-0%
Contract NFI	26.6	(0.1)	26.5	16.3	27.1	+63%	-2%
Contract gross margin (%)	9.2%		9.2%	7.6%	9.4%		
Permanent fees	9.9	(0.5)	9.4	6.2	9.1	+60%	+3%
Gross profit (NFI)	36.5	(0.6)	35.9	22.5	36.2	+62%	-1%
Gross margin (%)	12.3%		12.1%	10.2%	12.1%		
Overheads	(29.5)	3.7	(25.8)	(17.2)	(26.3)	+72%	-2%
EBIT	7.0	3.1	10.1	5.3	9.9	+32%	+2%
NFI conversion (%)	19%		28%	24%	27%		
Operating margin (%)	2.3%		3.4%	2.4%	3.3%		
Financing	(0.1)	(0.6)	(0.7)	(0.2)	(0.8)		
Profit before tax	6.9	2.5	9.4	5.1	9.1	+35%	+3%

¹ Underlying performance is calculated on a pro-forma basis as though Networkers had been owned for the entire prior period. Underlying results exclude the trading and net proceeds of divested businesses (2016: £0.3m loss; 2015: £0.4m loss), acquisitions costs (2016: £nil; 2015: £0.7m), amortisation of acquired intangibles (2016: £1.8m; 2015: £0.3m) and integration and restructuring costs (2016: £0.9m; 2015: £0.2m), exchange gains from balance sheet conversion (2016: £0.6m; 2015: £0.3m) and include implied interest from acquisition funding (2016: nil; 2015: £0.5m).

