



Interim Results

for the six months to 31 January 2018

19th April 2018

Leadership structure and Board

- ▷ Background to Brian Wilkinson's departure
- ▷ Interim management structure
 - » Patrick Shanley, Chairman spending two days per week
 - » Keith Lewis, COO, leading all sales activity
 - 25 years with Gattaca; 30 years in industry
 - » Salar Farzad, CFO, leading all non-sales activity including Investor Relations (HR added to existing responsibilities)
 - CFO roles at several global organisations including Zodiak Media, Macmillan Science & Education (including Nature Publishing), MTV Networks International
 - 8 years with Price Waterhouse, Chartered Accountant
- ▷ Supported by over 30 senior managers representing over 500 years' experience in recruitment
- ▷ Full search to identify CEO has commenced and will consider both internal and external candidates
- ▷ David Lawther joining as Non-Executive and Chairman of Audit Committee
- ▷ Roger Goodman and Ric Piper retiring from our board

Outlook for H2

- ▷ 2018 H1 NFI growth compared to prior year H1 remains positive
- ▷ January NFI performance was below expectations; Hence Board review of likely 2018 outcome
- ▷ Operational gearing is increased in 2018 following investments which were made in anticipation of achieving significant NFI growth
- ▷ Accounted for in Trading Update on 7th February
- ▷ Post Trading Update
 - » In February and March the business broadly traded in line with the Board's expectations, however
 - » The changes being implemented in the Technology division in the coming months, alongside the economic challenges facing some of our sectors and territories make the backdrop to our full year expectations, which have a final quarter weighting, more challenging than at the time of the trading update of 7 February 2018
 - » Consequently Board now expects underlying profit before tax for the full year to be approximately 15% below its previous expectations

Current Focus – Back to Basics

- ▷ Maintaining NFI growth; managing headcount
- ▷ International footprint under review
 - » Continue to support Americas, with opportunity to accelerate
 - » Germany closed (licence retained)
 - » All other international locations under review, with focus on scalable, sustainable and material profitability potential
- ▷ Customer profitability – Closer senior management involvement on key accounts and certain business lines with focus on efficiency of delivery models and overall profitability after tax
- ▷ Greater rigour around sales performance management focused on NFI per £ of staff costs
- ▷ Telco restructured
- ▷ Targeting central support costs to profit driving activities
 - » Substantially reduced Marketing department: refocussed to client facing
 - » Reduced HR: refocusing on training, internal recruitment and transactional HR
 - » Looking for transactional Finance reductions, whilst building analysis and business support
- ▷ Address debt, with rebased dividend

2018 H1 Highlights & Results

Half Year NFI

£'m	2018		2017		Change	
	Statutory	Underlying ²	Statutory	Underlying ²	Statutory	Underlying ²
Net Fee Income (NFI)¹	39.8	39.8	35.4	39.1	12%	2%
Engineering		24.2		23.5		3%
Technology		8.5		8.8		-4%
UK		32.7		32.3		1%
International		7.1		6.8		5%
Total		39.8		39.1		2%
Contract		28.8		29.6		-3%
Perm		11.0		9.5		16%
Total		39.8		39.1		2%

¹ NFI is calculated as revenue less contractor payroll costs

² Underlying results includes RSL as if it had been a fully owned subsidiary throughout 2017 and is presented on a constant currency basis.

Highlights

- ▶ Group NFI growth of 12% statutory; +2% underlying constant currency
- ▶ UK Engineering NFI +3%
 - » Engineering Technology +24%; Automotive +15%; RSL -13%; General Engineering -11%
- ▶ UK Technology NFI -4%,
 - » IT +3% including Development +50% and Cloud and Leadership together +28%; Public Sector and ERP together down -33%
 - » Telco -19%
- ▶ International +5%
 - » Americas +30%
 - » Other international -13%: Malaysia and Singapore -30%; South Africa -25%
- ▶ Slight shift towards Permanent 28% (2017 H1:24%) from contract 72% (2017 H1: 76%)
- ▶ Underlying overheads 6% higher

All NFI numbers adjusting underlying results to treat Resourcing Solutions Limited as if it had been owned throughout 2017, and on a constant currency basis

