Management Consulting Group PLC

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Results for the six months ended 30 June 2013

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Commercial highlights

Commercial highlights

Weak first half, but set for much improved second half

- Weak revenue performance in Alexander Proudfoot as a result of low level of opening order book and slow start to 2013, but recent order input points to much stronger second half
- Kurt Salmon performed well in North America and Asia, but continuing weakness in the large French business has delivered lower revenues overall
- Current Alexander Proudfoot order book is at twice the level as at the 2012 year end
- Current order book in both businesses is higher than at the same time last year, and pipeline is encouraging

Diversified by geography

Global business

The Group is present in the important markets across the globe

98% of MCG's revenues were derived from outside the UK

15% of H1 2013 revenues related to client projects outside North America and Western Europe

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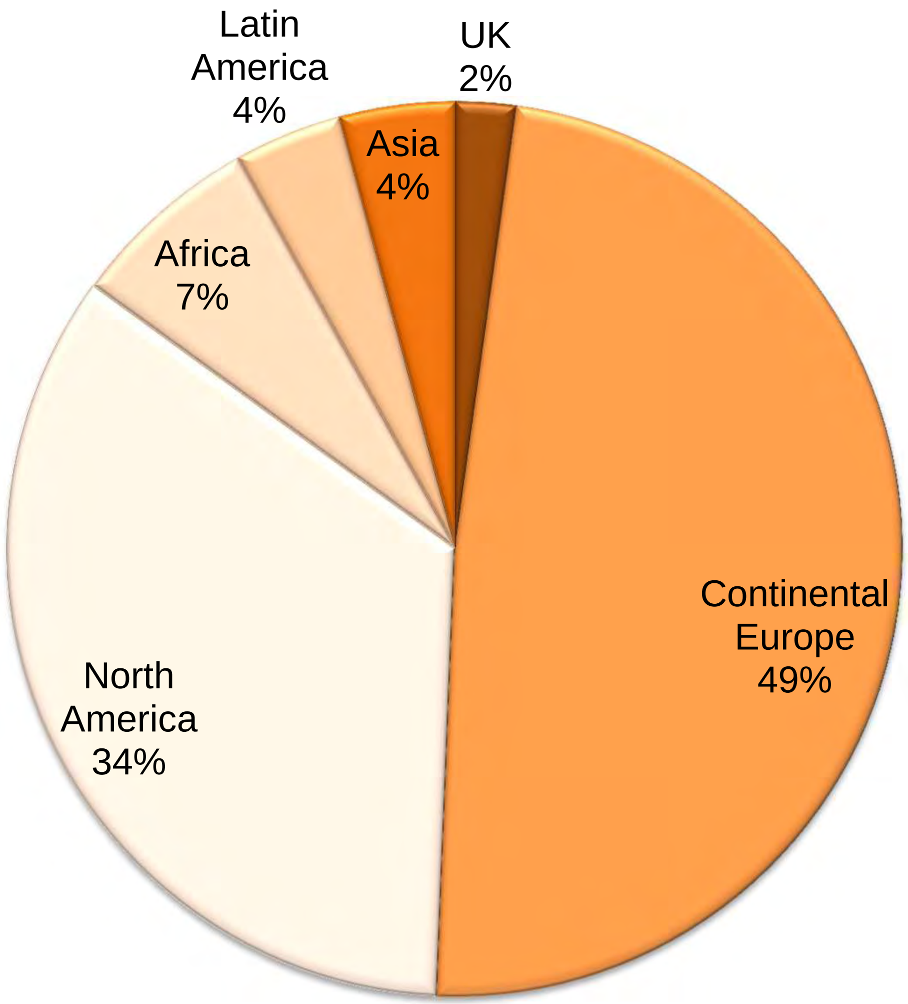


