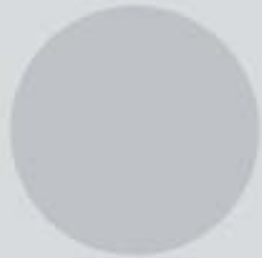


# Interim Results Presentation 2010

Interim Results for the six months ended 30 May 2010



# SThree Profiles

Interim Results for the six months ended 30 May 2010



## Russell Clements — Chief Executive Officer

Russell has served as SThree's Chief Executive Officer since 2004 having previously held the position of Deputy Chief Executive Officer since 2001. He joined Computer Futures in 1986 shortly after its inception, recruited by the co-founders as their second employee. He subsequently served as Director and as Managing Director of Computer Futures and was involved in the creation of a number of the SThree brands.



## Alex Smith — Chief Financial Officer

Alex joined SThree in May 2008. Prior to joining SThree, Alex held the position of Integration Finance Director at TUI Travel plc, the company formed through the merger of First Choice Holidays plc and the tourism businesses of TUI AG. Prior to this he was Finance Director of First Choice's Mainstream Sector. His earlier experience included three years with W.H.Smith including a period as Managing Director of its Travel Retail business. He has also held financial roles at Travelodge and Forte. He is a Chartered Accountant trained by Price Waterhouse, London.

# Introduction & Overview



## Overview

Interim Results for the six months ended 30 May 2010



- Satisfactory performance in sequentially improving, but not yet fully recovered markets
- Year on year comparatives distorted by average consultant headcount down by 24% YOY in H1 2010
- Recovery permanent led, with contract relatively underperforming, Contract versus permanent mix of profit now 54:46 in favour of contract (2009 full year: 58:42)
- PBT of £7.3m (2009: £11.2m)
- Business mix increasingly international, with non UK GP representing 60% of mix (2009 full year: 55%)
- ROW (excluding UK and Europe) grew to 10% of mix (2009 full year: 6%)
- Non ICT business segments grew 10% LFL\*, representing 34% of mix (2009 full year: 28%)
- Agile business model, seasoned management
- Cash rich, no debt = robust attitude to dividend. Interim dividend held at 4.0p (2009: 4.0p)
- Continue to make prudent investments for future

\* LFL = constant currency

## Current Trading

Interim Results for the six months ended 30 May 2010



- Sequentially Q2 GP +7.8% vs Q1, with Permanent +12.0% and contract +4.4%
- Strong start to H2
  - In June, Permanent +42.8% year on year and Contract -4.7%, blending to GP +14.9% YOY
  - Permanent pipeline remains strong at the end of June
- Contract performance impacted by more difficult UK and Benelux markets partially offset by France and Germany



# Half Year 2010 Financial Highlights

Interim Results for the six months ended 30 May 2010



	2010	2009	Actual Growth	LFL Growth
<b>Revenue</b>	£221.7m	£280.6m	-21.0%	-20.3%
<b>Gross Profit (fee income)</b>	£74.3m	£93.3m	-20.3%	-19.4%
<b>Operating Profit*</b>	£7.1m	£11.0m	-35.3%	-32.5%
<b>Conversion Ratio*</b>	9.6%	11.8%		
<b>Profit before tax*</b>	£7.3m	£11.2m	-34.4%	-33.5%
<b>Basic earnings per share*</b>	4.0p	6.3p		
<b>Interim Dividend</b>	4.0p	4.0p		

**Note:** \* Before exceptional items of £8.5m relating to the Group restructure in H1 2009  
 Conversion Ratio = operating profit to gross profit  
 LFL Growth is at Constant Currency



## 22 UK Offices

Interim Results for the six months ended 30 May 2010



- **London**  
SThree HQ  
SThree Group Training  
SThree Group Finance  
SThree Group IS  
Computer Futures  
Real Staffing Group  
IT Job Board
- **London (City)**  
Real Staffing Group  
Huxley  
Progressive / Orgtel
- **Thames Valley**  
Huxley / Progressive
- **Bristol**  
Computer Futures
- **Birmingham**  
Computer Futures  
Progressive  
Huxley  
Real Staffing Group
- **Leeds**  
Real Staffing Group
- **Manchester**  
Computer Futures  
Huxley / Progressive
- **Edinburgh**  
Computer Futures
- **Glasgow**  
Progressive
- **Aberdeen**  
Progressive / Huxley



# 29 Non-UK Offices

Interim Results for the six months ended 30 May 2010



SAN FRANCISCO



DUBLIN



PARIS



DELHI



SINGAPORE



SYDNEY

**New Offices opened in 2010:**      **Existing office locations:**



- **Perth**
- Progressive



- **Dusseldorf**
- Progressive / Computer Futures
- Huxley



- **Delhi**
- Huxley

- **San Francisco\***
- Real Staffing Group

\* Opened June 2010

- **Amsterdam**
- Computer Futures (2000) / Orgtel (2007)
- Progressive (2002)
- Huxley (2002) / Real Staffing Group (2007) / ITJB (2007) / SThree L&D (2007)
- Progressive (2002)

- **Rotterdam**
- Computer Futures (2007)

- **Brussels**
- Computer Futures (1998) / Progressive (2009)
- Huxley (2007)

- **Hamburg**
- Computer Futures (2009)

- **Marseille**
- Computer Futures (2009)

- **Stuttgart**
- Computer Futures (2009)

- **Frankfurt**
- Computer Futures (1999) / Orgtel (2010)
- Huxley (2006) / SThree L&D (2009)
- Real Staffing Group (2009) / ITJB (2010)

- **Munich**
- Progressive (2004)
- Computer Futures (2006)

- **Dublin**
- Computer Futures (1999)

- **Paris**
- Computer Futures (2003)
- Progressive (2006) / Real Staffing Group (2009) / SThree L&D (2010)
- Huxley (2008)

- **New York**
- Huxley (2006) / Real Staffing Group (2009)

- **Dubai**
- Pathway (2008)

- **Hong Kong**
- Huxley (2007)

- **Sydney**
- Progressive (2008) / Orgtel (2008)

- **Singapore**
- Progressive / Orgtel (2009)





## KPI's and Business Analysis

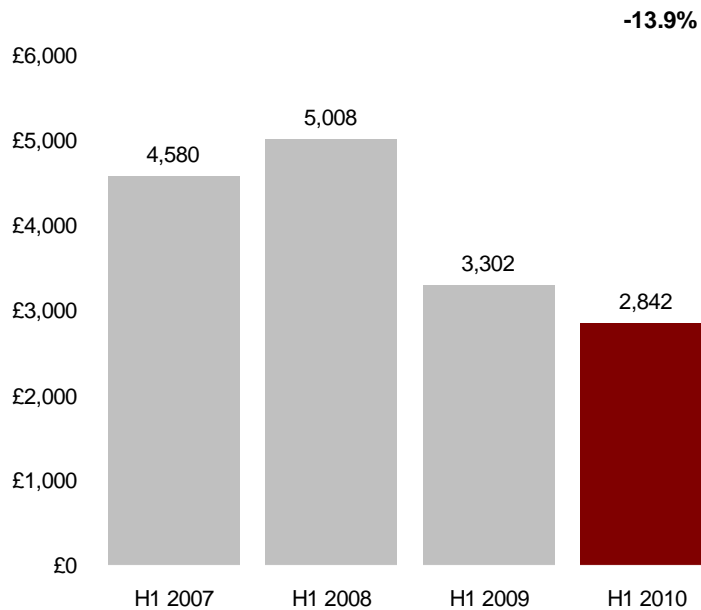


# Key Performance Indicators: Permanent

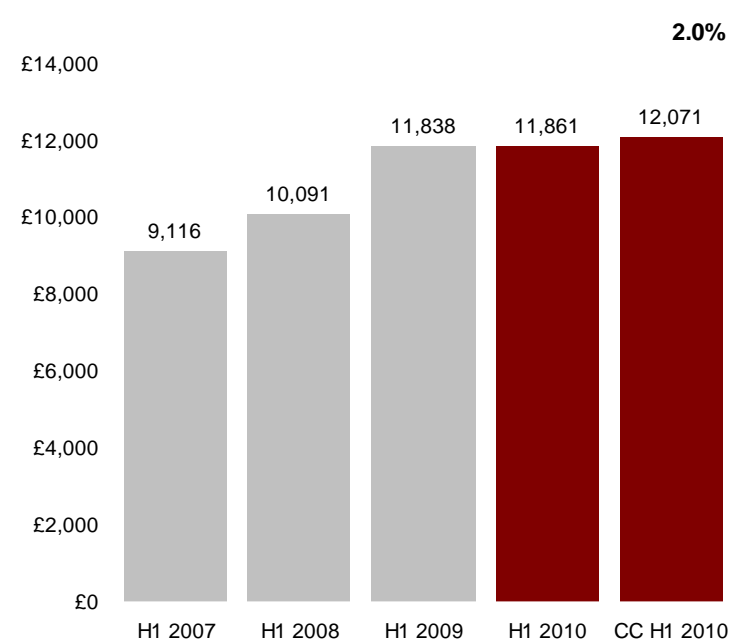


Interim Results for the six months ended 30 May 2010

## Permanent Placement Volume



## Permanent Average Fee



Fees up 2.0% on a constant currency basis

Source: SThree Accounts

**Notes:**

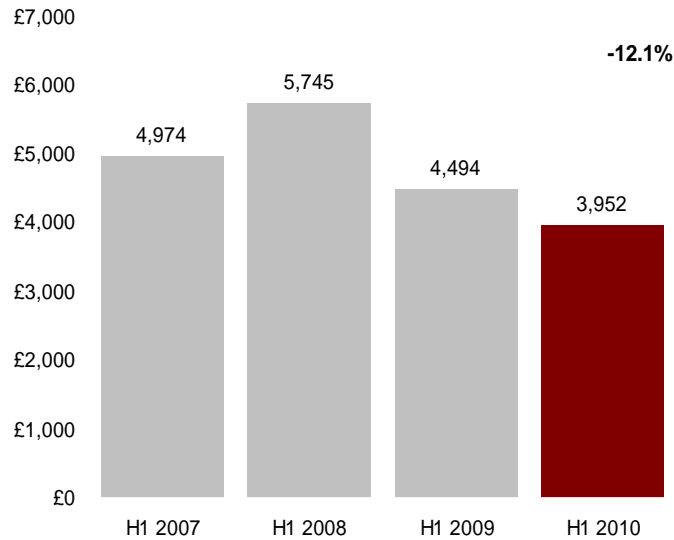
Candidates the Group has placed with clients on a permanent basis and for whom it has sent the client an invoice during the relevant period  
 The average permanent placement fee is calculated using the total placement fees for the relevant period, including the ITJobBoard advertising income, divided by the number of placements for the period. This analysis excludes retained business.

# Key Performance Indicators: Contract

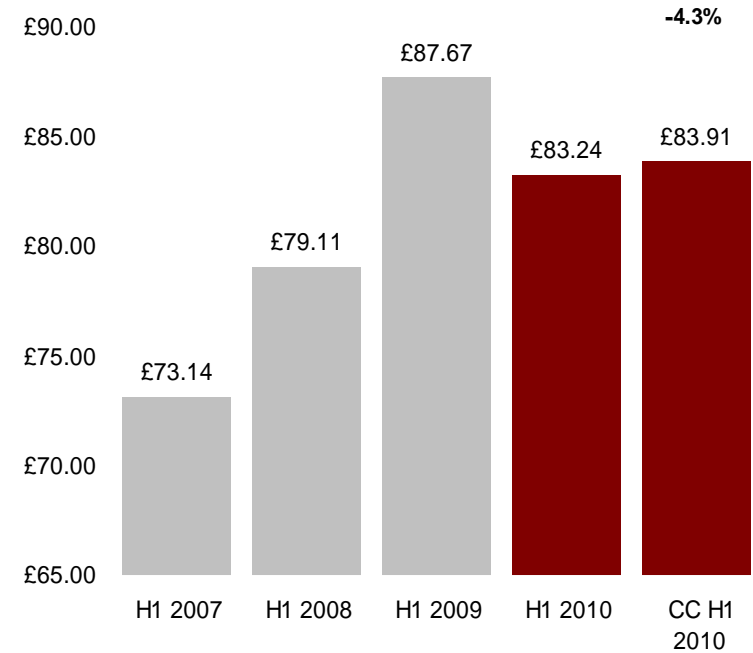


Interim Results for the six months ended 30 May 2010

## Contract Runners



## Gross Profit Per Day Rate



Decline in GP day rate not seen as a medium term issue

**Notes:**

Contractors of the Group that are on placement with one of the Group's clients at the end of the relevant period

The average gross profit per day per contractor is calculated by taking gross profit from contract staffing for the period and dividing by the average number of active contractors and the number of working days in the period

