



Preliminary Results

for Year Ended 31st July 2017

Brian Wilkinson – Chief Executive Officer
Salar Farzad – Chief Financial Officer

9th November 2017

Strategic Highlights



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

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

Overview of Gattaca



15 offices, 12 countries



873 employees



Trusted by 2,500 employers



9,500 contractors
4,000 Perm placements



Candidates placed in
over 100 countries



In excess of 1 million
candidates on our database



No1 UK Engineering¹
Top 5 UK Technology¹



Revenue of £642m



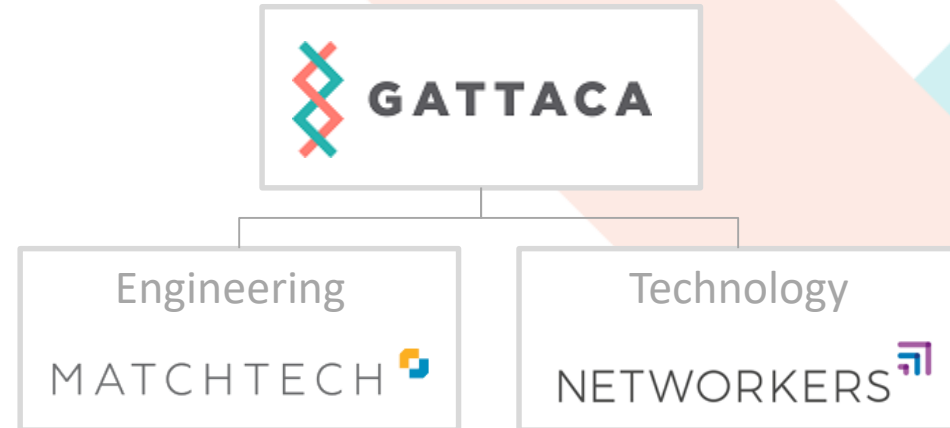
AIM listed

¹ Source: Recruitment International Top 500 Report 2016

Progress resulting from strategic changes

Largest specialist international Engineering & Technology recruitment solutions provider:

- ▶ Matchtech UK now back to growth
- ▶ Engineering Technology is now the Group's fastest growing business
- ▶ UK Technology now mirroring Matchtech organisational model
 - » Market segmented by skillset
 - » Dedicated sales team in new, more specialist areas
 - » New areas showing growth
- ▶ International under new management, repositioned and growing
 - » USA NFI grew 51% YoY in H2
 - » China NFI grew 12% YoY in H2
 - » South Africa and Dubai refocused and stabilised
 - » Anticipate overall growth Q1
- ▶ Recruitment Solutions gaining traction
- ▶ Operational costs controlled with continued investments in infrastructure and processes to ensure effective scalability



Highlights & Results



Highlights



- ▶ Group NFI growth of 2%; down 4% on a proforma basis, as indicated in our August trading update
- ▶ UK Engineering NFI down 3%; half of this recovered through a reduction in staff costs
- ▶ UK Technology NFI down 6%, 20% of which was recovered through a reduction in staff costs offset by investments in new teams to address market segments introduced during the year
- ▶ International was 4.3% lower, with strong growth in our priority US market of 27% masked by contract reductions in South Africa, in particular
- ▶ Networkers operational integration now complete
- ▶ RSL performing in line with Matchtech, integration underway
- ▶ Full year dividend of 23.0 pence per share (2016: 23.0p)

Income Statement



Period to 31 July	2017			2016		Reported Change %	Underlying Change %
	Reported	Adjustments	Underlying ¹	Reported	Underlying ¹		
	£m	£m	£m	£m	£m		
Revenue	642.4	-	642.4	617.6	616.8	+4%	+4%
Contract NFI	56.4	-	56.4	53.9	53.9	+5%	+5%
<i>Contract gross margin (%)</i>	9.0%		9.0%	9.0%	9.0%		
Permanent fees	18.3	-	18.3	19.1	18.5	-4%	-1%
Gross profit (NFI)	74.7	-	74.7	73.0	72.4	+2%	+3%
<i>Gross margin (%)</i>	11.6%		11.6%	11.8%	11.7%		
Administrative expenses	(62.0)	4.7	(57.3)	(57.9)	(51.0)	+7%	+12%
EBIT	12.7	4.7	17.4	15.1	21.4	-16%	-19%
<i>NFI conversion (%)</i>	17%		23%	21%	30%		
<i>Operating margin (%)</i>	2.0%		2.7%	2.4%	3.5%		
Financing	(1.2)	-	(1.2)	-	(1.0)		
Profit before tax	11.5	4.7	16.2	15.1	20.4	-24%	-21%

