

The logo for Matchtech Group PLC is located in the top right corner of a light blue header bar. It features the company name in a sans-serif font, with a circular icon containing a stylized 'M' and 'T' between the words 'GROUP' and 'PLC'.

MATCHTECH GROUP PLC

## Preliminary Results for the year to 31 July 2015

Brian Wilkinson – Chief Executive Officer

Tony Dyer – Chief Financial Officer

October 2015

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MATCHTECH GROUP PLC

## Results

## Group income statement (incl 4 months' maiden contribution from Networkers)

Year to 31 July	Matchtech £m	Networkers £m	2015 £m	2014 £m	Change %
Revenue	445.0	57.3	502.3	451.6	+11%
Contract NFI	33.1	7.0	40.1	32.8	+22%
Contract gross margin (%)	7.6%	12.8%	8.2%	7.5%	
Permanent fees	12.2	2.5	14.7	12.2	+20%
<b>Gross profit (NFI)</b>	45.3	9.5	54.8	45.0	+22%
Gross margin (%)	10.2%	16.6%	10.9%	10.0%	
Operating overheads			(42.4)	(32.0)	+33%
<b>EBIT</b>			12.4	13.0	-5%
Adjusted EBITA	14.5	2.3	16.8	13.6	+24%
Non-recurring items			(2.7)	-	
Amortisation			(1.7)	(0.6)	
NFI conversion (%)	32%	24%	31%	30%	
Operating margin (%)	3.3%	4.0%	3.3%	3.0%	
Net interest			(1.1)	(1.0)	
<b>Profit before tax</b>			11.3	11.9	-5%
Taxation			(3.0)	(2.8)	
<b>Profit after tax</b>			8.3	9.1	-9%

# Matchtech Income statement (ex-Workers)

Year to 31 July	2015 £m	2014 £m	Change %
Revenue	445.0	451.6	-1%
Contract NFI	33.1	32.8	+1%
Contract gross margin (%)	7.6%	7.5%	
Permanent fees	12.2	12.2	+0%
<b>Gross profit (NFI)</b>	<b>45.3</b>	45.0	+1%
Gross margin (%)	10.2%	10.0%	
Operating overheads	(30.8)	(31.4)	-2%
<b>Adjusted EBITA<sup>1</sup></b>	<b>14.5</b>	13.6	+7%
NFI conversion (%)	32%	30%	
Operating margin (%)	3.3%	3.0%	
Net interest	(0.7)	(1.0)	
<b>Adjusted profit before tax<sup>1</sup></b>	<b>13.8</b>	12.6	+10%

<sup>1</sup> Adjusted results exclude £1.7m of Acquisition Costs, £1.0m of Restructuring Costs and £1.7m (2014: 0.7m) of amortisation from acquired intangibles

## Earnings per share & dividends

Year to 31 July		2015	2014	Change
<b>Profit after tax</b>	£million	<b>8.3</b>	9.1	<b>-9%</b>
Average shares in issue	million	<b>26.8</b>	24.7	<b>+9%</b>
Shares under option	million	<b>1.3</b>	1.4	<b>-11%</b>
<b>Fully diluted shares</b>	million	<b>28.1</b>	26.1	<b>+8%</b>
<b>Earnings per share</b>				
Basic	pence	<b>31.0</b>	37.0	<b>-16%</b>
Diluted	pence	<b>29.6</b>	35.0	<b>-15%</b>
<b>Adjusted earnings per share<sup>1</sup></b>				
Basic	pence	<b>45.3</b>	39.2	<b>+16%</b>
Diluted	pence	<b>43.3</b>	37.1	<b>+17%</b>
<b>Dividend per share</b>	pence	<b>22.0</b>	20.0	<b>+10%</b>
<b>Adjusted dividend cover<sup>1</sup></b>	times	<b>2.1 x</b>	2.0 x	<b>+5%</b>

<sup>1</sup> Adjusted results exclude £1.7m of Acquisition Costs, £1.0m of Restructuring Costs and £1.7m (2014: £0.7m) of amortisation from acquired intangibles

## Balance sheet & cashflow

↑£30.5m

Net debt<sup>1</sup>: £33.6m  
(2014: £3.1m)

↑3 days

Debtor days<sup>2</sup>: 49 days  
(2014: 46 days)

↑9ppts

Operating cash conversion: 124%  
(2014: 115%)

↑£35m

Banking facilities: £95m  
(2014: £60m)

↓1 day

Creditor days: 9 days  
(2014: 8 days)