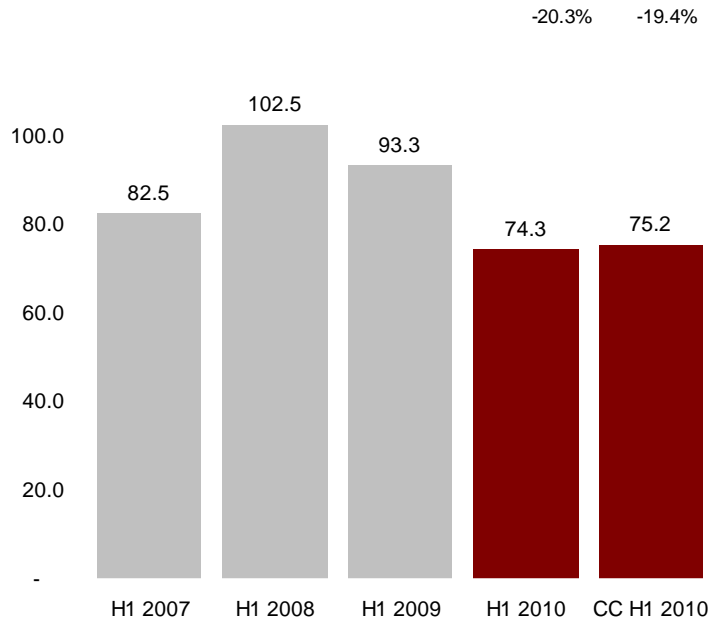
**Source:** STthree Accounts

# Gross Profit & Gross Margin

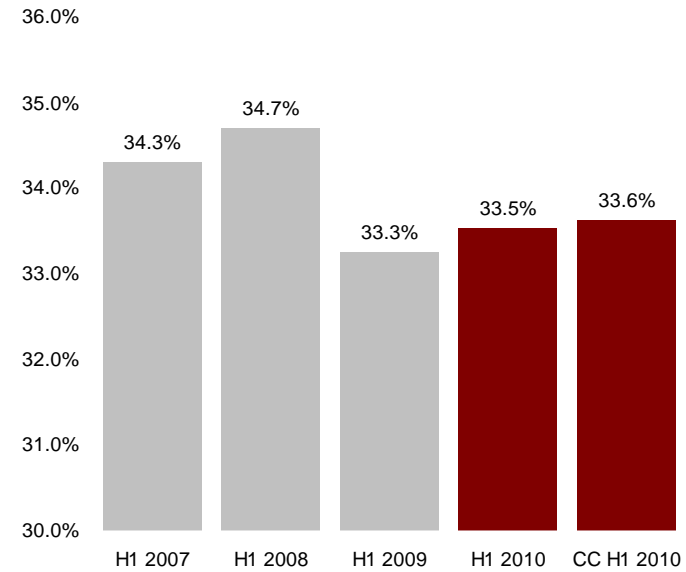
Interim Results for the six months ended 30 May 2010



## Gross Profit (£m)



## Gross Margin %



Source: STthree Accounts

Gross margin percentage up 0.3% pts



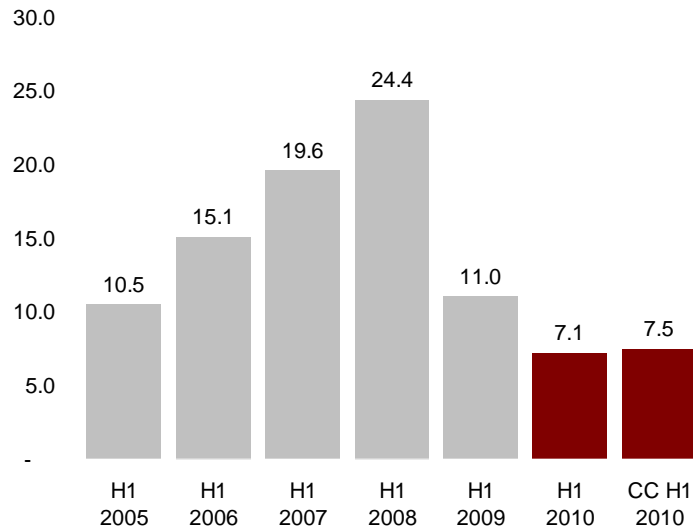


# Operating Profit & Conversion Ratio

Interim Results for the six months ended 30 May 2010

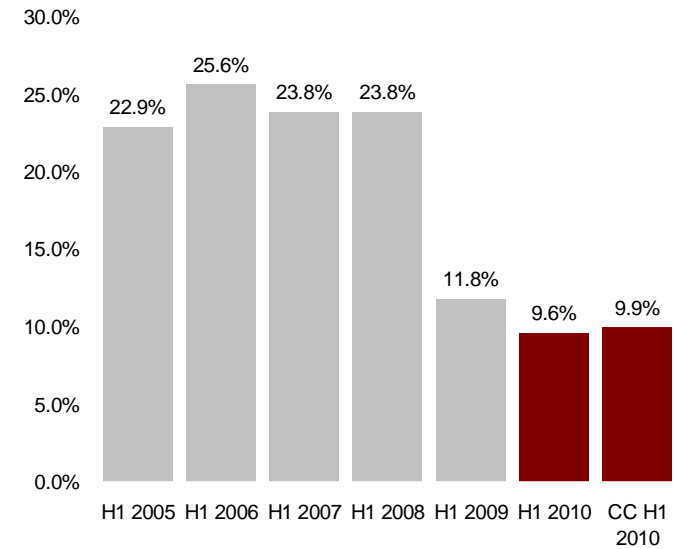


## Operating Profit (£m)



## Conversion Ratio

(operating profit as a % of gross profit)



Conversion ratio impacted by decline in Gross Profit

Notes:  
2000-2005 UK GAAP  
2006-2009 IFRS

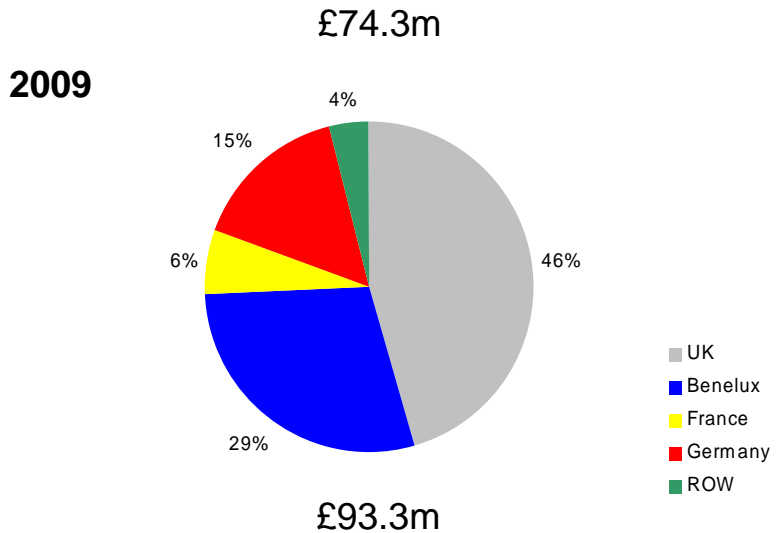
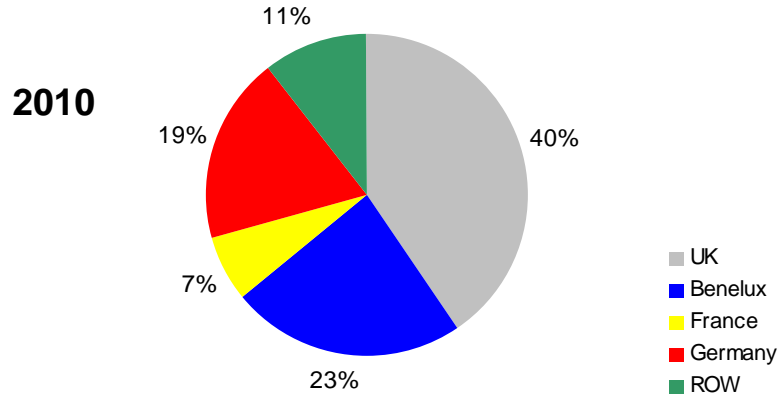


# Geographic Analysis by Location of Client

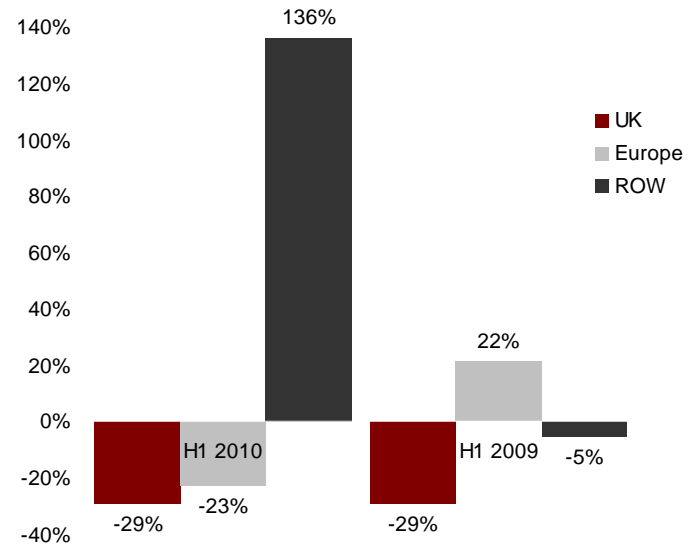
Interim Results for the six months ended 30 May 2010



## Gross Profit



## Growth In UK/Non-UK GP



60% of GP is Non UK (2009: 54%)  
 ROW now represents 10% of mix at constant currency