¹ Underlying results exclude the trading and net proceeds of divested businesses (2017: £nil; 2016: £0.3m loss), acquisition costs (2017: £0.2m; 2016: £nil), amortisation of acquired intangibles (2016: £3.1m; 2016: £3.7m) and integration and restructuring costs (2017: £1.4m; 2016: £2.4m), exchange gains from revaluation of foreign assets and liabilities (2017: £nil; 2016 £1.0m).

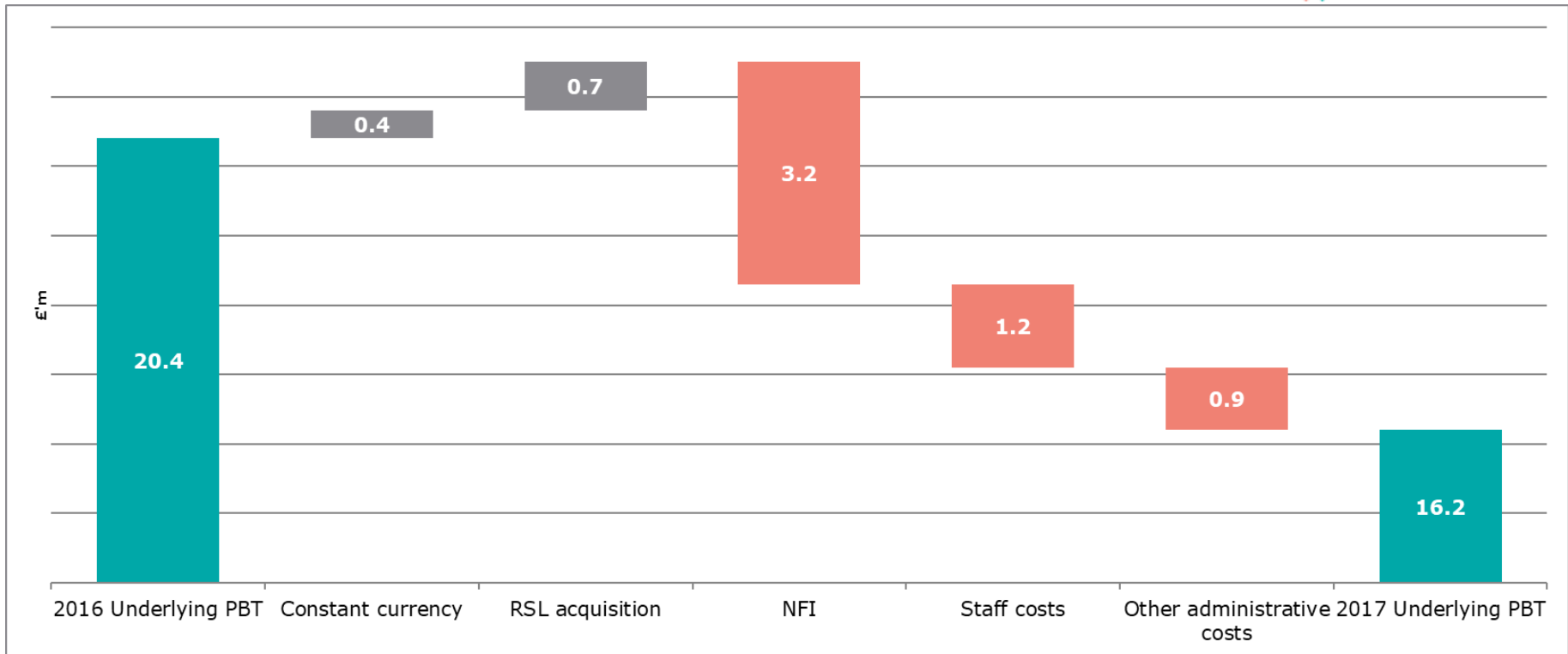
▶ Underlying EBIT to Gross Profit conversion ratio at 23% industry leading

