

Management Consulting Group PLC

Results for the six months ended 30 June 2007

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Commercial headlines

- Strategy continued to be implemented
- Successful integration of Ineum completed
- Overall results slightly ahead of expectations
- Excellent trading from acquired Ineum business
 - *Revenue up 27% on H1 2007 (pre-acquisition)*
- Proudfoot revenue higher than H2 2006 but lower than abnormally high H1 2006
- Mixed performance from Parson with strength in Europe but shortfall in US
- Current order book ahead of last year
- Resumption of an interim dividend

Financial headlines

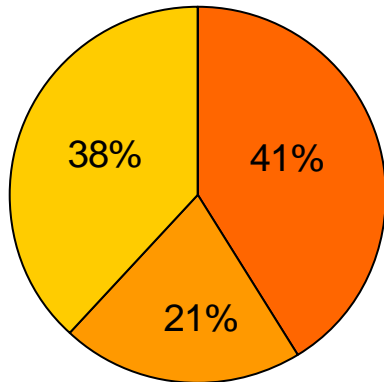
- Revenue up 49% at £100.5m (2006: £67.3m)
- Profit from operations before non-recurring costs and amortisation up 55% to £10.2m (2006: £6.6m)
- Profit before tax and amortisation of intangibles up 11% to £8.1m (2006: £7.3m)
- Earnings per share excluding amortisation and before non-recurring costs of 2.6 pence (2006: 2.7 pence)
- Net debt level with end of last year at £28.8m
- Interim dividend of 0.33 pence (2006: nil)

Profit and loss account

| <u>£m</u> | <u>H1 2007</u> | <u>H1 2006</u> | <u>FY 2006</u> |
|--|----------------|----------------|----------------|
| Revenue | 100.5 | 67.3 | 146.9 |
| Cost of sales | (50.2) | (32.7) | (73.4) |
| Gross profit | 50.3 | 34.6 | 73.5 |
| Selling costs | (24.0) | (19.3) | (40.2) |
| Administrative expenses | (16.1) | (8.7) | (17.1) |
| Profit before non-recurring expenses and amortisation of goodwill | 10.2 | 6.6 | 16.2 |
| Non-recurring expenses | (1.3) | 0.3 | (1.8) |
| Profit before amortisation of goodwill | 8.9 | 6.9 | 14.4 |
| Amortisation of acquired goodwill | (0.6) | - | (0.9) |
| Profit from operations | 8.3 | 6.9 | 13.5 |
| Net interest (cost)/income | (0.8) | 0.4 | (0.1) |
| Profit before tax | 7.5 | 7.3 | 13.4 |
| Tax expense | (2.3) | (2.0) | (4.6) |
| Profit for the period | 5.2 | 5.3 | 8.8 |