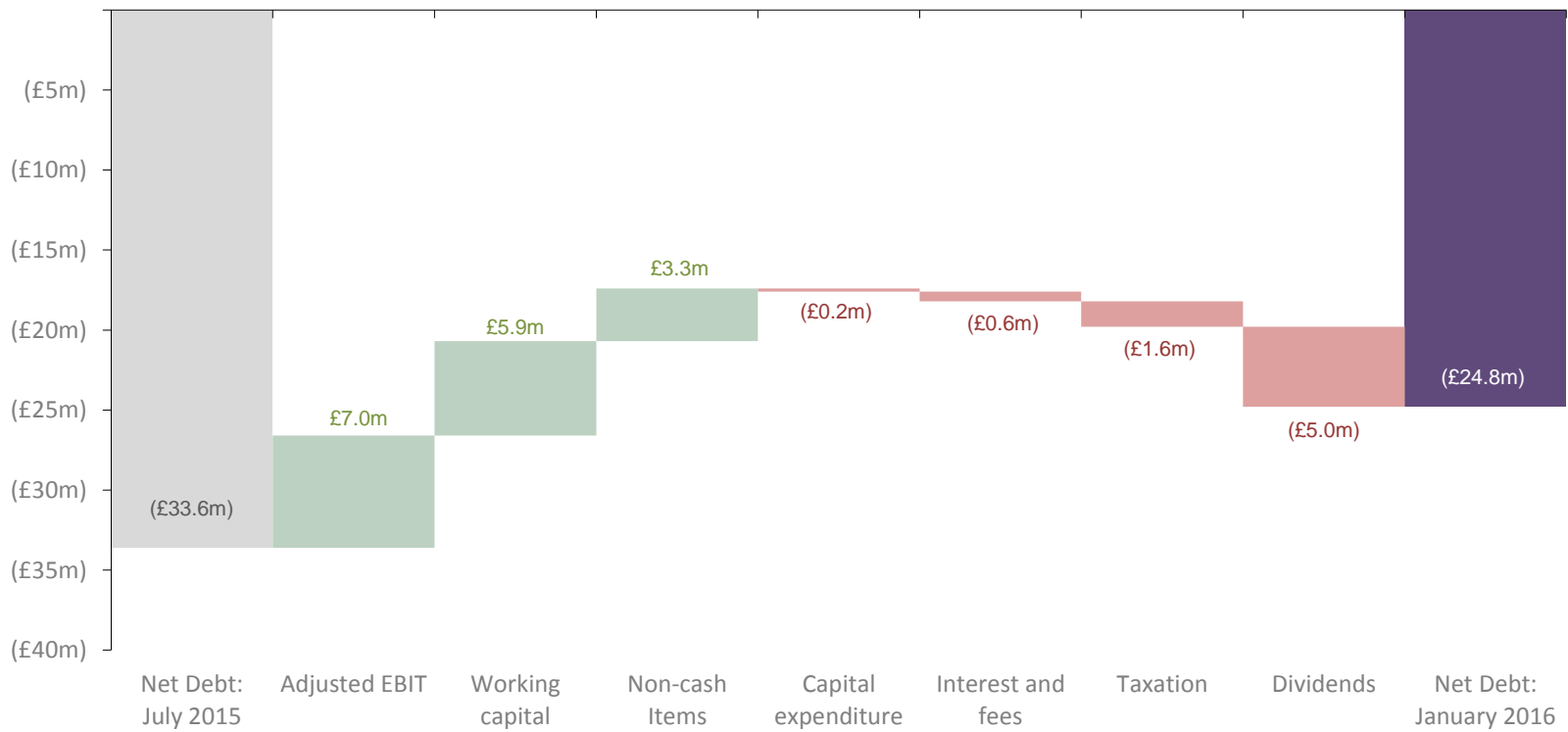
Earnings per share & Dividends

Period to 31 January	2016			2015		Reported Change %	Pro-forma Change %
	Reported	Adjustments	Underlying ¹	Reported	Pro-forma underlying ¹		
	£m	£m	£m	£m	£m		
Profit before tax	6.9	2.5	9.4	5.1	9.1	+35%	+3%
Taxation ¹	(2.2)	(0.5)	(2.7)	(1.3)	(2.8)		
Effective tax rate	31.5%		28.5%	25.6%	30.7%		
Profit after tax	4.8	2.0	6.7	3.8	6.3	+26%	+6%
	million		million	million	million		
Average shares in issue	30.8		30.8	25.0	30.5		
Shares under option	1.3		1.3	1.6	1.6		
Fully diluted shares	32.2		32.2	26.6	32.1	+21%	+0%
Earnings per share	pence		pence	pence	pence		
Basic	15.4		21.9	15.1	20.6	+2%	+6%
Diluted	14.8		20.9	14.1	19.6	+5%	+7%
Interim Dividend per share	6.00			5.68		+6%	

¹ Underlying performance is calculated on a pro-forma basis as though Networkers had been owned for the entire prior period. Underlying results include the tax effect of the adjustments. The weighted average number of shares in issue for 2015 includes the 5.4 million shares issued on the acquisition of Networkers.

