



**FULL YEAR RESULTS  
PRESENTATION 2013**

RESULTS FOR YEAR ENDED 1 DECEMBER 2013

# INTRODUCTION & OVERVIEW

## STHREE PROFILES



### **GARY ELDEN – CHIEF EXECUTIVE OFFICER**

Gary Elden was appointed to the Board in July 2008, having been with the Group since 1990, when he joined Computer Futures. He has held a number of senior positions, including that of founding Managing Director of Huxley Associates. In his role as Chief Strategy Officer, he had responsibility for the expansion of the Group's international operations and non-ICT disciplines. In June 2012, he was appointed as Deputy Chief Executive Officer and took over from Russell Clements as Chief Executive Officer on 1 January 2013.



### **ALEX SMITH – CHIEF FINANCIAL OFFICER**

Alex Smith joined SThree in May 2008, having held a number of senior financial and operational roles in the leisure and retail sectors. He previously held the position of Integration Finance Director at TUI Travel PLC and he was Finance Director of First Choice's UK Mainstream business. Prior to these positions he was Managing Director of WH Smith's Travel Retail business and held senior financial roles at Travelodge and Forte PLC. Alex has a degree in Economics from Durham University and is an Associate of the Institute of Chartered Accountants in England & Wales.

## KEY FACTS

- Founded in 1986, floated in 2005
- Pure play specialist staffing – average perm salary £55k, contract pro rata £93k
- 55 offices in 21 countries, 40 non UK, 69% of GP international
- A balanced contract and permanent business
- Niche specialisations in ICT, Energy & Engineering, Life Sciences and Banking & Finance
- Entrepreneurial culture, significant management equity
- 100% organic growth to date through multi brand model
- Agile business model, seasoned home-grown management
- Strong balance sheet, robust attitude towards dividend

### *Additional notes*

- *2013 was a 53 week period. The performance for 2013 on a 52 week basis is provided throughout this presentation.*
- *IT Job Board, a small non-core business, operating in the UK, Germany and the Netherlands, was sold in July 2013 and is excluded throughout the presentation, unless stated otherwise*

## FY 2013: AN OVERVIEW

- A satisfactory performance, against an unstable macroeconomic backdrop, but with improving sentiment in Q4 / H2 in many geographies and sectors
- Contract GP up 4%\* year on year
- Permanent GP down 14%\* year on year, broadly in line with the reduction in average headcount
- Permanent fees remain robust, while contract GP day rates are sequentially stable versus H1
- Resilient performance from newer sectors. Life Sciences, Energy & Engineering now represent 38%\* of GP (2012: 34%\*)
- Sales headcount on average up 4% year on year, and up 14% on the year end position
- Three new overseas offices opened during the period (Calgary, Tokyo and Berlin)
- Net cash of £8.7m at period end
- Total ordinary dividend maintained at 14p per share (2012: 14p)
- Strategic initiatives completed successfully – structure for growth established

\* FY13 based on a normalised 52 week period, variances are in constant currency  
Note 1: Excludes IT Job Board

# FINANCIAL RESULTS

## FY 2013: FINANCIAL HIGHLIGHTS

	Excluding IT Job Board			
	2013 52 weeks	2012	Actual Growth	CC Growth
Revenue	£618.4m	£571.6m	+8.2%	+6.4%
Perm Gross Profit	£85.2m	£97.8m	-12.8%	-14.4%
Contract Gross Profit	£107.6m	£101.7m	+5.8%	+3.9%
<b>Total Gross Profit</b>	<b>£192.8m</b>	<b>£199.5m</b>	<b>-3.4%</b>	<b>-5.0%</b>
Operating Profit Before Exceptional Items	£21.0m	£25.1m	-16.3%	-19.3%
Conversion Ratio	10.9%	12.6%	-1.7%	-1.9%
Net Finance (Expense) / Income	£(0.2m)	£0.2m		
<b>Profit Before Tax And Exceptional Items</b>	<b>£20.8m</b>	<b>£25.3m</b>	<b>-17.8%</b>	<b>-20.4%</b>
Taxation	£(9.7m)	£(8.5m)		
Profit After Tax Before Exceptional Items	£11.1m	£16.8m	-33.9%	-40.9%
Basic Earnings Per Share Before Exceptional Items	9.1p	14.1p		
Ordinary Dividend	14.0p	14.0p		
Net Cash	£8.7m	£28.3m		

Note 1: Conversion Ratio = operating profit expressed as a % of gross profit

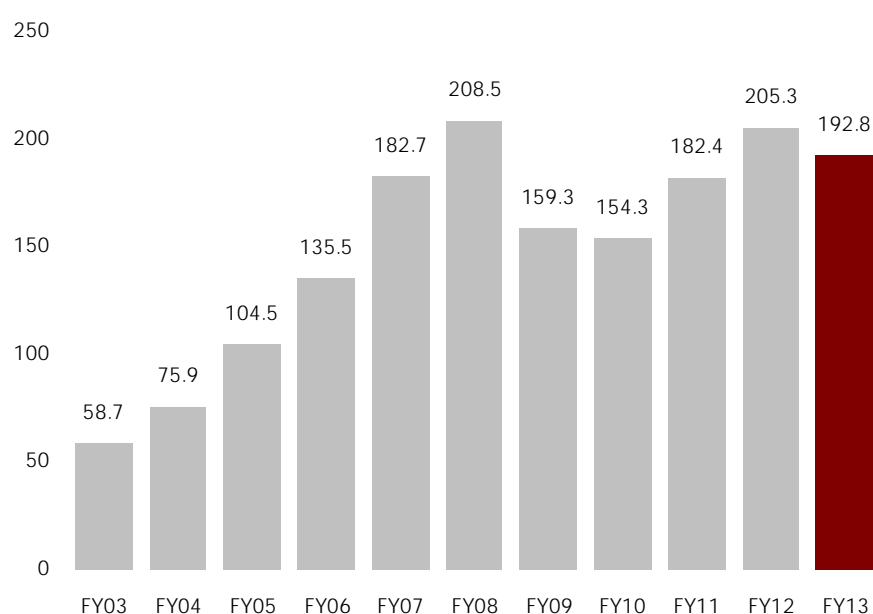
Note 2: CC growth is at constant currency

Note 3: Excludes IT Job Board in current and prior year

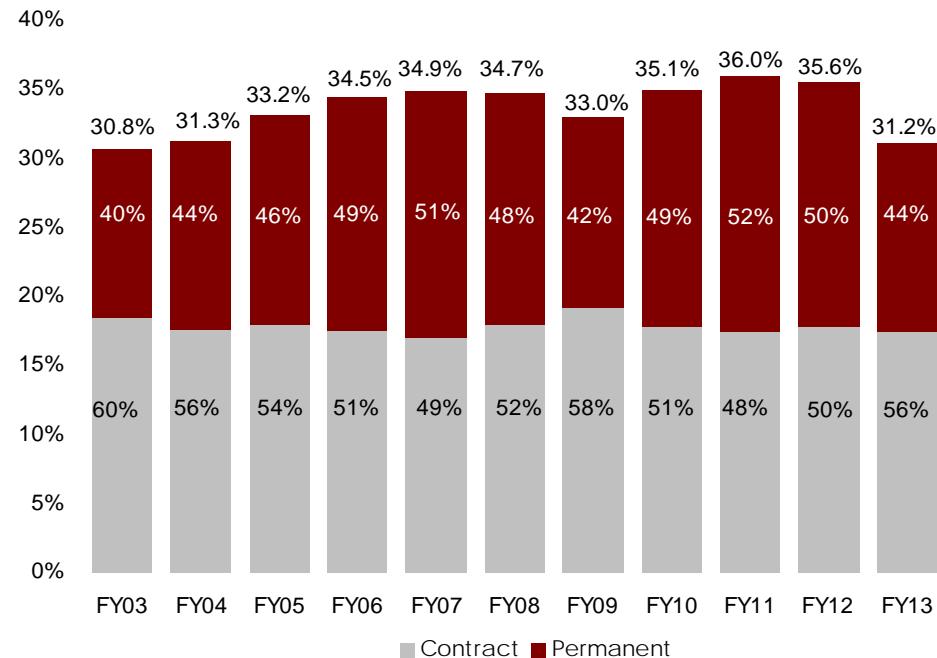
Note 4: FY13 data is based on a normalised 52 week period