Earnings per share & Dividends



Period to 31 July	2017		2016		Underlying Change %
	Reported	Underlying	Reported	Underlying	
	£m	£m	£m	£m	
Profit before tax	11.5	16.2	15.1	20.4	-21%
Taxation	(4.2)	(5.1)	(5.2)	(6.3)	-19%
Profit after tax	7.3	11.1	9.9	14.1	-21%
	million	million	million	million	
Average shares in issue	31.5	31.5	30.9	30.9	
Shares under option	0.9	0.9	1.1	1.1	
Fully diluted shares	32.4	32.4	32.0	32.0	+1%
Earnings per share					
	pence	pence	pence	pence	
Basic	23.4	35.3	32.1	45.6	-23%
Diluted	22.7	34.3	31.0	44.1	-22%
Dividend per share		23.00		23.00	+0%

Profit bridge



- ▶ Constant currency: NFI £2.0m; Costs £(1.6)m
- ▶ RSL acquisition: NFI £3.3m; Costs £(2.6)m
- ▶ NFI: Engineering £(1.2)m; Technology £(1.3)m; International £(0.7)m
- ▶ Staff costs: International sales £(1.3)m; Business Development £(0.6)m; Support synergies £0.7m;
- ▶ Other: London office £(0.6)m (9 months); other £(0.3)m

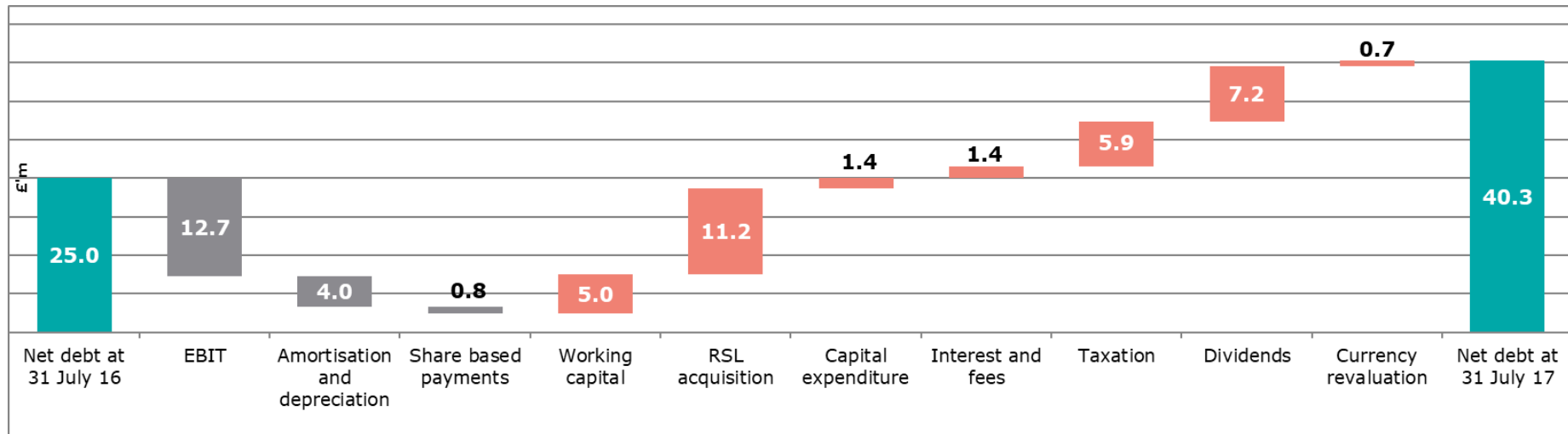
Effective Tax Rate



Period to 31 July	2017 Reported £m	2016 Reported £m
Profit before tax	11.5	15.1
Corporation Tax Rate	19.7%	20.0%
Corporation Tax	2.3	3.0
Irrecoverable withholding tax	2.0	1.1
Other & non-deductible expenses	(0.1)	0.7
UK and overseas tax rates differential	0.3	0.4
Tax excluding prior year adjustments	4.5	5.2
<i>Effective tax rate</i>	39.1%	34.4%
Changes in UK tax rates	(0.4)	-
Prior year adjustments	0.1	-
Total tax charge for period	4.2	5.2
Effective Tax Rate	36.1%	34.2%

- ▶ High Effective Tax Rate driven by non-recoverable Withholding Tax
- ▶ These costs are charged to clients in NFI to ensure commercial viability