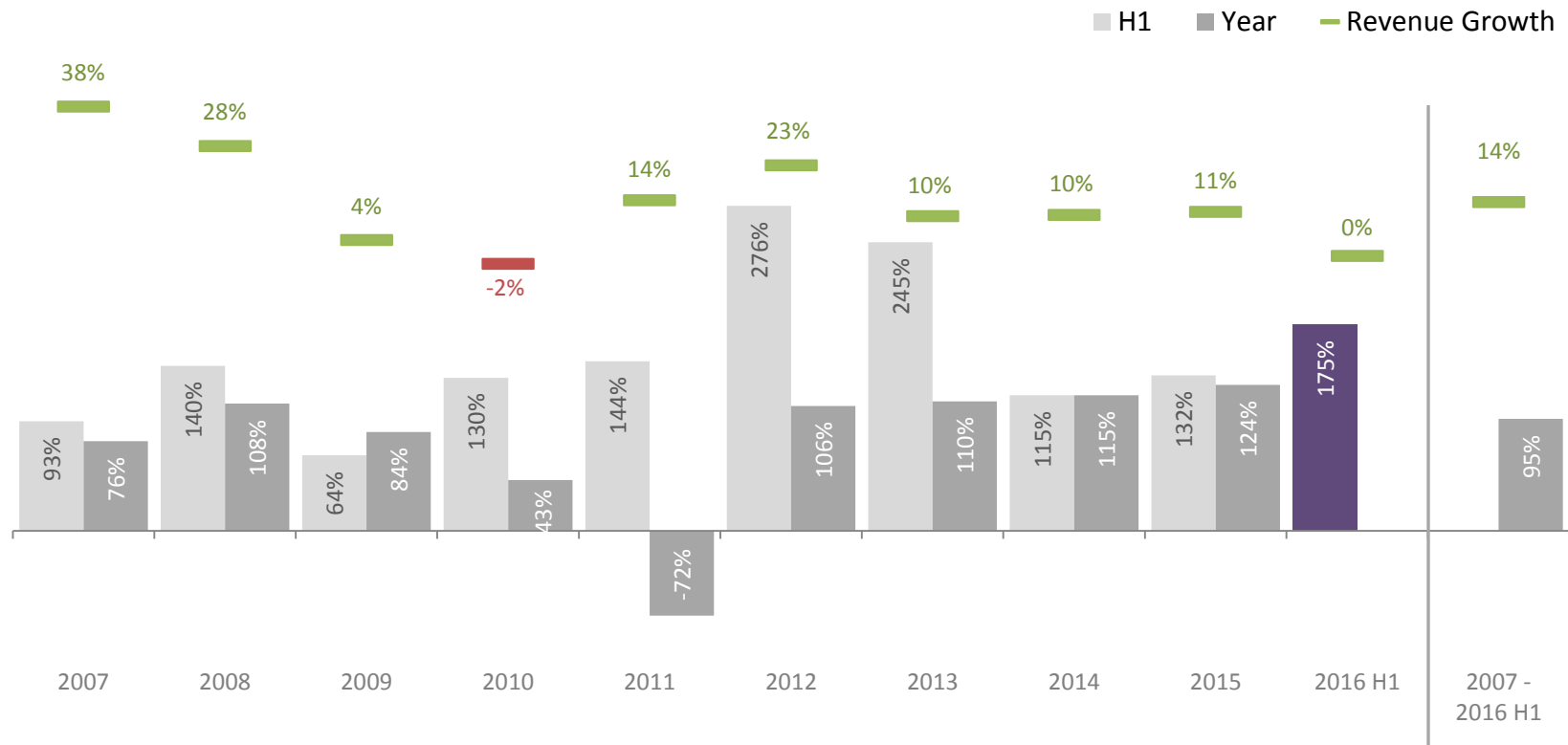
Cashflow

Net operating cash generated in the period of £8.8m



Operating cash conversion

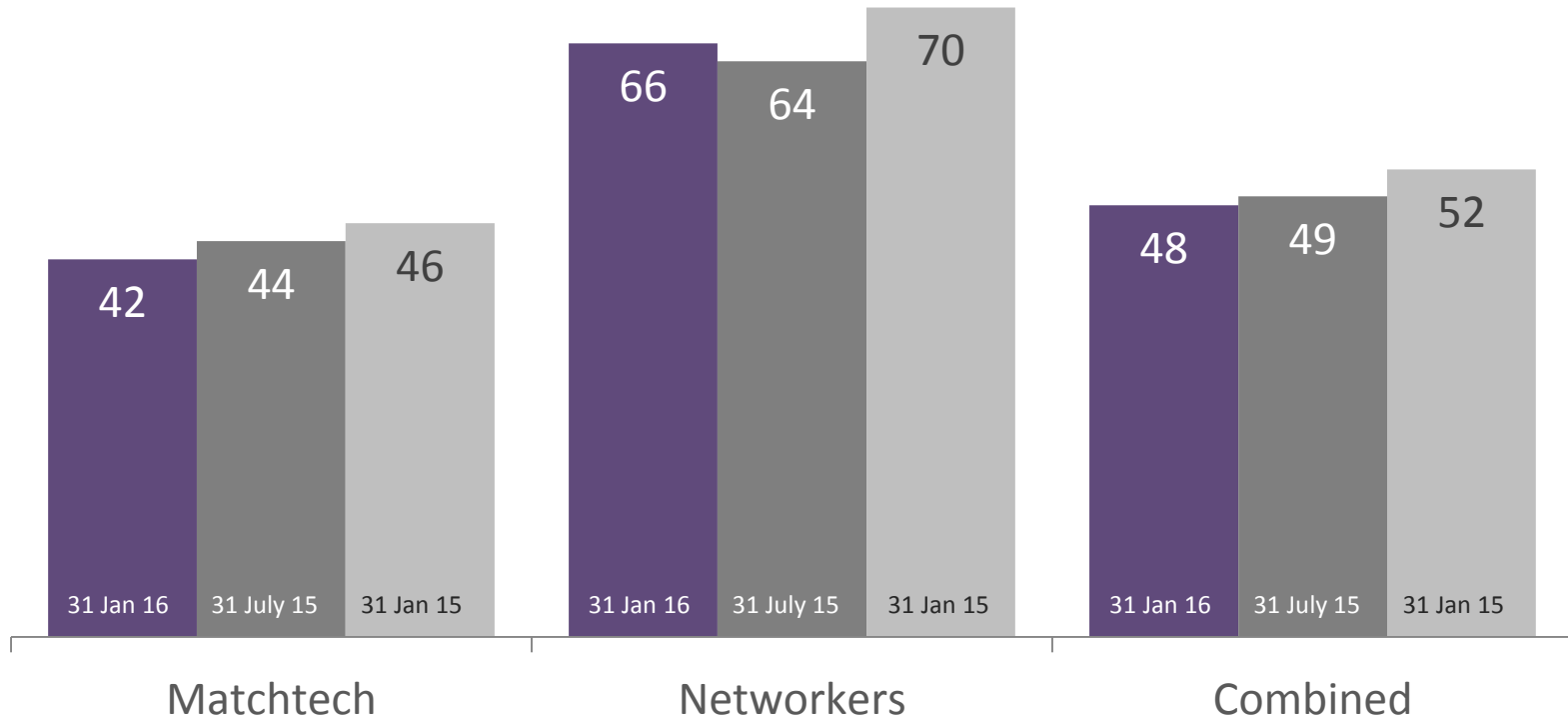
Consistent cash operating cash conversion



Operating cash conversion: Adjusted EBITA plus working capital movement, depreciation and share based payments / Adjusted EBITA.

Debtor Days

Combined debtor days improved



Integration

- Integrating continuing and expect to be largely complete by 31 July 2016
- Identified annualised gross synergies of £2.3m to be fully realised in 2017
- More cost synergies to follow as we progress the integration and we combine some back office functions
- Chosen to re-invest some of these cost synergies to improve the business and accelerate future growth. Investing:
 - Regional MD's appointed to run Americas and Asia
 - Improved IT connectivity in some regional offices
 - Strengthening of functional management in key areas
 - Building on our existing strong business development capability
- Opportunities for sales synergies now emerging