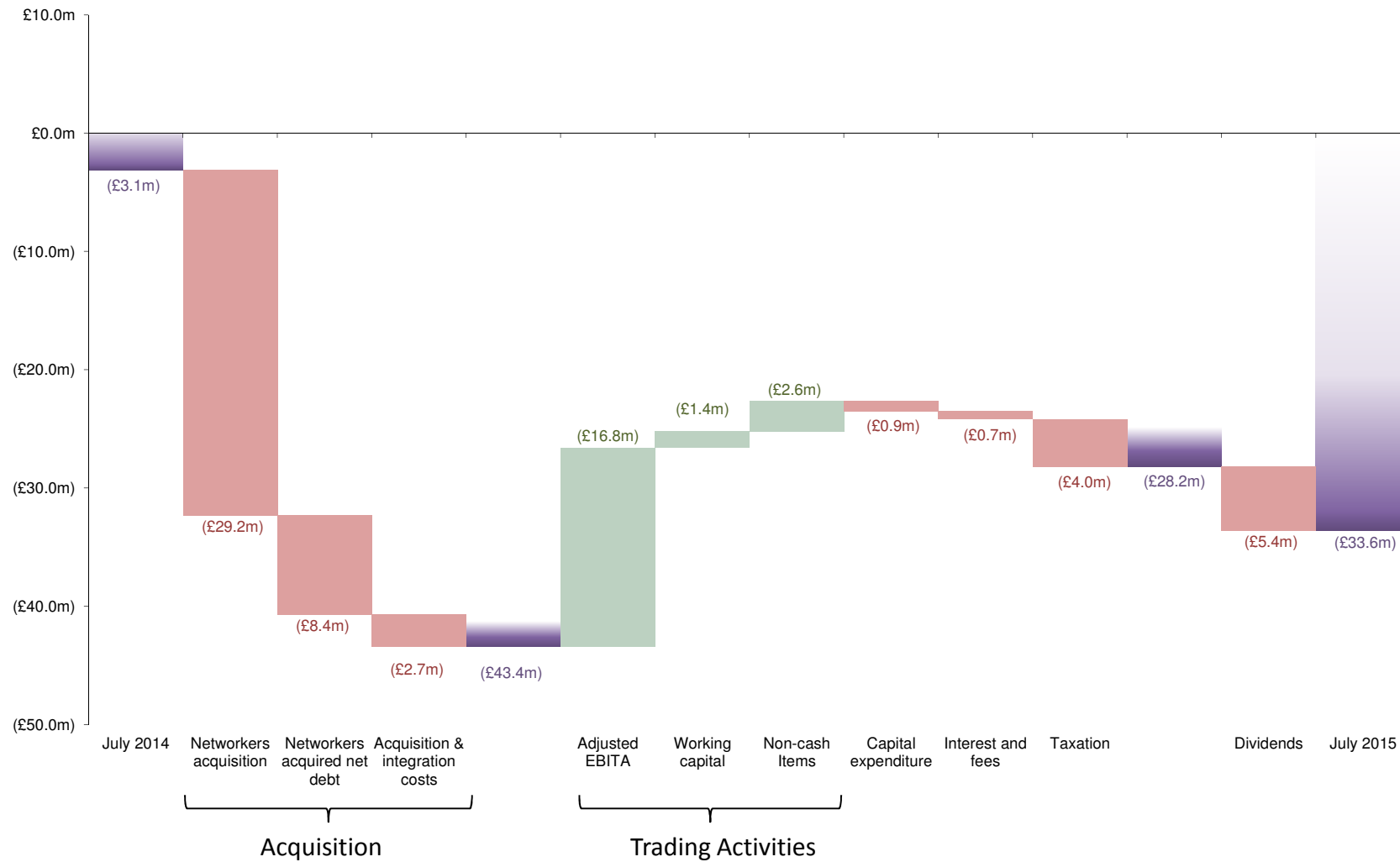
↑£33.8m

Net assets: £76.5m  
(2014: £42.7m)

<sup>1</sup> Increase in net debt due to the funding of the Networkers acquisition