Cash flow and net debt



- ▷ DSO at 55 (2016: 50)
- ▷ Comfortable with Net debt at 2.2x adjusted EBITDA
- ▷ Working capital a key management focus

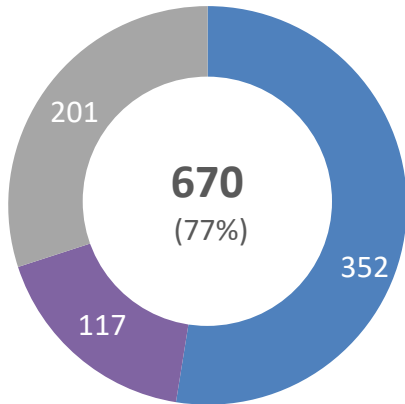
Operational Highlights



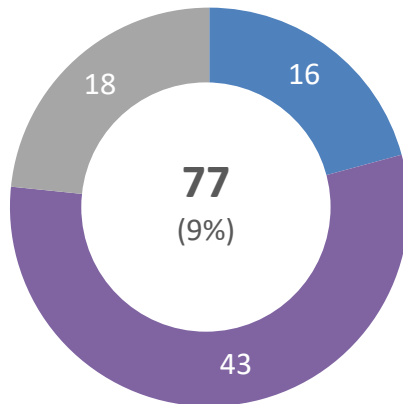
Global Headcount



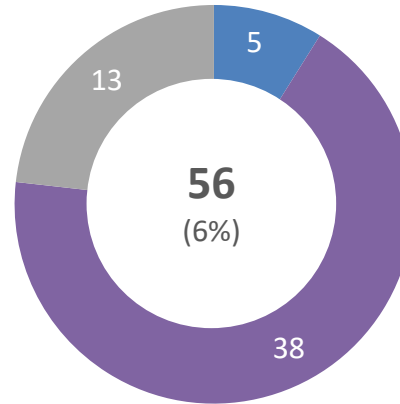
United Kingdom
(79% of group NFI)



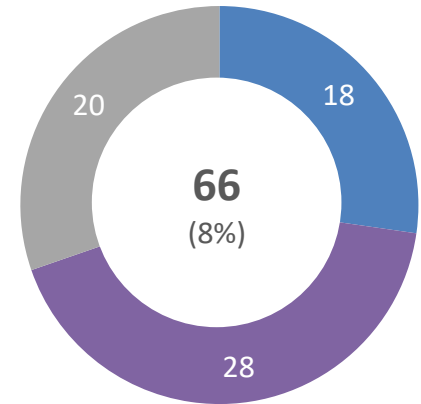
Americas
(9% of group NFI)



Asia
(5% of Group NFI)



Middle East & Africa
(7% of group NFI)



- Engineering
- Technology
- Management & Group Support

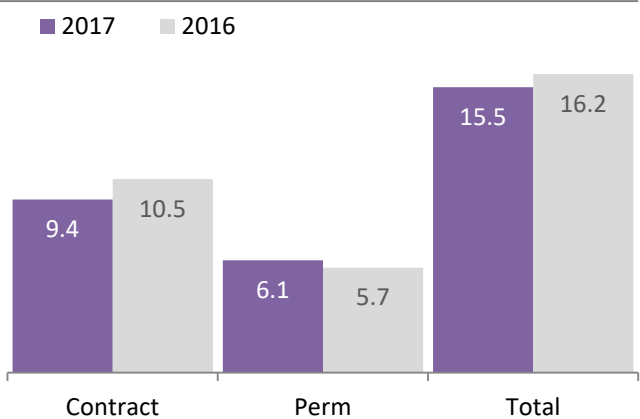
Global headcount: **869**

Sales: **617** (71%)

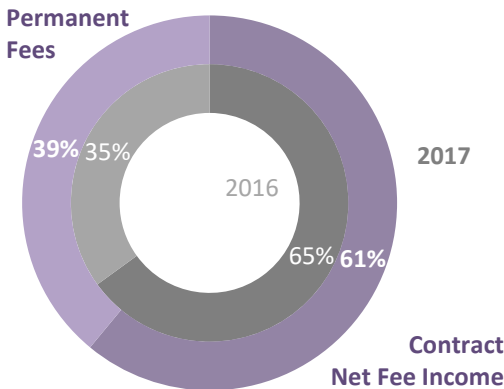
Management & Support: **252** (29%)