Income Statement



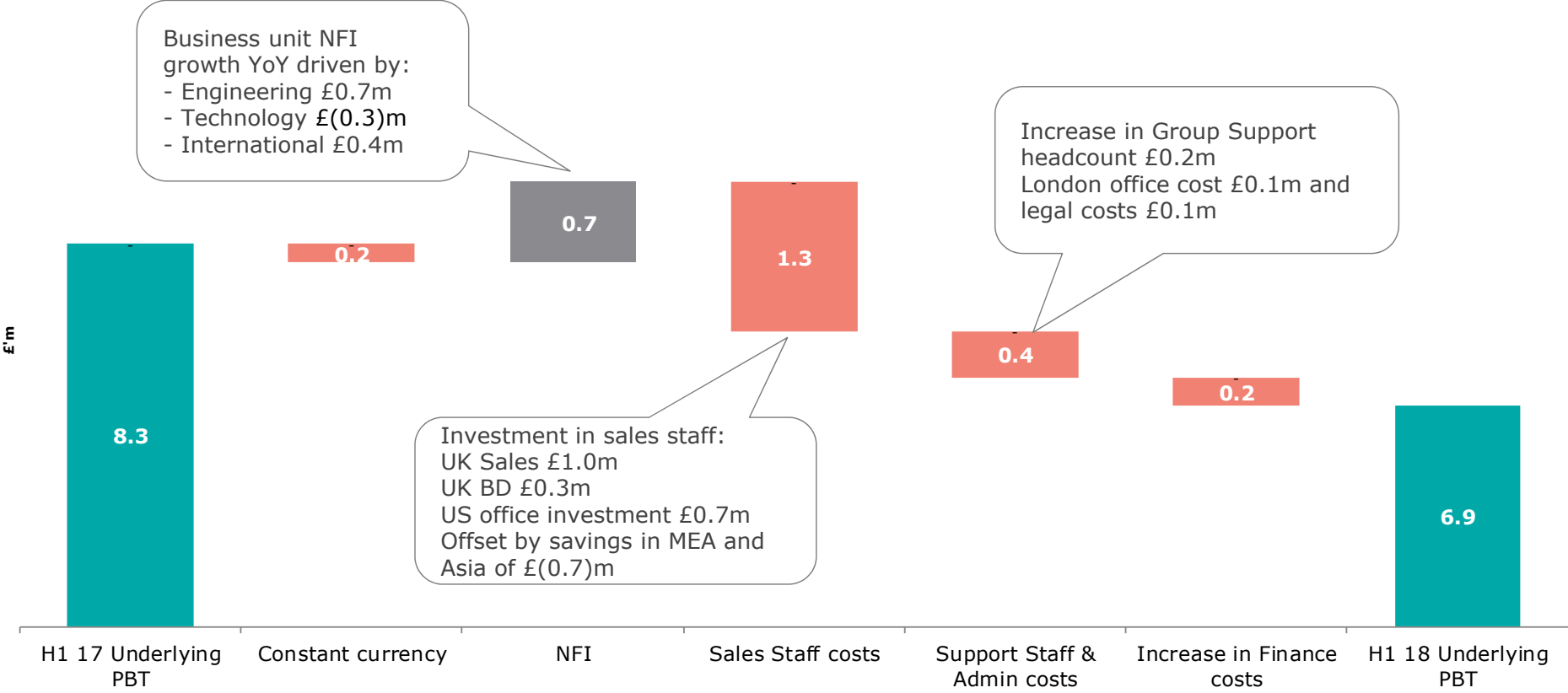
Period to 31 January	2018			2017		Reported Change %	Underlying Change %
	Reported £m	Adjustments £m	Underlying ¹ £m	Reported £m	Underlying ¹ £m		
Revenue	323.3	-	323.3	304.2	329.1	+6%	-2%
Contract NFI	28.8	-	28.8	26.3	29.6	+10%	-3%
<i>Contract gross margin (%)</i>	9.2%		9.2%	8.9%	9.3%		
Permanent fees	11.0	-	11.0	9.1	9.5	+21%	+15%
Gross profit (NFI)	39.8	-	39.8	35.4	39.1	+12%	+2%
<i>Gross margin (%)</i>	12.3%		12.3%	11.6%	11.9%		
Administrative expenses	(51.3)	19.2	(32.0)	(29.9)	(30.2)	+72%	+6%
EBIT	(11.5)	19.2	7.7	5.5	8.9	-309%	-14%
<i>NFI conversion (%)</i>	-29%		19%	16%	23%		
<i>Operating margin (%)</i>	-3.6%		2.4%	1.8%	2.7%		
Financing	(1.2)	0.4	(0.8)	(0.3)	(0.6)		
Profit before tax	(12.7)	19.6	6.9	5.2	8.3	-343%	-17%

- ▷ Underlying NFI conversion ratio (EBIT to Gross Profit) at 19% (2017: 23%)
- ▷ £17.1m impairment of Acquired Intangibles

1. Underlying performance is calculated on a pro-forma basis as though RSL had been owned for the entire prior period.

Underlying results exclude the trading and net proceeds of discontinued businesses (2018: £0.4m; 2017: £0.0m), amortisation of acquired intangibles (2018: £1.6m; 2017: £1.4m), impairment of acquired intangibles (2018: £17.1m; 2017: £nil), acquisition integration & restructuring costs (2018: £0.1m; 2017: £1.1m) and exchange gains / (losses) from balance sheet conversion (2018: £0.4m loss; 2017: £0.3m gain)