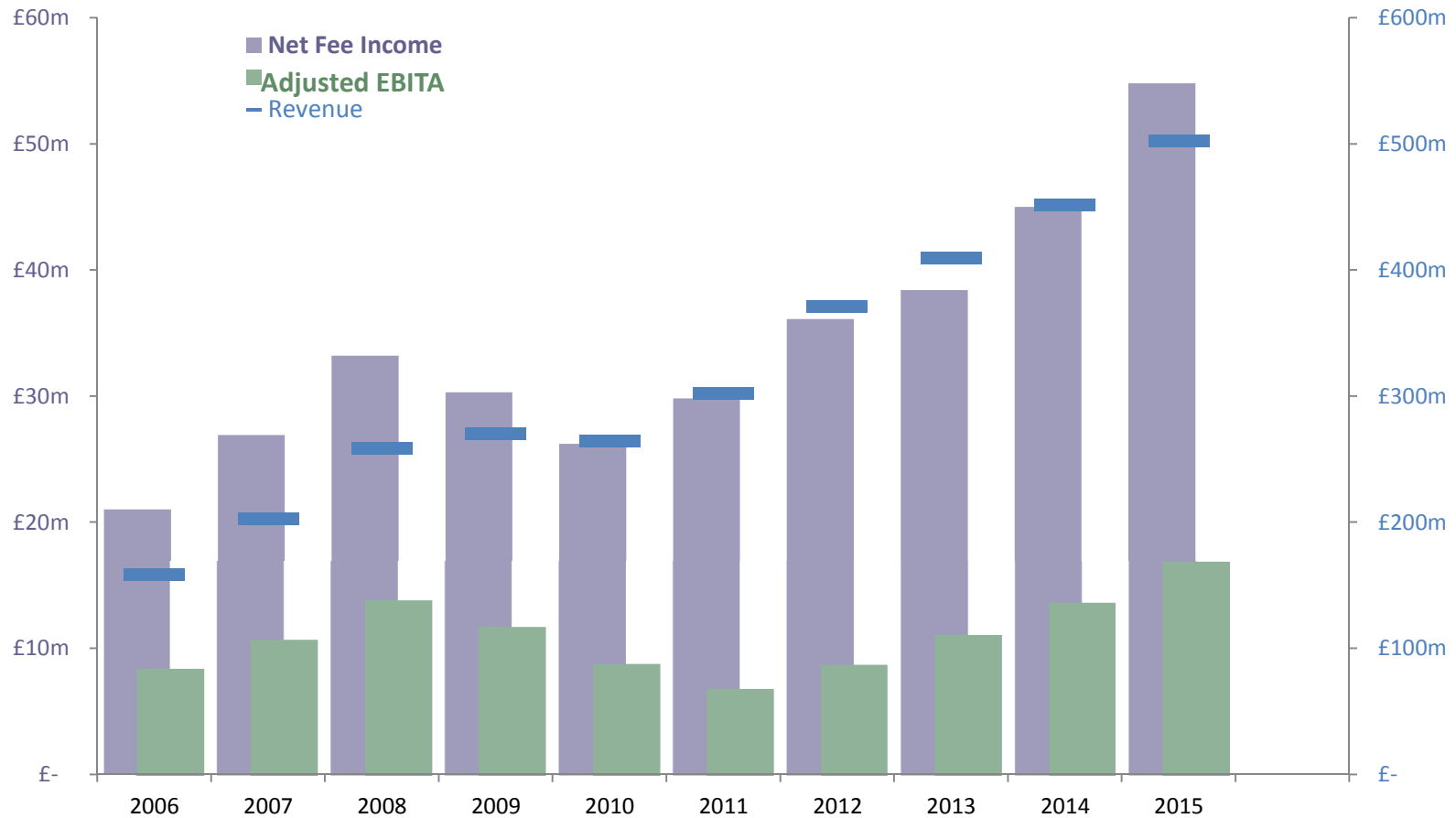
<sup>2</sup> Debtor days: Matchtech 44 days (2014: 46 days); Networkers 64 days

# Net debt & cashflow (bridge analysis)



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# 10 year performance



<b>NFI conversion %</b>	40%	40%	42%	39%	34%	23%	24%	29%	30%	31%
<b>Dividend (pence per share)</b>			15.6p	15.6p	15.6p	15.6p	15.6p	18.0p	20.0p	22.0p
<b>Dividend Cover</b>			2.5x	2.2x	1.7x	1.3x	1.6x	1.9x	2.0x	2.1x

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## Integration

- The process of integrating the two organisations has started well
- A great deal in common both culturally and professionally
- Identified synergies of £1.3m in FY2016 from Stock Exchange listing costs, the Board, management and the rationalisation of property
- Areas for rationalisation remain - two CRMs, two back offices and two sets of associated systems
- 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:
  - to improve connectivity in some regional offices
  - strengthening functional management in some areas
  - building on our existing strong business development capability
- Sales synergies to start to come through in FY2016

