

2011 Preliminary Results Presentation

October 2011

**GROWING
DIVERSIFYING
ADDING VALUE**

Adrian Gunn - Chief Executive Officer

Tony Dyer - Chief Financial Officer

Headlines

H2 profit returns to 2010 half-year levels

- Growth in Revenue and NFI
- Significant investment in headcount: up 18% to 350
- Contractor numbers still rising

- **Matchtech UK:** Solid performance
- **Germany:** Establishing a strong presence, winning Preferred Supplier Agreements in Aerospace
- **Professional Services:** Barclay Meade and Alderwood Education: Growing well
- **elemense:** continues to add value for our key client relationships

- Profit from operations in H2 £4.3m (H1: £2.5m) returns to the levels achieved in 2010 (H1: £4.5m, H2:£4.3m)

- Final dividend maintained at 10.6 pence per share, reflecting resilience of core business and confidence in future

+14%

Revenue £301.8m

+14%

Net Fee Income £29.8m

+54%

Permanent Fees £9.4m

6,000

Contractors on assignment, up 17%

2011 Results

Income Statement

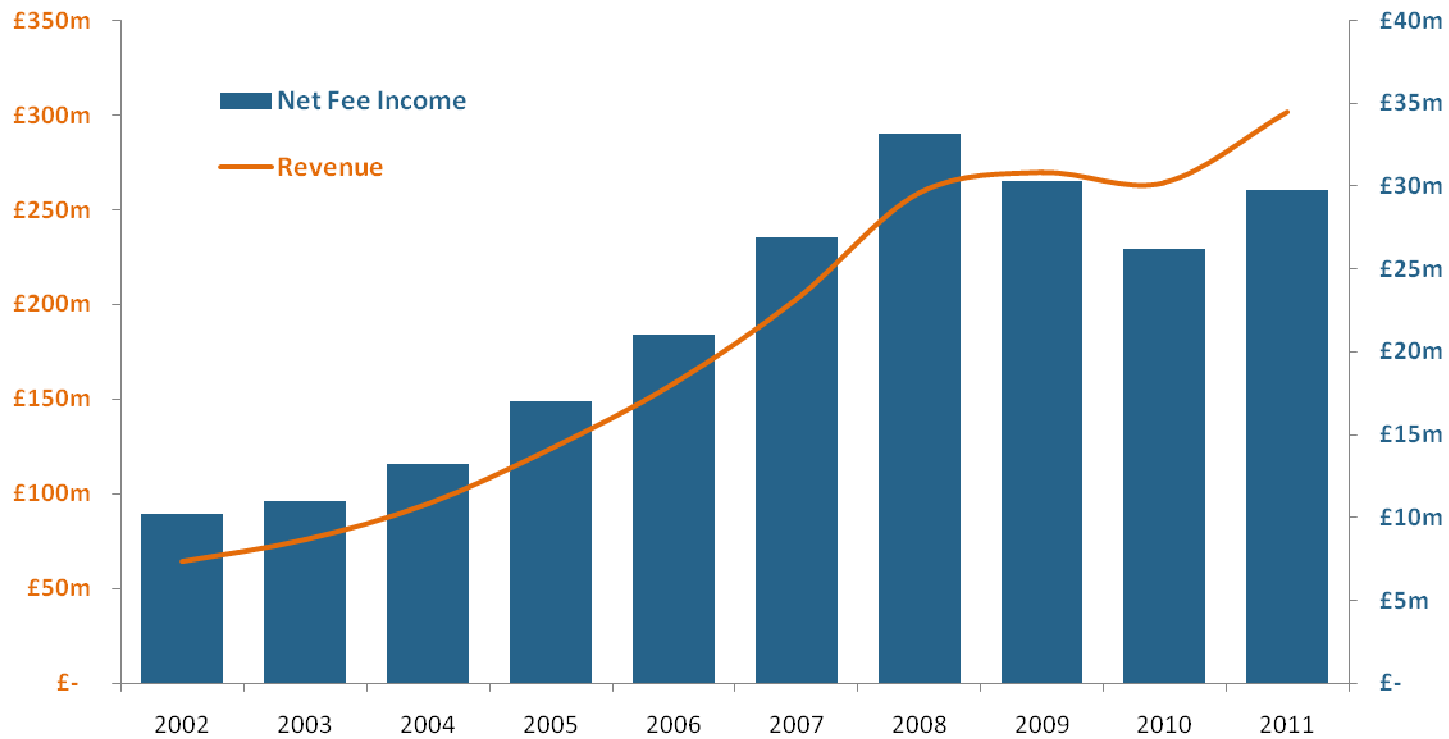
Profits affected by £4.9m expansion investment