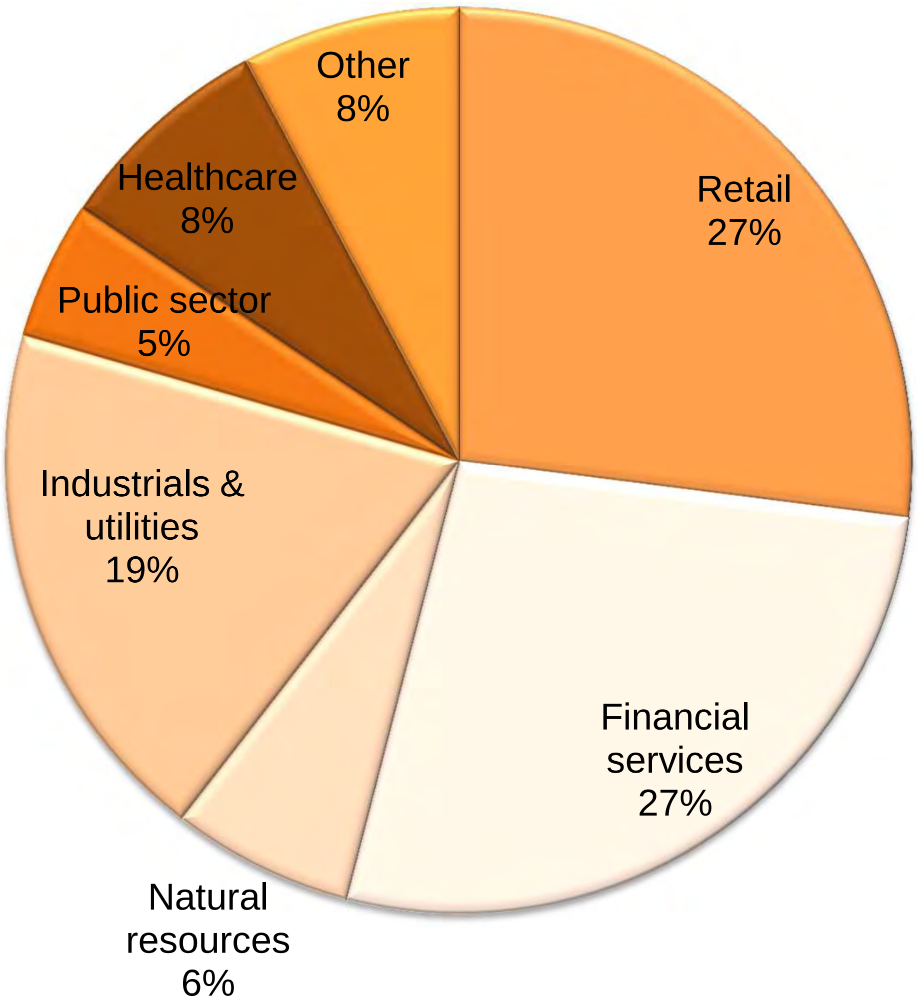
Pie chart shows revenue by delivery location

Diversified by sector

Sector strengths

Strengths in key verticals, some of which are managed on a global basis

Also some strong national practices which are not managed globally



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Financial highlights

Financial highlights

Impact of weaker revenue performance in Alexander Proudfoot

- Revenue 16% lower at £123.4m (H1 2012: £146.8m)
- Underlying* operating profit 41% lower at £7.0m (H1 2012: £11.8m)
- Underlying* operating profit margin lower at 5.7% (H1 2012: 8.0%)
- Profit for the half-year of £1.9m (H1 2012: £4.1m restated)
- Net debt increased to £51.7m, as previously guided (30 June 2012: £35.7m)
- Underlying basic earnings per share decreased to 0.7p (H1 2012: 1.1p restated)
- Interim dividend unchanged at 0.23p per share (2012: 0.23p)

*The term 'underlying' is defined as: 'before non-recurring items, and the amortisation of acquired intangible assets'.