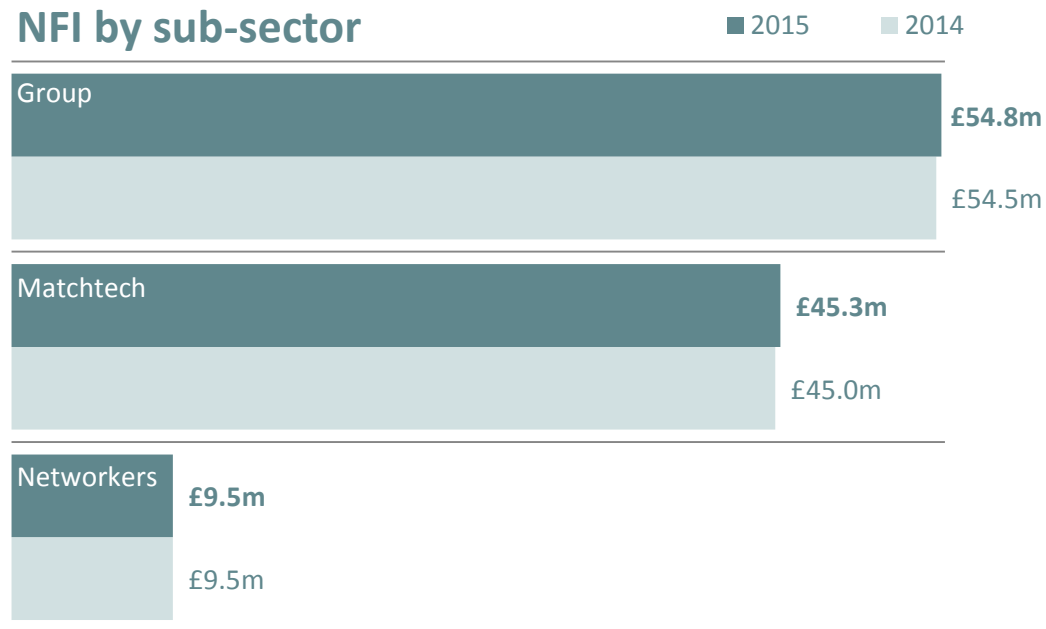


MATCHTECH GROUP PLC

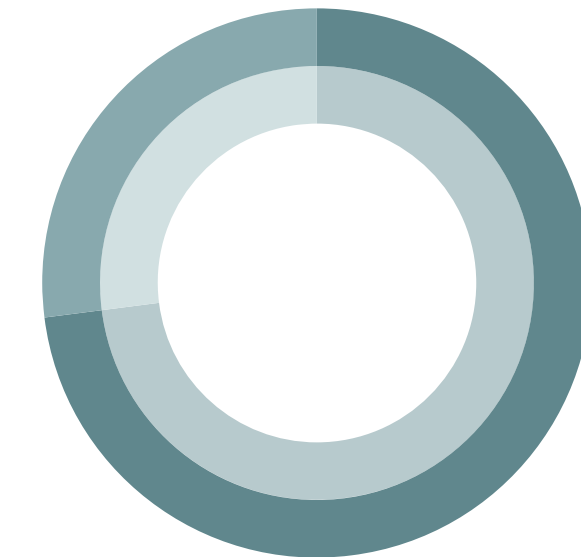
## Operating Review

# Group net fee income

## NFI by sub-sector



## NFI by type

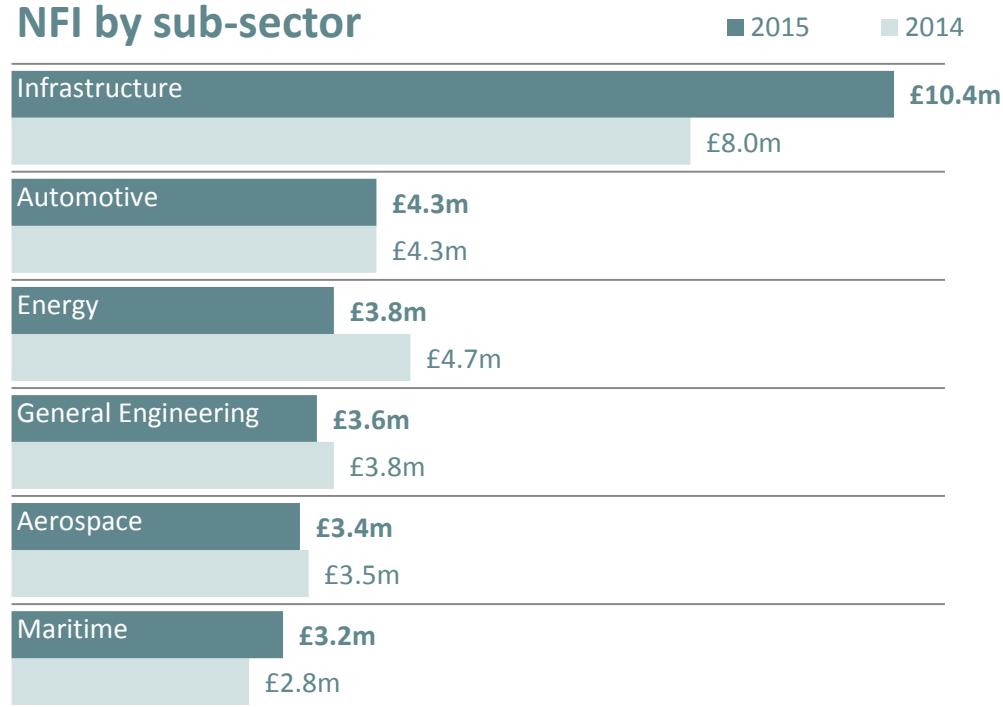


2015 Contract NFI: 73% Permanent Fees: 27%  
 2014 Contract NFI: 73% Permanent Fees: 27%

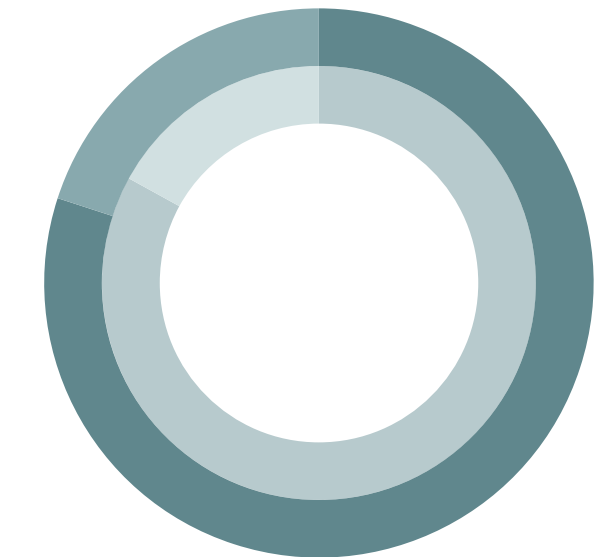
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# Engineering

## NFI by sub-sector



## NFI by type



2015 Contract NFI: 80% Permanent Fees: 20%  
 2014 Contract NFI: 83% Permanent Fees: 17%

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## Engineering growth drivers



### Infrastructure

Clients busy on UK Projects

- Bidding out for HS2
- Aberdeen western bypass
- Smart motorways M6 & M3
- Thames Tideway

International opportunities in the Middle East and Asia