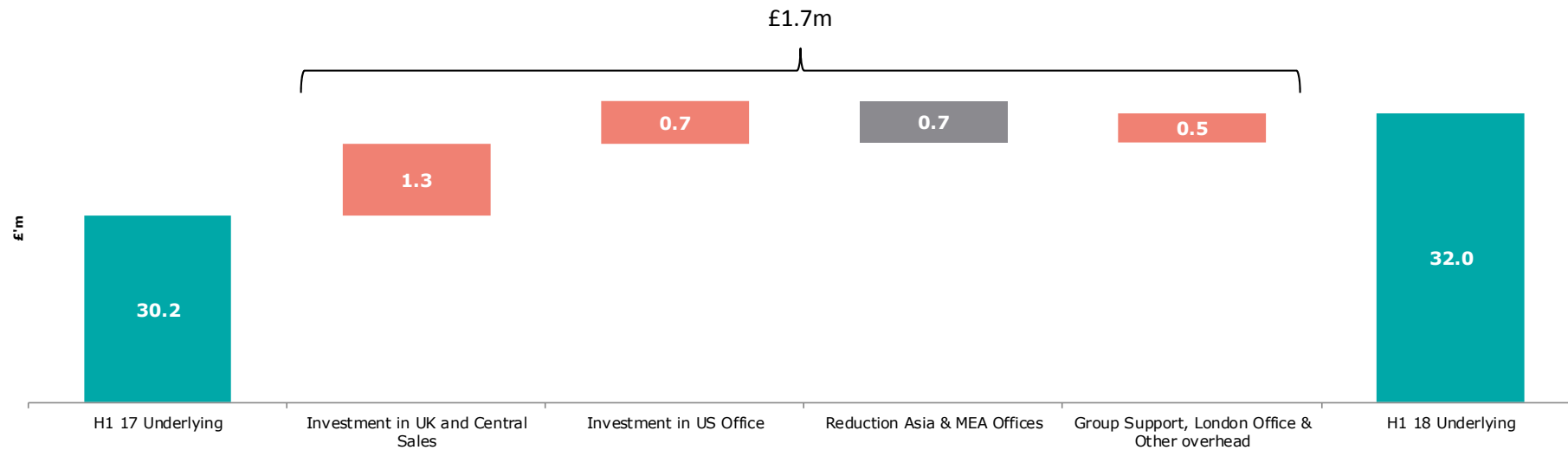
Profit Bridge



See slide 8 for definition of Underlying



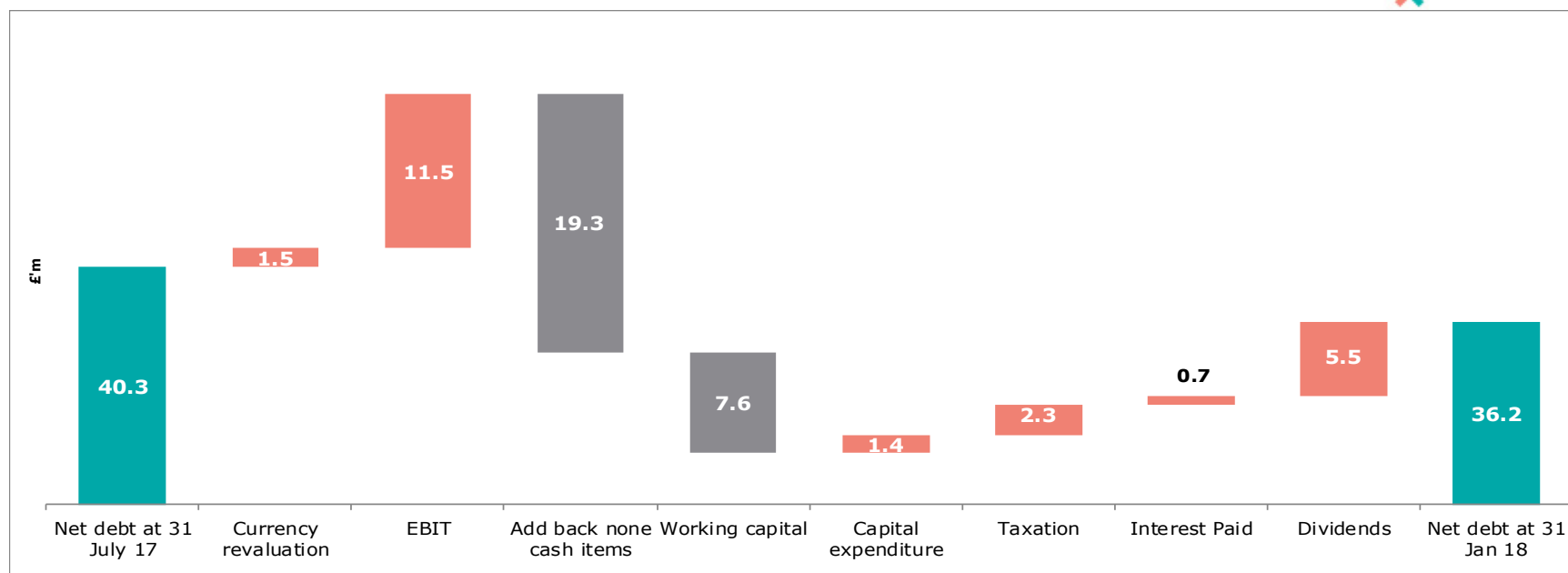
Administrative Expenses Bridge



- ▶ Excluding amortisation, underlying costs are £1.7m higher
- ▶ Substantial investments made in FY2017 and early FY2018 in anticipation of achieving significant NFI growth, which has not materialised
- ▶ Current cost reduction actions expected to generate circa £1.4 in full financial year 2018 (including Germany costs treated as non-underlying)
- ▶ Ongoing annualised savings from 2019 onwards expected to be c.£2m, after taking account of currently known and planned cost increases which will occur in 2019.
- ▶ Savings numbers above against internal FY2018 projections. 2018 H1 cost variance on prior year is likely to be duplicated at a similar level in H2

See slide 8 for definition of Underlying

Cash Flow & Net Debt



- ▷ DSO at 31 January 53 days (2017: 54 days); each day is worth approximately £2m
- ▷ Remainder of improvement due to lower trade receivables due to seasonality of Christmas period billings
- ▷ Working capital continues as a key management focus to manage Group Net Debt
- ▷ New Dividend policy will enable better balance between dividends and debt reduction
- ▷ Looking ahead, there is some seasonality in our working capital cycle and year end net debt expected to be higher due to this and revenue phasing expectations
- ▷ New leverage covenants negotiated with bank and excess loan facility reduced