**Adjusted EBITDA is underlying operating profit, after adding back depreciation and amortisation (£2.4m) and the cost of share awards (£3.1m)

Profit and loss account

- Underlying operating profit weaker on lower revenues

	H1 2013 £m	H1 2012* £m	H2 2012* £m
Revenue	**123.4**	**146.8**	**139.0**
Underlying EBITDA	**8.5**	**13.0**	**15.1**
Underlying operating profit	**7.0**	**11.8**	**13.9**
Amortisation of intangibles	(1.3)	(1.2)	(1.1)
Non-recurring items	(1.4)	(1.0)	(4.3)
Operating profit	**4.4**	**9.5**	**8.7**
Net interest cost	(1.9)	(2.0)	(1.2)
Profit before tax	**2.5**	**7.6**	**7.5**
Tax expense	(0.6)	(3.5)	(0.8)
Profit for the period	**1.9**	**4.1**	**6.7**

* 2012 reflects restatement of net interest costs

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Cash flow and debt

- Increase in net debt reflects weak first half and exchange rate changes

	H1 2013 £m	H1 2012 £m	FY 2012 £m
Operating profit	**4.4**	**9.5**	**18.2**
Depreciation and amortisation	2.8	2.4	4.7
Share award charge	1.8	1.4	3.1
Increase in net working capital	(19.8)	(14.5)	(11.1)
Cash (absorbed)/generated by operations	**(10.8)**	**(1.2)**	**14.9**
Share purchases/equity issue	(0.3)	0.6	0.3
Acquisition	(0.3)	(0.2)	(0.3)
(Purchase)/sale of investments	(0.7)	-	1.4
Capital expenditure	(1.8)	(2.2)	(2.7)
Interest paid	(1.2)	(1.0)	(2.3)
Taxes paid	(1.6)	(4.5)	(10.2)
Dividends paid	(1.1)	(0.9)	(3.6)
Exchange differences	(3.6)	1.9	0.4
Increase in net debt	**(21.4)**	**(7.5)**	**(2.1)**
Net debt at beginning of period	**(30.3)**	**(28.2)**	**(28.2)**
Net debt at end of period	**(51.7)**	**(35.7)**	**(30.3)**

Net assets

> No significant change

	June 2013 £m	Dec 2012* £m
Intangible assets	277.7	266.4
Tangible assets	3.1	2.6
Investments	2.2	2.0
Deferred tax asset	21.0	20.0
Trade and other receivables	73.0	66.4
Cash and cash equivalents	10.9	14.9
Total assets	**387.9**	**372.3**
Borrowings	(62.6)	(45.2)
Other payables	(94.4)	(107.7)
Retirement benefit obligation	(21.5)	(24.8)
Total liabilities	**(178.5)**	**(177.7)**
Net assets	**209.4**	**194.6**

* 2012 reflects restatement of net interest costs

Non-recurring items

- Restructuring costs relate to Kurt Salmon France

	H1 2013 £m	H1 2012 £m
Restructuring costs	(0.7)	(1.0)
Asset write-downs	(0.6)	-
	(1.4)	**(1.0)**

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Underlying tax rate

Lower tax rate reflects geographic mix of profit

	H1 2013		H1 2012*	
	Profit £m	Tax £m	Profit £m	Tax £m
Reported profit before tax	**2.5**	**(0.6)**	**7.6**	**(3.5)**
Non-recurring items	1.4	(0.5)	1.0	(0.4)
Amortisation of intangibles	1.3	(0.4)	1.2	(0.4)
Underlying profit before tax	**5.1**	**(1.5)**	**9.8**	**(4.3)**
Underlying tax rate		**30%**		**44%**

* 2012 reflects restatement of net interest costs

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Earnings per share

- Reflects weaker profit and lower tax rate

	H1 2013 £m	H1 2012* £m
Underlying profit before tax	5.1	9.8
Underlying tax charge	(1.5)	(4.2)
Underlying profit after tax	**3.6**	**5.6**
Weighted average share capital	484.2m	485.8m
Underlying basic EPS	**0.7p**	**1.1p**
Basic EPS	**0.4p**	**0.8p**