## HISTORICAL GROSS PROFIT & GROSS MARGIN

### Gross Profit (£m)



### Gross Margin (%)



FY 2003   FY 2004   FY 2005   FY 2006   FY 2007   FY 2008   FY 2009   FY 2010   FY 2011   FY 2012   FY 2013

**Contract Margin %**   21.0%   20.5%   21.1%   21.3%   20.8%   21.5%   22.1%   21.6%   21.4%   21.5%   20.2%

Note 1: 2001 – 2005 UK GAAP

Note 2: 2006 – 2013 IFRS

Note 3: Includes IT Job Board to FY12

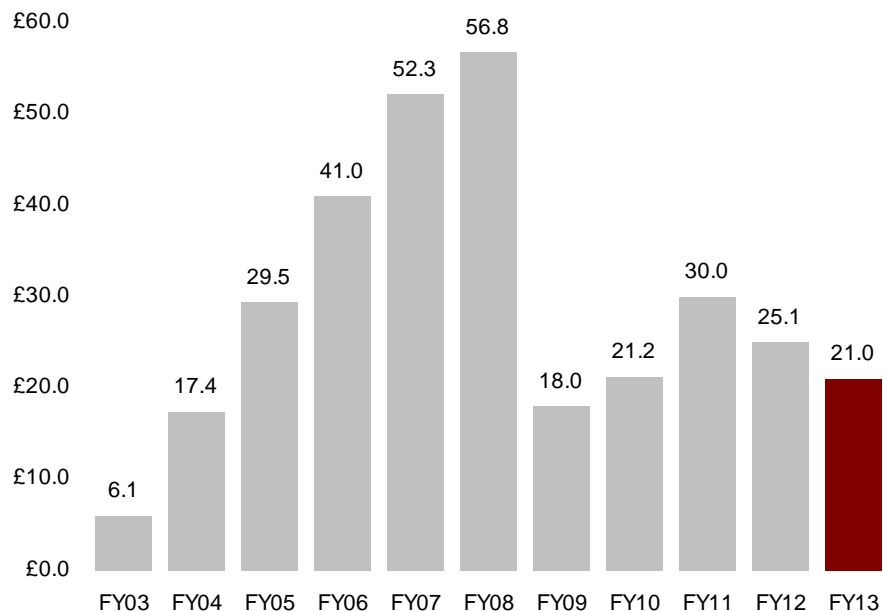
Note 4: FY13 data is based on a normalised 52 week period and excludes IT Job Board

Note 5: LFL Perm / Cont mix, including IT Job Board, for 2013 on a 53 week period would be 45% Perm / 55% Contract



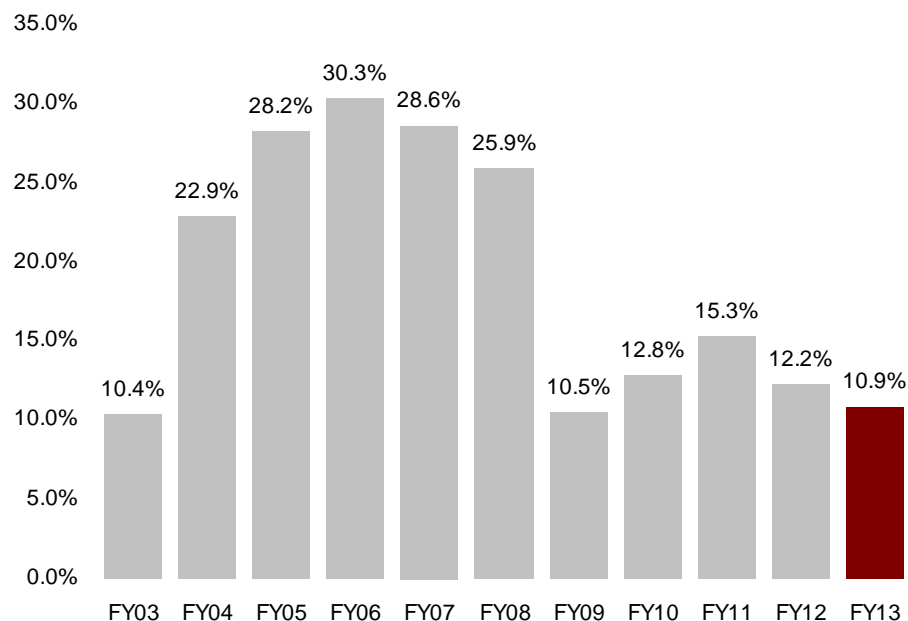
## HISTORICAL OPERATING PROFIT & CONVERSION RATIO

### Operating Profit Before Exceptional Items (£m)



### Conversion Ratio

(Operating Profit Before Exceptional Items as a % of Gross Profit)



Note 1: Includes IT Job Board to FY12

Note 2: FY13 data is based on a normalised 52 week period and excludes IT Job Board

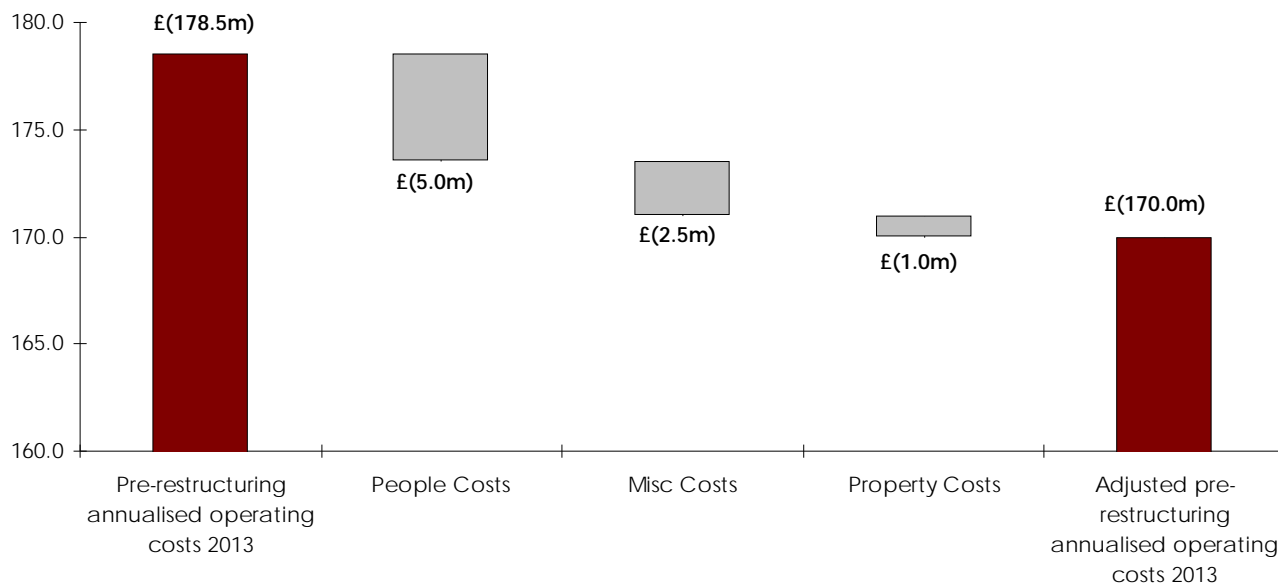
Source: SThree Accounts

## EXCEPTIONAL ITEMS – BUSINESS RESTRUCTURING

Restructuring Costs	General	IT	Total
	Restructure	Job Board	
	£m	£m	£m
People Costs	3.9	-	3.9
Property Costs	3.7	-	3.7
Other Costs	3.2	-	3.2
Gain on disposal of IT Job Board	-	(5.3)	(5.3)
<b>Total</b>	<b>10.8</b>	<b>(5.3)</b>	<b>5.5</b>