### Maritime

UK defence remains strong

- Type 26 Frigate
- Successor Submarine

International mainly perm

- NSPS project in Canada
- Shipbuild/repair Middle East
- LNG niche in shipping



### Energy

Global Oil & Gas market remain deflated

Downstream petrochemical and refinery remain steady

Nuclear New build projects beginning in the UK



### Aerospace

Commercial aircraft order book for at record capacity

Research into new materials & advance manufacturing

Growing demand for cabin customisation



### Automotive

Demand for Hybrid and Alternative Fuel Technology

Strong focus on electric vehicles

Commercial vehicles busy

Infotainment & connectivity



### General Engineering

Substantial investment in R&D and Capital Equipment

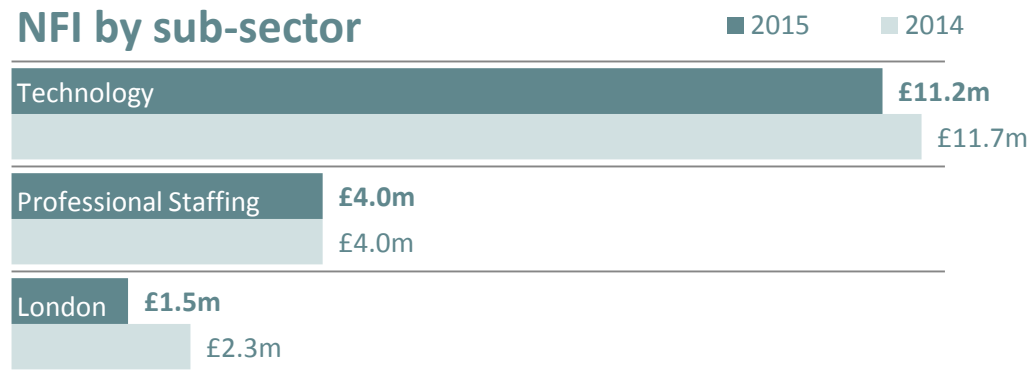
1 in 6 companies have re-shored their manufacturing