Source: SThree Accounts

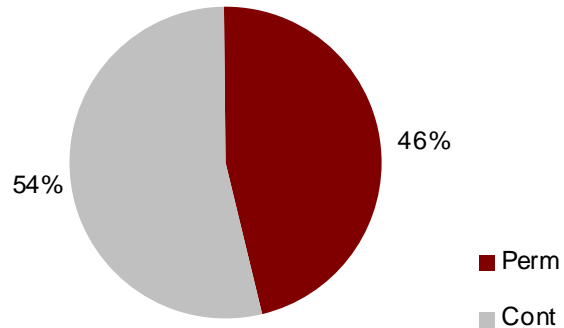
# Permanent/Contract Analysis

Interim Results for the six months ended 30 May 2010



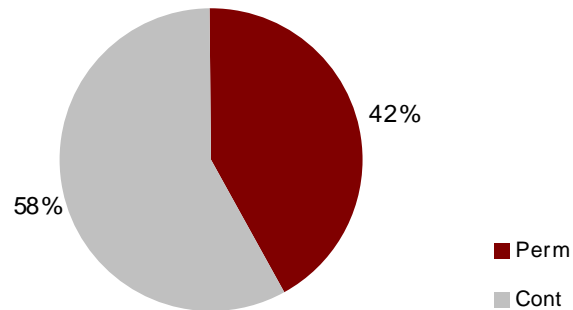
## Gross Profit

2010



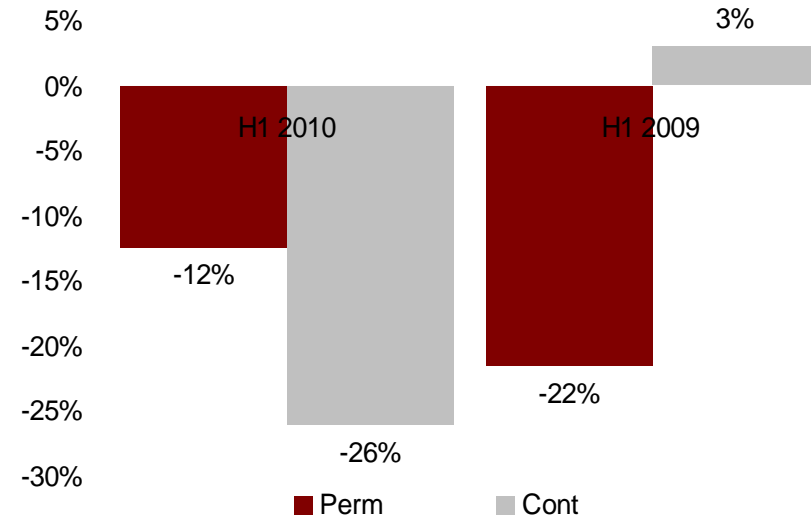
£74.3m

2009



£93.3M

## Growth In Permanent/Contract GP



Gross Margin	2010	2009
Group (Blended)	33.5%	33.3%
Contract	21.4%	22.5%

Source: SThree Accounts

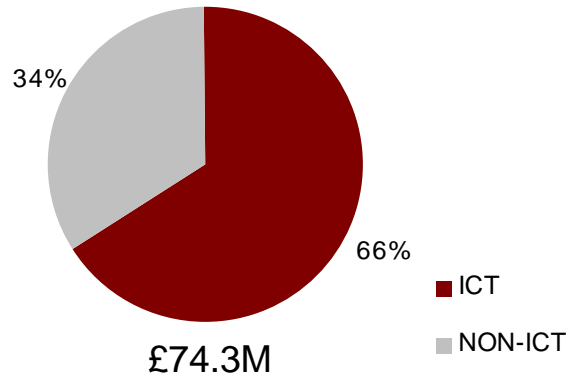
# Sector Analysis by Candidate Skillset

Interim Results for the six months ended 30 May 2010

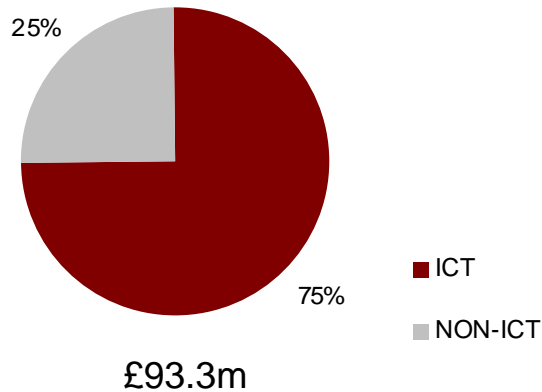


## Gross Profit

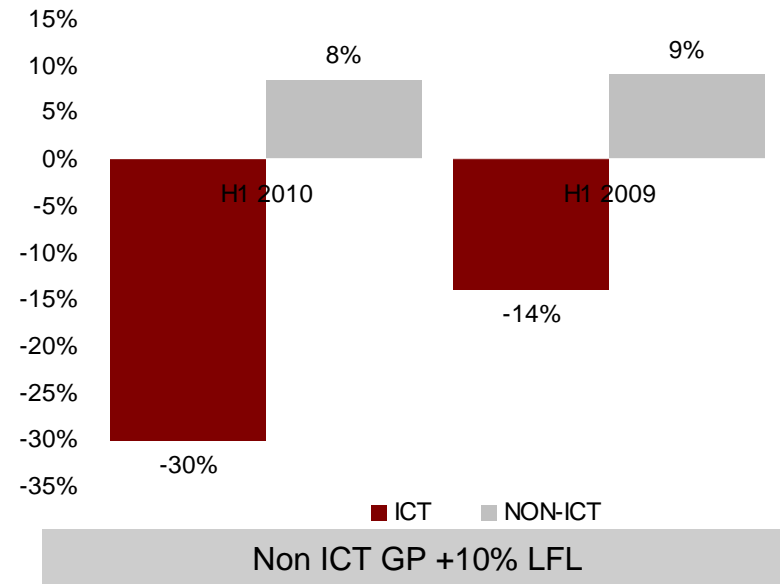
2010



2009



## Growth In ICT / Non ICT GP



ICT impacted by geographical mix

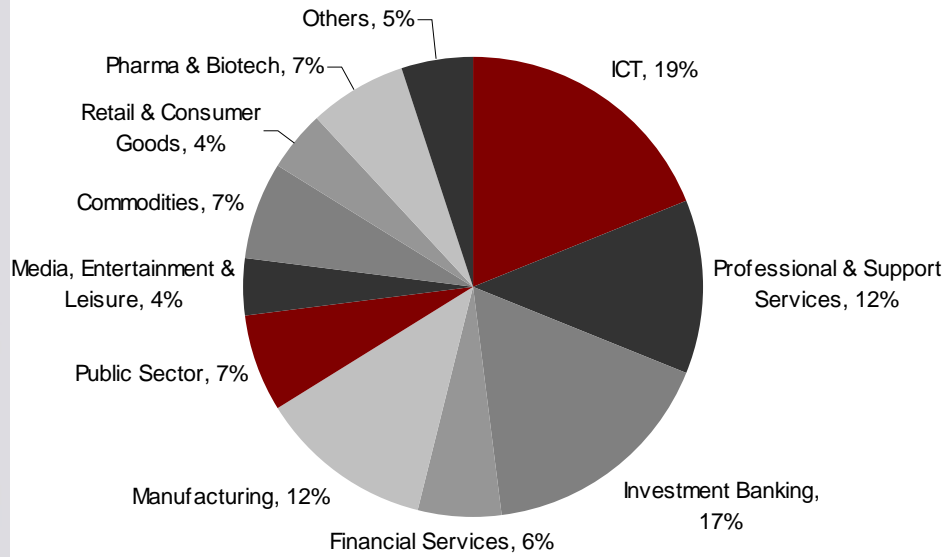
Source: SThree Accounts



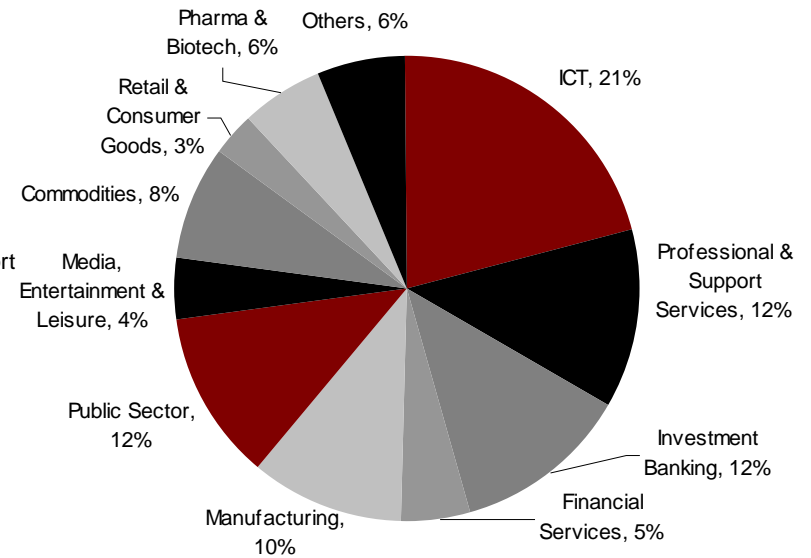
# Business breakdown by client industry sector



Interim Results for the six months ended 30 May 2010



Half year 2010



Full year 2009

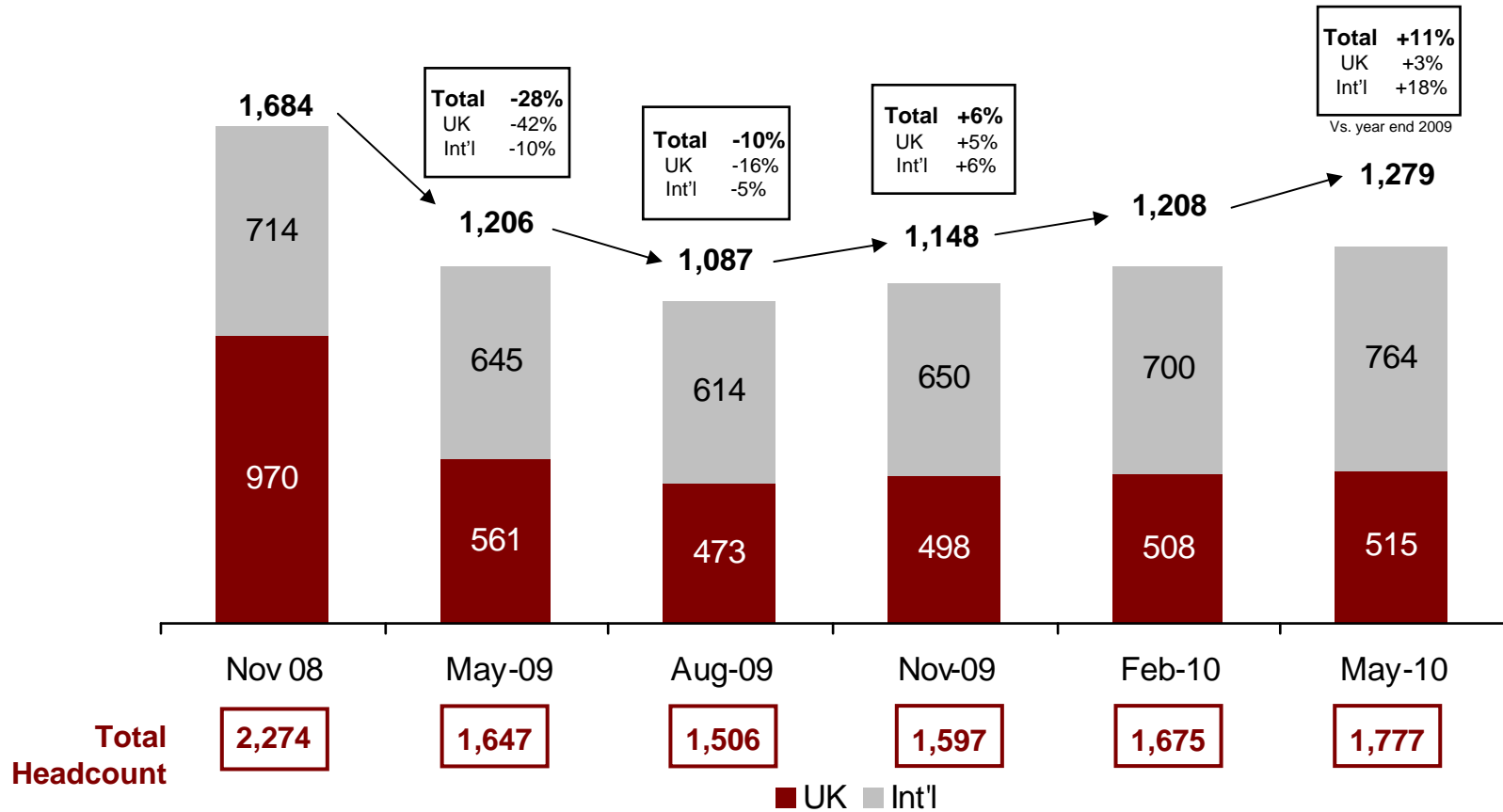
Public sector exposure reduced to 7% of mix

Source: Internal MIS analysis based on number of transactions per sector



# Sales Headcount

Interim Results for the six months ended 30 May 2010



Total sales heads up 11.3% May 2010 v November 2009  
60% of sales heads now Non-UK

**Note:** Sales headcount includes consultants and sales management



## Financial Results

# Income Statement

Interim Results for the six months ended 30 May 2010



	2010 £m	2009 £m	Actual Growth	LFL Growth
Revenue	221.7	280.6	-21.0%	-20.3%
Gross profit	74.3	93.3	-20.3%	-19.4%
Operating profit*	7.1	11.0	-35.3%	-32.5%
Net finance cost	0.2	0.2	-	-
Profit before tax*	7.3	11.2	-34.5%	-33.5%
Taxation*	(2.5)	(3.5)	-	-
Profit after tax*	4.8	7.7	-37.1%	-

**Note:** \*Before exceptional items of £8.5m relating to the Group restructure in H1 2009

Source: SThree Accounts

# Balance Sheet

Interim Results for the six months ended 30 May 2010



£m	30 May 2010	31 May 2009	
Goodwill & intangibles	10.0	11.5	£20m invoice discounting facility with RBS until April 2012
Property, plant & equipment	5.5	6.6	<ul style="list-style-type: none"> <li>£20m committed</li> <li>Base rate +175 bp</li> <li>Not drawn in period</li> </ul>
Deferred tax	8.9	5.6	Focus on working capital
Net working capital	21.8	22.9	<ul style="list-style-type: none"> <li>Debtor days at 37 vs 39</li> <li>Debtors ageing improved</li> </ul>
Tax liability	(1.2)	(3.0)	Provision decrease relates to utilisation of exceptional restructuring item
Provisions	(4.2)	(7.5)	
Net cash*	31.6	43.9	Cash impacted by timing of dividend
<b>Net assets</b>	<b>72.5</b>	<b>80.1</b>	

\* Includes assets held to maturity

Balance sheet remains strong

Source: SThree Accounts

# Cash Flow

Interim Results for the six months ended 30 May 2010



	2010 £m	2009 £m
Operating profit	7.1	2.5
Share awards charge	0.9	0.6
Depreciation and amortisation	3.0	3.0
Loss on disposal	-	0.3
Decrease in debtors	6.7	41.0
Decrease in creditors	(11.9)	(13.7)
(Decrease) / increase in provisions	(1.5)	3.6
Net cash inflow from operating activities	4.3	37.3
Finance income	0.2	0.2
Taxation paid	(1.4)	(11.7)
Capital expenditure	(2.2)	(2.6)
Dividends paid	(15.1)	(5.0)
Net (decrease) / increase in cash	(14.2)	18.3

Cash decreased as a result of the early payment of the 2009 final dividend

Source: STthree Accounts

# Earnings Per Share

Interim Results for the six months ended 30 May 2010



		2010	2009	Change %
<b>Profit After Tax*</b>		£4.9m	£7.7m	-37%
<b>Minority Interest</b>		-£0.1m	-£0.3m	-
<b>Profit attributable to equity holders of the company*</b>		£4.8m	£7.4m	-34%
<b>Weighted average number of shares</b>				
	<b>for basic EPS</b>	119.8m	117.7m	2%
	<b>for fully diluted EPS</b>	122.5m	121.1m	1%
<b>EPS*</b>				
	<b>basic</b>	4.0p	6.3p	-37%
	<b>diluted</b>	3.9p	6.1p	-36%
<b>DPS</b>		4.0p	4.0p	

\* Before exceptional items

Source: SThree Accounts



## Summary & 2010 Outlook



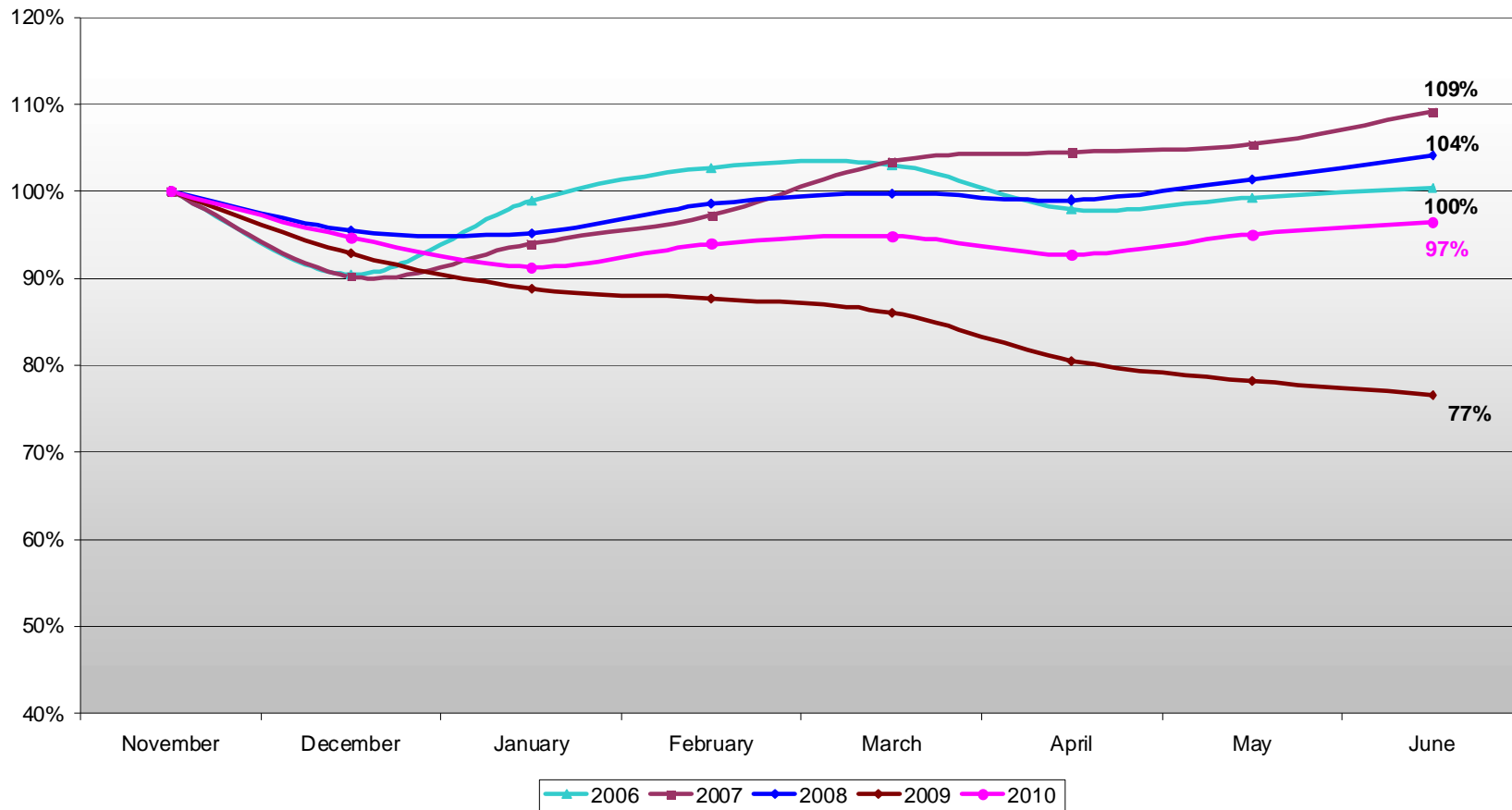


# Contract Runners: P1-7 5 year comparison

Interim Results for the six months ended 30 May 2010



**Indexed Contract Runners: P1-7 5 year analysis**  
 (Annual Trend based on P12 Nov Year End Runners)



## Summary & 2010 outlook

Interim Results for the six months ended 30 May 2010



- Most markets stable / improving, albeit currently below normal levels
- Selective rehiring undertaken +11% sales headcount increase versus year end 2009
- Assuming continuation of confidence we remain cautiously optimistic
- Sequentially Q2 GP +7.8% vs Q1 and June GP +14.9% YOY
- 2010 an investment year for headcount, exaggerating normal H1/H2 seasonality
- SThree increasingly exposed to territories & segments with strong structural growth