Year to 31 July	2010 £m	2011 £m	Change
Revenue	264.4	301.8	+14%
<i>Contract NFI</i>	20.1	20.4	+1%
<i>Contract gross margin (%)</i>	7.8%	7.0%	
<i>Permanent Fees</i>	6.1	9.4	+54%
Gross profit (NFI)	26.2	29.8	+14%
<i>Gross margin (%)</i>	9.9%	9.9%	
Operating overheads	(17.4)	(23.0)	
Operating profit	8.8	6.8	-23%
<i>NFI conversion (%)</i>	33.6%	22.8%	
<i>Operating margin (%)</i>	3.3%	2.3%	
Net interest	(0.2)	(0.4)	
Profit before tax	8.6	6.4	-26%
Taxation	(2.5) <i>28.4%</i>	(1.7) <i>25.9%</i>	
Profit after tax	6.1	4.7	-23%

Revenue & NFI

Return to Growth

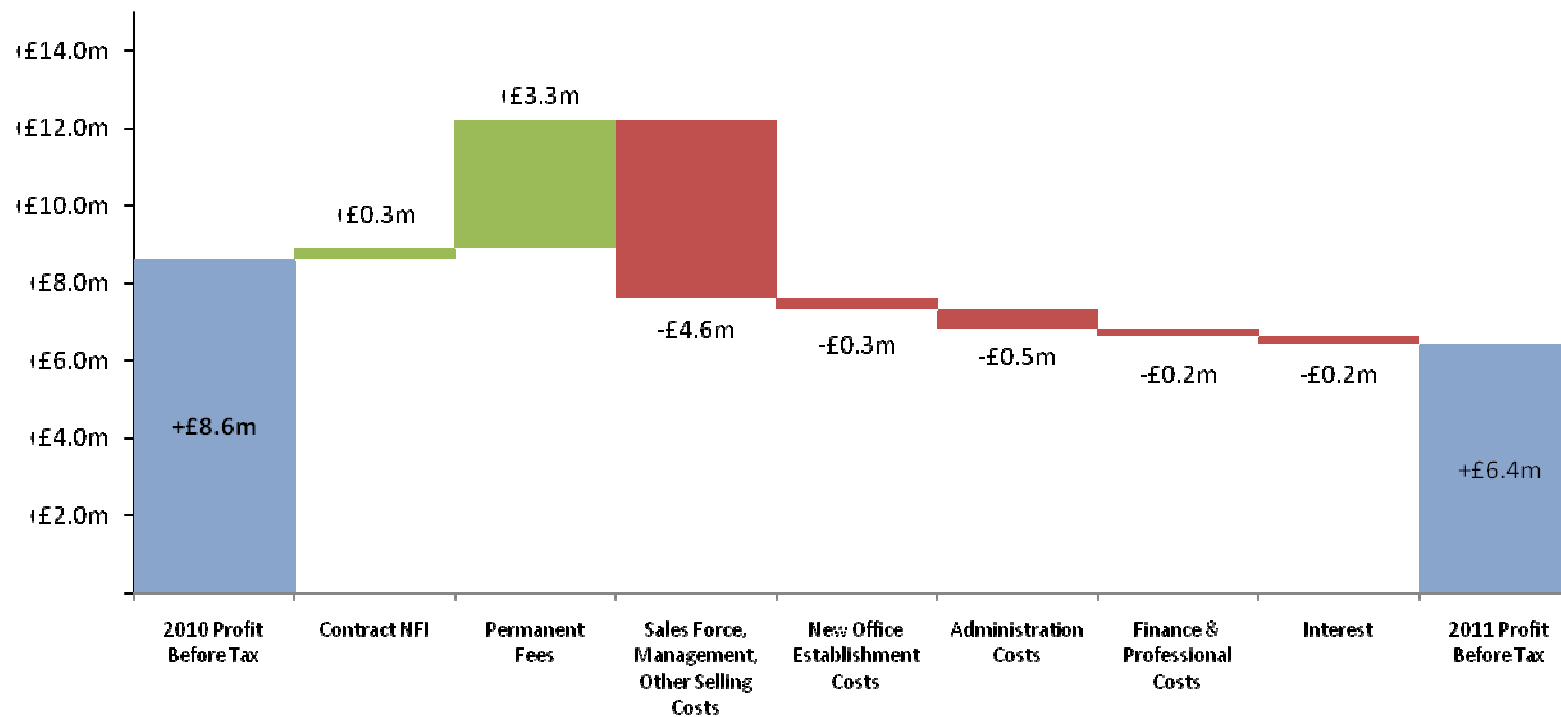
- Revenue and NFI returning to growth; both up 14% on 2010
- 10 year CAGR Revenue growth of 20%, all organic growth



Profit Before Tax: Bridge analysis

Investments in Sales Force

- £4.6m invested in Sales Force, Management and selling costs
- £0.3m invested in new offices