* 2012 reflects restatement of net interest costs

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Divisional performance

Kurt Salmon

	H1 2013 £m	H1 2012 £m	H2 2012 £m
Revenue	94.8	102.5	96.5
Operating profit	6.1	6.6	6.9
Operating profit %	*6.4%*	*6.4%*	*7.2%*

- Revenues 7.5% lower than same period in 2012, reflecting continuing weakness in France, and impact of rationalising some non-core underperforming practices in the second half of 2012
- Encouraging growth in revenues in North America and Asia, and good progress in European markets outside France
- Underlying operating margin maintained at same level as H1 2012, in spite of lower revenues overall
- We will continue to manage resource levels in France to match expected demand for our services, in a market which remains weak
- Healthy order book, higher than the same time last year, and encouraging pipeline of prospects going into the second half

Alexander Proudfoot

	H1 2013 £m	H1 2012 £m	H2 2012 £m
Revenue	28.6	44.3	42.5
Operating profit	0.9	5.2	7.0
Operating profit %	*3.1%*	*11.8%*	*16.5%*

- Weak opening order book position and slow start to the year has driven lower revenues
- Lower margin in H1 2013 reflects significantly lower revenues
- Key sectors are natural resources, financial services and manufacturing.
  - Focus of natural resources work for clients has shifted to cost reduction and efficiency
- New operation established in Hong Kong in 2013
- Order intake has improved significantly in recent months, in all key geographies
- Current order book is more than twice the level as at the start of the year, and higher than the same time in 2012
- Significantly stronger H2 expected

Prospects

Prospects

Stronger second half expected

- Much improved order input in recent months in Alexander Proudfoot should drive a significant improvement in revenue and profit performance in H2
- Encouraging start to the year for Kurt Salmon operations in North America and Asia, but France continues to face economic headwinds
- Order book position and pipeline in both businesses is encouraging and points to better second half performance at this stage
- We continue to invest and to focus on opportunities in growing markets and industry sectors, particularly in the US and emerging markets

Appendices

Major office locations

Overview of MCG

Management Consulting Group PLC

- Listed on the London Stock Exchange in 1987 as Alexander Proudfoot
- Name changed to Management Consulting Group in 2000
- Acquired Ineum Consulting in 2006 and Kurt Salmon Associates in 2007
- Now operates through two independently managed practices
  - Alexander Proudfoot
  - Kurt Salmon
- About 1,700 employees worldwide
- Small head office team in London manages PLC and some group-wide functions
- Major shareholders are Henderson (22%), BlueGem (25%) and employees/directors (14%)
- Our strategy is to grow revenues and margins in the two existing businesses

MCG board of directors

Alan Barber

Non-executive Chairman

Nick Stagg

Group CEO

Luiz Carvalho

Alexander Proudfoot CEO

Chris Povey

Group Finance Director

Chiheb Mahjoub

Kurt Salmon CEO

Plus 5 non-executive directors on the MCG PLC board

Kurt Salmon

Leading global consulting business

Kurt Salmon

- A management consulting business
- Established in 2010, from two key predecessor businesses:
  - Ineum Consulting
    - the former Deloitte consulting practice in France, acquired by MCG in 2006
  - Kurt Salmon Associates
    - founded in 1935, acquired by MCG in 2007
    - US headquartered global business focusing on retail clients
- Headquartered in Paris and New York, and operating in Europe, North America and Asia
- Serves clients globally in three industry sectors:
  - Retail and consumer goods
  - Financial services
  - CIO advisory
- Also strong regional practices, eg healthcare in the US, public sector in France

Alexander Proudfoot

Focus on operational improvements

ALEXANDER PROUDFOOT
people • productivity • profitability

- Operational improvement business
  - Revenue / productivity increase and cost reduction
- Founded in 1946, has completed more than 16,000 projects across the globe
- Headquartered in Atlanta, offices in North America, Europe, South Africa, Brazil, Chile and Hong Kong
- Strengths in natural resources, manufacturing, and financial services
- Global delivery capability, and growing presence in emerging markets
- Distinctive sales and delivery model
- Projects are typically large scale, averaging c£2m each