# Questions

Thank you for listening, please feel free to ask any questions



## The Future of SThree

# SThree: Evolving the Multi Brand Model



Interim Results for the six months ended 30 May 2010

## Niche Specialisations

ICT

Banking

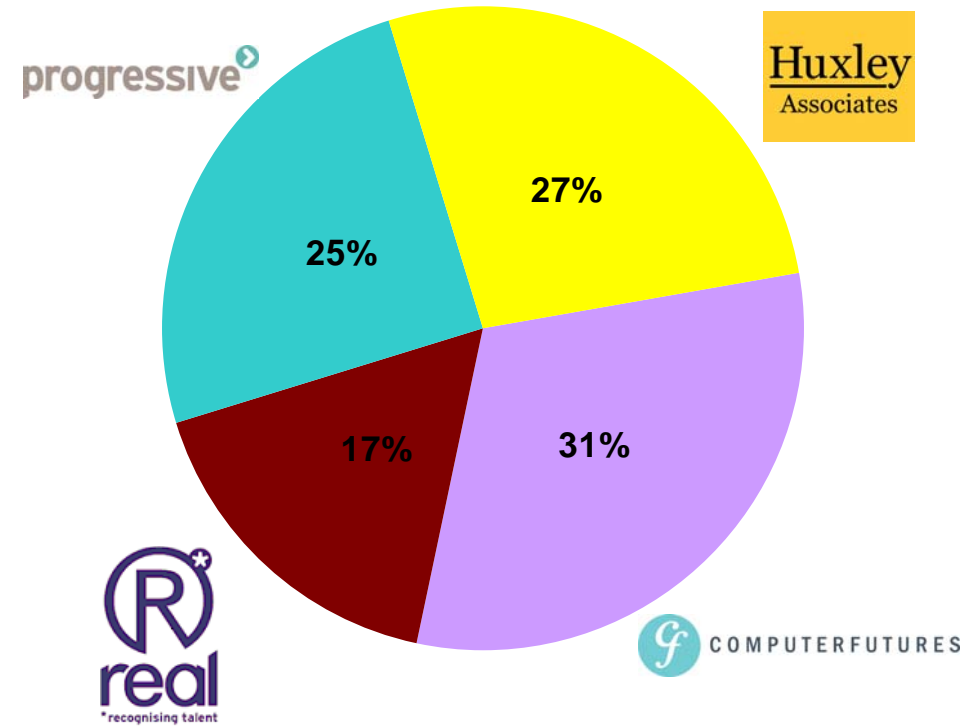
Engineering

Oil & Gas

Pharma / Healthcare

Sales & Marketing

Accountancy & Finance



Brand % of 2009 Group GP

SThree has grown 100% organically through niche brands

Source: Internal MIS analysis

# Profile of International Growth



Interim Results for the six months ended 30 May 2010

International expansion has three major dimensions;

Increase headcount  
in an existing office  
e.g. Sydney



Increase office footprint in  
existing geography e.g. Perth



Open entirely new regions  
e.g. West Coast USA



# Actual / potential office openings 2010

Interim Results for the six months ended 30 May 2010



**Perth (Progressive)**

**Munich (Computer Futures)**

**Dusseldorf  
(Progressive / Huxley)**

**San Francisco  
(Real Resourcing)**

**Delhi (Huxley)**



**Qatar (Pathway)**

**Houston (Progressive)**

**Antwerp (Computer Futures)**

**Melbourne (Progressive)**

**Zurich (Huxley / Progressive)**

- Opened
- Approved
- Awaiting business case

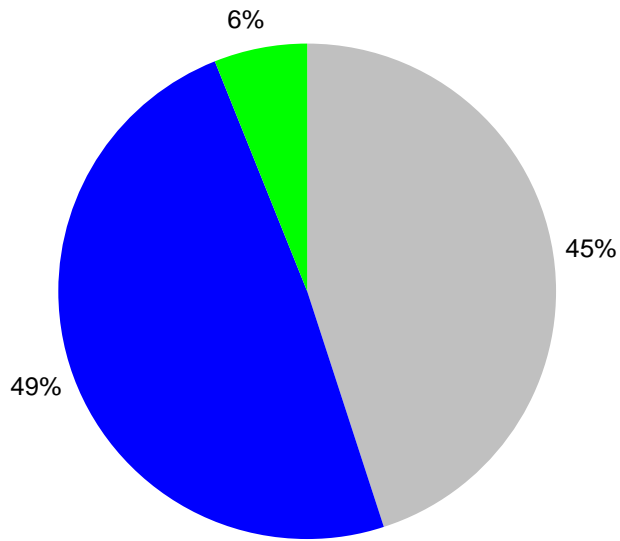
Opportunity to leverage existing office/locations initially  
Average investment circa £300k - 400k per office, payback 6-24 months

# Business Mix

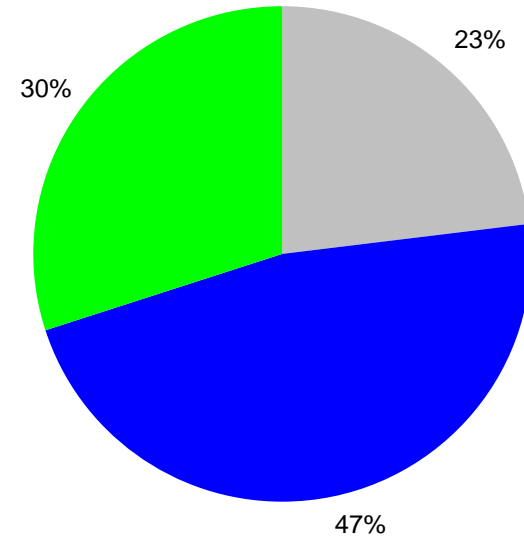
Interim Results for the six months ended 30 May 2010



### Geographical Mix 2009



### Indicative Future Mix (c. 5 years?)



■ UK ■ Europe ■ ROW

Source: STthree Internal Analysis



# Indicative Future Footprint

Interim Results for the six months ended 30 May 2010



### Americas

New York  
San Francisco  
Washington  
Houston  
Dallas  
Chicago  
Los Angeles

Boston  
Atlanta  
Calgary  
Toronto  
Vancouver  
Rio/Sao Paulo

### UK & Ireland

London  
Manchester  
Birmingham  
Leeds  
Reading  
Bristol  
Edinburgh  
Glasgow  
Aberdeen  
Dublin

### Europe

Düsseldorf  
Hamburg  
Frankfurt  
Munich  
Paris  
Amsterdam  
Rotterdam  
Glasgow  
Berlin  
Cologne  
Stuttgart

Marseille  
Antwerp  
Luxembourg  
Madrid  
Milan  
Stavanger  
Vienna  
Zurich  
Moscow  
Prague  
Warsaw