Income Statement

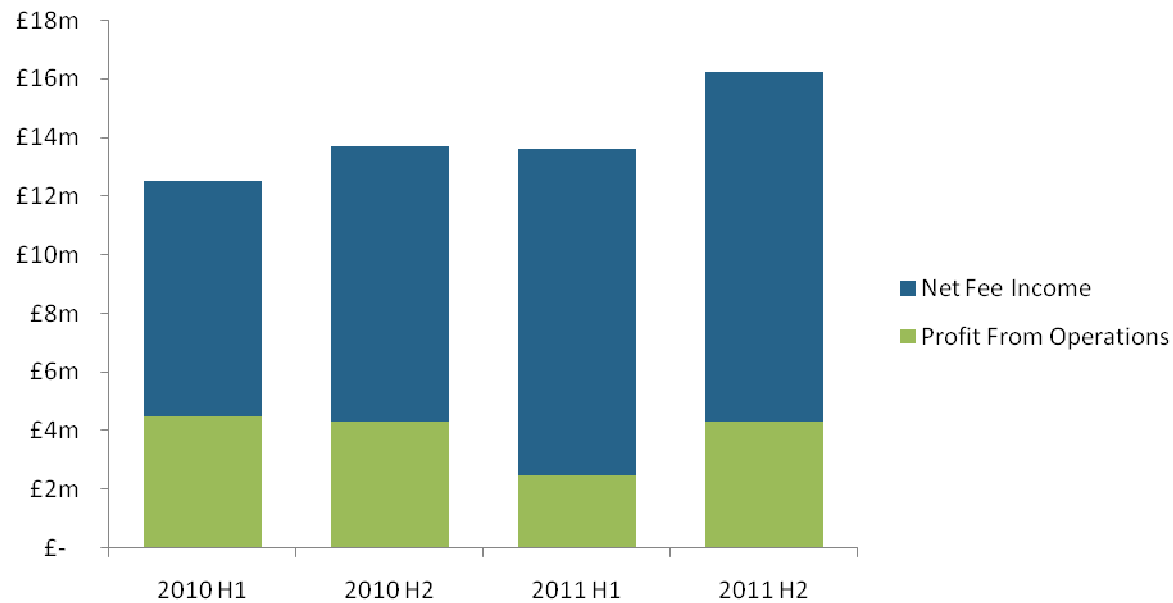
Half Year Splits: Strong recovery in H2

Year to 31 July	2010 H1 £m	2010 H2 £m	FY 2010 £m	2011 H1 £m	2011 H2 £m	FY 2011 £m
Revenue	125.4	139.0	264.4	141.1	160.7	301.8
Contract NFI	9.6	10.5	20.1	9.5	10.9	20.4
Contract gross margin (%)	7.8%	7.7%	7.8%	6.9%	7.0%	7.0%
Permanent Fees	2.9	3.2	6.1	4.1	5.3	9.4
Gross profit (NFI)	12.5	13.7	26.2	13.6	16.2	29.8
Gross margin (%)	10.0%	9.9%	9.9%	9.6%	10.1%	9.9%
Operating overheads	(8.0)	(9.4)	(17.4)	(11.1)	(11.9)	(23.0)
Profit from operations	4.5	4.3	8.8	2.5	4.3	6.8
NFI conversion (%)	36.0%	31.4%	33.6%	18.4%	26.5%	22.8%
Operating margin (%)	3.6%	3.1%	3.3%	1.8%	2.7%	2.3%
Net interest	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.4)
Profit before tax	4.4	4.2	8.6	2.3	4.1	6.4
Taxation	(1.2)	(1.3)	(2.5)	(0.7)	(1.0)	(1.7)
Profit after tax	3.2	2.9	6.1	1.6	3.1	4.7

Half Year Profits

Investments starting to gain traction

- Investments made in 2011 H1 initially impacted profits
- Starting to show returns in 2011 H2
- 2011 H2 profit from operations back to same levels as 2010 half years and NFI ahead



Earnings per share & dividends

Dividend maintained

Year to 31 July		2010	2011	Change
Profit after tax	£million	6.1	4.7	-23%
Average shares in issue	million	23.3	23.4	+0%
Shares under option	million	0.4	0.6	+50%
Fully diluted shares	million	23.7	24.0	+1%
Earnings Per Share				
Basic	pence	26.4	20.3	-23%
Diluted	pence	26.0	19.7	-24%
Dividend Per Share	pence	15.6	15.6	<i>Maintained</i>
Dividend Cover*	times	1.7	1.3	
<i>*based on diluted earnings per share</i>				