International *(proforma constant currency basis)*

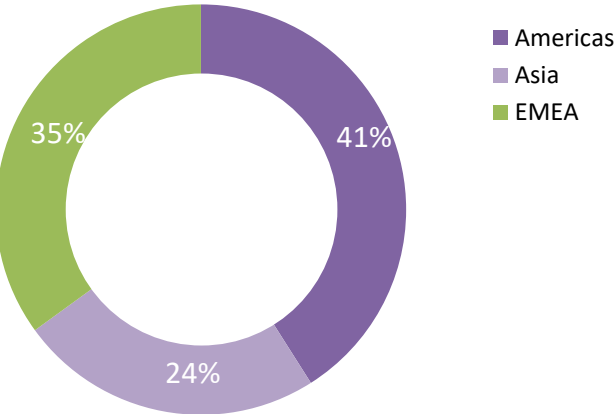
NFI £m



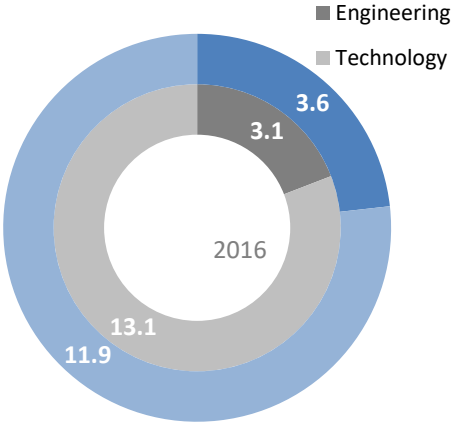
NFI by type



NFI by region



NFI by sector



International Growth Drivers

Americas

Development

- Financial sector driving investment in Fintech solutions
- B2C Mobile app development

Engineering Technology

- Austin start-up market, supported by Dallas

Americas

Cyber security

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

Energy

- Renewables, resurgent O&G

Americas

Tech Sales

- Tech clients acute need for technical sales talent
- Fees are calculated on total OTE leading to higher margins / fees

Automotive

- New business unit in Mexico

Malaysia

- HSR and Southern Double track

China

- Automotive – electric vehicles
- Build – has 3 out of 10 of the largest global construction projects

South Africa

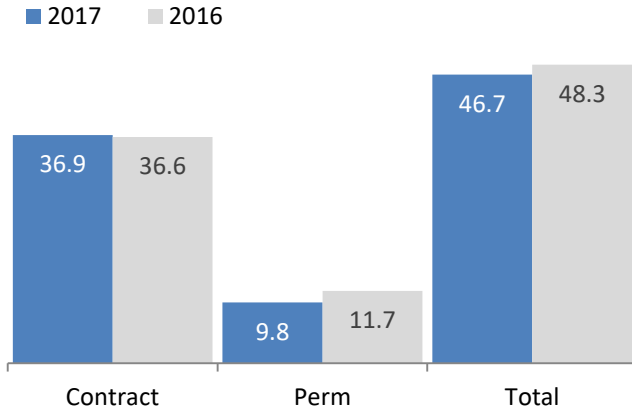
- Renewable Energy
- New Mining charter
- Cape Town Fintech hub of South Africa
- New Huawei project coming on-line in Nigeria, need for contractors

Middle East

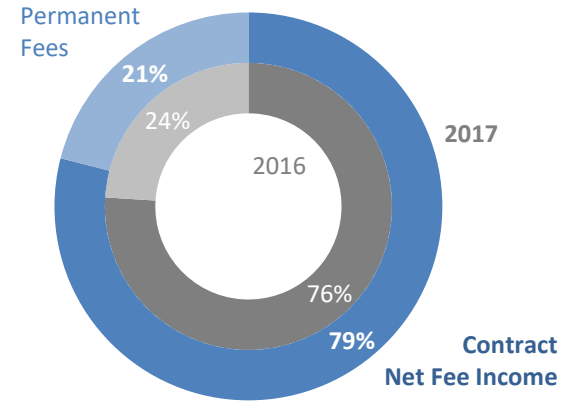
- Dubai intends to roll out 5G by 2019.
- Rail – Doha & Riyadh Metro largest metro projects under construction
- Energy industry still largest and most active sectors in MEA
 - Solar
 - Nuclear