### Middle East & Africa

Dubai  
Abu Dhabi  
Bahrain  
Qatar  
Saudi Arabia  
Cape Town

### AsiaPac

Hong Kong  
Singapore  
Sydney  
Perth  
Melbourne  
Brisbane

Shanghai  
Tokyo  
Osaka  
Delhi  
Mumbai  
Kuala Lumpur

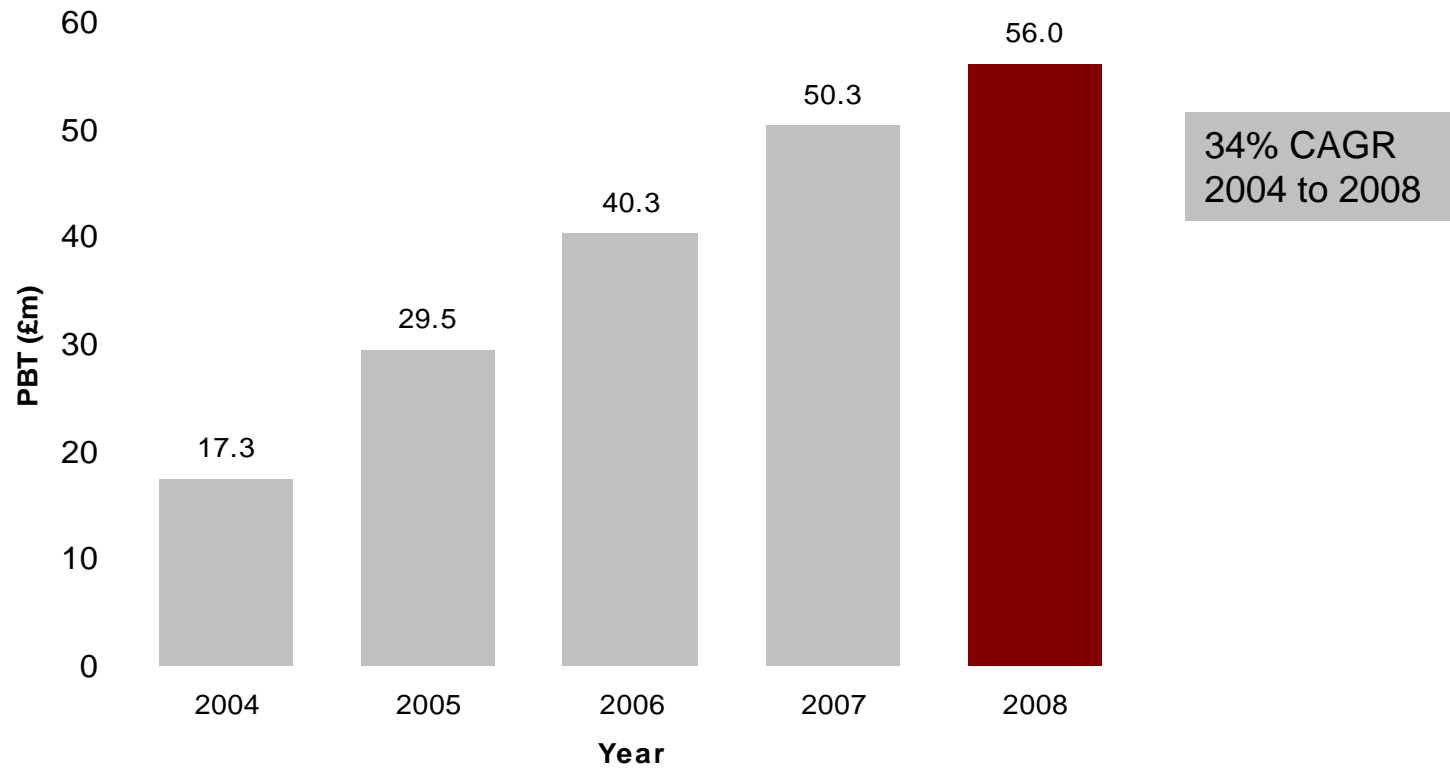


# Supplementary Material

# PBT Growth 2004 – 2008 post last downturn



Interim Results for the six months ended 30 May 2010



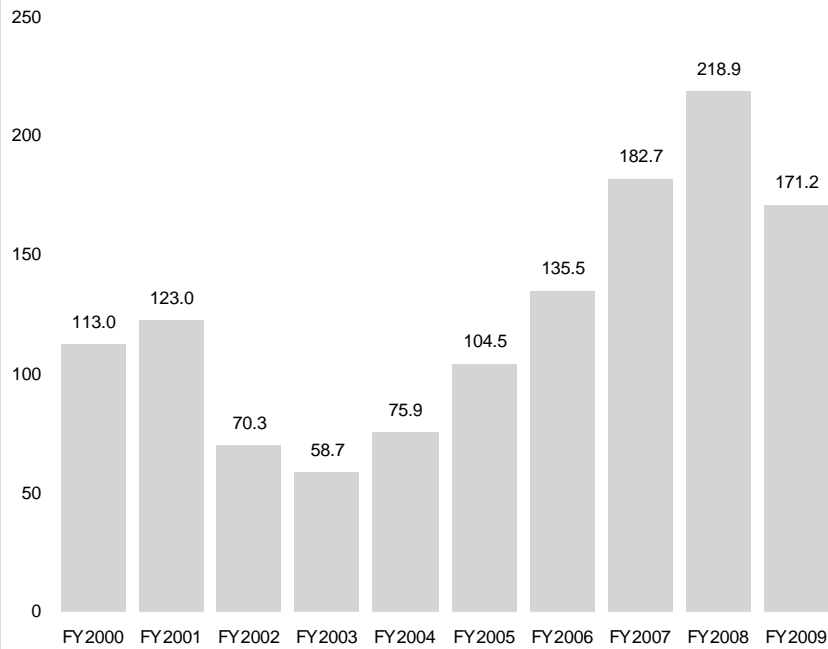
Total PBT increase of 324%

# Historical Gross Profit and Gross Margin

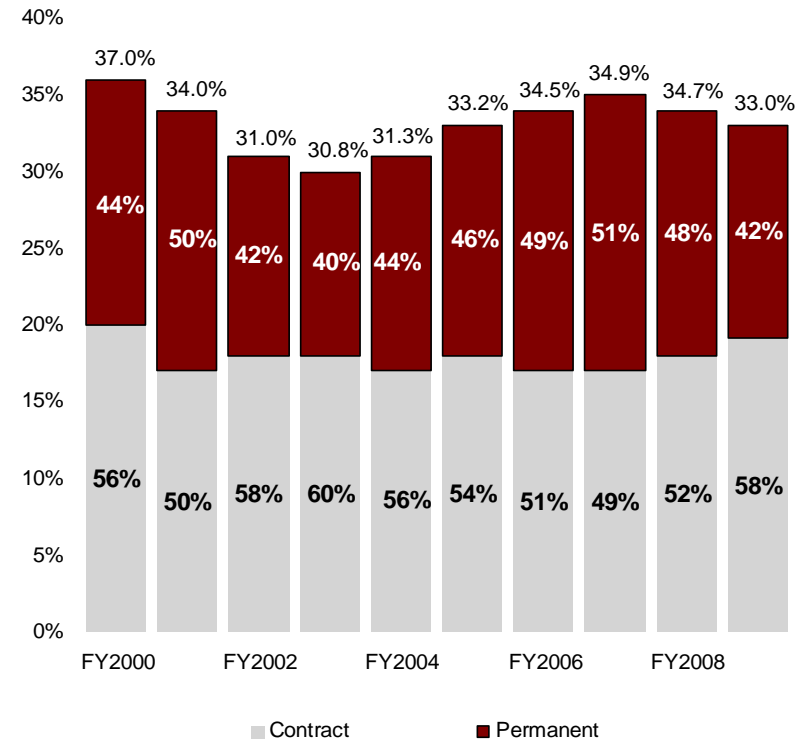
Interim Results for the six months ended 30 May 2010



**Gross Profit (£'m)**



**Gross Margin (%)**



Notes:  
2000-2005 UK GAAP  
2006-2009 IFRS

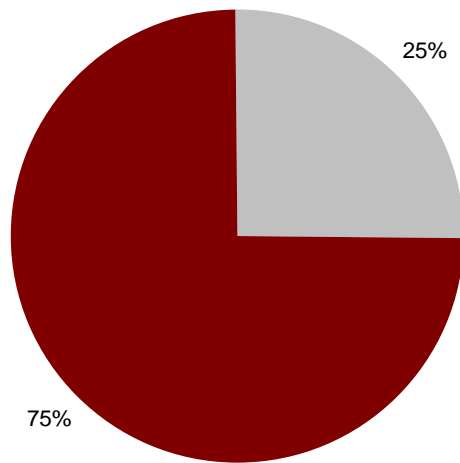
	2000	2001	2002	2003	2004	2005	2006	2006	2008	2009
<b>Contract</b>										
<b>Margin</b>	20.7%	20.6%	20.6%	21.0%	20.5%	21.1%	21.3%	20.8%	21.5%	22.1%

# Business mix - a transformation

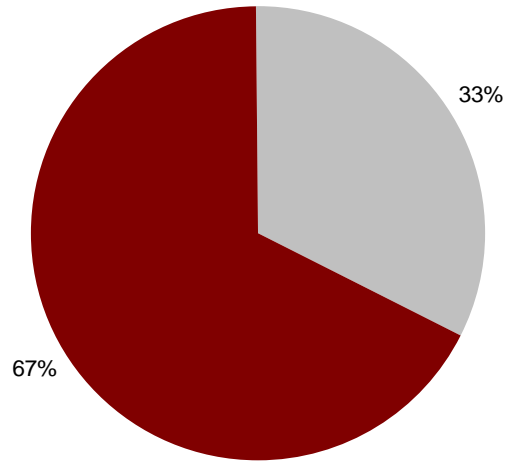
Interim Results for the six months ended 30 May 2010



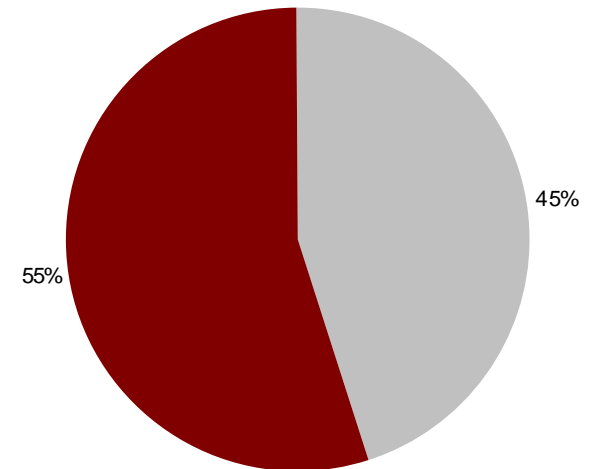
2010



2009



2008



■ UK, ICT Gross Profit ■ Other

Geographical & sector diversification reshapes the business

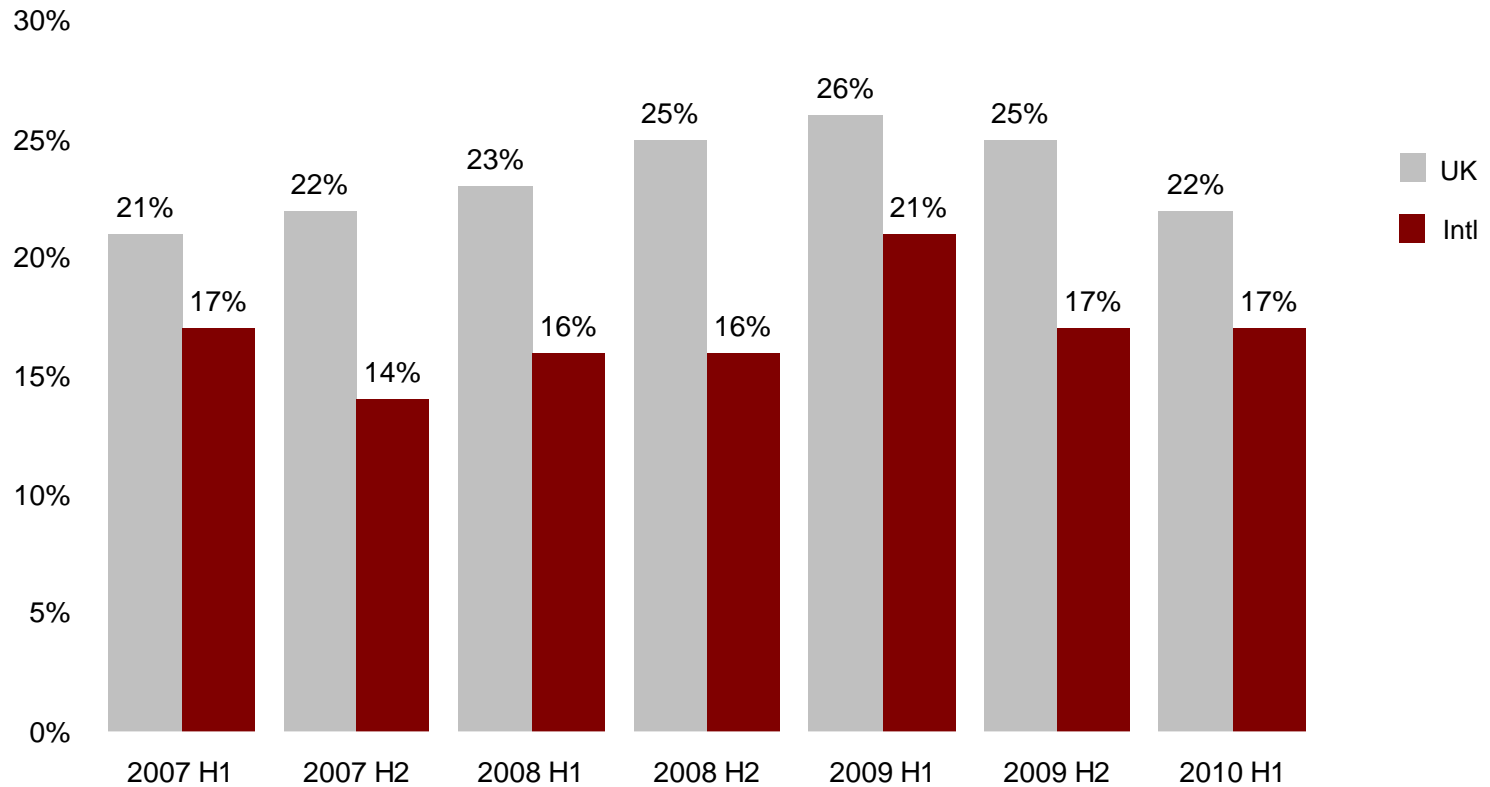


# Health of Market - Perm hire KPIs

Interim Results for the six months ended 30 May 2010



## Permanent hires starting within the month



Source: SThree MIS / Internal Analysis

The percentage of permanent candidates able to start in same period that the job is accepted is an indication of prevailing labour market conditions

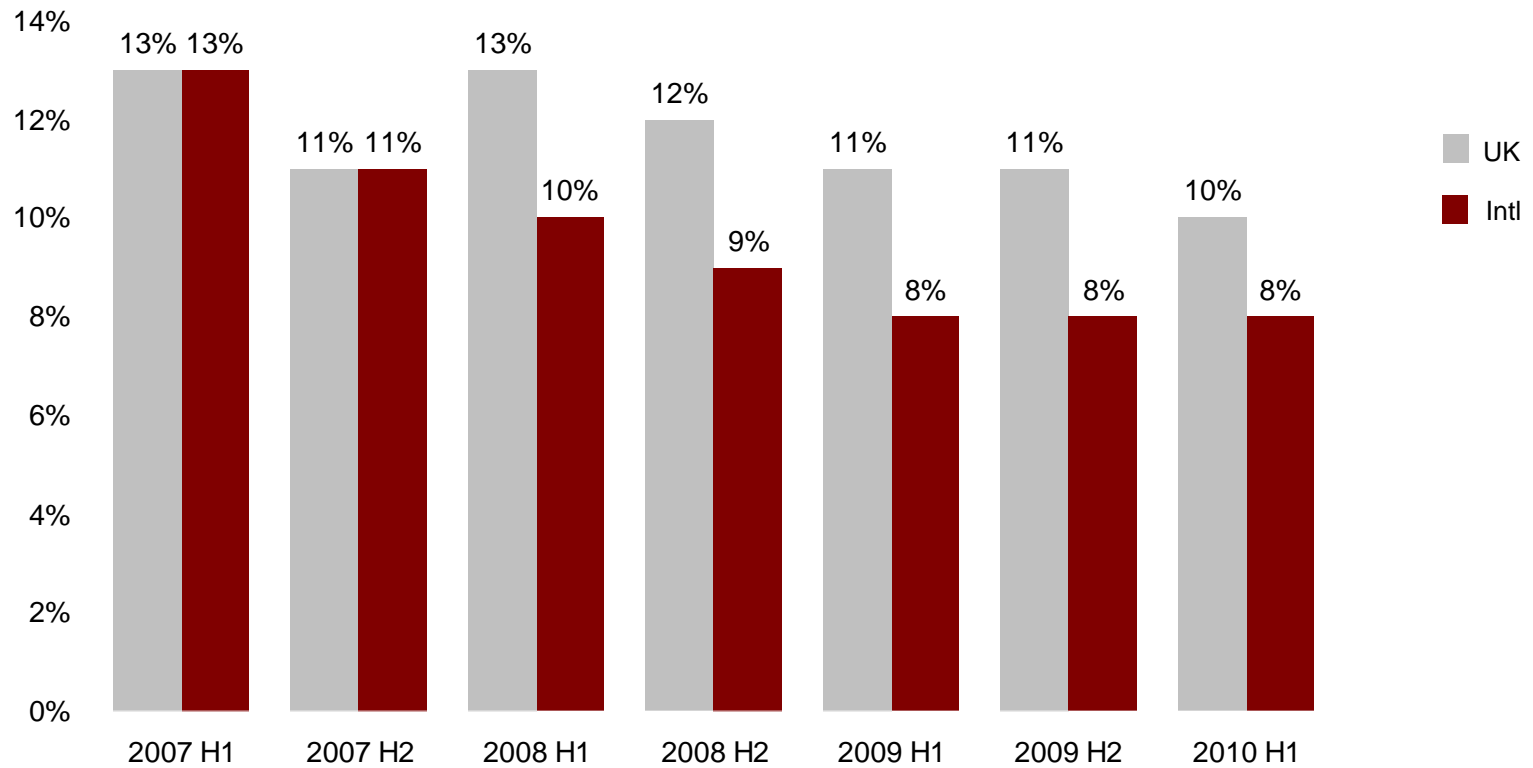


# Health of Market - Perm 'dropouts' KPIs



Interim Results for the six months ended 30 May 2010

## Permanent placement 'dropouts'



'Dropouts' are a useful indication of labour market tightness

<sup>1</sup> A drop out is defined as a potential permanent placement who has formally accepted an offer through an SThree company, but who ultimately does not take the position, generally because a counter offer is accepted