Statement of financial position

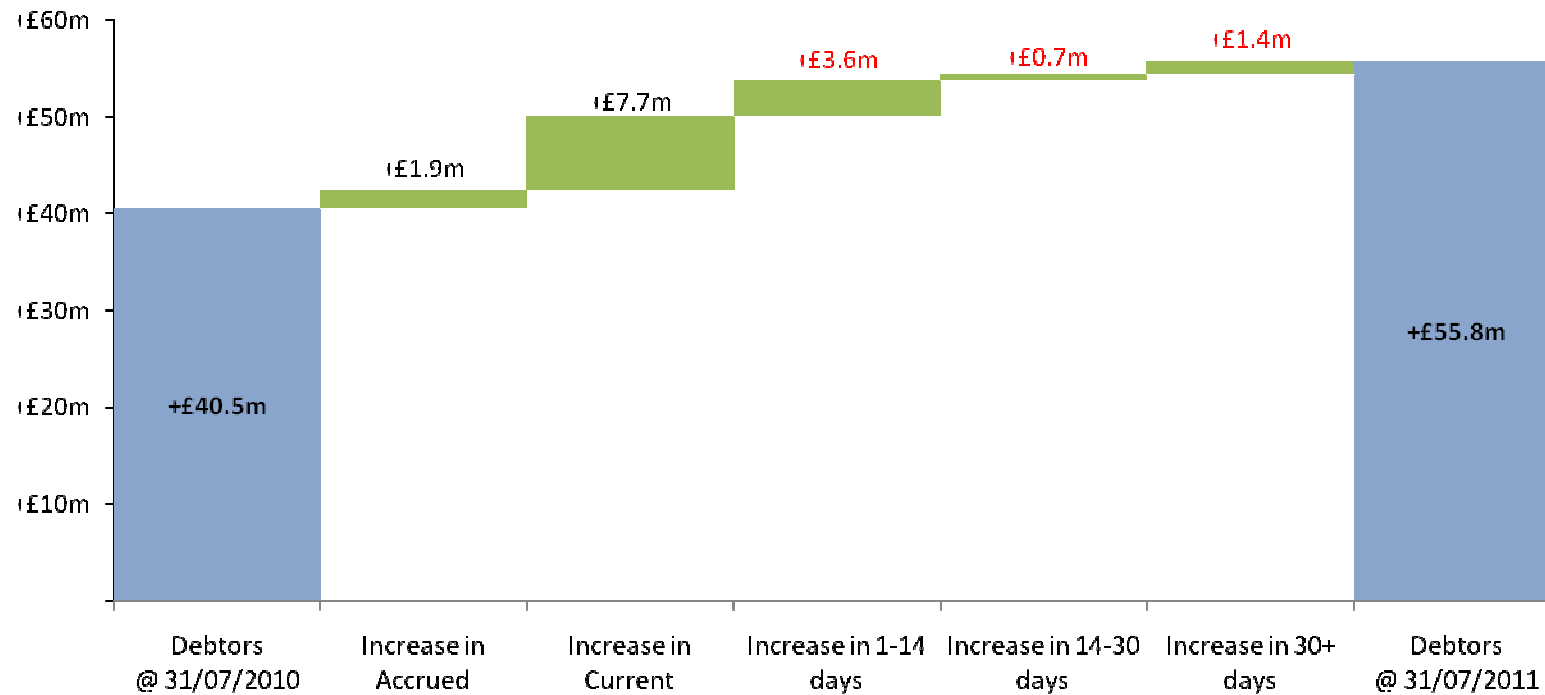
Increased banking facilities from £25m to £35m

Year to 31 July	2010	2011
	£m	£m
Non-current assets	1.9	1.8
Current assets		
Trade debtors	40.5	55.8
Other debtors	0.5	0.7
Cash ¹	0.3	0.5
Total assets	43.2	58.8
Current liabilities		
Trade & other creditors	(14.7)	(17.2)
Invoice discounting facility ²	(4.8)	(16.5)
Net assets	23.7	25.1
Net debt¹⁺²	(4.5)	(16.0)
<i>Debtor days</i>	<i>47</i>	<i>53</i>

Debtors

Increased contract activity

- 15% increase in contractors in H2 from 5,200 to 6,000
- £11.1m increase in billings (including VAT) in last two months of 2011 versus 2010
- Increase in debtor days from 47 to 53 due to increase in overdue debt; not time given to pay



