

# **Management Consulting Group PLC**

**Results for the six months ended 30 June 2009**

**Alan Barber, Executive Chairman**

**Craig Smith, Group Finance Director**



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# Commercial highlights

- Challenging external economic environment
- Encouraging performance by some larger businesses
  - *Alexander Proudfoot – particularly US & Africa*
  - *Ineum Consulting – particularly France*
  - *Resilience throughout Group*
- Trading difficult in Kurt Salmon Associates, principally in US
  - *Retail & consumer goods*
  - *Capital spend in health care*
- Management continues to restructure business to protect profitability
  - *Parson US and Proudfoot Australia businesses closed*
  - *Workforce reduced by 500 or 21% in past twelve months*
  - *Redundancies predominantly in US*

## Financial highlights

- Revenue down 7% to £155.1m (2008: £166.7m)
- Underlying\* profit from operations down 20% to £12.1m (2008: £15.1m)
- Underlying earnings per share down 25% to 2.1p (2008: 2.8p)
- Interim dividend constant at 0.4p per share (2008: 0.4p)
- Net debt £79.7m (2008: £78.9m) – well within capacity & covenants
- Net debt down £10.4m at constant exchange rates
- Non-recurring items £6.8m (2008: £37.7m) relating to closure of Parson US and Proudfoot Australia and redundancy programmes across Group.

\*The term 'underlying' is defined as 'before non-recurring items, the amortisation of acquired intangible assets and the impairment of acquired goodwill from continuing operations'

# Profit and loss account

	<b>£m</b>	<b>H1 2009</b>	<b>H1 2008</b>
<b>Revenue</b>		<b>155.1</b>	<b>166.7</b>
Cost of sales		(96.7)	(105.9)
<b>Gross profit</b>		<b>58.4</b>	<b>60.8</b>
Administrative expenses		(46.3)	(45.7)
<b>Underlying profit from operations</b>		<b>12.1</b>	<b>15.1</b>
Non-recurring items - impairment			(26.7)
Non-recurring items - other		(6.8)	(11.0)
<b>Profit before amortisation of intangibles</b>		<b>5.3</b>	<b>(22.6)</b>
Amortisation of acquired intangibles		(1.4)	(1.1)
<b>Profit from operations</b>		<b>3.9</b>	<b>(23.7)</b>
Net interest cost		(1.7)	(2.1)
<b>Profit before tax</b>		<b>2.2</b>	<b>(25.8)</b>
Tax expense		(2.2)	2.2
<b>Profit for the period</b>		<b>(0.0)</b>	<b>(23.6)</b>

# Segmental analysis – by consultancy

## Total Group

	Revenue		Operating profit		Operating margin %	
	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008
<u>£m</u>						
Proudfoot	46.3	45.9	8.4	6.4	18%	14%
Ineum	76.8	79.1	3.9	4.7	5%	6%
KSA	32.0	41.7	(0.2)	4.0	(1%)	10%
Total	155.1	166.7	12.1	15.1	8%	9%

## Excluding Parson US & Proudfoot Australia

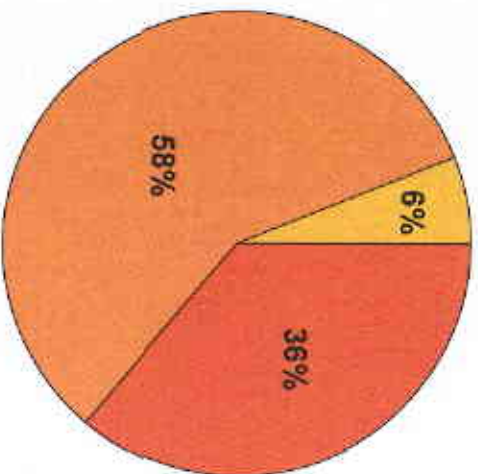
	Revenue		Operating profit		Operating margin %	
	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008
<u>£m</u>						
Proudfoot	45.6	42.7	8.2	6.0	18%	14%
Ineum	74.2	72.7	5.6	6.0	8%	8%
KSA	32.0	41.7	(0.2)	4.0	(1%)	10%
Total	151.8	157.1	13.6	16.0	9%	10%

# Segmental analysis – exchange adjusted

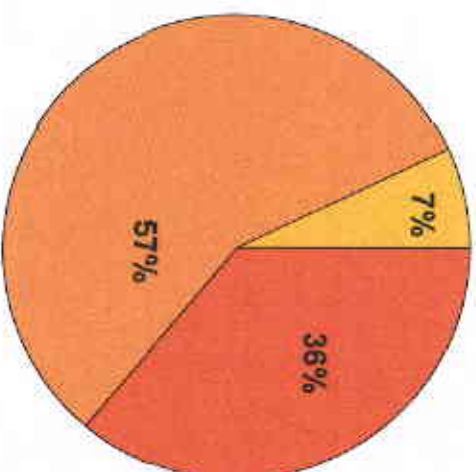
<u>£m</u>	Revenue			Operating profit		
	H1 2009	2008xr	H1 2008	H1 2009	2008xr	H1 2008
Proudfoot	46.3	38.3	45.9	8.4	6.5	6.4
Ineum	76.8	66.7	79.1	3.9	3.3	4.7
KSA	32.0	25.1	41.7	(0.2)	(0.3)	4.0
Total	155.1	130.1	166.7	12.1	9.5	15.1

# Segmental analysis – by geography

H1 2009 revenue



H1 2008 revenue



## Non-recurring items

<u>£m</u>
Parson US closure
Australia closure
Other restructuring
General meeting / CEO
Parson goodwill impairment
<b>Total</b>

	H1 2009	H1 2008
	1.7	8.5
	1.5	2.5
	3.6	26.7
	<b>6.8</b>	<b>37.7</b>

# Underlying tax rate

	H1 2009		FY 2008	
	Profit	Tax	Profit	Tax
<b>£m</b>				
<b>Profit/(loss) before tax</b>	2.2	(2.2)	(20.0)	(0.9)
Impairment of goodwill			26.7	(4.7)
Other non-recurring items	6.8	(1.4)	21.5	(4.6)
Amortisation of intangibles	1.4		2.4	
<b>Underlying profit before tax</b>	<b>10.4</b>	<b>(3.6)</b>	<b>30.6</b>	<b>(10.2)</b>
<b>Underlying tax rate</b>		<b>35%</b>		<b>33%</b>

# Earnings per share

	H1 2009		H1 2008	
	£m	pence	£m	pence
<b>Profit/(loss) for the period</b>	0.0	0.0	(23.5)	(7.2)
Non-recurring items	6.8	2.1	37.7	11.6
Tax credit on non-recurring items	(1.4)	(0.4)	(6.4)	(2.0)
Amortisation of intangibles	1.4	0.4	1.1	0.4
<b>Underlying earnings</b>	<b>6.8</b>	<b>2.1</b>	<b>8.9</b>	<b>2.8</b>