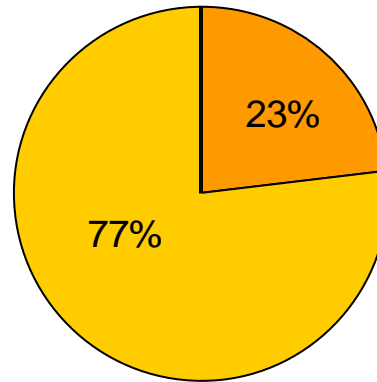
Revenue components

H1 2007



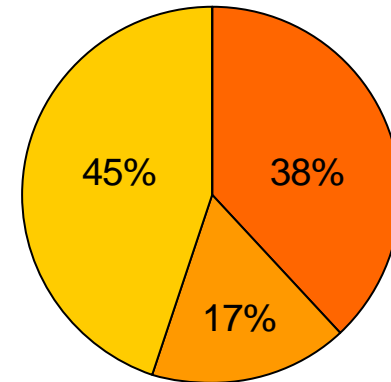
£100.5m

H1 2006

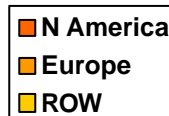
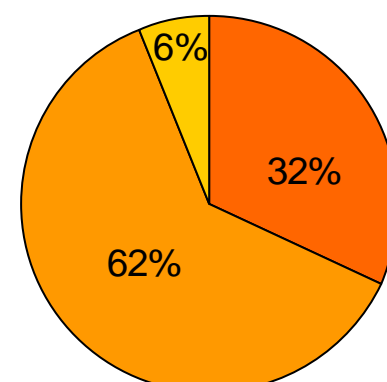
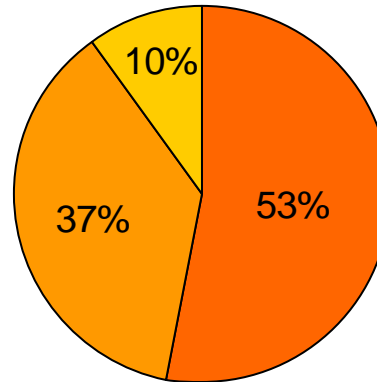
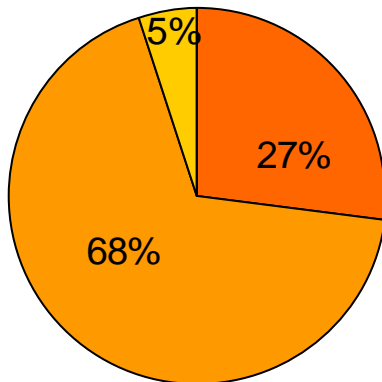
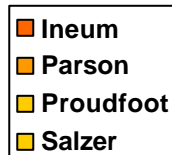