Source: SThree MIS / Internal Analysis

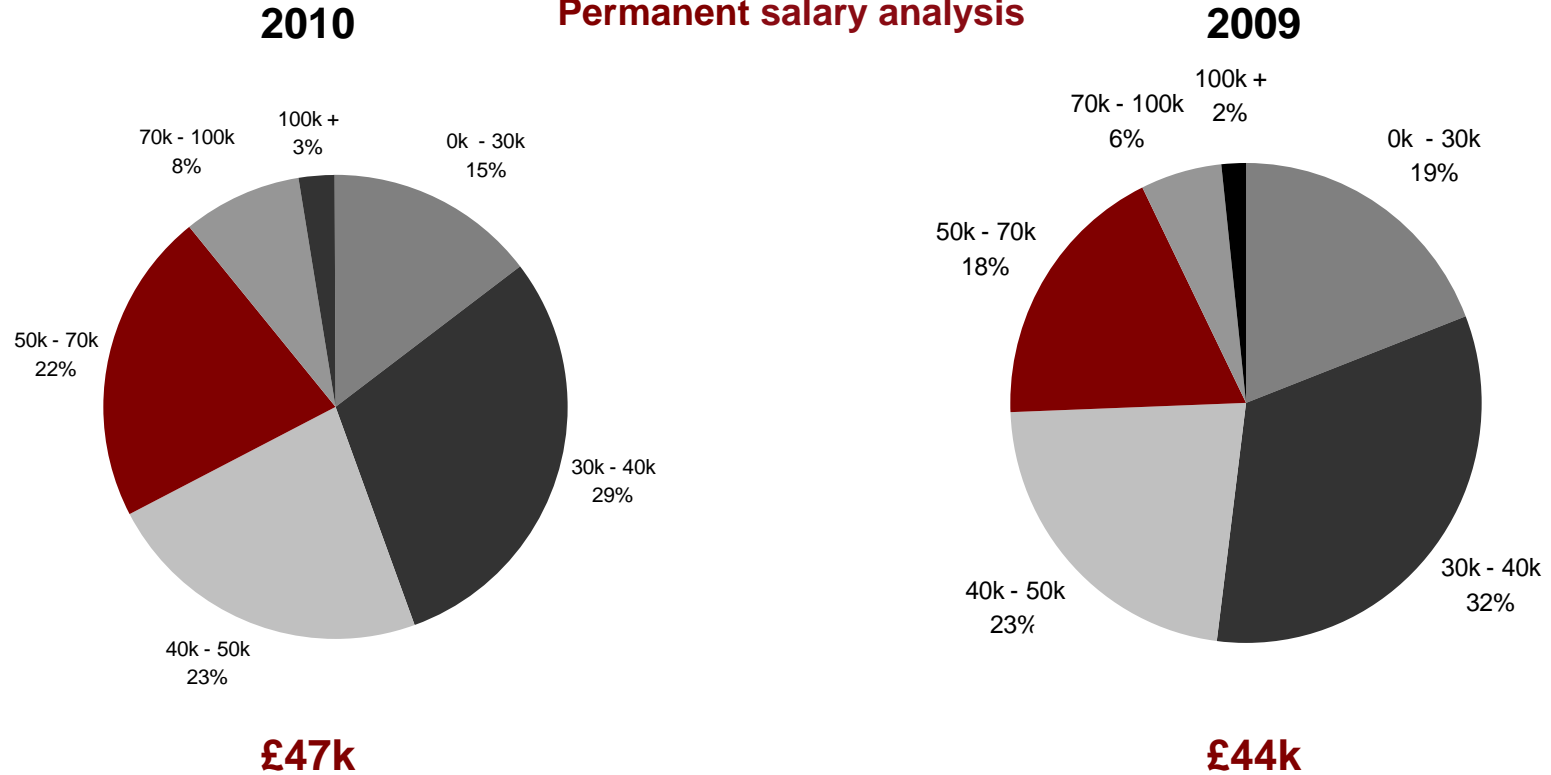


# Candidate salary positioning

Interim Results for the six months ended 30 May 2010



## Permanent salary analysis



Current average permanent salary is £47k\* (2009: £44k)  
 Current contract pro rata salary is circa £89k\*\* (2009: £88k)

**Note:** \* Salary on new deals per MIS  
 \*\*Based on a 46 week year, GP per day rate of £83.24 grossed up at the contract margin of 21.4%

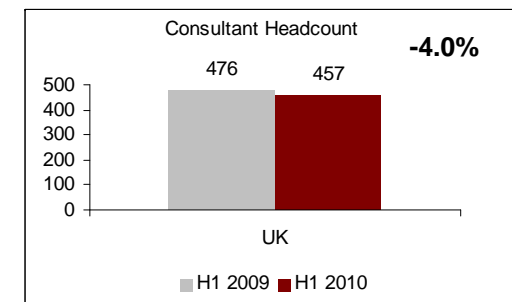
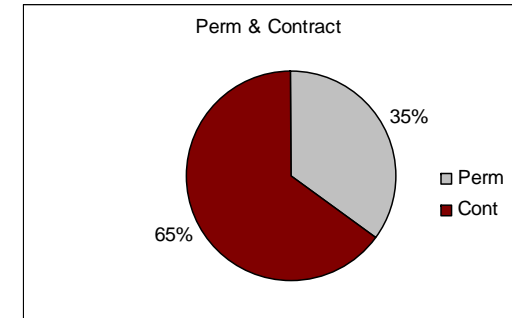
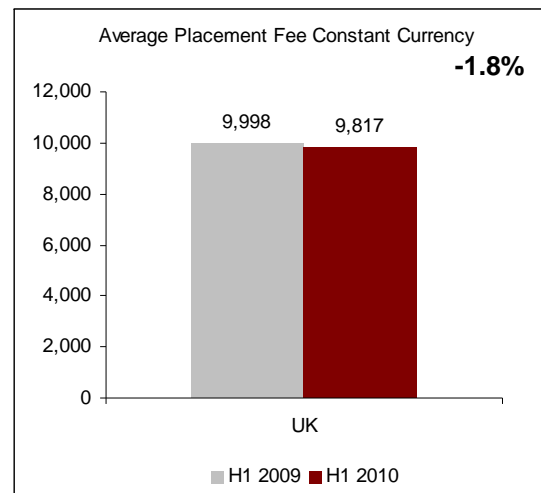
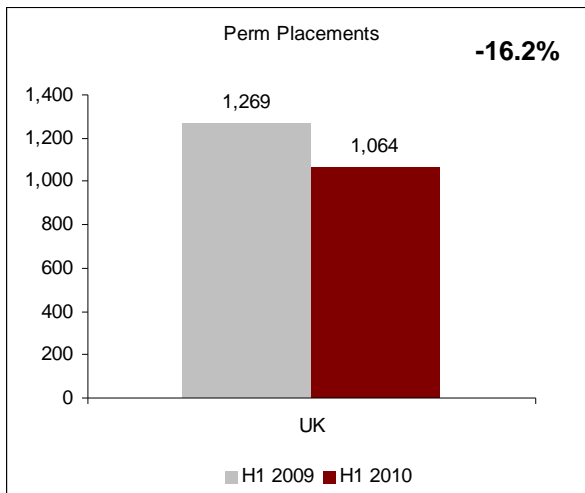
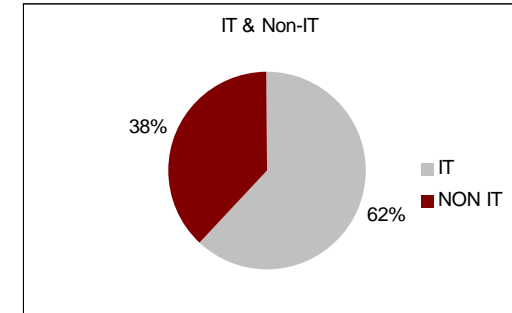
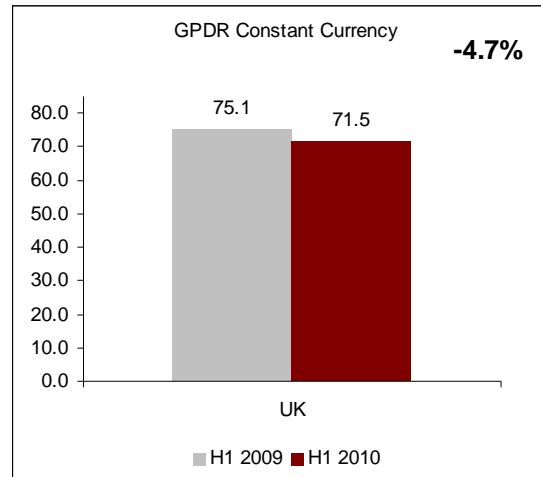
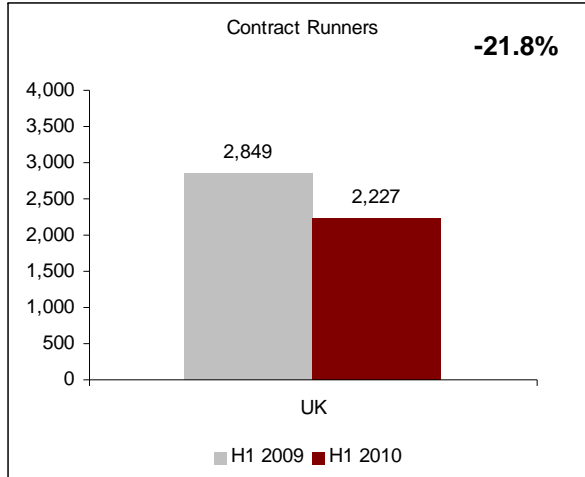
**Source:** Internal MIS analysis, SThree Accounts





# UK Trading Metrics

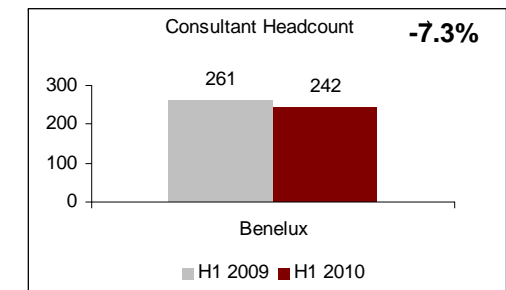
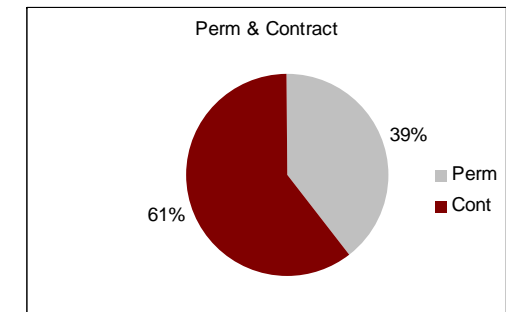
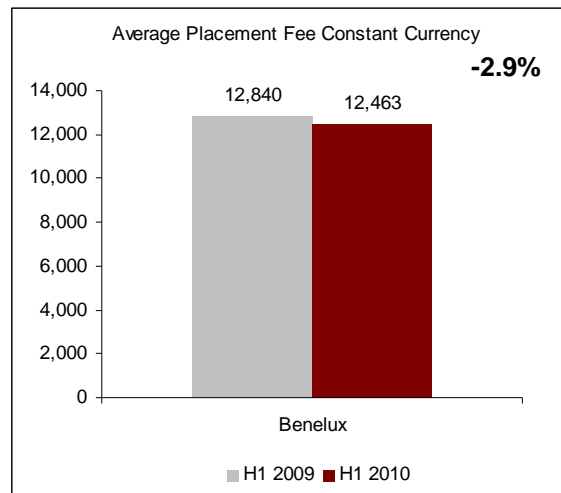
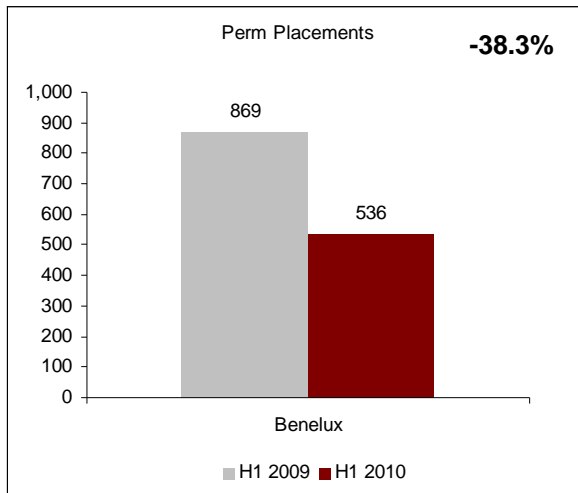
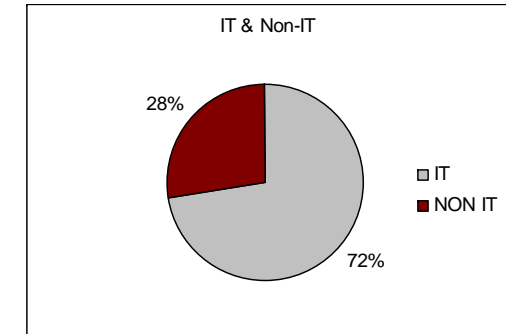
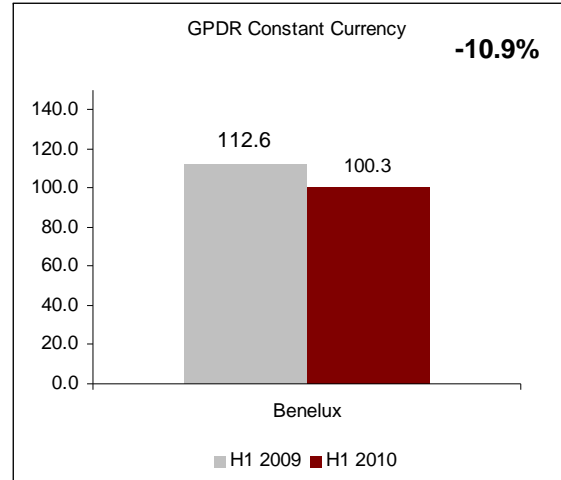
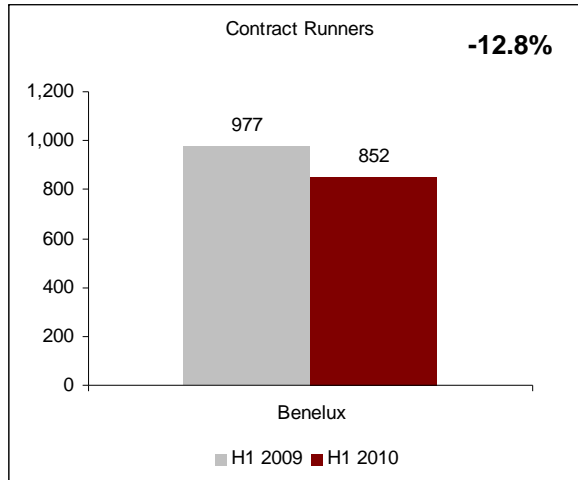
Interim Results for the six months ended 30 May 2010