Earnings Per Share & Dividends



Period to 31 January	2018		2017		Underlying Change %
	Reported	Underlying	Reported	Underlying	
	£m	£m	£m	£m	
Profit before tax	(12.7)	6.9	5.2	8.3	-17%
Taxation	(0.5)	(2.2)	(1.8)	(2.4)	-9%
Profit after tax	(13.2)	4.7	3.3	5.9	-20%
	million	million	million	million	
Average shares in issue	31.9	31.9	31.1	31.1	
Shares under option	0.5	0.5	0.8	0.8	
Fully diluted shares	32.4	32.4	31.9	31.9	+2%
Earnings per share	pence	pence	pence	pence	
Basic	(41.3)	14.7	10.7	19.6	-25%
Diluted	(40.6)	14.5	10.5	19.1	-24%
Dividend per share		3.0		6.0	-50%

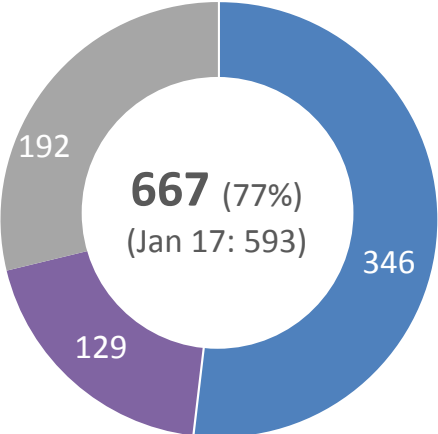
▷ Interim dividend of 3 pence per share proposed (2017: 6.0p)

2017 Operational Highlights

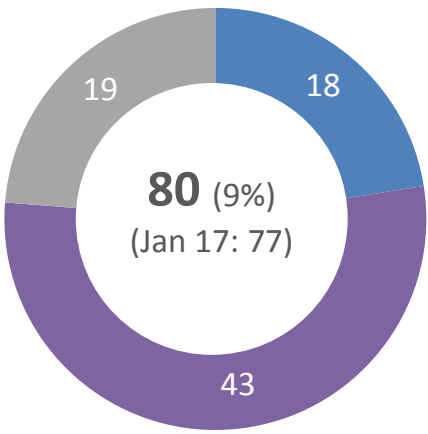
Global Headcount



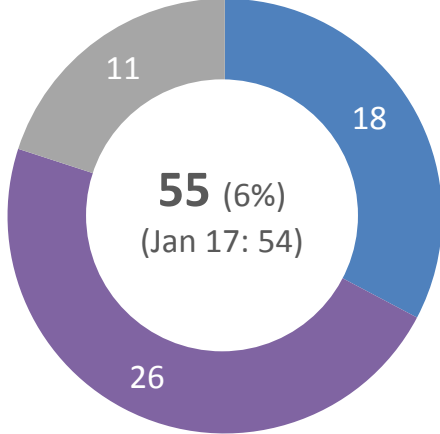
United Kingdom
(82% of Group NFI)



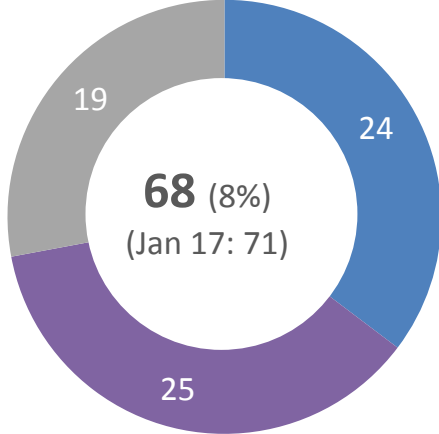
Americas
(9% of Group NFI)



Asia
(4% of Group NFI)



EMEA
(5% of Group NFI)

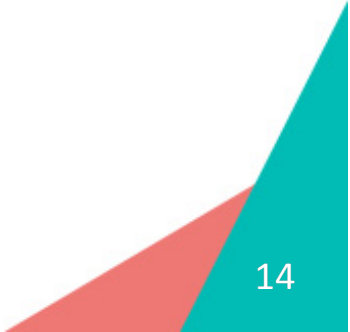


- Engineering
- Technology
- Management & Group Support

Global headcount: **870** (Jan 17: 795, July 2017 869)

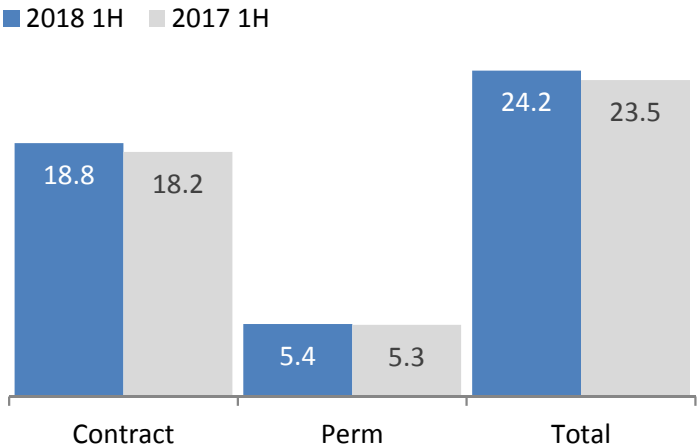
Sales: **629** (72%) (Jan 17: 572 72%, July 17: 617 71%)