£67.3m

FY 2006 pro forma

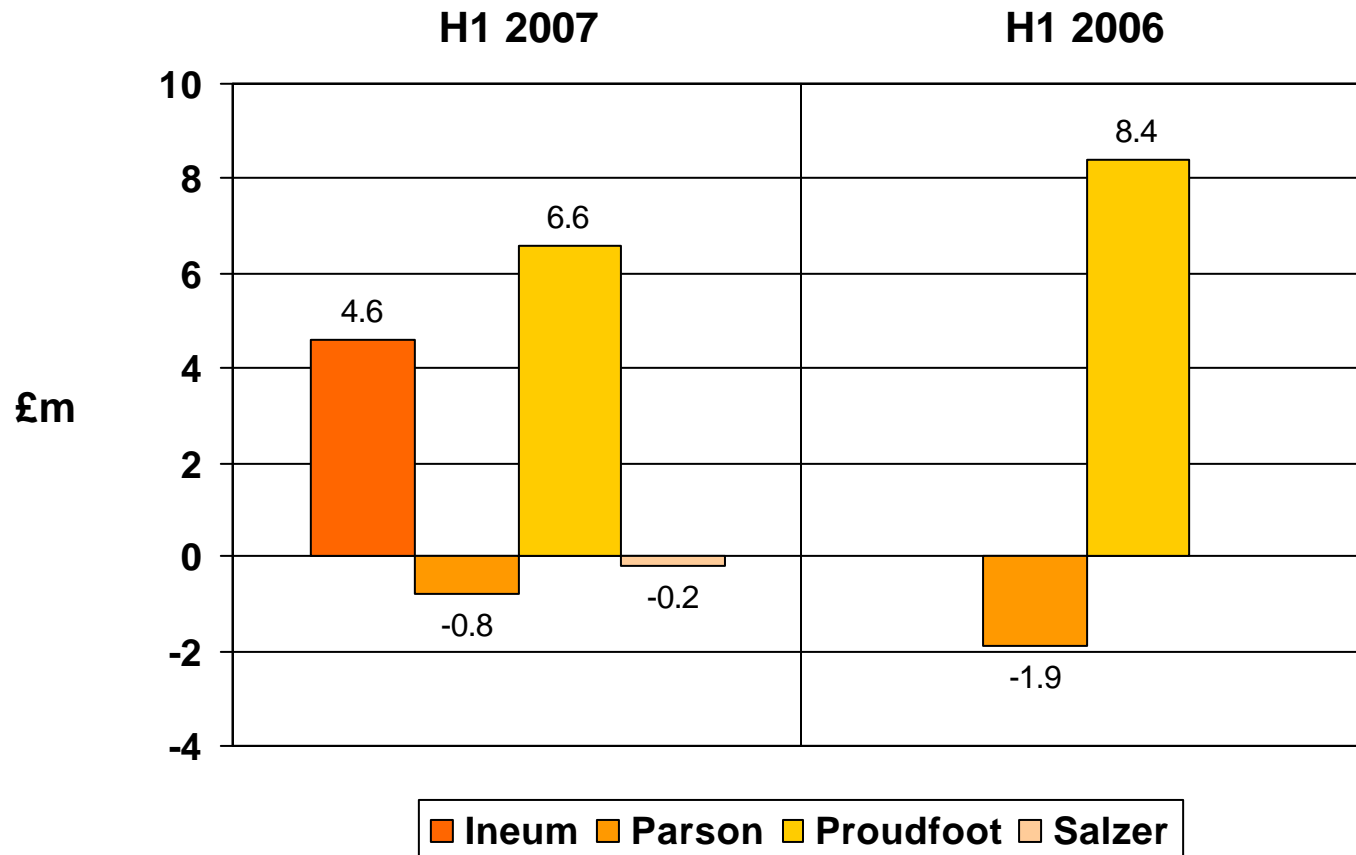


£203.3m

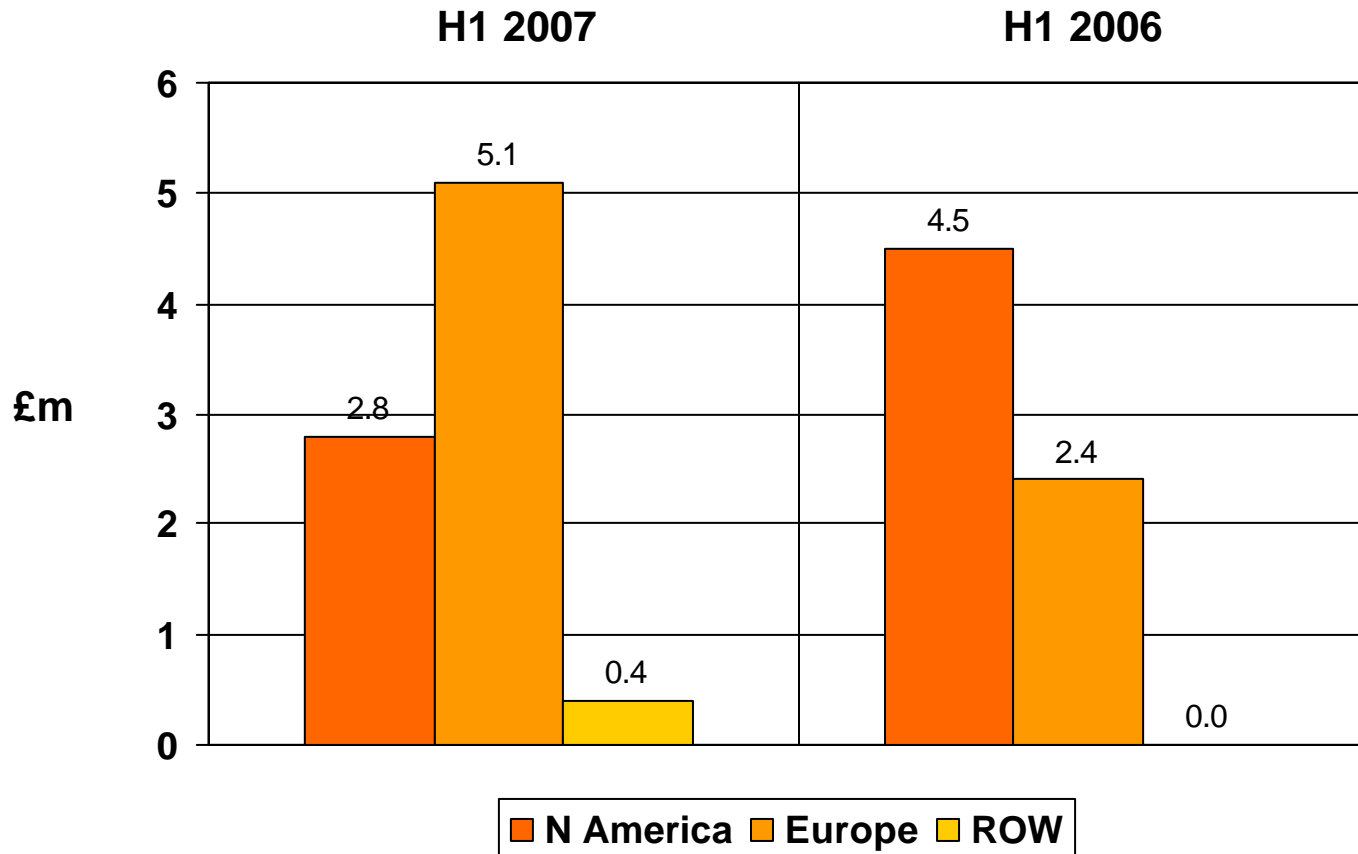


The FY 2006 pro forma numbers assume Ineum and Salzer were owned for 12 months

Operating profit by consultancy



Operating profit by geography



Operating margin

| <u>%</u> | <u>H1 2007</u> | <u>H1 2006</u> | <u>FY 2006 Proforma</u> |
|--------------------------------------|----------------|----------------|-------------------------|
| Ineum | 11.3% | | 9.8% |
| Parson | -3.9% | -11.8% | -6.1% |
| Proudfoot | 17.3% | 16.3% | 17.6% |
| Group | 10.1% | 9.8% | 10.5% |
| Amortisation of acquired intangibles | 0.6% | | |
| Depreciation and other amortisation | 0.9% | 0.9% | 1.2% |
| EBITDA margin | 11.6% | 10.7% | 11.7% |