Property Rationalisation	
UK	4
Europe (incl 2 France)	3
<b>Total no. of leases exited</b>	<b>7</b>

Cash cost of circa £5m in 2013, H2 2013 cost saving of circa £3m, annualised cost saving of circa £8.5m pa



Note 1: Excludes IT Job B  
 Note 2: FY13 data is base

## INCREASED 'ETR' PRIMARILY DUE TO TAX LOSSES NOT RECOGNISED IN CERTAIN LOSS MAKING TERRITORIES

	2013 52 weeks £m	2012 52 weeks £m
Profit Before Tax Before Exceptional Items	20.8	25.2
Tax at standard rate (23.3% / 24.7%)	4.8	6.2
Current year tax losses not recognised	2.2	0.5
Prior year tax losses written off	2.2	2.0
Other prior year adjustments	(0.5)	(0.5)
Overseas tax rate differences	0.7	0.5
Other	0.3	(0.3)
<b>Total Tax Expense Before Exceptional Items</b>	<b>9.7</b>	<b>8.4</b>
<b>Effective Tax Rate Before Exceptional Items</b>	<b>47%</b>	<b>33%</b>

- Increase due to not recognising and writing off tax losses in certain loss making territories
  - Effective tax rate expected to decrease to c.30% for full year to November 2014

Note 1: Excludes IT Job Board  
 Note 2: FY13 data is based on a 52 week period

Source: SThree Accounts

## BALANCE SHEET

	1 Dec 2013 £m	25 Nov 2012 £m	
Goodwill & intangibles	12.0	14.3	•Reduction in capex plus £1.2m of goodwill & intangibles disposed of with IT Job Board
Property, plant & equipment	4.0	5.9	
Deferred tax	3.5	4.9	•Capitalised tax losses and other timing differences
Net working capital	37.0	14.7	•Increase in receivables due to a significant increase in contract revenue. Payables decreased due to additional internal and external payroll payments arising due to the impact of the 53rd week
Provisions	(12.1)	(6.9)	
Net current tax (liability) / asset	(1.5)	0.7	•Increase in provisions following a restructuring in 2013
	42.9	33.6	
Net cash	8.7	28.3	
<b>Net assets</b>	<b>51.6</b>	<b>61.9</b>	

**Balance sheet remains robust with net cash and a £20m RCF committed to 2017 (3 month Libor +130BP)**

Note 1: Includes IT Job Board

Note 2: FY13 data is based on a 53 week period

Source: SThree Accounts

## CASH FLOW

	2013 52 weeks £m	2012 52 weeks £m	
Operating profit before exceptional items	21.0	25.1	
Depreciation and amortisation	5.8	6.8	
Share awards charge & other non cash items	1.1	1.6	
(Increase) in receivables	(10.9)	(5.3)	• Receivables increased in line with the increase in contract revenue in the final quarter YoY
Increase in payables & provisions	5.5	4.5	
<b>Net cash generated from operations before exceptional items</b>	<b>22.5</b>	<b>32.7</b>	
Taxation paid	(4.5)	(9.5)	
Capital expenditure	(5.6)	(10.5)	
Net finance (expense) / income	(0.2)	0.2	
Proceeds from disposal of subsidiaries (net of cash)	6.0	-	• Proceeds on the sale of ITJB
Dividends paid	(16.9)	(30.0)	• A £13m special dividend was paid in early 2012
Tracker shares and share options related transactions - net	0.1	0.4	
Purchase of own shares	(1.4)	(6.9)	
FX movement	(1.4)	(3.7)	
<b>Movement in net cash before exceptional items</b>	<b>(1.4)</b>	<b>(27.3)</b>	
Cash outflow from exceptional items and additional week	(18.2)	-	• An additional cash outflow of c£13m due to monthly internal and external payrolls being made in the 53rd week of 2013 and c£5m due to exceptional restructuring costs
<b>Movement in net cash after exceptional items for 53 week period</b>	<b>(19.6)</b>	<b>(27.3)</b>	
Cash conversion ratio	80%	88%	

Note 1: Excludes IT Job Board

Note 2: FY13 data is based on a 52 week period excluding exceptional items

Note 3: Cash conversion ratio is calculated as the net cash generated from operations for the year after deducting capex, stated as a percentage of operating profit before exceptional items and is a measure of the Group's ability to convert profit into cash

## EARNINGS PER SHARE

		2013	2012	Change %
Profit after tax before exceptional items		£11.1m	£16.8m	-33.9%
Exceptional items after tax		(£3.7m)	-	
Profit after tax and exceptional items		£7.4m	£16.8m	-56.0%
Weighted average number of shares				
	for basic EPS	121.1m	119.5m	1.3%
	dilutive impact of share plans	14.0m	14.3m	-2.1%
	for fully diluted EPS	135.1m	133.8m	1.0%
Basic EPS				
	Basic EPS before exceptional items	9.1p	14.1p	-35.5%
	Impact of exceptional items	(3.0p)	-	
	Basic EPS after exceptional items	6.1p	14.1p	-56.7%
Diluted EPS				
	Diluted EPS before exceptional items	8.2p	12.6p	-34.9%
	Impact of exceptional items	(2.7p)	-	
	Diluted EPS after exceptional items	5.5p	12.6p	-56.3%

Note 1: Excludes IT Job Board

Note 2: FY13 data is based on a 52 week period

Source: SThree Accounts

## EURO & USD/GBP EXCHANGE RATE

53 Week Period Ended 1 December 2013			52 Week Period Ended 25 November 2012			YoY Exchange Rate Movement		
	Average	Closing		Average	Closing		Average	Closing
EUR €	1.1805	1.2040	EUR €	1.2218	1.2355	EUR €	3.4%	2.5%
USD \$	1.5600	1.6361	USD \$	1.5775	1.6026	USD \$	1.1%	(2.1%)

### Impact of one percent change per annum (£'000)

53 Week Period Ended 1 December 2013			52 Week Period Ended 25 November 2012		
	Gross Profit	Op Profit		Gross Profit	Op Profit
EUR €	961	119	EUR €	1,002	97
USD \$	206	19	USD \$	151	11

FX has had a minimal impact in the period

# OPERATIONAL ANALYSIS



## STRATEGY - UPDATE

- **2013 - Strong foundations laid for next phase of growth**
  - Management structure strengthened
    - Sector Heads appointed
    - Regional CEOs appointed to high growth strategic geographies of Americas & APAC / MENA
  - Investment in Contract headcount and new client-facing business structure
  - After reduction in first half, permanent headcount increased 8% in second half of 2013
  - Focus on longer term client relationships becoming culturally embedded in the business
  - Contract margin controls in place & monitored daily
  - Cost base rationalised
- **2014 – Focus on delivering against plan in the year ahead**
  - Raising productivity as 2013 hires mature and further measured headcount investment
  - Focus on driving up returns from our office portfolio following cost reduction initiative
  - Significant further potential in continued roll-out of Life Sciences and Energy disciplines
  - Building on recovery in Banking & Finance, ICT and Engineering, in line with growing economic confidence
  - Remain fully committed to a balanced business model between Permanent and Contract