UK Engineering *(proforma basis)*

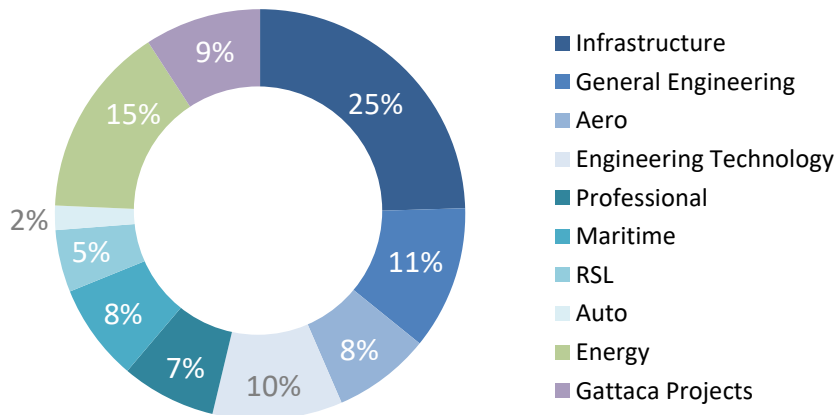
NFI



NFI by type



NFI by sector



UK Engineering Growth Drivers

Infrastructure

- Rail - HS2 now hiring
- Increased site based maintenance projects using high levels
- Highways - major road upgrades; Highways England frameworks allocated
- Water & Environment
Environmental impact increased spend

Energy

- Renewables – European Offshore windfarm construction continues
- Transmission - upgrades to grid infrastructure
- Nuclear – Hinkley Point C construction underway
- Oil & Gas – slight upturn due to oil price increase

Maritime

- UK defence – QEC carrier maintenance
- Canadian NSPS continuing. Irving framework agreement driving demand
- UK Leisure – Increased overseas sales due to weak Pound

Aerospace

- Seating market expanding through SME growth UK and Europe
- R&D investment in engine and satellite technologies

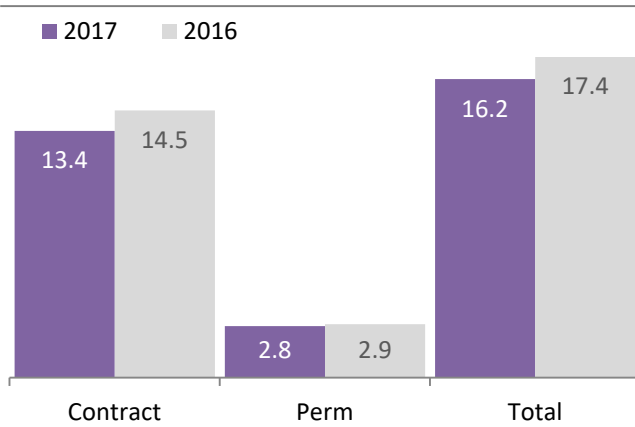
Automotive

- Changing emission laws driving the development of alternative fuel vehicles i.e. hybrid and electric
- Connected and autonomous vehicle development

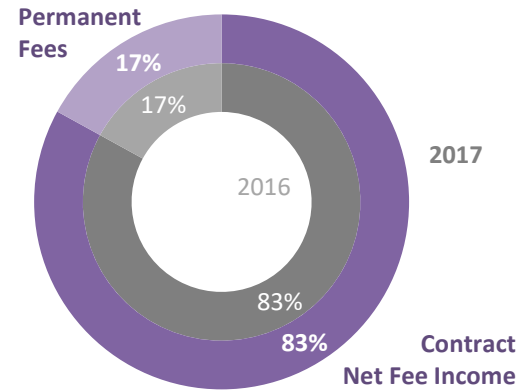
Engineering Technology

- IOT/Connectivity underpinning developments across verticals
- Smart Infrastructure – transport, utilities & buildings
- Industry 4.0 – “Smart factories”
- On-going connected car advances
- Long term commitment to investment in defence budget