Supply chain quality control

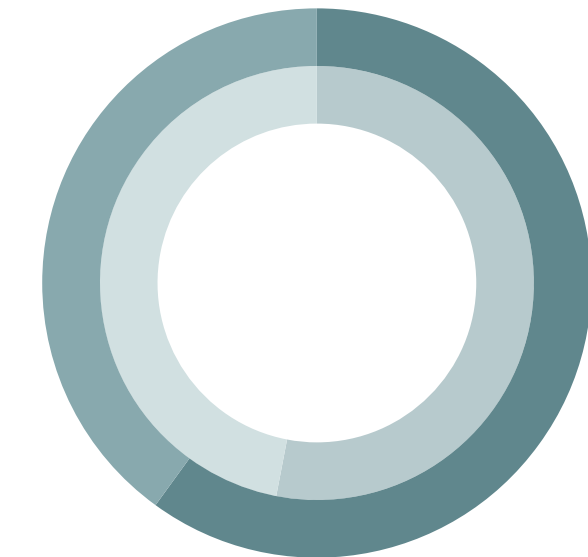
Smart metering technology

# Professional Services

NFI by sub-sector



NFI by type



2015 Contract NFI: 60% Permanent Fees: 40%  
 2014 Contract NFI: 53% Permanent Fees: 47%

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## Professional Services growth drivers



### IT

Corporate accounts

NHS framework

Industry 4.0 – the evolution of the internet of things

Evolving application technology - increasing skill convergence between Engineering & IT

Connected car technology



### Professional

Transformation projects

- shared service department
- cost reduction
- leaner support functions
- business partnering model
- redundancy need to up-skill

Demand for senior-level bids and business development professionals in defence sector

Salaries and fees rising



### Skills

Increasing skills shortages require a greater number of candidates to be trained

Government pledge to increase apprenticeship numbers to 3m by 2020

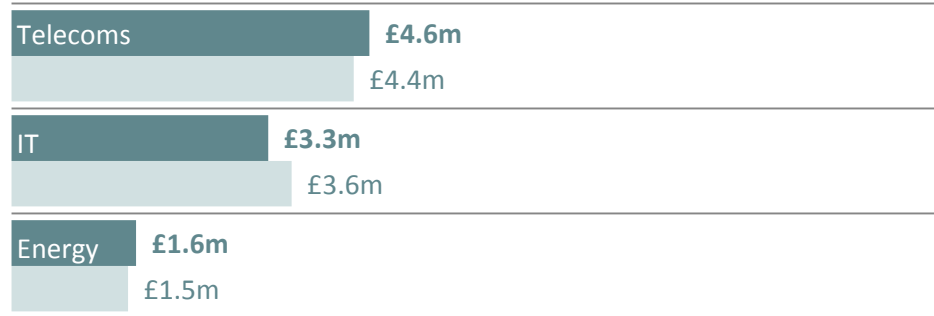
Requirement for basic literacy and numeracy skills

Saudi Arabian Colleges of Excellence programme continuing to grow

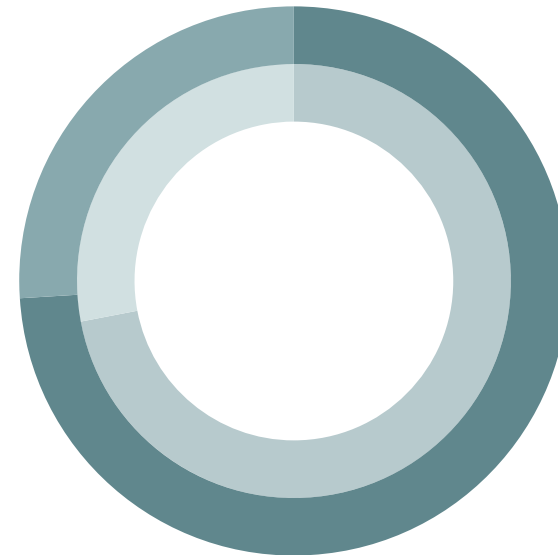
# Networkers

## NFI by sub-sector

■ 2015 ■ 2014



## NFI by type



2015 Contract NFI: 74% Permanent Fees: 26%  
 2014 Contract NFI: 72% Permanent Fees: 28%

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## Networkers growth drivers



### Telecoms

Convergence of technologies within mobile telecoms and IT, utilising 4G networks

Investment in areas such as Cloud, Internet of Things, mobile broadcasting, smart metering etc. all reliant on robust, fast and efficient means of communication