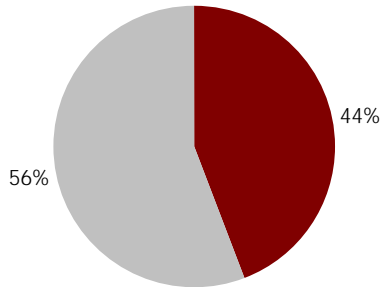
## STRATEGY – BUSINESS MIX

- **Clear focus on margin discipline & Life Time Contract Values**
  - Margins monitored on daily basis with real time reporting of margins on new deals and extensions
  - Contract LTVs monitored on quarterly basis
  - Prepared to trade some margin for higher volumes, but strong focus on margins remains and still focused on niche specialist roles
  - Expect to see a recovery in margins in more mature UK & European markets as the global economic recovery takes hold
- **Client mix evolving as growth profile changes business mix**
  - SThree is seeing faster growth from sectors/geographies dominated by blue chip customers:
    - e.g. client base in newer high growth sectors such as Energy and Life Sciences
    - Rest of World tends to have a more blue chip client base than traditional UK/European markets
  - Expect to see greater exposure to larger blue chip companies but remain committed to SME markets

# STRATEGIC PRIORITIES

## PERMANENT / CONTRACT

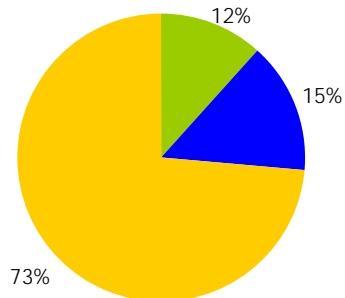
FY 2013



■ Perm ■ Contract

## SECTOR DIVERSIFICATION

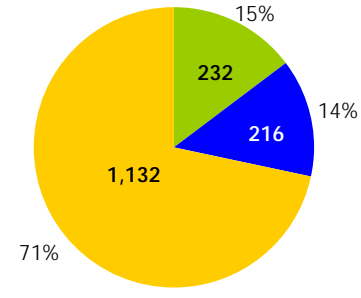
FY 2013



■ Energy ■ Life Sciences ■ Other

## SECTOR DIVERSIFICATION - HEADCOUNT

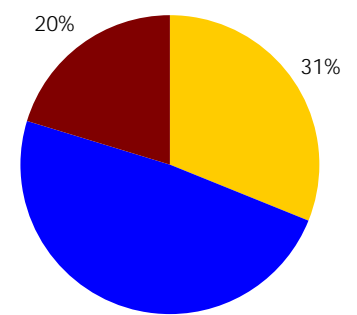
FY 2013



■ Energy ■ Life Sciences ■ Other

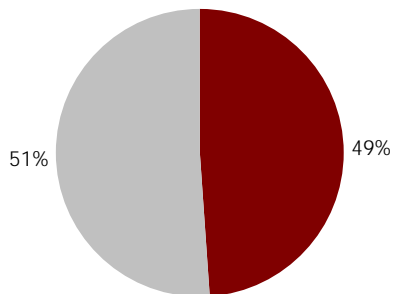
## GEOGRAPHICAL DIVERSIFICATION

FY 2013



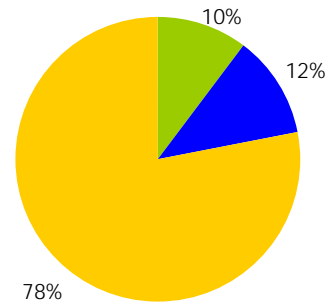
■ UK&I ■ Europe ■ ROW

FY 2012



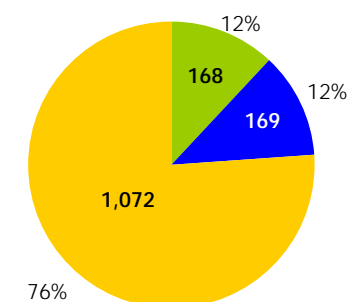
■ Perm ■ Contract

FY 2012



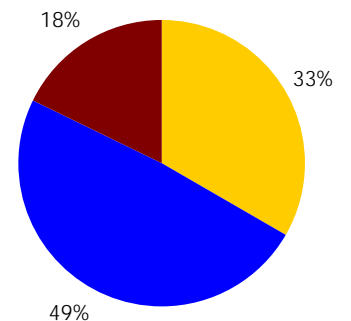
■ Energy ■ Life Sciences ■ Other

FY 2012



■ Energy ■ Life Sciences ■ Other

FY 2012



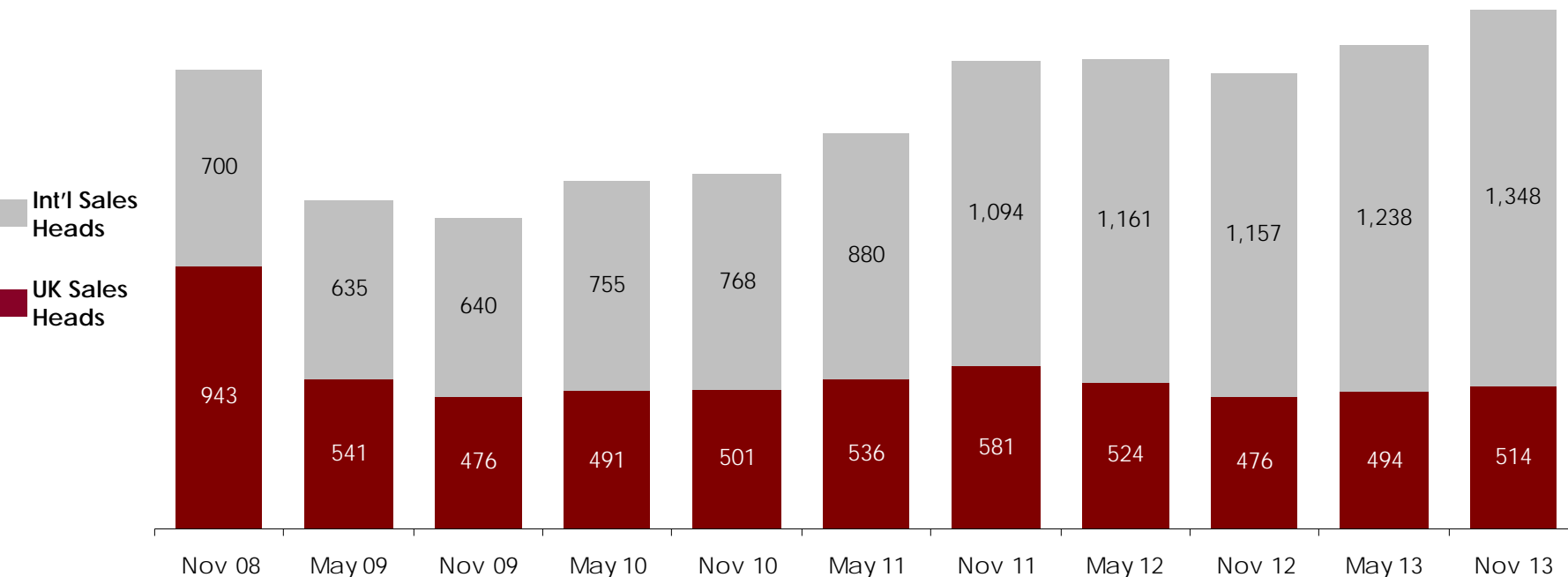
■ UK&I ■ Europe ■ ROW

**Contract headcount +28% since 2012 year end, with Energy Contract headcount +81% and Life Sciences Contract headcount +41%**

Note 1: FY13 is based on a normalised 52 week period excluding ITJB

## HEADCOUNT

Period End Total Heads	2,217	1,606	1,556	1,733	1,814	1,960	2,204	2,195	2,116	2,220	2,327
Period End Sales Heads*	1,643	1,176	1,116	1,246	1,269	1,416	1,675	1,685	1,633	1,732	1,862