The FY 2006 pro forma numbers assume Ineum was owned for 12 months

Salzer Consulting has been omitted as numbers not meaningful

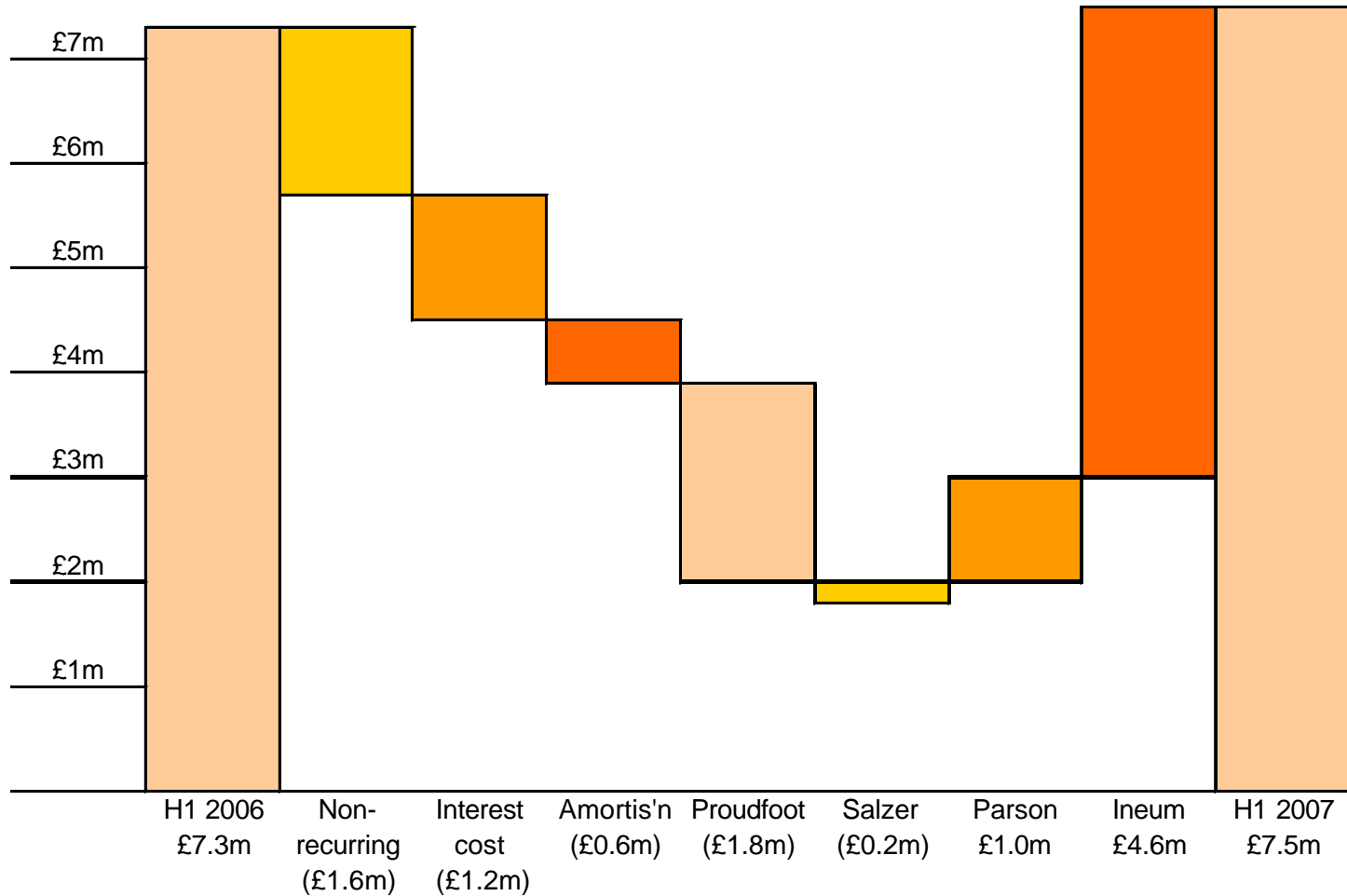
Target EBITDA margin remains 15%

Non-recurring expenses

| <u>£m</u> | <u>H1 2007</u> | <u>H1 2006</u> | <u>FY 2006</u> |
|----------------------------------|----------------|----------------|----------------|
| Professional fees | 0.2 | | 0.4 |
| Systems | 0.2 | | 0.4 |
| Outlays | 0.1 | | 0.3 |
| Induction & introductions | - | | 0.3 |
| Marketing & rebranding | 0.1 | | 0.3 |
| Staff | 0.6 | | 0.2 |
| Office moves | - | | 0.1 |
| Knowledge management | 0.1 | | 0.1 |
| Subtotal | 1.3 | | 2.1 |
| Japan excess indemnity provision | - | (0.3) | (0.3) |
| Total | 1.3 | (0.3) | 1.8 |

The non-recurring expense estimate for 2007 relating to Ineum remains at £1.7m

Growth in profit before tax



Tax charge

| | Note | <u>H1 2007</u> <u>£m</u> | <u>FY 2006</u> <u>£m</u> | <u>H1 2007</u> <u>%</u> | <u>FY 2006</u> <u>%</u> |
|--|------|-----------------------------|-----------------------------|----------------------------|----------------------------|
| Profit before tax | | 7.5 | 13.4 | | |
| Amortisation | 1 | 0.6 | 1.0 | | |
| Japanese provision release | 2 | | (0.3) | | |
| Profit before tax, amortisation & provision relief | | 8.1 | 14.1 | | |
| Tax expense | | 2.3 | 4.6 | 28% | 33% |
| Deduct items that gain tax relief but for which credit is not given in the p&l account | | | | | |
| Pension contributions | 3 | (0.1) | (0.6) | -1% | -4% |
| Goodwill deductions in US | 4 | (0.3) | (0.8) | -3% | -6% |
| Add notional tax credit on amortisation | 5 | 0.1 | 0.3 | 1% | 2% |
| Tax related to prior year | 6 | (0.2) | (0.4) | -2% | -3% |
| Cash tax in respect of period | | 1.8 | 3.1 | 23% | 22% |