### IT

Growth markets big data, cloud technologies and digital media

Core markets in ERP, software development, management and IT infrastructure

Opportunities in overseas markets particularly the US, Middle East and Asia



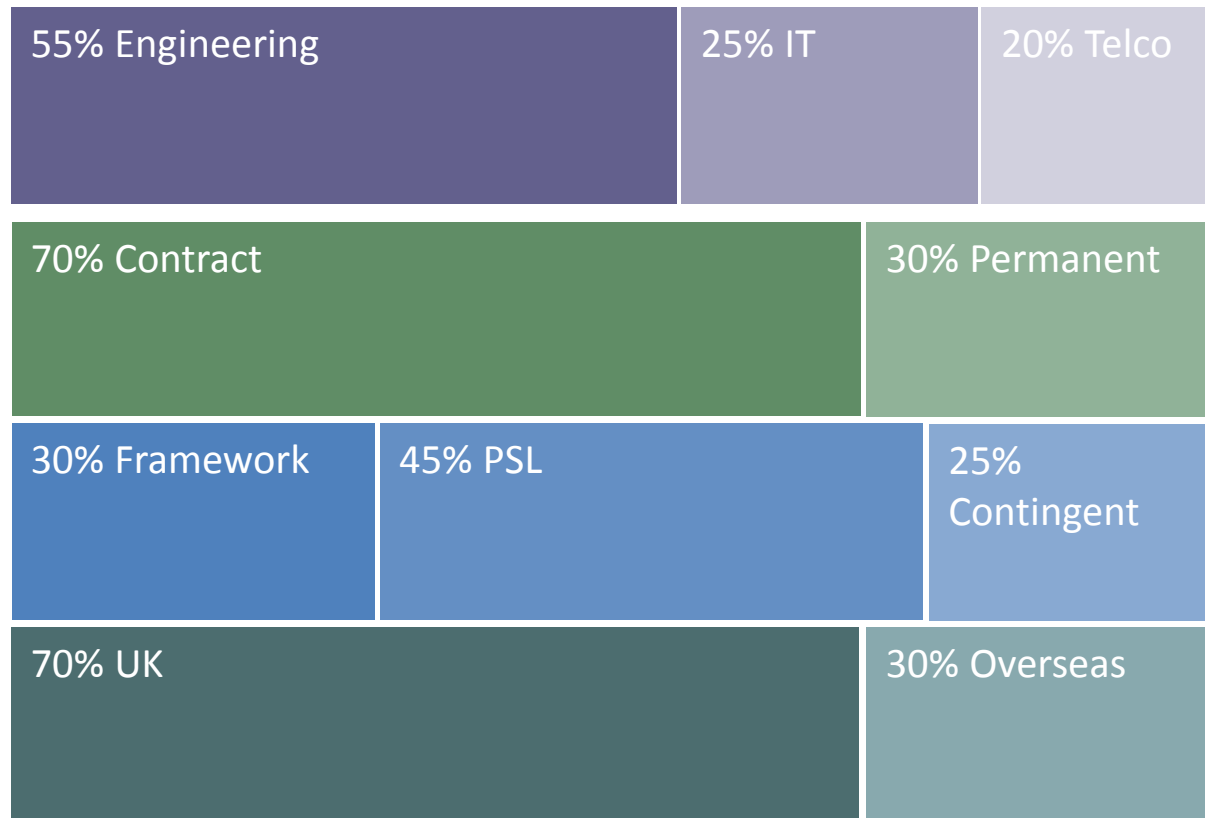
### Energy

Construction of 9 offshore wind farms planned in 2016

Many wind farms globally moving out of original OEM warranty period

Oil & gas market subdued but niche skills still in demand

# New Group Business Balance<sup>1</sup>



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<sup>1</sup> Based on annualised net fee income for the year to 31 July 2015

# New Group Overview

UK's No.1  
Engineering  
recruitment  
specialist<sup>1</sup>



**4,000**  
Permanent placements annually

**9,000**  
Contractors on assignment



**600**

Sales staff



Top 3 UK IT/Telecoms  
recruiter specialist<sup>1</sup>



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1 Source: Recruitment International Top 500 Report 2015

## 2016 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

- 2016 financial year has started well, in-line with management expectations
- 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
- Investments in sales & marketing, regional management and connectivity

*Concrete plans to capture opportunities for the new group  
Converging disciplines .....Multi-territory ..... Growth markets*