Management & Support: **241** (28%) (Jan 17: 223 28%, July 17: 252 29%)

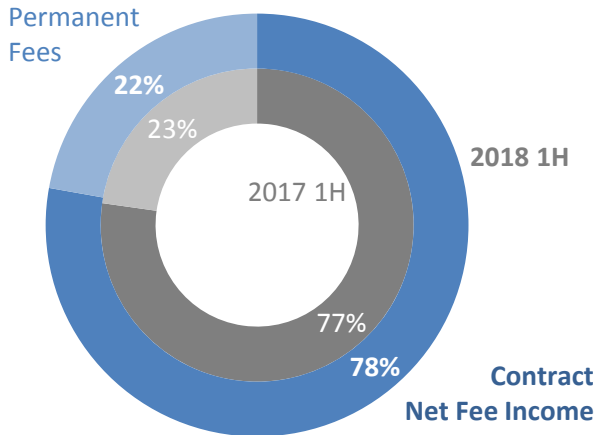


UK Engineering *(proforma basis)*

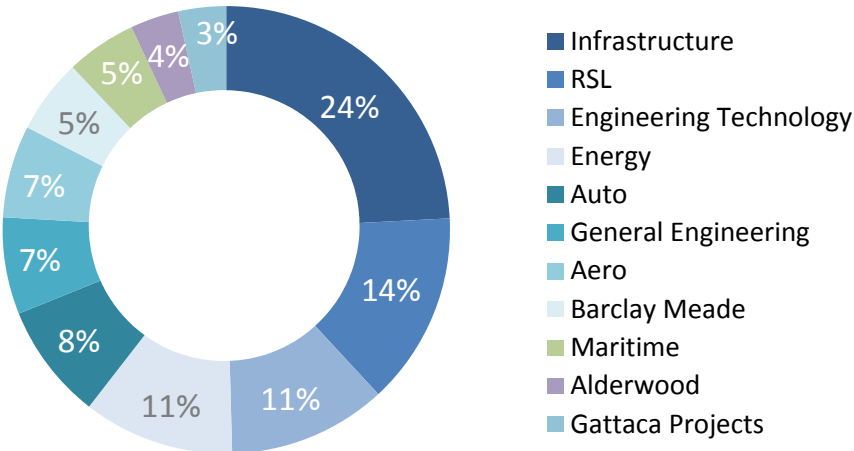
NFI



NFI by type



NFI by sector



UK Engineering Growth Drivers

Infrastructure

- UK market 10% growth to £29 billion
- HS2 mobilisation – station design and Civils
- Highways - Smart Motorways
- Water & Environment – OFWAT need to be met
- Construction - Residential & Commercial

Energy

- European windfarm - Construction to triple over 10 years
- Transmission & Distribution - Alternative power sources
- Oil & Gas – continual rises in oil price increase - \$70 could be tipping point for key projects

Maritime

- UK defence – T26, QEC, T45 and Dreadnought.
- T31e – Opportunity outside of BAE
- Canadian NSPS continuing – 3 year trading agreement
- UK Leisure – International sales

Aerospace & Automotive

- Customised Seating & Cabin lighting – next generation & LED
- Sector M&A presents candidate opportunities
- 1st Generation solutions – Auto on the move
- Rise of cryogenics – nitrogen Tech

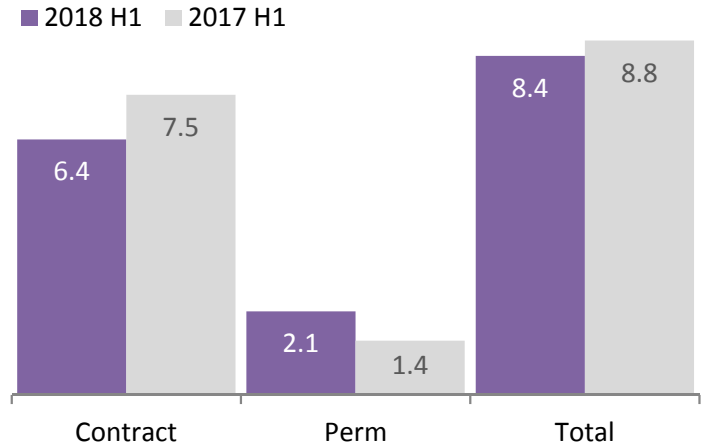
Procurement & Supply Chain

- Brexit – Increased investment
- Transactional skillsets – Advancement in technology
- Regulated Sectors – Defence and Aerospace being stretched

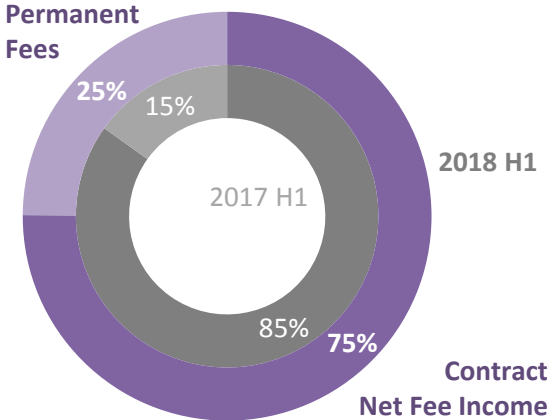
Engineering Technology

- UK Defence - global conflict and UK defence
- Smart – expected to grow 25% between 2016 and 2021 Industry 4.0 – “Smart factories”
- Autonomous vehicles – R&D and demand.
- 4.0 - industrial revolution is firmly underway