Cashflow

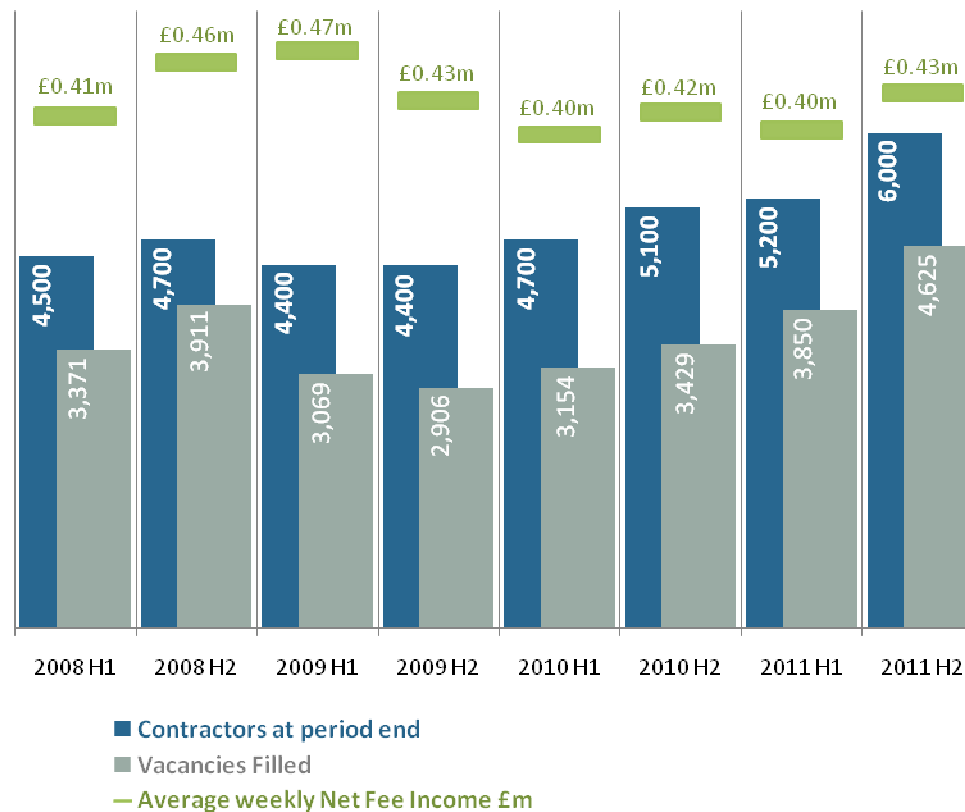
Investment in working capital to fund growth

Year to 31 July	2010	2011
	£m	£m
Profit from operations	8.8	6.8
Working capital increase in trade debtors	(8.1)	(15.3)
Working capital increase in trade creditors	2.8	2.9
Non-cash items	0.4	0.7
Cash inflow from operating activities	3.9	(4.9)
<i>Cash conversion (%)</i>	<i>44%</i>	<i>-72%</i>
Capital expenditure (net of disposal proceeds)	(0.6)	(0.5)
Interest	(0.2)	(0.4)
Taxation	(2.8)	(2.0)
Net cashflow (before dividends and financing)	0.3	(7.8)
Dividends paid	(3.6)	(3.6)
Movement in banking facilities & cash	(3.3)	(11.4)