**Average sales heads up 4% year on year & period end sales heads up 14% year on year**

**Average sales heads**

**UK&I -4.1%**

**Europe -0.9%**

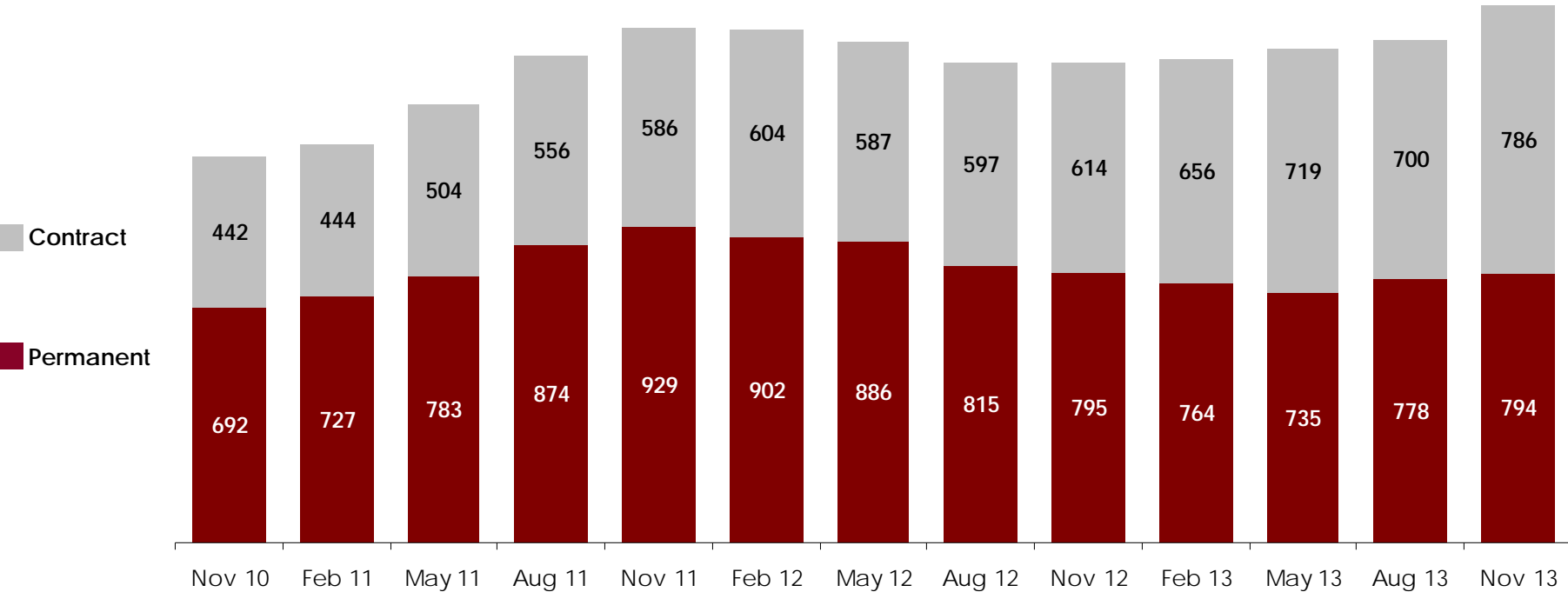
**ROW +24.8%**

\* Sales headcount includes consultants and sales management

Note 1: Excludes IT Job Board

Note 2: Resourcers are included in sales headcount from 2012

# CONSULTANT HEADCOUNT

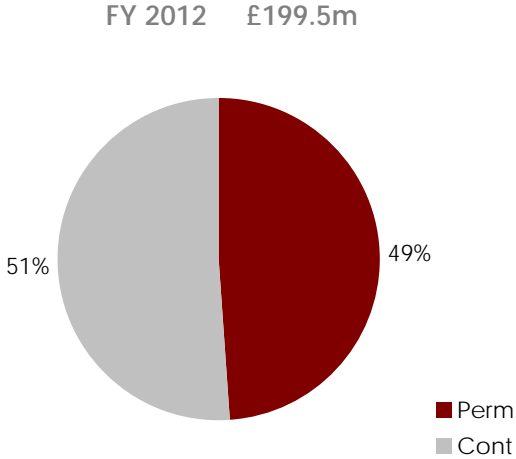
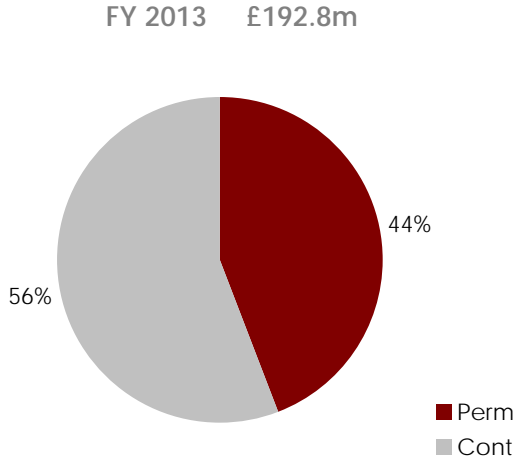


Consultant headcount in Contract now represents 50% of total consultant headcount

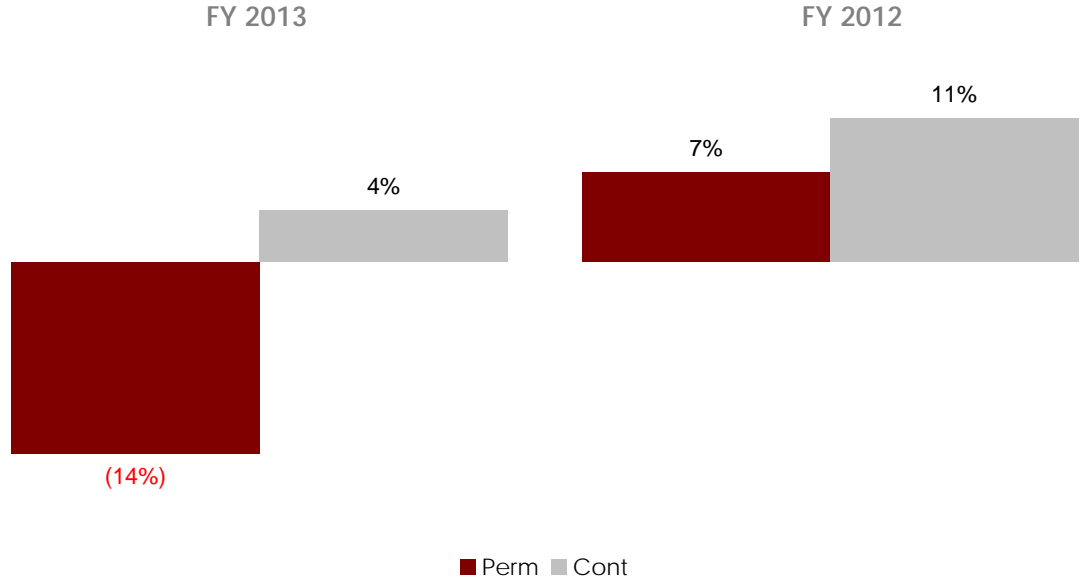
Note 1: Excludes IT Job Board

# PERMANENT/CONTRACT ANALYSIS

## Gross Profit



## Growth in Permanent/Contract GP



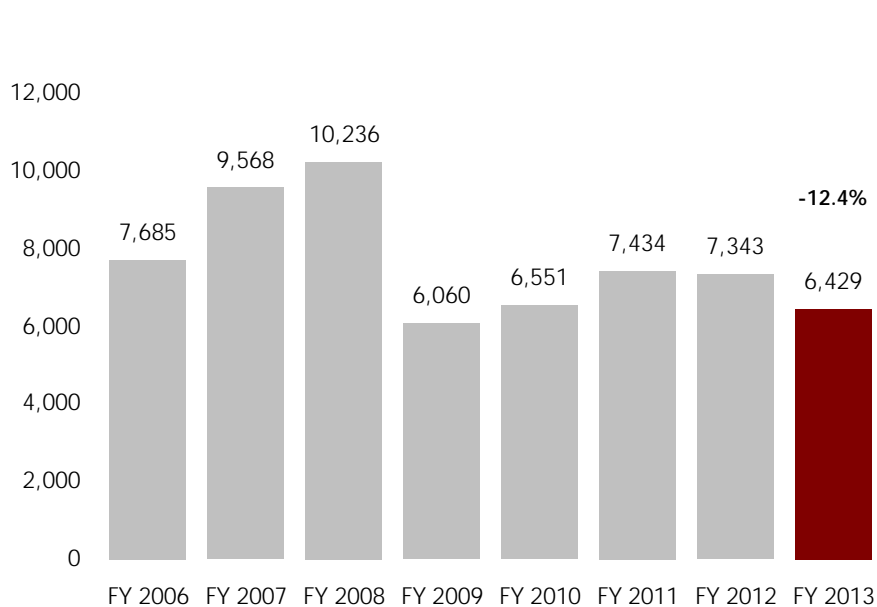
Gross Margin	FY 2013	FY 2012
Group (Blended)	31.2%	34.9%
Contract	20.2%	21.5%