1 Amortisation is not taxable

2 The provision was not eligible for tax relief when established and is not taxable when released

3 Tax relief on the pension contributions is recognised in the SORIE

4 Goodwill arising on the acquisition of Parson is tax deductible in the US. There is no goodwill amortisation under IFRS and so no tax benefit can be recognised in the income statement under IFRS

5 Intangibles are amortised under IFRS and a deferred tax liability is established at the time of acquisition in accordance with IFRS. This does not result in any real tax becoming payable

6 These items relate to other than the current year

Earnings per share

| | <u>H1 2007</u> <u>£m</u> | <u>H1 2006</u> <u>£m</u> | <u>H1 2007</u> <u>pence</u> | <u>H1 2006</u> <u>pence</u> |
|--|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| Profit for the period | 5.1 | 5.3 | 1.9 | 2.9 |
| Amortisation | 0.6 | | 0.2 | |
| | 5.7 | 5.3 | 2.1 | 2.9 |
| Non recurring items | 1.3 | (0.3) | 0.5 | (0.2) |
| Earnings excluding amortisation & non-recurring items | 7.0 | 5.0 | 2.6 | 2.7 |

Net assets

| <u>£m</u> | <u>30 Jun 07</u> | <u>30 Jun 06</u> | <u>31 Dec 06</u> |
|--------------------------------|------------------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | 161.8 | 67.4 | 162.5 |
| Tangible assets | 2.3 | 1.5 | 2.3 |
| Deferred tax asset | 3.3 | 1.3 | 3.6 |
| | 167.4 | 70.2 | 168.4 |
| Current assets | | | |
| Trade & other receivables | 44.4 | 13.0 | 46.8 |
| Cash | 9.6 | 23.5 | 10.3 |
| | 54.0 | 36.5 | 57.1 |
| Current liabilities | | | |
| Borrowings | (17.3) | | (14.8) |
| Other payables | (55.6) | (31.0) | (59.8) |
| | (72.9) | (31.0) | (74.6) |
| Non-current liabilities | | | |
| Borrowings | (21.2) | | (24.3) |
| Retirement benefit obligation | (2.9) | (6.1) | (5.4) |
| Other | (8.7) | (6.4) | (9.0) |
| | (32.8) | (12.5) | (38.7) |
| Net assets | 115.7 | 63.2 | 112.2 |

Cash flow & debt

| <u>£m</u> | <u>H1 2007</u> | <u>H1 2006</u> | <u>FY 2006</u> |
|---|----------------|----------------|----------------|
| Profit from operations | 8.3 | 6.9 | 13.4 |
| Depreciation & amortisation | 1.5 | 0.6 | 2.8 |
| Adjustment for pension funding | (0.5) | (1.2) | (2.0) |
| Other non-cash items | 0.3 | | 0.4 |
| Cash flow before NWC movement | 9.6 | 6.3 | 14.6 |
| (+)/- in receivables | 3.0 | 1.9 | (6.4) |
| +/(-) in payables | (6.0) | (1.4) | (5.9) |
| Cash generated by operations | 6.6 | 6.8 | 2.3 |
| Acquisition of subsidiaries | (0.2) | | (44.9) |
| Purchases of fixed assets | (0.6) | (0.4) | (1.2) |
| Purchases of software | (0.5) | (1.2) | (1.4) |
| Income taxes paid | (1.8) | (1.1) | (4.3) |
| Dividends paid | (2.7) | (1.5) | (1.5) |
| Net interest paid | (1.0) | 0.4 | 1.0 |
| Other | 0.2 | (1.1) | (0.4) |
| (+)/- in debt | 0.0 | 1.9 | (50.4) |
| Cash/(debt) at beginning of period | (28.8) | 21.6 | 21.6 |
| Cash/(debt) at end of period | (28.8) | 23.5 | (28.8) |

Outlook

- Order book solidly ahead of position at beginning of the year
- On a like-for-like basis the order book is
 - *Significantly higher in Proudfoot*
 - *Significantly higher in Ineum*
 - *Marginally higher in Parson*

than at the same time last year

- Work still to be won is a key determinant of the outcome for the year as a whole
- We remain confident that the Group will show good progress in 2007