Contract Activity

Record contractor numbers

- Impact of new Agency Workers Regulations (AWR) expected to be minimal



Permanent Activity

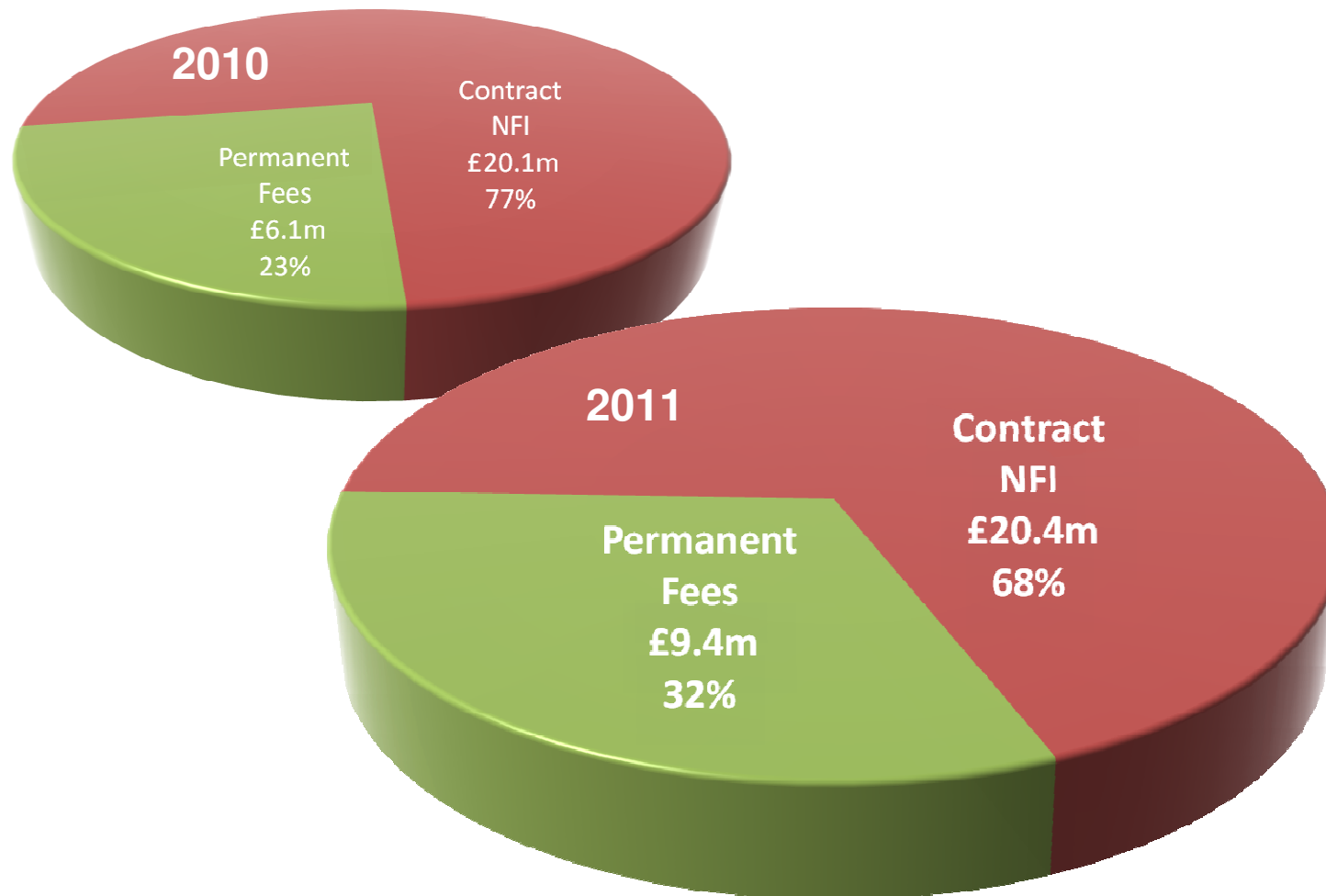
Strong growth in permanent fees



Business overview

Business Balance

NFI Target: 60% contract, 40% permanent



Reporting Structure

Net Fee Income

Year to 31 July	2010 £m	2011 £m	% of Group	Change
Engineering	9.7	10.2	34%	+5%
Built Environment	5.2	5.3	18%	+2%
Information Systems & Technology	4.8	6.0	20%	+25%
Science & Medical	1.5	1.9	6%	+27%
Matchtech UK	21.2	23.4	79%	+10%
Germany	0.2	0.6	2%	+200%
Professional Services	3.0	4.3	14%	+43%
elemense	1.8	1.5	5%	-17%
Net Fee Income	26.2	29.8	100%	+14%

Engineering Sector *34% of Group NFI*

Building on our core capability

Performance (£m)	2010	2011	Change
Revenue	119.0	138.9	+17%
Contract NFI	8.7	8.6	-1%
<i>Contract gross margin (%)</i>	<i>7.3%</i>	<i>6.2%</i>	
Permanent Fees	1.0	1.6	+60%
Total NFI	9.7	10.2	+5%
<i>Gross margin (%)</i>	<i>8.2%</i>	<i>7.3%</i>	
Operating overheads	(5.2)	(4.8)	
Profit from operations	4.5	5.4	+20%

KPI's	2010	2011	Change
% of Contract NFI	90%	84%	-6%
% of Permanent Fees	10%	16%	+6%
NFI conversion rate (%)	46.4%	52.9%	+6.5%
Permanent Placements	345	431	+25%
Average Permanent Fee	£2,900	£3,700	+28%
Contractors on assignment	2,300	2,800	+22%
Sales force headcount	47	63	+34%

Vertical Markets Oil & Gas; Aerospace; Marine; Automotive; Renewable Energy

Key Clients BAe via Xchanging, Babcock Marine, ExxonMobil, Aston Martin, Kellogg Brown & Root

New Client Wins DONG Energy, Amec, Tata Technologies, Bombardier Aerospace, Nissan

Built Environment Sector *18% of Group NFI*

Resilient performance in challenging market

Performance (£m)	2010	2011	Change
Revenue	63.0	65.4	+4%
Contract NFI	4.7	4.6	-2%
<i>Contract gross margin (%)</i>	<i>7.5%</i>	<i>7.0%</i>	
Permanent Fees	0.5	0.7	+40%
Total NFI	5.2	5.3	+2%
<i>Gross margin (%)</i>	<i>8.3%</i>	<i>8.1%</i>	
Operating overheads	(3.0)	(3.0)	
Profit from operations	2.2	2.3	+5%

KPI's	2010	2011	Change
% of Contract NFI	90%	87%	-3%
% of Permanent Fees	10%	13%	+3%
NFI conversion rate (%)	42.3%	43.4%	+1.1%
Permanent Placements	155	191	+23%
Average Permanent Fee	£3,200	£3,600	+13%
Contractors on assignment	1,100	1,300	+18%
Sales force headcount	36	36	+0%

Vertical Markets Highways; Traffic & Planning; Water; Rail Infrastructure; Buildings; Power & Nuclear

Key Clients Transport for London, Mouchel, Atkins, Arup, WSP

New Client Wins Network Rail, WYG, RPS, MWH, Hyder

Information Systems & Technology Sector *20% of Group NFI*

Candidate skills shortage fuelling demand

Performance (£m)	2010	2011	Change
Revenue	45.6	57.2	+25%
Contract NFI	3.3	3.3	+0%
<i>Contract gross margin (%)</i>	<i>7.2%</i>	<i>5.8%</i>	
Permanent Fees	1.5	2.7	+80%
Total NFI	4.8	6.0	+25%
<i>Gross margin (%)</i>	<i>10.5%</i>	<i>10.5%</i>	
Operating overheads	(3.3)	(3.7)	
Profit from operations	1.5	2.3	+53%