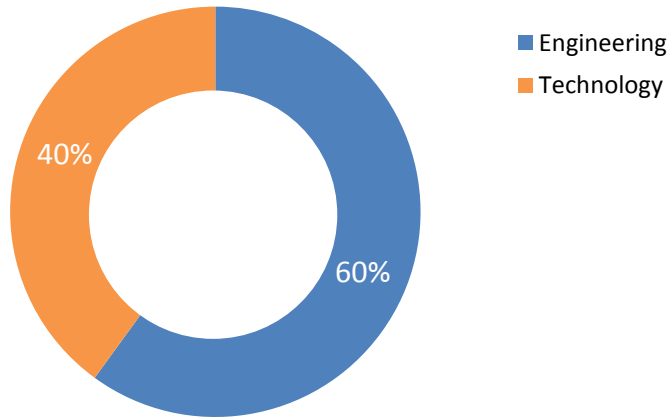
MATCHTECH GROUP PLC

Operating Review

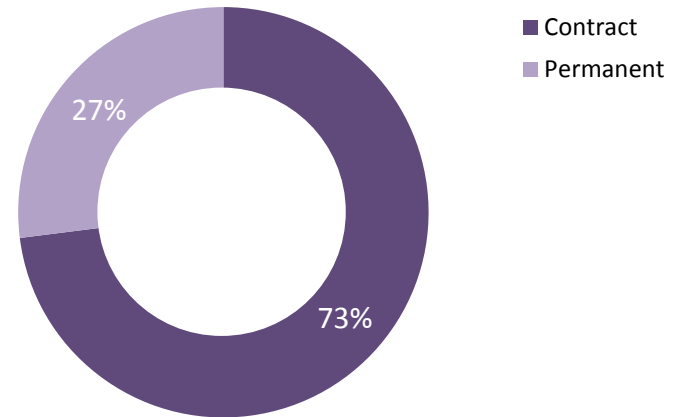
Engage our staff | **Delight** our clients | **Promote** our candidates