Note 1: Excludes IT Job Board  
 Note 2: Variances are on a constant currency basis  
 Note 3: FY13 data is based on a normalised 52 week period

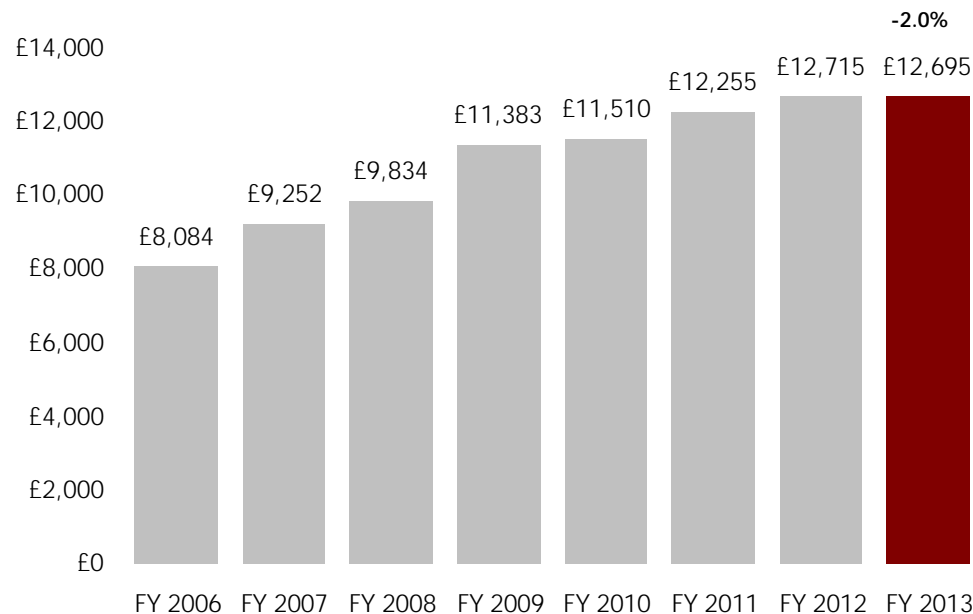
Source: SThree Accounts

## KEY PERFORMANCE INDICATORS: PERMANENT

### Permanent Placement Volumes



### Permanent Average Fee



**Volume down 12.4% driven by challenging macro economic conditions, yet average fees remain robust**

Note 1: 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

Note 2: The average permanent placement fee is calculated using the total placement fees for the relevant period, divided by the number of placements for the period

Note 3: This analysis excludes retained business

Note 4: Excludes IT Job Board

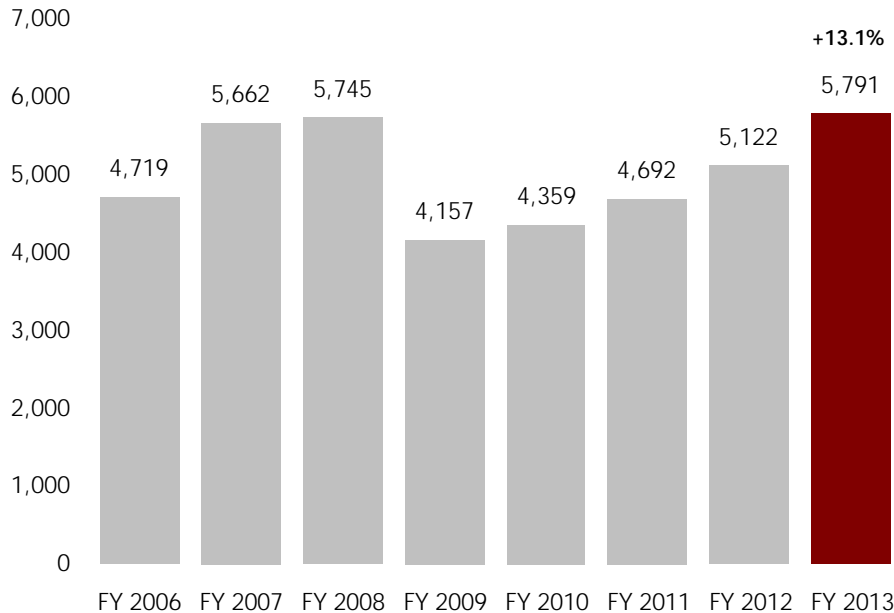
Note 5: Variances are on a constant currency basis

Note 6: FY13 data is based on a normalised 52 week period

Source: SThree Accounts

## KEY PERFORMANCE INDICATORS: CONTRACT

### Contract Runners



### Gross Profit Per Day Rate



**Contract runners up 13.1%, GP per day rate down 5.9% on a constant currency basis**

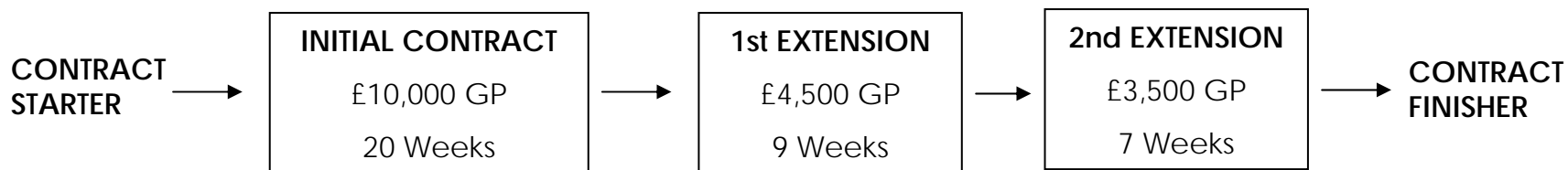
Note 1: Contractors of the Group that are on placement with one of the Group's clients at the end of the relevant period  
The average gross profit per day per contractor is calculated by taking gross profit from contract staffing for the period and dividing by the average number of active contractors and the number of working days in the period  
Note 2: FY13 data is based on a normalised 52 week period

Source: SThree Accounts



## CONTRACT LIFETIME VALUE

Contract Lifetime Value differs from contract value as it takes into account the initial contract and all extensions and is measured once the contract, including all extensions, is concluded.