KPI's	2010	2011	Change
% of Contract NFI	69%	55%	-14%
% of Permanent Fees	31%	45%	+14%
NFI conversion rate (%)	31.3%	38.3%	+7.0%
Permanent Placements	403	549	+36%
Average Permanent Fee	£3,700	£4,900	+32%
Contractors on assignment	718	934	+30%
Sales force headcount	38	46	+21%

Vertical Markets Electronic Systems; BI Systems; Corporate Accounts

Key Clients Transport for London, Arqiva, Avanade, Cognizent, Invensys, Skandia

New Client Wins Lombard Risk, Lloyds of London, Network Rail, Kingfisher Group, MBDA, Siemens

Science & Medical Sector *7% of Group NFI*

Investing in headcount for future growth

Performance (£m)	2010	2011	Change
Revenue	6.7	7.0	+4%
Contract NFI	0.7	0.8	+14%
<i>Contract gross margin (%)</i>	<i>10.4%</i>	<i>11.4%</i>	
Permanent Fees	0.8	1.1	+38%
Total NFI	1.5	1.9	+27%
<i>Gross margin (%)</i>	<i>22.4%</i>	<i>27.1%</i>	
Operating overheads	(0.9)	(1.7)	
Profit from operations	0.6	0.2	-67%

KPI's	2010	2011	Change
% of Contract NFI	47%	42%	-5%
% of Permanent Fees	53%	58%	+5%
NFI conversion rate (%)	40.0%	10.5%	-29.5%
Permanent Placements	212	357	+68%
Average Permanent Fee	£3,800	£3,100	-18%
Contractors on assignment	200	250	+25%
Sales force headcount	18	25	+39%

Vertical Markets Scientific; Medical; Clinical; Industrial

Key Clients BAT, Almac, Lonza Biologics, Prysmian, GSTS, GE Healthcare

New Client Wins Arla Foods, Ramsay Healthcare, Bepak, Spirax Sarco

Germany *2% of Group NFI*

Delivering to our expectations

Performance (£m)	2010	2011	Change
Revenue	0.4	1.7	+325%
Contract NFI	0.1	0.5	+400%
<i>Contract gross margin (%)</i>	<i>25.0%</i>	<i>29.4%</i>	
Permanent Fees	0.1	0.1	+0%
Total NFI	0.2	0.6	+200%
<i>Gross margin (%)</i>	<i>50.0%</i>	<i>35.3%</i>	
Operating overheads	(0.6)	(0.6)	
Profit from operations	(0.4)	-	

KPI's	2010	2011	Change
% of Contract NFI	50%	83%	+33%
% of Permanent Fees	50%	17%	-33%
NFI conversion rate (%)	0.0%	0.0%	+0.0%
Permanent Placements	8	16	+100%
Average Permanent Fee	£ 13,675	£10,386	-24%
Contractors on assignment	8	23	+188%
Sales force headcount	6	9	+50%

Vertical Markets Aerospace; Automotive; Energy

Key Clients EADS Eurocopter, MTU Aerospace, PFW Aerospace, Porsche

New Client Wins Atkins, Rolls Royce, Changan, Moog

Professional Services *14% of Group NFI*

Barclay Meade & Alderwood Education: Diversifying our business model

Performance (£m)	2010	2011	Change
Revenue	18.4	19.4	+5%
Contract NFI	1.4	1.3	-7%
<i>Contract gross margin (%)</i>	<i>7.6%</i>	<i>6.7%</i>	
Permanent Fees	1.6	3.0	+88%
Total NFI	3.0	4.3	+43%
<i>Gross margin (%)</i>	<i>16.3%</i>	<i>22.2%</i>	
Operating overheads	(2.7)	(7.1)	
Profit from operations	0.3	(2.8)	

KPI's	2010	2011	Change
% of Contract NFI	47%	30%	-17%
% of Permanent Fees	53%	70%	+17%
NFI conversion rate (%)	10.0%	-65.1%	
Permanent Placements	547	680	+24%
Average Permanent Fee	£2,900	£4,400	+52%
Contractors on assignment	330	380	+15%
Sales force headcount	54	69	+28%

Vertical Markets Procurement; Accounting; Education; Executive Search; Sales; HR; Financial Services; Marketing

Key Clients Babcock Education & Training, Ingeus, Arqiva, BP, Balfour Beatty

New Client Wins Aegas, Barclays, Lloyds of London, Carnival, Vodafone

elemense *5% of Group NFI*

Defensive strategy for key client retention

Performance (£m)	2010	2011	Change
Revenue	11.3	12.1	+7%
Contract NFI	1.2	1.3	+8%
<i>Contract gross margin (%)</i>	<i>10.6%</i>	<i>10.7%</i>	
Permanent Fees	0.6	0.2	-67%
Total NFI	1.8	1.5	-17%
<i>Gross margin (%)</i>	<i>15.9%</i>	<i>12.4%</i>	
Operating overheads	(1.7)	(2.1)	
Profit from operations	0.1	(0.6)	