# Benelux Trading Metrics

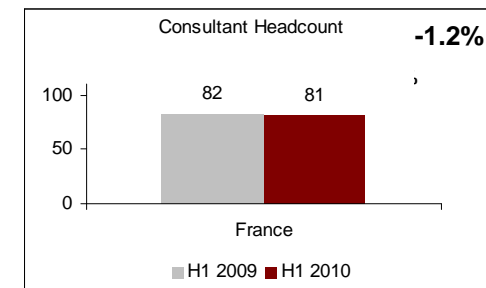
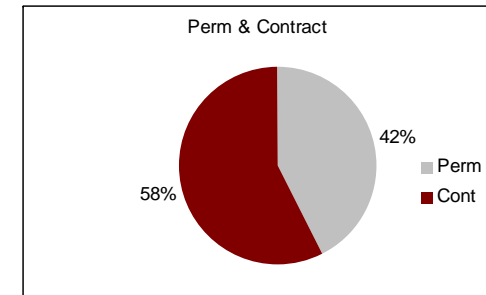
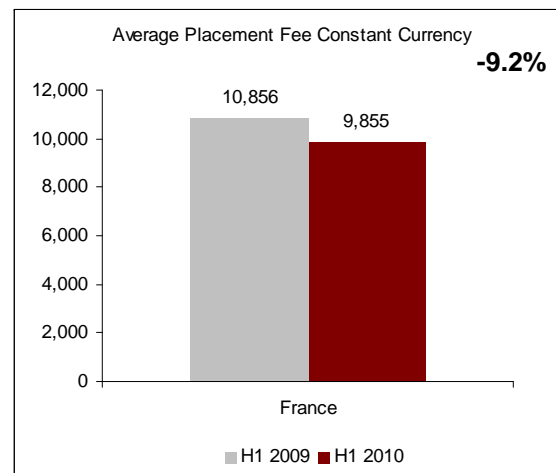
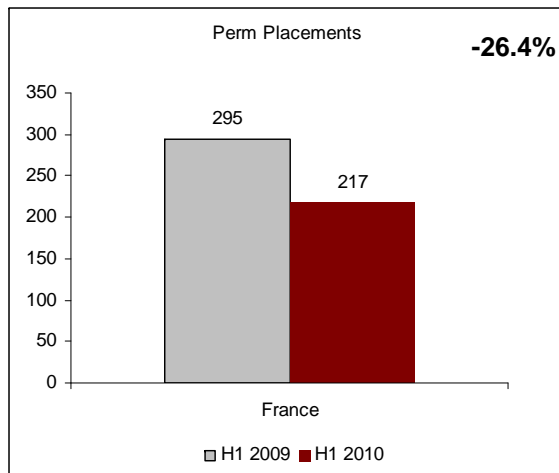
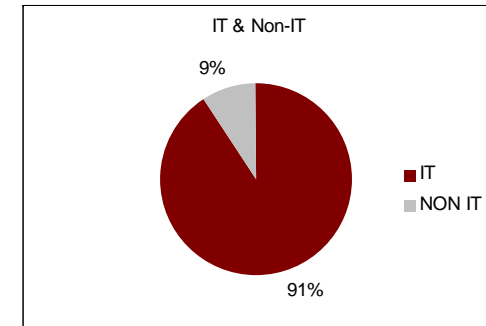
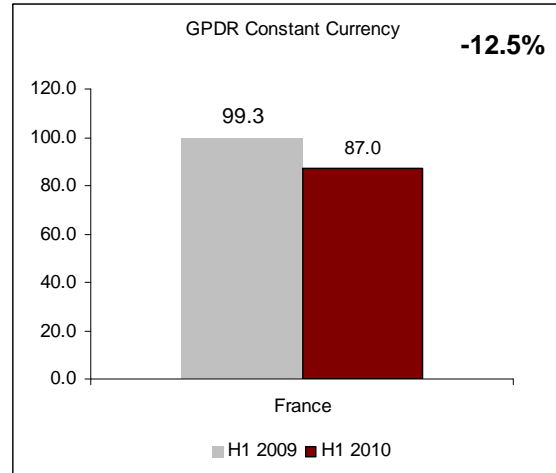
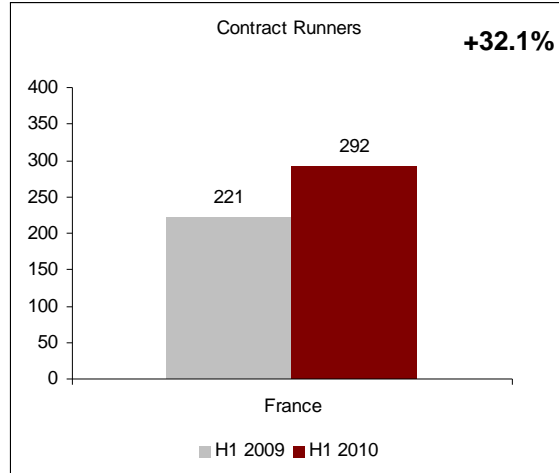
Interim Results for the six months ended 30 May 2010





# France Trading Metrics

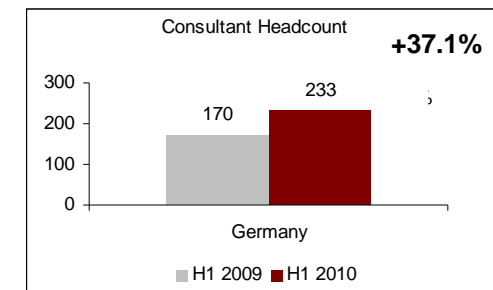
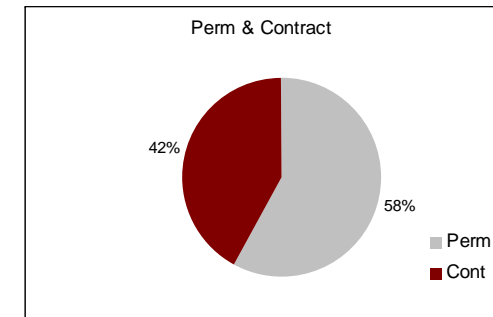
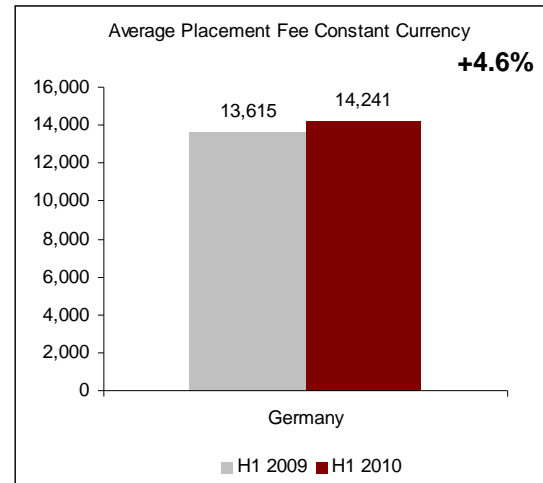
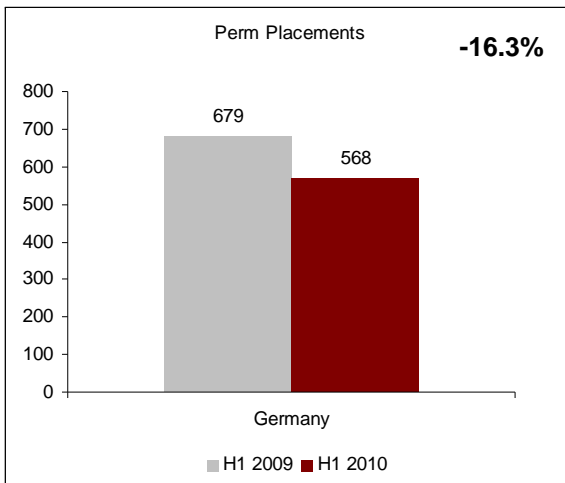
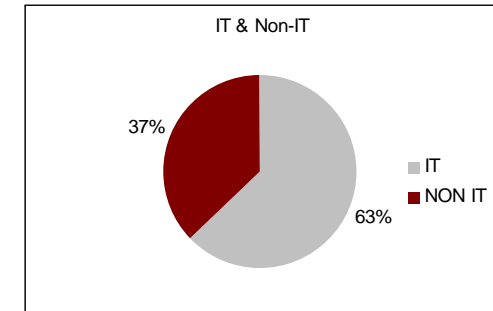
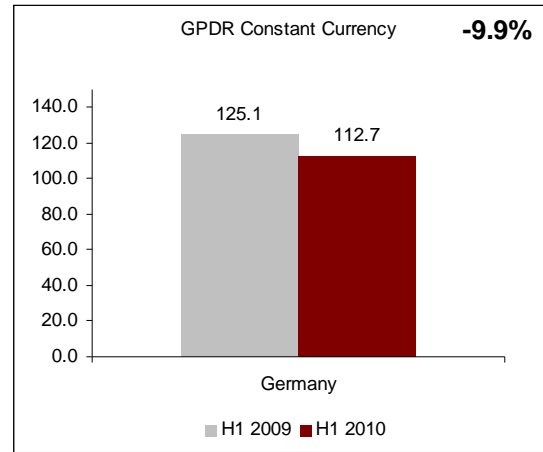
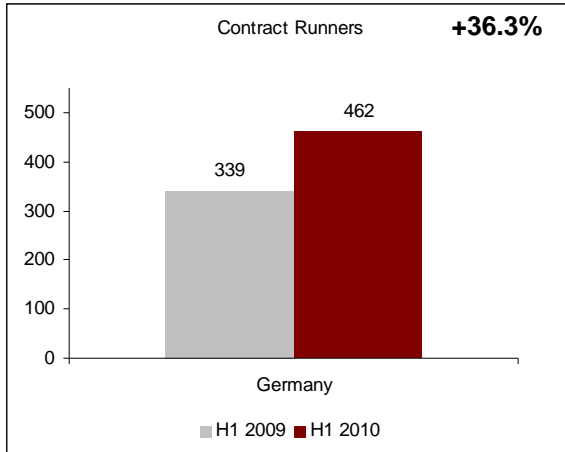
Interim Results for the six months ended 30 May 2010