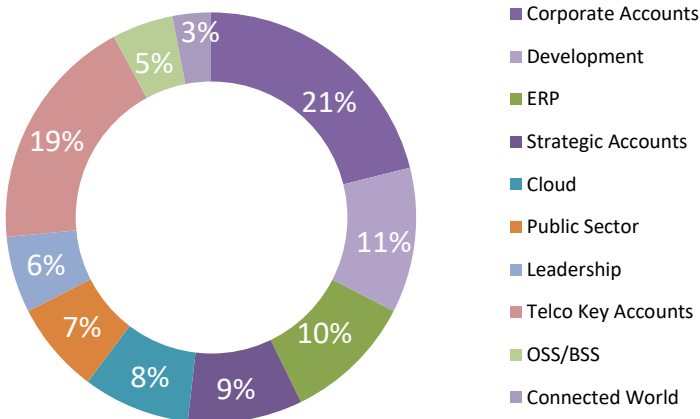
NFI £m



NFI by type



NFI by sector



Development

- Continued growth of the web as a key channel to market for connecting with customers, partners and employees
- Increasing usage and sophistication of mobile sites is fuelling the shortage of developers

Cloud

- Further investment by organisations in cloud continues to reshape enterprise IT
- Investment in AI and Data Science is accelerating as organisations look to leverage cost savings and increase market intelligence

Cyber security

- High profile cyber attacks ensure Cyber Security is top of the technology agenda within medium and large organisations
- Constantly evolving threats and new technologies are being adopted

Leadership

- Constant technology change is creating significant demand for leadership and change management skills
- Business Analysis and Project Management skills are sought after to deliver new projects

ERP

- Introduction of SAP 4 Hana is driving demand for skills in this area, in particular in consultancy organisations
- Oracle Cloud alongside Software as a service applications are creating increased demand in existing Oracle customers as well as SME's

Telecoms

- Telecoms vendors are diversifying their businesses to become more technology focussed
- Increased demand for skills within Big Data, Cloud and 5G
- 5G will see further growth with the advent of smart cities; driverless cars and the internet of things

Gattaca Solutions - opportunity



- ▶ Employer/employee relationships changing – new models emerging
- ▶ MSP and Solutions industry has grown between 11% - 16% year on year since 2011¹
- ▶ Client spend on MSP \$100bn+ globally with supplier NFI \$2bn+¹
- ▶ MSP market evolving rapidly, for example:
 - » Service providers are tapping a wider scope of talent, with the management of Statement of Work (SOW) consultants tripling
 - » Moreover, offshoring is growing rapidly, multi-country and multi-continent engagements are accelerating and direct sourcing is on the rise
 - » Nearly 75% of all the MSP deals are less than \$50m in managed spend – sweet spot for Gattaca.

¹ Source: Staffing Industry Analysts

Gattaca Solutions – rationale and results



- ▶ Increased stability and recurring revenue period - typically 5 years+
- ▶ Upselling to our existing client base – more organisations seeking outsourced, single-provider solutions
- ▶ Capitalise on global growth of Solutions market as we internationalise and organically grow our business
- ▶ Integrate our business with our customers more strategically driving client retention and revenue per customer

- ▶ Multiple client wins and accounts retained
- ▶ Restructured Solutions division and improved operational integration
- ▶ Introduced added value consultancy services to our core recruitment capabilities