KPI's	2010	2011	Change
% of Contract NFI	67%	87%	+20%
% of Permanent Fees	33%	13%	-20%
NFI conversion rate (%)	5.6%	-40.0%	
Permanent Placements	155	191	+23%
Average Permanent Fee	£3,200	£3,600	+13%
Contractors on assignment	1,100	1,300	+18%
Sales force headcount	22	23	+5%

Existing Clients Babcock Marine, WSP, Cosworth, Invensys, Prysmian

Client Renewed/Extended Ricardo, Mouchel, Claverham

New Clients Selex SI, a leading automotive OEM

17% (£52m)

of Group revenue from accounts
that elemense manages

Business plan

Adding Value

In our new 5 year business plan we have laid out our 7 key aims:

1. Expanding our sector diversification and geographical reach
2. Increasing the NFI we generate per employee
3. Building our conversion ratio of NFI to profit from operations
4. Improving our staff retention levels
5. Enhancing internal systems performance and controls
6. Maximising cross-selling opportunities across the Group
7. Extending our international reach

Outlook

Solid & growing performance in core and new markets

- Core markets remain strong
- New Brands continuing to gain traction
- Trading for the first two months of the current year is in line with the Board's expectations
 - Contract: continued increase in contractor numbers, up 5% since 31 July 2011
 - Permanent fees: up 18% on the same period last year
- Recent increased uncertainty in the global economic environment has not to date manifested itself in the markets in which we operate.

“We are mindful that client sentiment can change rapidly as the economic backdrop alters but, with the benefit of last year’s investment in place and business momentum beginning to come through as the new staff increase their productivity, the Board remains cautiously optimistic that the business will deliver a strong performance this year, albeit again weighted to the second half.”

Investment Summary

Strong fundamentals & clear growth strategy

- Niche sector expertise
- Flexible low cost business model
- Proven track record of scalable organic growth
- Resilient contract focus with record contractors on assignment
- Established management team
- Committed funding facilities of £35m
- Clear growth strategy
- Solid dividend payout record

Appendices

Executive Team

Combining internal experience with key external appointments

Keith Lewis - Managing Director, Matchtech UK

Keith, a Fellow of the Institute of Recruitment Professionals (FIRP), joined us in 1993 as a Senior Consultant, before progressing to his current position. Keith is also on the Steering Committee for the Engineering & Technical sector at the Recruitment & Employment Confederation (REC).

Nigel Lynn - Managing Director, Barclay Meade and Alderwood Education

Nigel has over 23 years' experience in the professional staffing recruitment industry. He is a qualified Accountant and after successfully building and selling his own recruitment business, he was recruited to build the professional staffing business of Carlisle Holdings plc. Nigel joined the Group in early 2010 in order to build the professional and education businesses.

Peter Collis - Managing Director, elemense

Peter started his career in Engineering & Procurement at BAE Systems, before moving to Accenture to specialise in Supply Chain Outsourcing and Consulting. Following a move into recruitment, he established hyphen as an RPO business at Spring Group. Before joining us, Peter was a Board Member at Wynnwith Group. Peter joined the Group in July 2010.

David Rees - HR Director

David is responsible for the Learning and Development strategy within the Group. David has worked with us for 19 years working his way up to Divisional Director in 2002. In 2008, David was asked to lead our new HR & Training initiatives, and in 2009, was appointed as an Executive Director.

Board of Directors

Many years experience

George Materna - Chairman

Over 30 years experience of the recruitment industry, and is the founder of Matchtech.

Adrian Gunn - Chief Executive Officer

Joined in 1988; appointed to PLC Board in 2004 as Business Development Director, Group Sales Director and Group MD before becoming CEO in 2009. Non-Executive Director of Recruitment and Employment Confederation.

Tony Dyer – Chief Financial Officer

Qualified as Chartered Management Accountant in 1995. Joined Matchtech in 1996 as management accountant. Appointed to PLC Board in 2004 as Finance Director before becoming CFO in 2009.

Andy White - Non-Executive Deputy Chairman

A chartered engineer, he formed Matchtech Engineering with George Materna in 1990.

Ric Piper - Non-Executive Director

Chairman and NED of a number of AIM & privately owned businesses. A Chartered Accountant, Ric is a member of the Financial Reporting Review Panel. He has been a member of the Matchtech board since 2006.

Stephen Burke - Non-Executive Director

Over 25 years experience in recruitment with Michael Page, including as a plc Director from 2001-2005. Currently Chief Executive of Healthcare Locums plc since May 2011. A member of the Matchtech board since 2006.

Richard Bradford - Non-Executive Director

Former Chief Executive of AIM listed Carlisle Group from 1997 to 2008, and LPM Group. Currently Chief Executive of UK-based InHealth Group. Joined the Board on 3 August 2011.

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