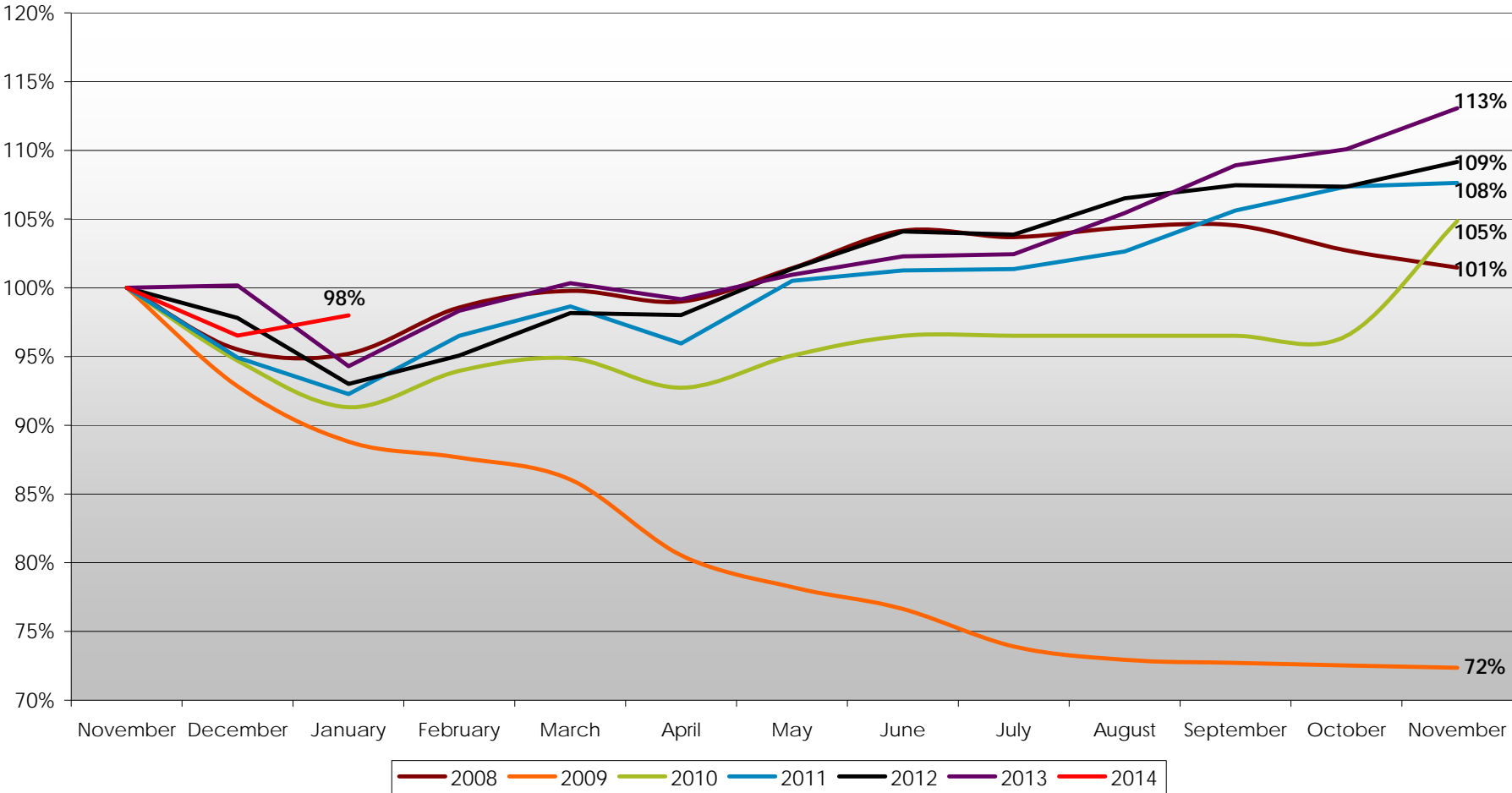


*In the illustrative example above, Contract Lifetime Value of GP is £18,000 over 36 weeks, which may be contrasted against initial Contract GP of £10,000 over 20 weeks, which does not provide the full picture.*

- On a Contract Lifetime Value basis, contract deals have been more valuable than permanent deals.
- In 2013, the average Lifetime Value for contract was circa 46% greater than the average permanent fee and the average contract length was 36 weeks, up 3% YoY from 35 weeks.

# CONTRACT RUNNERS – COMPARISON TO PRIOR YEARS

**Indexed Contract Runners – Historical Analysis**  
 (Annual Trend based on P12 Nov Year End Runners)

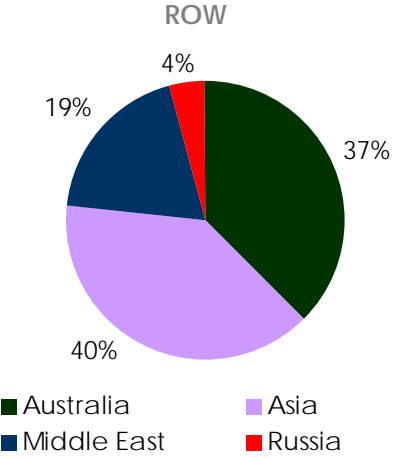
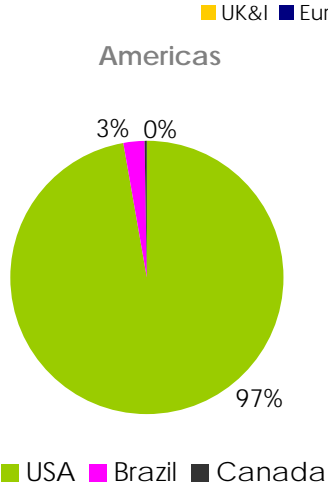
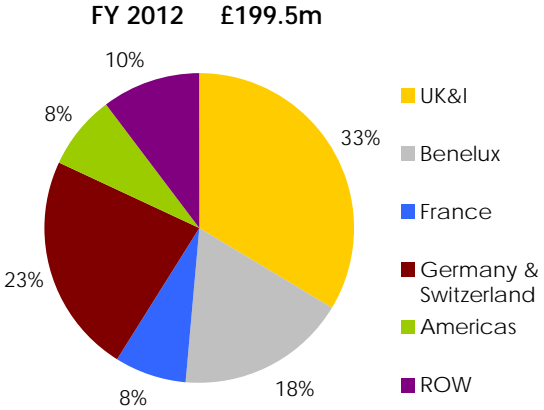
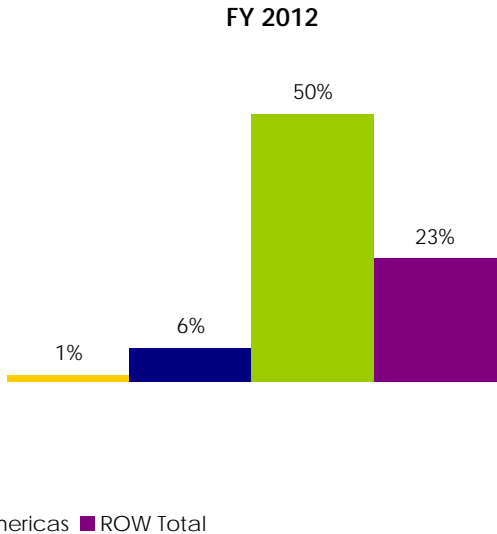
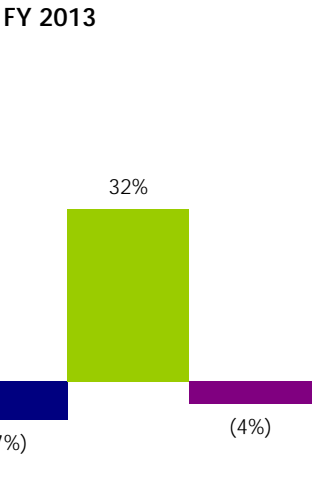
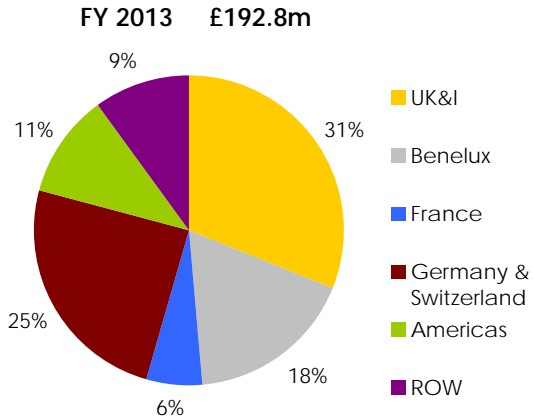