Outlook



Outlook

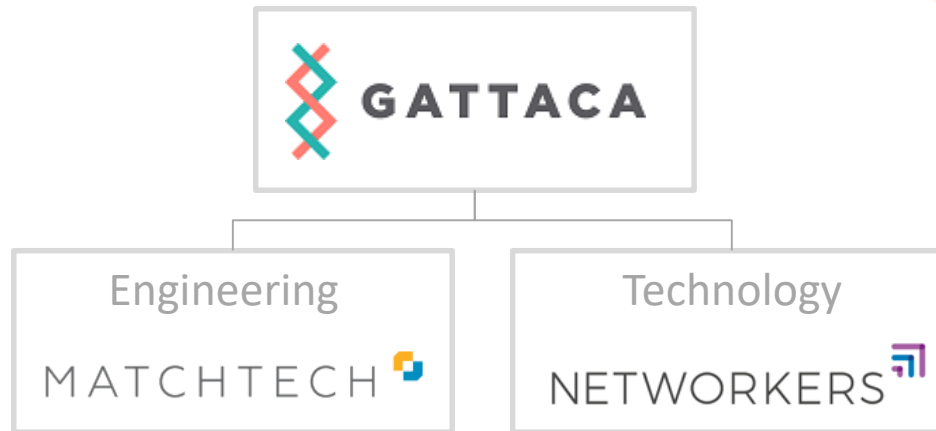


- UK Engineering exit rates for 2017 showed decline abating
 - Q4 1% down on prior year
 - September year to date NFI showing modest growth on prior year
- Solutions business gaining momentum
- Technology continues to be challenging but actions are working
- Gains in new markets such as converging telecoms not yet sufficient to offset lower demand in network infrastructure market
- Project to increase exclusively worked Perm business driving NFI
- Economic uncertainty as a result of UK political climate and Brexit implementation
- USA - our key international focus market - exited 2017 strongly and momentum continues into 2018
- Asia Q4 growth continuing into 2018

Appendices



Gattaca Strategic Positioning

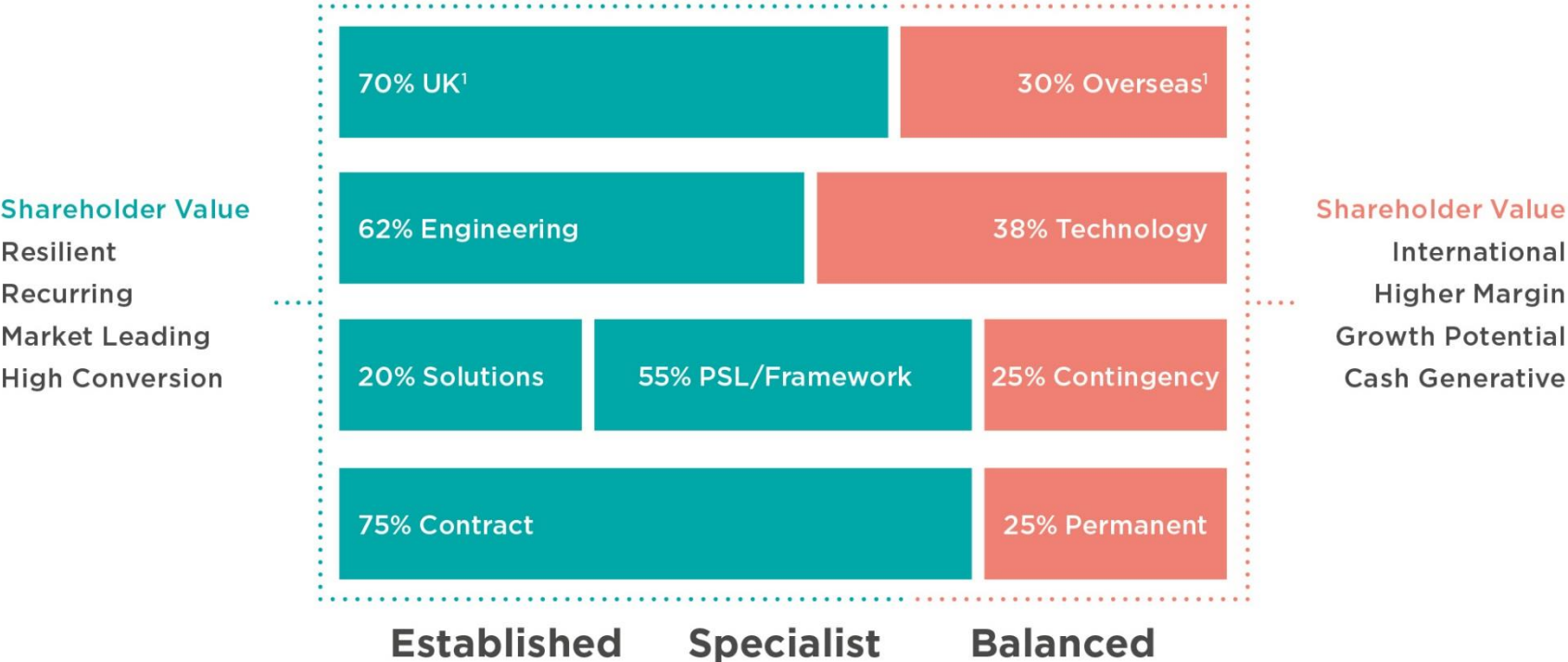


Largest specialist international pure play Engineering & Technology recruiter:

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

Business model

Net Fee Income (NFI) Contribution Distribution



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