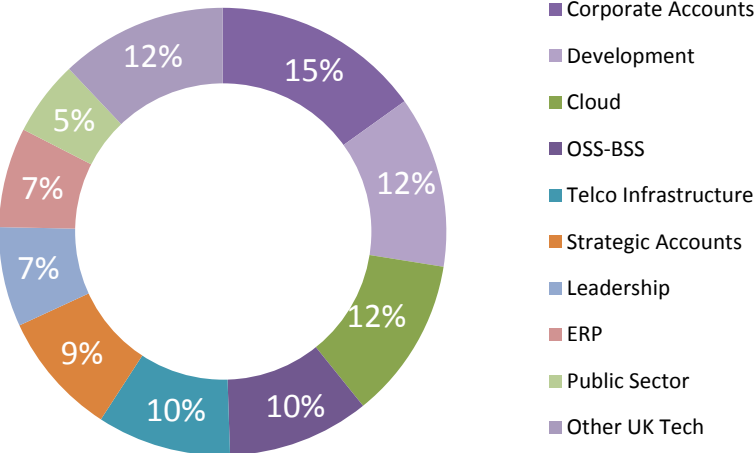
NFI £m



NFI by type



NFI by sector



UK Technology Growth Drivers

Development

- Digital transformation projects are changing how businesses connect with customers, partners and employees
- A wider demand from all industries for developers as IT solutions increasingly replace traditional solutions continues to fuel the shortage of developers

AI and Data Science

- The demand for Data Scientists, Machine Learning Engineers, and A.I. Researchers is surging across the UK and Europe
- Companies are realising the immediate commercial benefit of investment in this area through improved customer insight and increased market intelligence

Cyber security

- High profile cyber attacks ensure Cyber Security is top of the technology agenda within medium and large organisations
- Enforcement of GDPR regulation on 25 May 2018 is further driving the demand for Cyber & Information security skills

Leadership

- Continual high investment in Business Change and Transformation is driving significant demand for Leadership and Change Management skills
- PM and BA skills in high demand, as these Technology and Change Projects and Programmes are delivered

ERP

- The need for SAP customers to integrate and upgrade to S/4 HANA is creating a huge demand for consultants across Europe
- Oracle Cloud ERP alongside Software as a service applications are creating increased demand in existing Oracle customers as well as SME's

Telecoms

- Aligned the Business to Core Specialist Areas
- NFI improves with specialism in OSS/BSS and R&D as examples
- 5G will see further growth with the advent of smart cities; driverless cars and the internet of things

Gattaca B2B - Opportunities

Projects

- Delivery of outcome based services on client site and off load packages of work
- Potential to be a significant market for us
- New dedicated MD appointed from Lockheed Martin
- 137% growth YoY in NFI (Gross Profit) to £0.8m

Solutions

- Increased requirement for visibility and compliance driving clients to secure a single source of truth
- Improves fulfilment and as such efficiency of the delivery model for client and supplier
- 100% of buyers surveyed by SIA expect to increase spend in MSP, RPO or TTM models
- 7% growth YoY, with positive pipeline due to investment in BD and Solutions over past 18 months
- Vehicle to upsell Project and Consultancy Services

Market Insight

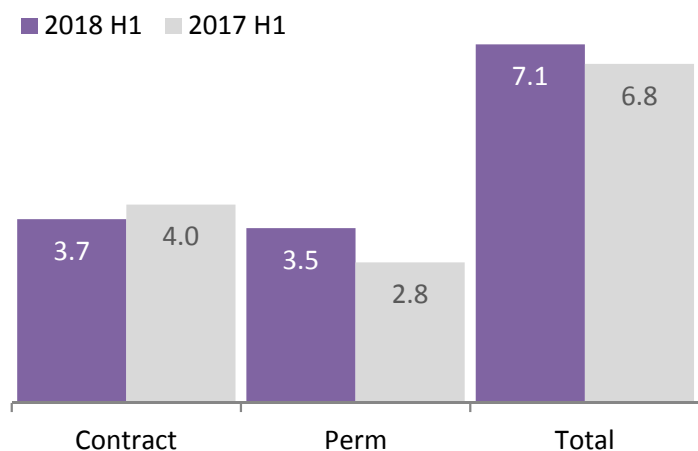
- Data on candidate and competitor demographics enable clients to make more informed business decision
- Support with customer bidding activity moving up the value chain and earlier engagement over resource needs
 - eg Full market map for specific e-commerce talent across Europe for a client. Assisting in identification of location and cost of talent