Net Fee Income balance

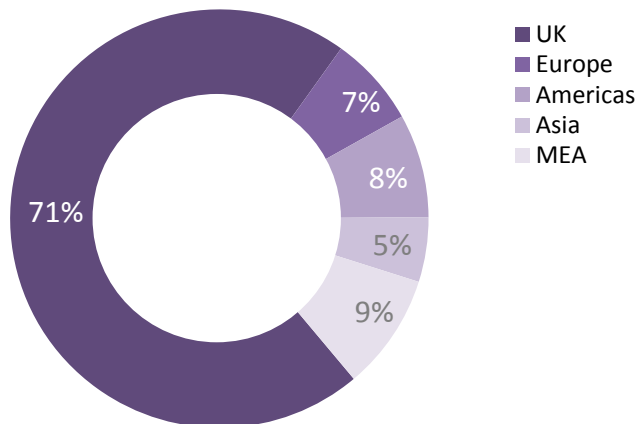
By Segment



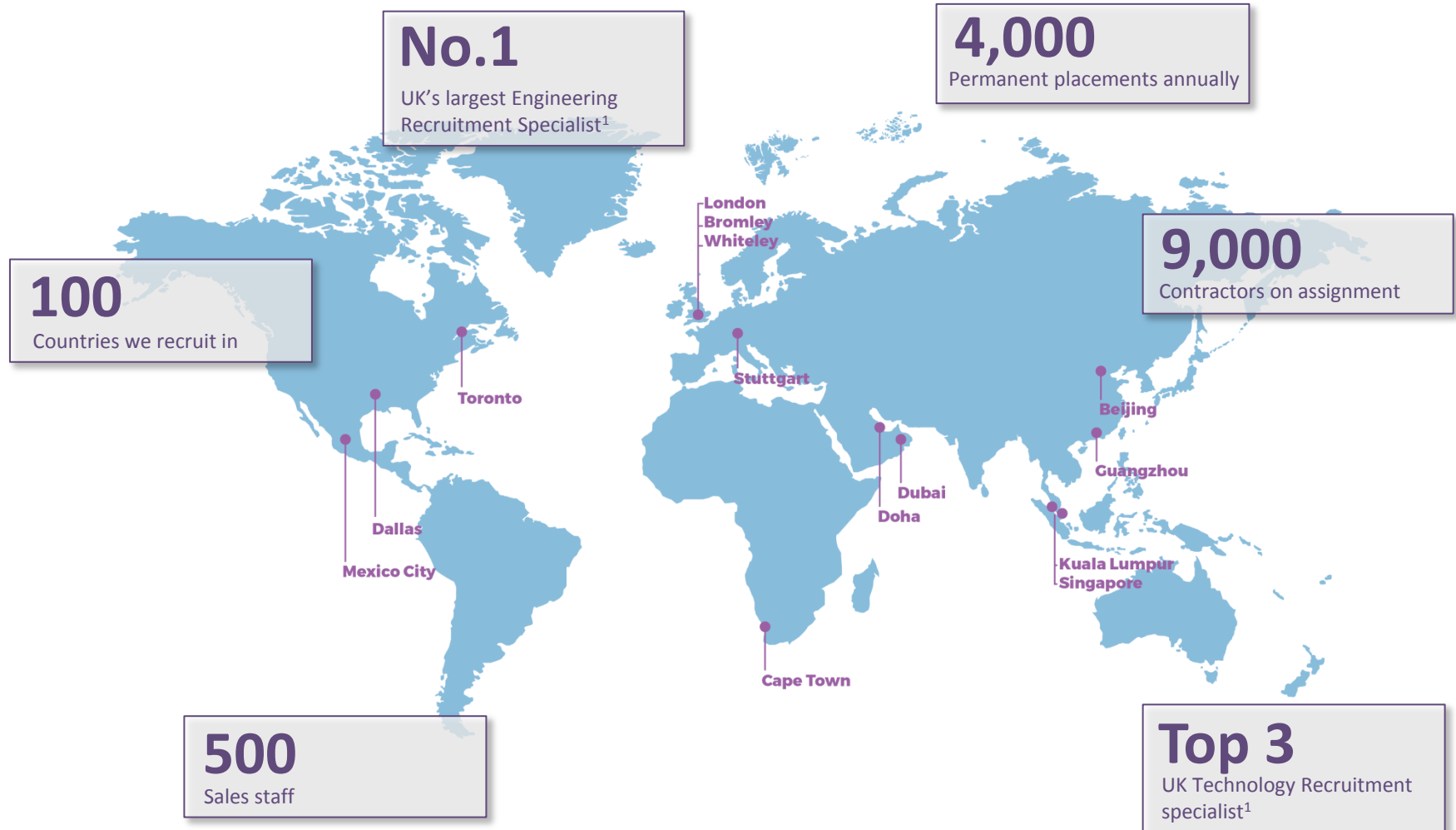
By Type



By Geography



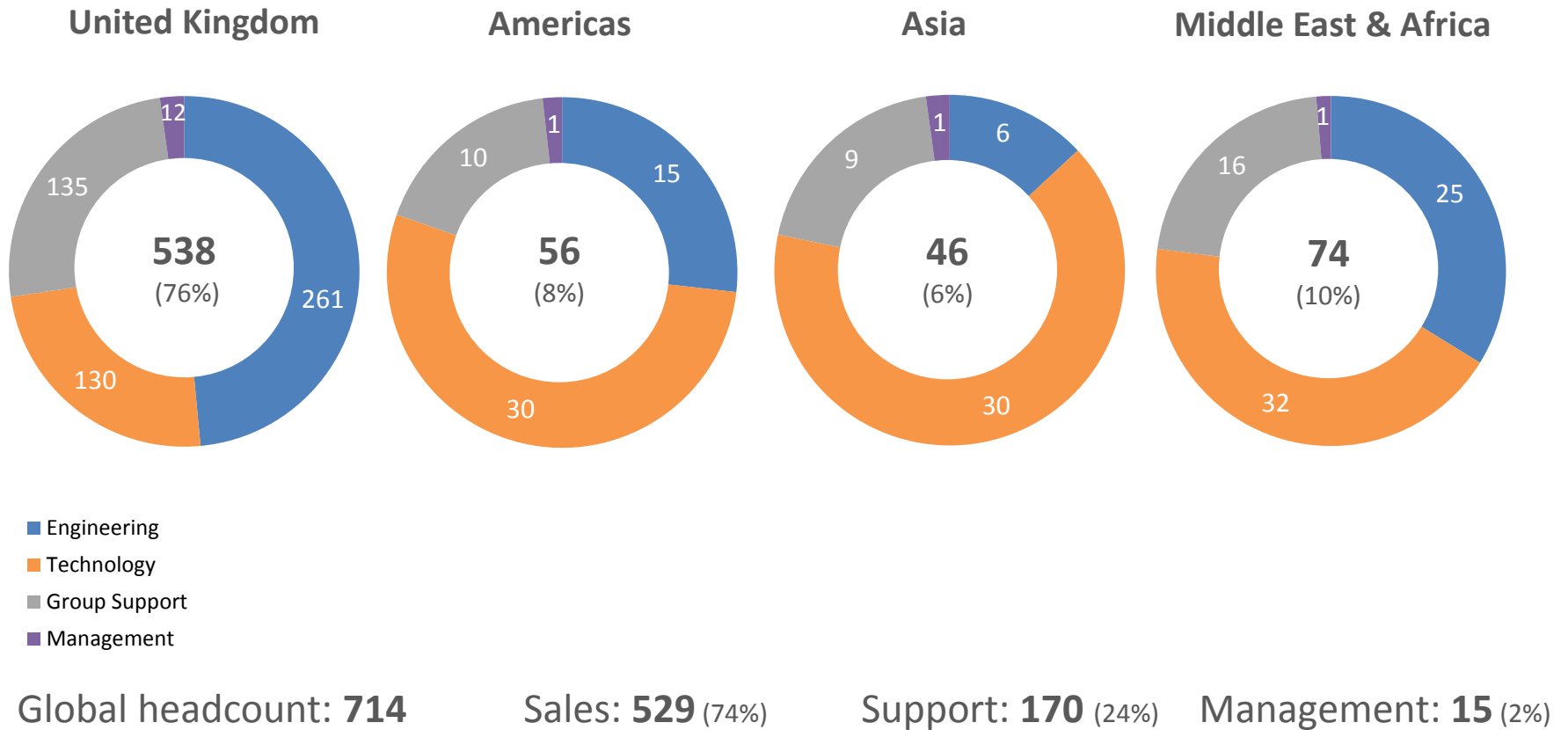
14 offices worldwide



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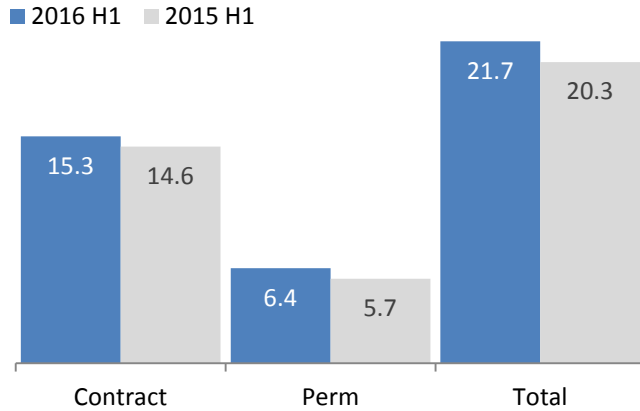
1 Source: Recruitment International Top 500 Report 2015