# Germany Trading Metrics

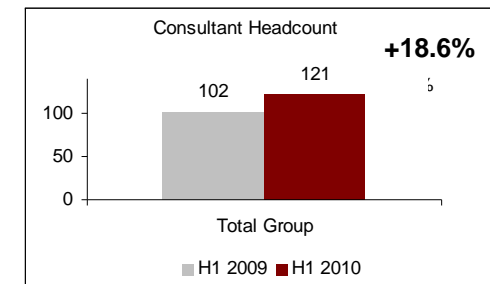
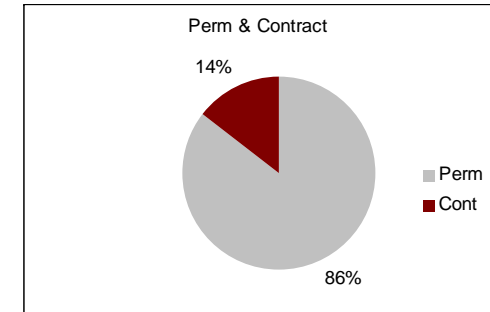
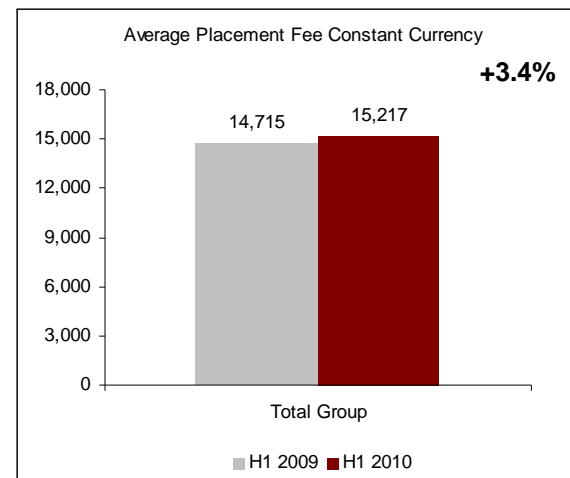
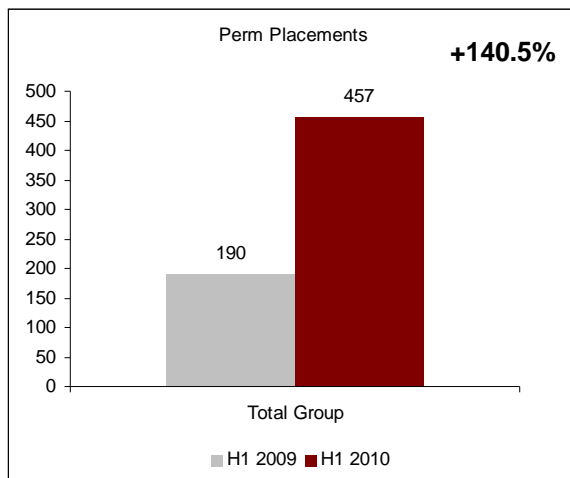
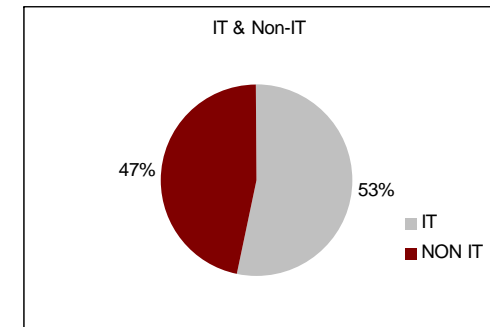
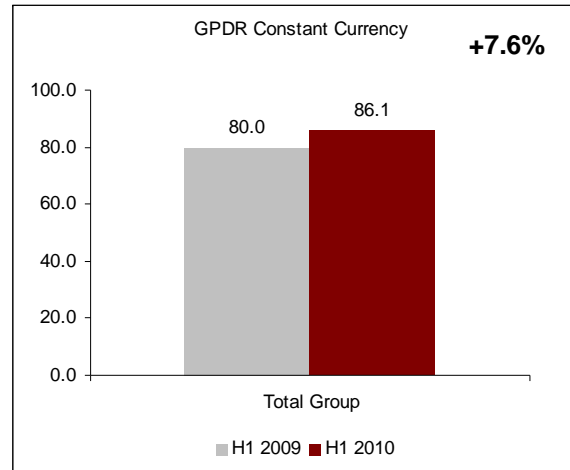
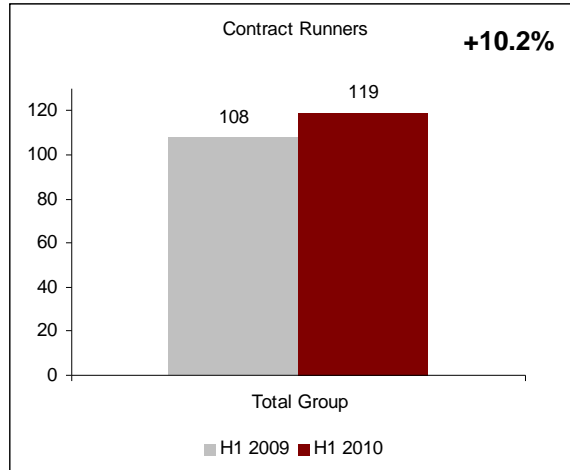
Interim Results for the six months ended 30 May 2010





# ROW\* Trading Metrics

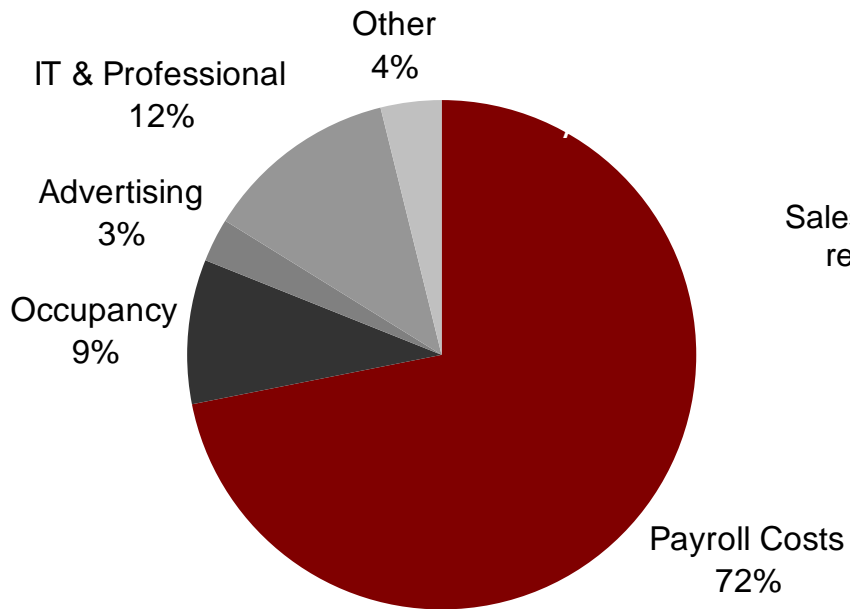
Interim Results for the six months ended 30 May 2010



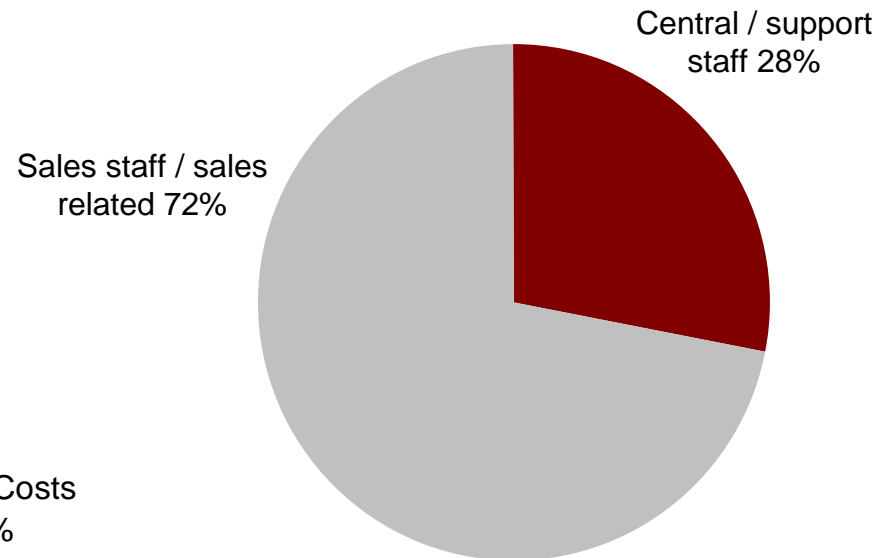
\* Includes Middle East, Far East and USA

# Cost base analysis for H1 2010

Interim Results for the six months ended 30 May 2010



**Cost base**

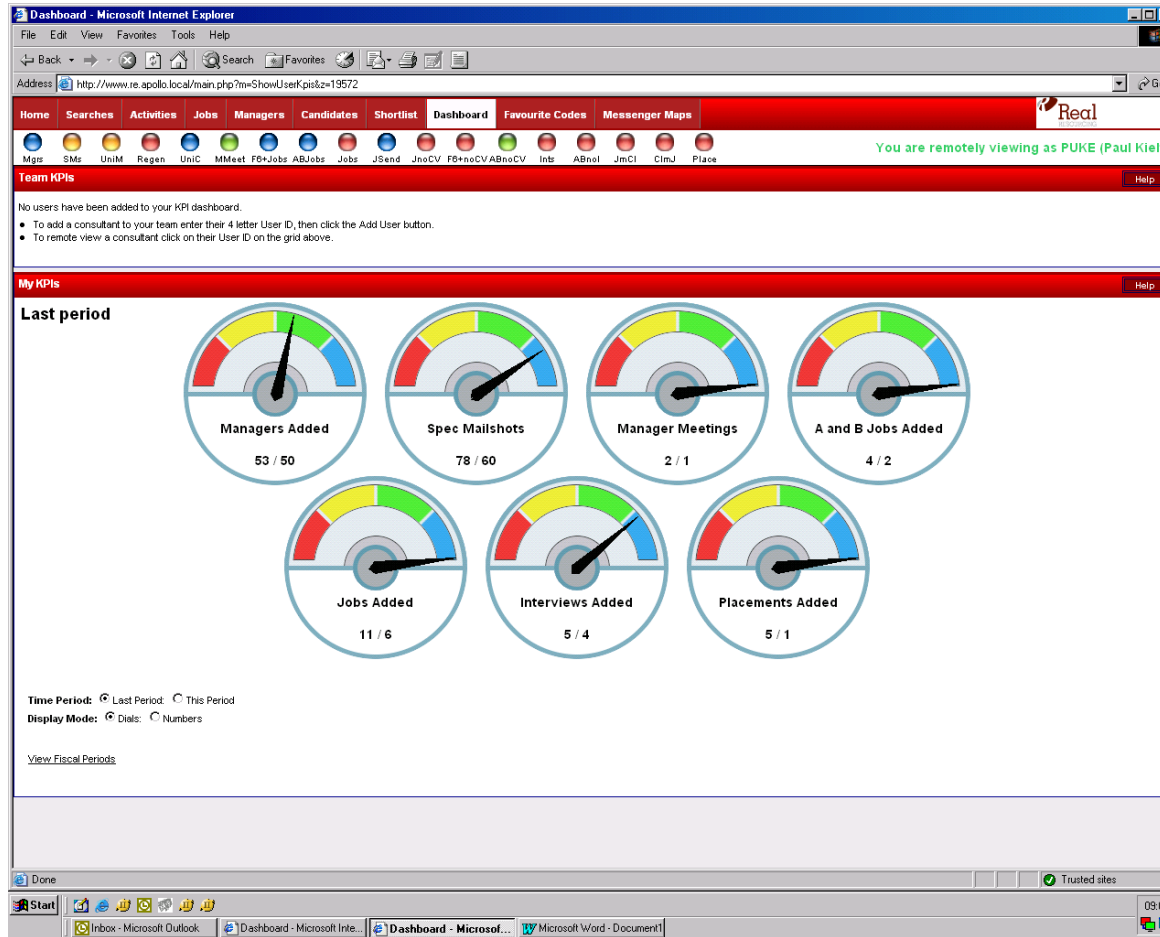


**Payroll costs**

The Group operates a relatively low fixed salary and has a young consultant demographic

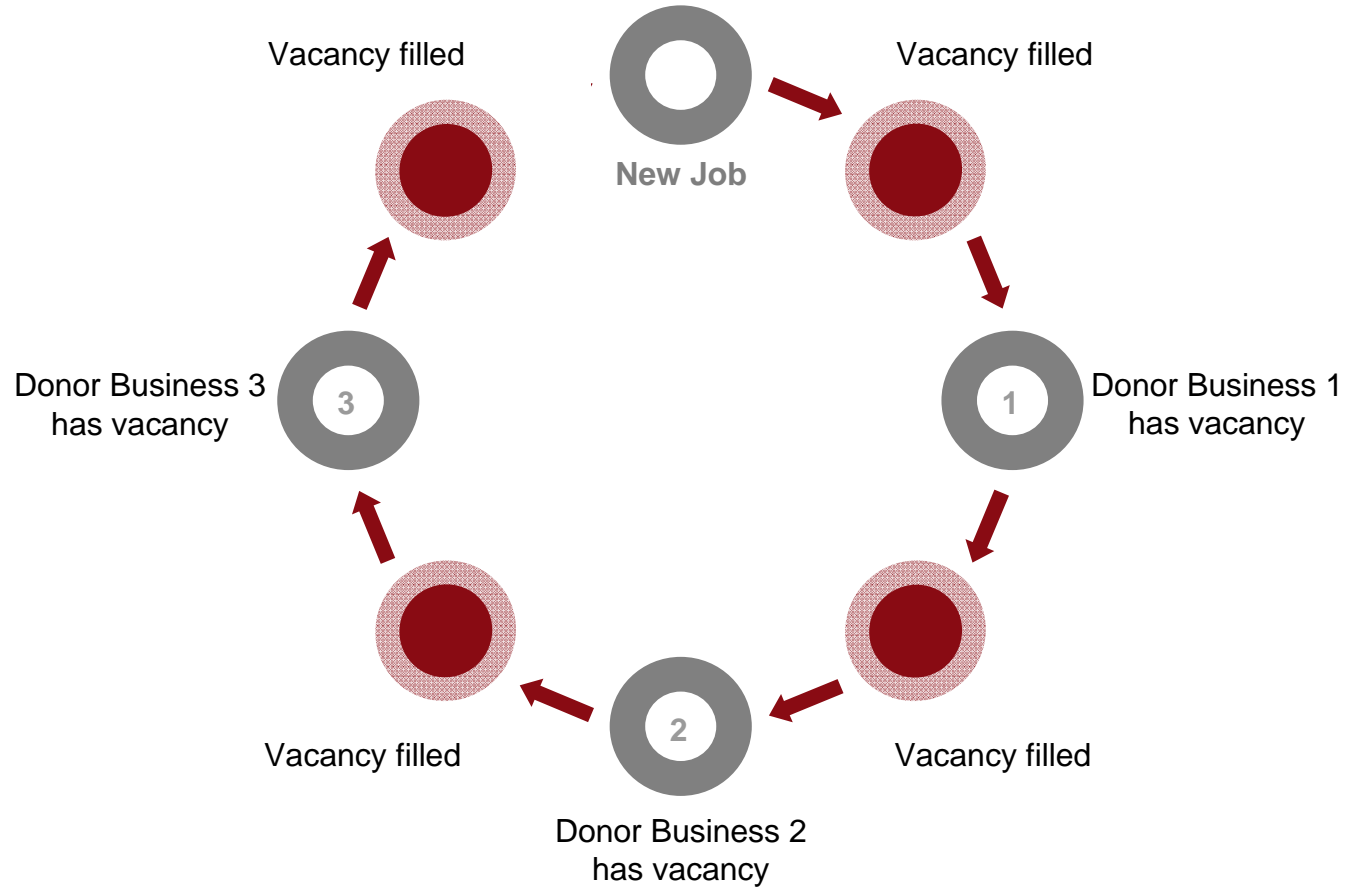


# Performance management systems



Actual screenshot Permanent Consultant

# “Churn” - A key multiplier of demand



Current market uncertainty results in limited churn – this changes quickly as confidence returns