Consultancy Services

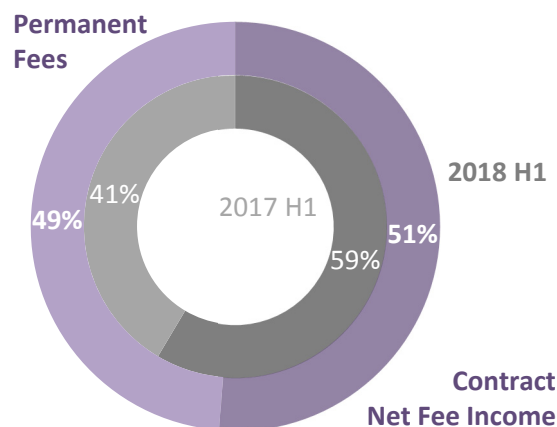
- EVP high priority for HRD communities - Assessment and redesign of clients employee value proposition, enabling them to attract and retain talent
- Diversity – looking to help clients take a more conscious and proactive approach to their workforce diversity
- Network of consultants to deliver at low marginal cost

International *(proforma constant currency basis)*

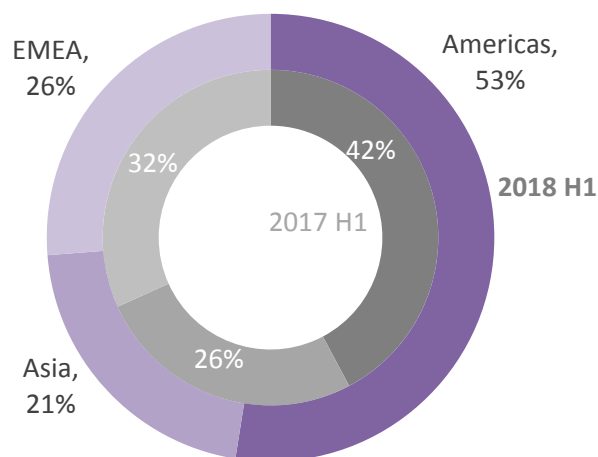
NFI £m



NFI by type



NFI by region



Underlying NFI £'m	2018 H1	2017 H1	Change	Change CC
<u>Americas</u>				
Contract	1.8	1.7	6%	10%
Permanent	1.9	1.2	58%	61%
Total	3.7	2.9	28%	30%

International Growth Drivers

Americas

Development

- Financial sector driving investment in Fintech solutions
- Toronto positioned to capitalize on Fintech market on east Coast

Engineering Technology

- Austin start-up market, supported by Dallas

Americas

Cyber security

- LATAM financial institutions bring improved systems and processes
- Recruiter on-site product

Energy

- Renewables, resurgent O&G
- Houston start up market strong

Americas

Tech Sales

- Tech clients have acute need for technical sales talent
- Tech sales continues to expand, key investment area

Automotive

- New business unit in Mexico beginning to show growth

Malaysia

- HSR Sing to KL fuelling growth in rail with 5 other on-going rail projects
- Metro project KL
- TRX mega project in KL largest mixed use construction project in Malaysia

China

- Automotive – 200 electric car start-ups
- Build – has 3 out of 10 of the largest global construction projects

South Africa

- Renewable Energy
- New Mining charter
- Cape Town Fintech hub of South Africa
- New Huawei project coming on- line in Nigeria, need for contractors

Middle East

- Dubai intends to roll out 5G by 2019.
- Increased stability in oil & gas prices assist in fuelling overall growth
- Qatar World Cup 2020 and Dubai Expo 2020 supporting direct and indirect growth in construction and infra.
- Rail – Doha & Riyadh Metro largest metro projects under construction
- Investment in alternative energy sector

Wrap-up

- ▷ NFI growth remains positive
- ▷ Executive Management team stable and getting on with the job
- ▷ David Lawther joining Board, with 2 NEDs leaving
- ▷ Back to basics focus
 - » International footprint under review
 - » Closer management review of key accounts delivery models and profitability
 - » Greater rigour around sales performance management
 - » Targeting central support costs to profit driving activities
- ▷ Addressing debt with rebased dividend
- ▷ Continuing to work hard to strengthen the Group and build further on its solid foundations

Appendices

Underlying PBT

Underlying PBT reconciliation

£'m	2018 H1	2017 H1	Change
PBT as reported	(12.7)	5.2	(4.2)
Non-underlying Items	0.5	1.1	(0.6)
Amortisation of intangibles	1.6	1.4	0.2
Impairment of acquired intangibles	17.1	-	0.2
Foreign currency exchange differences	0.4	(0.3)	0.2
Impact of full year consolidation of RSL	-	0.9	2.9
Underlying PBT	6.9	8.3	(1.3)

Administrative Expenses

Administrative Costs



£'m	2018 H1	2017 H1	Change
As reported	51.2	29.9	(21.3)
Non-underlying Items	(0.5)	(1.1)	(0.6)
Amortisation of intangibles	(1.6)	(1.4)	0.2
Impairment of acquired intangibles	(17.1)	-	17.1
Impact of full year consolidation of RSL	-	2.8	2.8
Underlying Administrative expenses	32.0	30.2	(1.8)
<i>% of Underlying pro-forma NFI</i>	<i>80%</i>	<i>78%</i>	
Investment in UK and Central Sales			(1.3)
Investment in US Office			(0.7)
Reduction Asia and MEA			0.7
Group Support staff costs			(0.2)
London Office			(0.1)
Other			(0.2)
			<u>(1.8)</u>

Finance Costs

Finance Costs

Period to 31 January	2018 Reported £m	2017 Reported £m	Variance £m
Bank Interest (receivable) / payable	0.7	0.5	(0.2)
Amortisation of capitalised finance costs	0.1	0.0	(0.0)
Foreign current exchange (gains) / losses	0.4	(0.3)	(0.7)
Finance Costs	1.2	0.3	(0.9)