Global Headcount

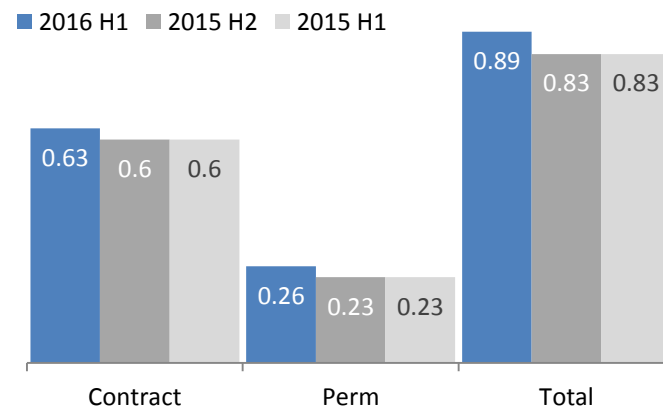


Engineering

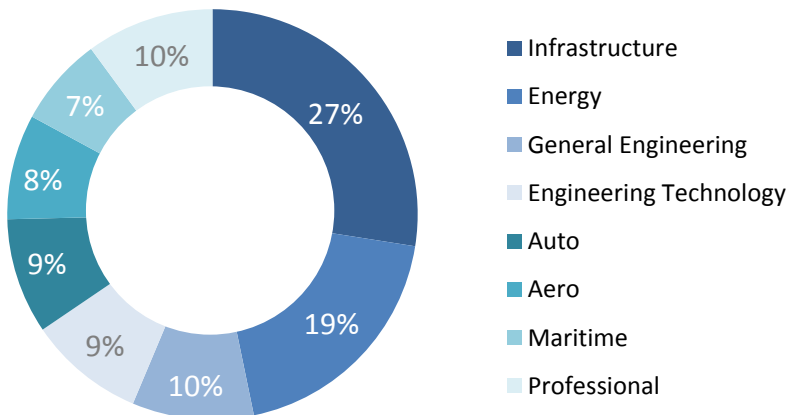
NFI



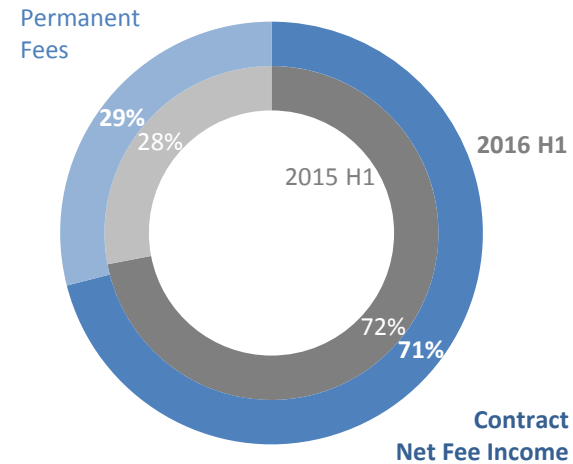
NFI Run Rate



NFI by sector



NFI by type



Engineering Growth Drivers

Infrastructure

- Rail - project delivery: HS2; Crossrail (phase 2); Wessex to Waterloo line improvements
- Buildings: structure/services
- Water design: project delivery; Thames Tideway

Energy

- Northern Europe - 9 offshore wind farms scheduled for construction in 2016
- Extensive upgrades to European electrical grid infrastructure
- UK nuclear new build long term
- Oil & gas weak

Maritime

- UK defence Type 26 frigate & successor submarine
- Canadian NSPS \$33 billion 30 years naval ship building programme
- Super-yacht build and cruise liner refit/repair projects in Europe

Aerospace

- Focus on increasing manufacturing production rates
- No major new aircraft models in the pipeline
- Aftermarket retrofit & interior suppliers struggling with demand, work flowing down to SME's

Automotive

- Investment in UK manufacturing continues
- Need to design new technologies; hybrid and alternative fuel transmissions
- Signs automotive companies looking to re-shore operations to the UK

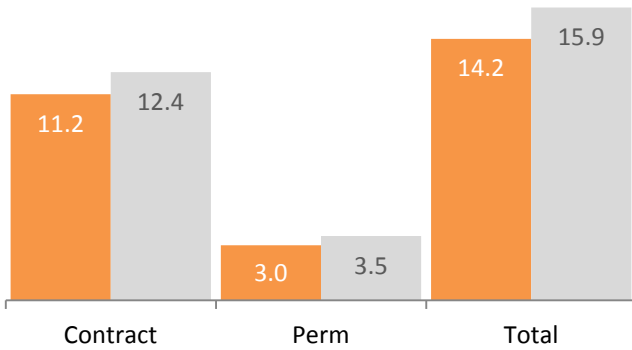
Engineering Technology

- The "Internet of Things"
- Investment in national security
- Industry 4.0 – "Smart factories"
- Rail automation & communication
- Enhanced Air Traffic Control
- UK centre of excellence connected/autonomous vehicles