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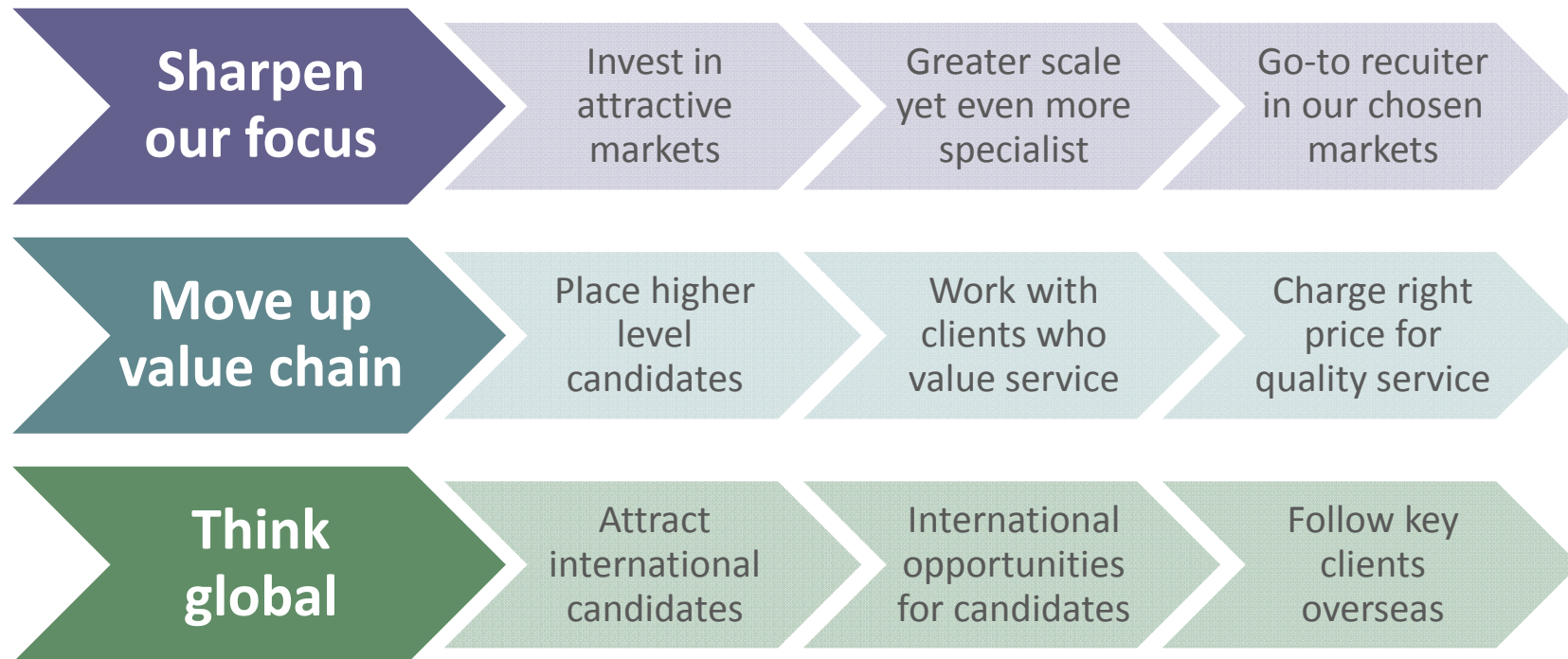
## Appendices

## Our purpose

Engage our staff	Delight our clients	Promote our candidates
Within the top 5% of benchmark group	Going the extra mile	The relationship
Engagement score of 90%	'You get us'	Specialist
91% completed staff engagement survey	Market intelligence	Personalised approach

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## Our 2017 strategy



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## 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

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# International opportunities

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Division	Sector	Subsector	Country / Region										
			USA	Canada	Mexico	Europe non UK	Dubai	Qatar	South Africa	China	Malaysia	Singapore	
Aero	OEM/Supply chain	Manufacturing Support	P			P					P		
Aero	Airline/Supply chain	Airline / maintenance	P								P		
Aero	Airline/Supply chain	Retrofit / modification support	P										
Aero	OEM/Supply chain	New design support	P			P					P		
Auto	OEM	new design	P			P					O		
Auto	OEM	manufacturing Support	P			P					O		
Auto	Supply chain	new design	P			P					O		
Auto	Supply chain	manufacturing Support	P			P					O		
Gen Eng	Pharma / Med Devices	Clinical Research					P	P					
Gen Eng	Pharma / Med Devices	Engineering											
Gen Eng	Pharma / Med Devices	Commercial			O								
Gen Eng	FMCG	Multiskilled Engineering											
Eng Tech	Electronics & Systems	Aero	P										
Eng Tech	Electronics & Systems	Auto	P			O					P		
Eng Tech	Electronics & Systems	Marine											
Eng Tech	Control & Automation	Mainly O&G					O	O	O		O		
Infra	Construction	Engineering, Project Controls & PM		O				O		P		O	
Infra	Water & Environment	Engineering, Project Controls & PM						P	P	P			
Infra	Highways & Transportation	Engineering, Project Controls & PM						P	P				
Infra	Rail	Engineering, Project Controls & PM	P	O				P	P	P		P	
Infra	Planning	Planners											
Maritime	Ship building	White Collar Eng & PM		O				O	O			O	O
Additional Headcount Required			4	0	0	4	4	0	2	2	1	0	

P – Priority    O - Operational