Effective Tax Rate

Effective Tax Rate



	Reported £m	Adjusted* £m	Reported £m
Profit before tax	(12.7)	4.4	5.2
Corporation Tax Rate	19.0%	19.0%	19.7%
Corporation Tax	(2.4)	0.8	1.0
Goodwill impairment loss	2.1	-	
Irrecoverable withholding tax	0.6	0.6	0.7
Other & non-deductible expenses	0.1	0.1	(0.0)
UK and overseas tax rates differential	0.1	0.1	0.1
Total tax charge for period	0.5	1.7	1.8
<i>Effective tax rate</i>	<i>-3.8%</i>	<i>37.8%</i>	35.5%

*Excluding impact of intangibles impairment

- ▶ High Effective Tax Rate driven by non-recoverable Withholding Tax (WHT)
- ▶ These costs are charged to clients in NFI to ensure commercial viability
- ▶ All WHT generating activity under detailed review

- ▶ Higher Effective Tax Rate due to lower credit in relation to expenses not chargeable for tax in 2018 H1

Positioning and Model

Gattaca Strategic Positioning



Largest specialist international pure play Engineering & Technology recruiter:

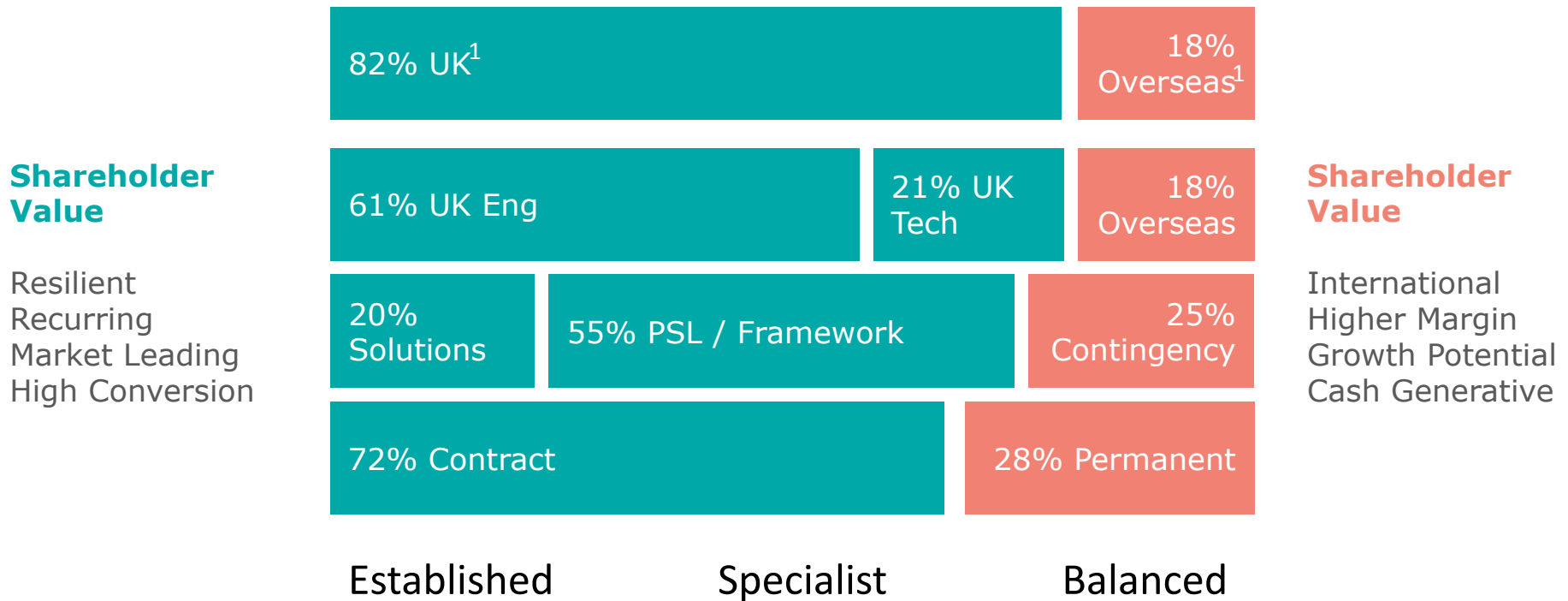
- ▶ Dual brand approach
- ▶ 'Gattaca' to pursue outsourced solutions without causing confusion
- ▶ Process led - scalable
- ▶ Contract & Permanent
- ▶ International coverage (both clients & candidates)

Gattaca – Business Model



Business Model

Net Fee Income (NFI) Contribution Distribution



¹ Stated on the basis as to the country NFI is generated from

Gattaca overview and history

Gattaca: a leading international specialist engineering & technology recruitment solutions company

- ▶ Focused strategy: by sector, skill-set and geography
- ▶ Trusted specialists in engineering and technology
- ▶ Experienced, established team
- ▶ Engaged, productive workforce

Overview of Gattaca



14 offices, 11 countries



9,000 contractors
2,200 Perm placements



No1 UK Engineering¹
Top 5 UK Technology¹



898 employees



Candidates placed in over 100 countries



Revenue of £324m



Trusted by 2,500 employers



In excess of 1 million candidates on our database



AIM listed

¹ Source: Recruitment International Top 500 Report 2016

Gattaca Timeline