Technology

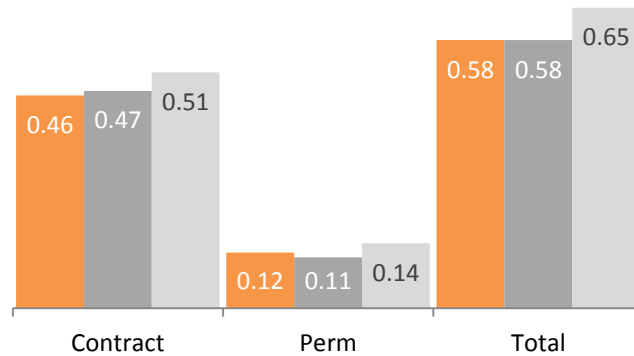
NFI £m

2016 H1 2015 H2

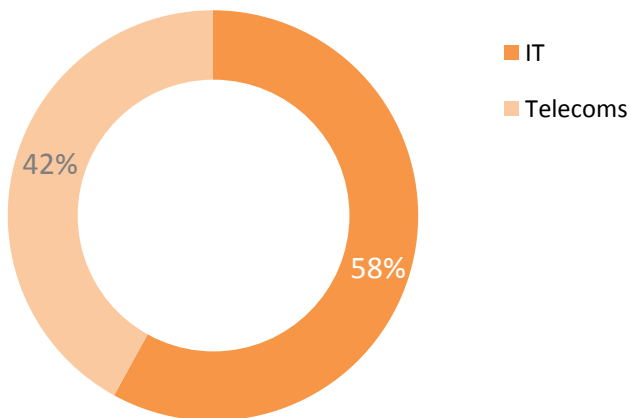


NFI Run Rate £m

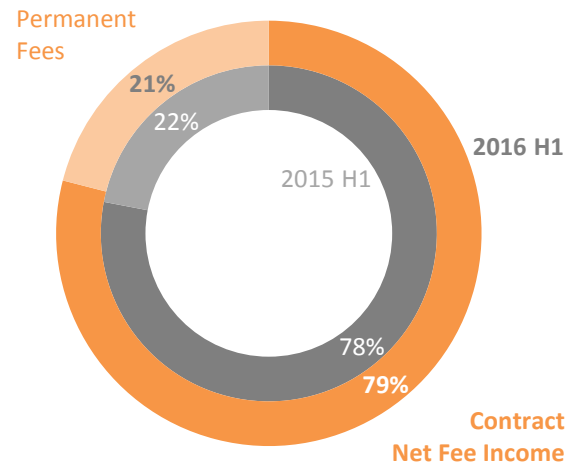
2016 H1 2015 H2 2015 H1



NFI by sector



NFI by type



Technology Growth Drivers

Development

- Organizations rely heavily on the web as a channel for connecting with customers, clients, partners and employee
- The demand for applications to be on a mobile platform is increasing

Cloud

- Cloud continues to reshape enterprise IT
- Prediction that more than half of enterprise IT infrastructure and software investments will be cloud-based by 2018

Cyber security

- Increasing spend on Cyber Security
- Constantly evolving threats and new technologies being adopted
- Security becoming business critical and one of the most important IT topics

IT Leadership

- The pace of technology change is accelerating
- Business change/ transformation skills required for successful implementation of new technologies.

ERP

- SAP project based upgrade market
- Oracle EBS introduction and implementation of Fusion product.
- Move to rollout of cloud based ERP products

Telecoms

- Asia - laying the ground work for rolling out 4G
- US - fixed line cabling - higher quality, faster streaming & quicker connections between locations
- 5G development on the horizon - properly connected smart cities; driverless cars; "internet of things"









MATCHTECH GROUP PLC

Outlook

Engage our staff | **Delight** our clients | **Promote** our candidates

2016/17 key opportunities

-  Rolling out Engineering services internationally
-  Strengthening business development to generate more major account business
-  Combining Networkers contingency sales success with Matchtech's strong major account management
-  Leveraging relationships by mobilising internal talent internationally
-  Building on cost synergies already achieved
-  Clarifying value proposition through improved brand positioning

Outlook

- Demand for skilled engineers remains strong and telecoms market buoyant
- Niche specialist market segmentation implemented to improve IT performance
- Selected consultants moving to international offices to accelerate growth
- Good business development pipeline and encouraging signs from initial joint bids
- Larger scale relationships, across geographies and disciplines, identified
- Cost synergies identified with remainder on track for 2017
- Currently expect full year operational results to be in-line with management expectations

Appendices

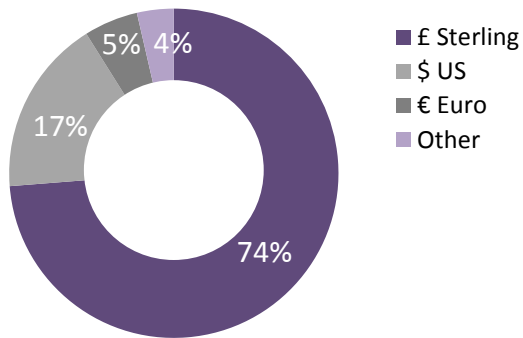
Effective Tax Rate

Period to 31 January

	2016			2015	
	Reported £m	Adjustments £m	Underlying £m	Reported £m	Pro-forma underlying £m
Profit before tax	6.9	2.5	9.4	5.1	9.2
Corporation Tax Rate	20.0%		20.0%	20.7%	28.3%
Corporation Tax	1.4	0.5	1.9	1.1	2.6
Non-deductable expenses	0.2		0.2	0.2	0.2
Irrecoverable withholding tax	0.4		0.4	-	-
Prior period adjustment	(0.1)		(0.1)	-	-
UK and overseas tax rates differential	0.2		0.2	-	-
Total tax charge for period	2.2		2.7	1.3	2.8
	31.5%		28.5%	25.6%	30.7%

Foreign exchange

Currencies



1% sterling devaluation effect

	Gross Profit		EBIT	
	£	% Group	£	% Group
\$ US	+£46k		+£32k	
€ Euro	+£14k		+£11k	
All currencies	+£70k	0.2%	+£29k	0.3%

- Contracts written back to back in same currency (Revenue & Payroll)

In the period

- Gross profit gain by £53k
- EBIT gain by £184k (devaluation of Rand)
- Balance Sheet effect gain on conversion £590k through financing line

Our purpose

Engage our staff

Within the top 5% of benchmark group

Engagement score of 90%

91% completed staff engagement survey

Delight our clients

Going the extra mile

'You get us'

Market intelligence

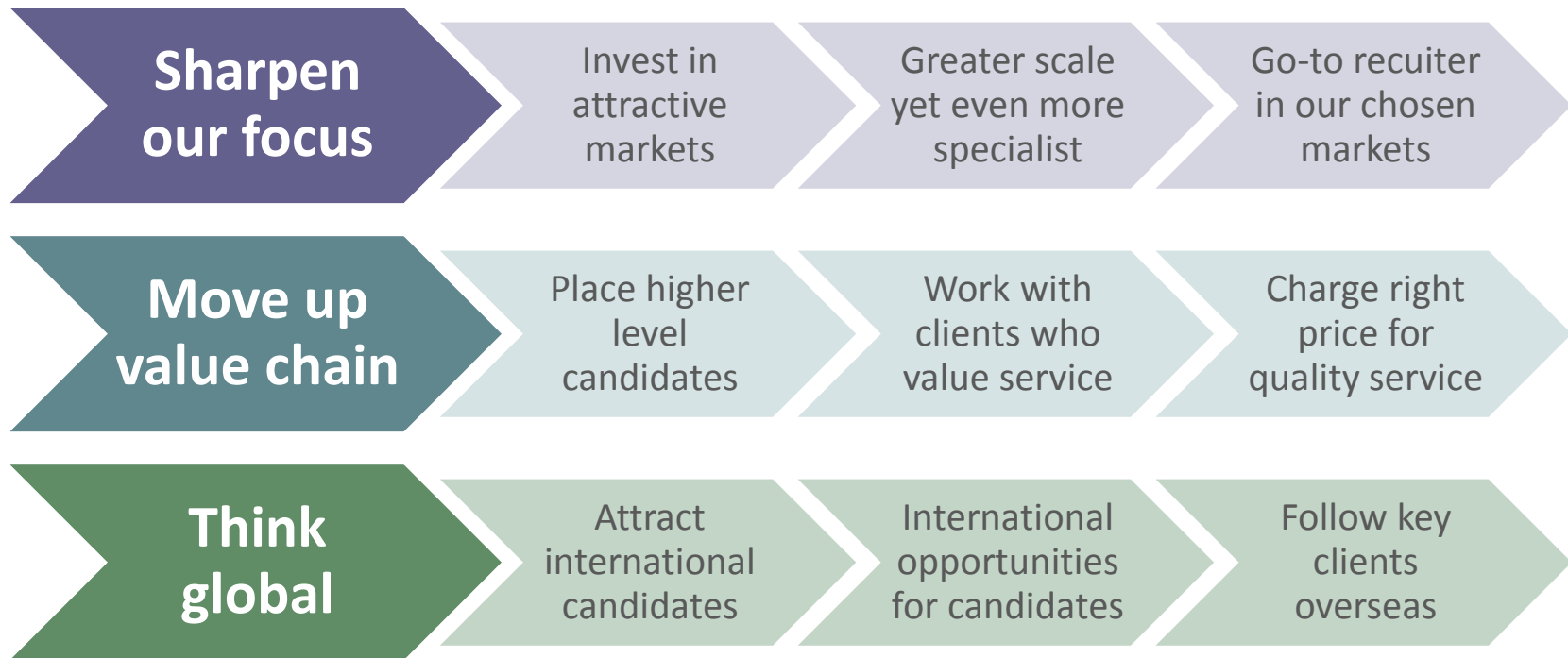
Promote our candidates

The relationship

Specialist

Personalised approach

Our 2017 strategy



Our 2017 vision



Market leading **specialist** recruiter



Employer of **choice**



Best **partner** to clients & candidates



Rapidly **developing international** business



Premium **stock** for investors

Our Investment proposition

Well Balanced

Broad client 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 £95m

Expert

Capability and resources to
increase market share in
permanent recruitment

International

Expanding into selected
markets utilising
Networkers office locations

Yield

Solid dividend payout
record