An improving trend on prior years, with a strong exit rate

# GEOGRAPHIC ANALYSIS BY LOCATION OF CLIENT

## Gross Profit

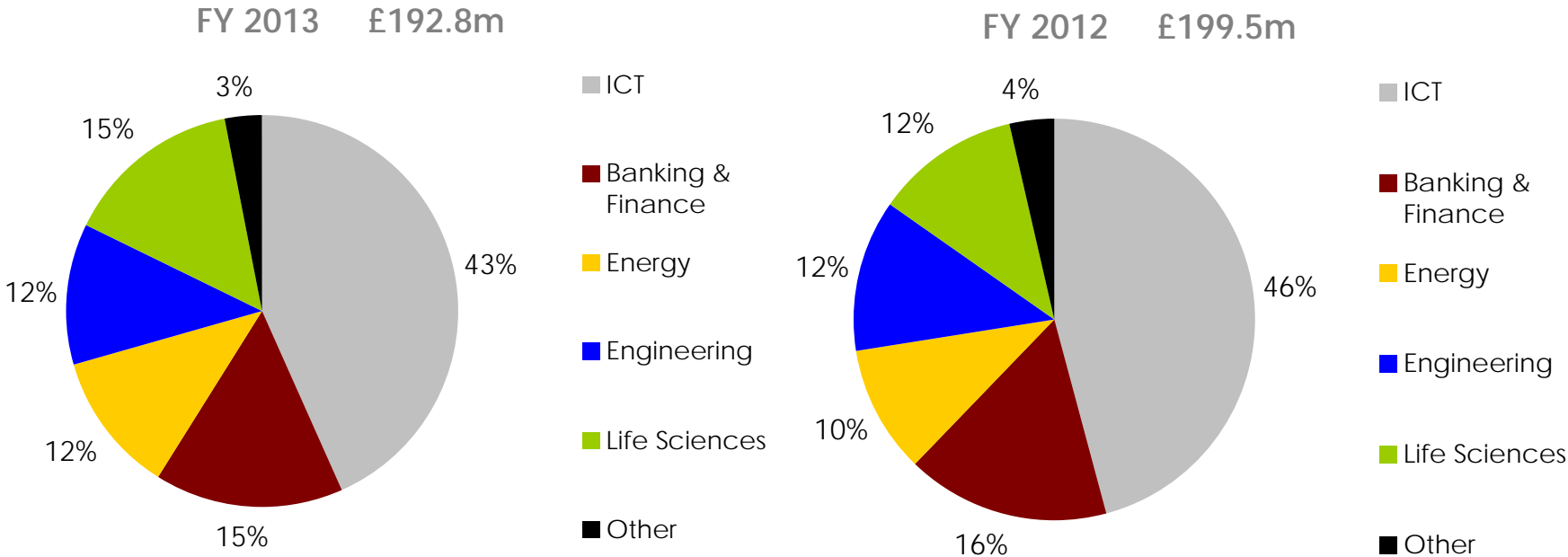
## Growth / (decline) by Region



Note 1: Excludes IT Job Board  
 Note 2: Variances are on a constant currency basis  
 Note 2: FY13 data is based on a normalised 52 week period

# SECTOR ANALYSIS BY CANDIDATE SKILLSET

## Gross Profit



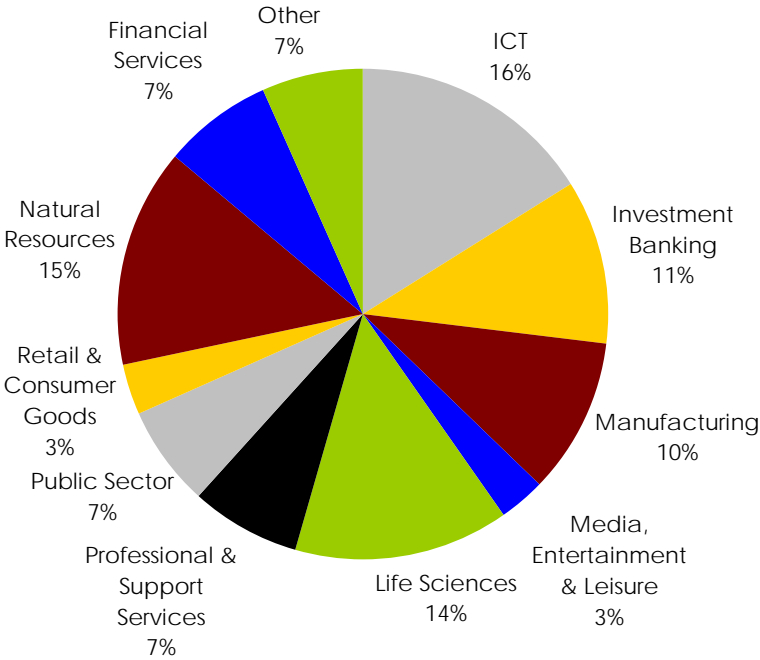
**Non ICT represents 57% of GP (2012: 54%)**

Note 1: Excludes IT Job Board  
 Note 2: FY data is based on a normalised 52 week period  
 Note 3: We have reclassified Banking Technology from ICT to Banking, and as such have restated all prior year comparatives

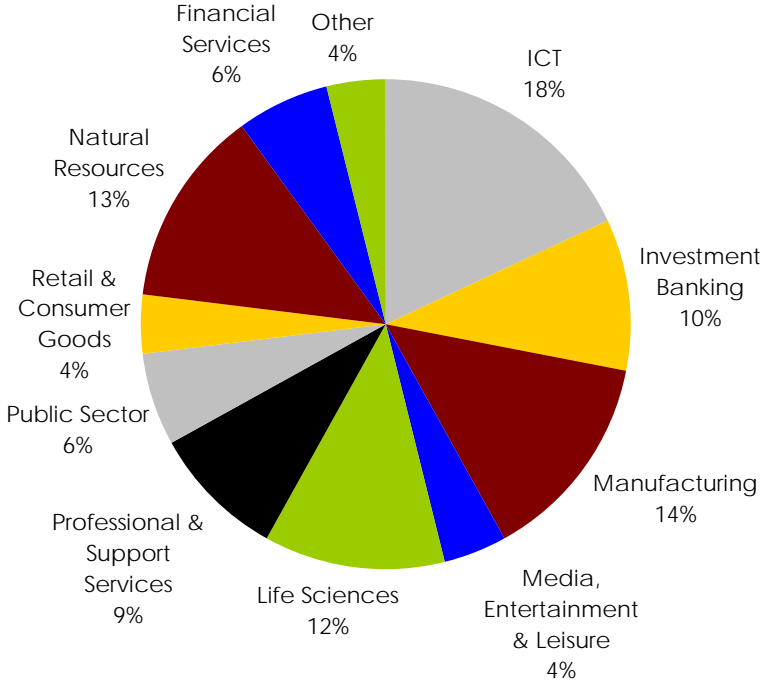
Source: SThree Accounts

# BUSINESS BREAKDOWN BY CLIENT INDUSTRY SECTOR

FY 2013



FY 2012

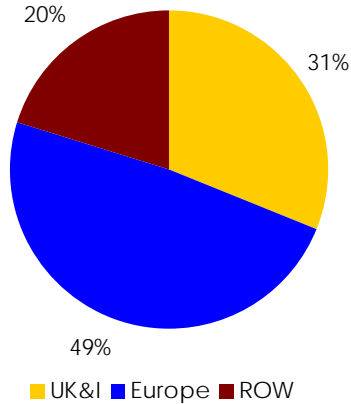


Despite ICT representing 43% of candidates placed, only 16% of our transactions are in the ICT sector

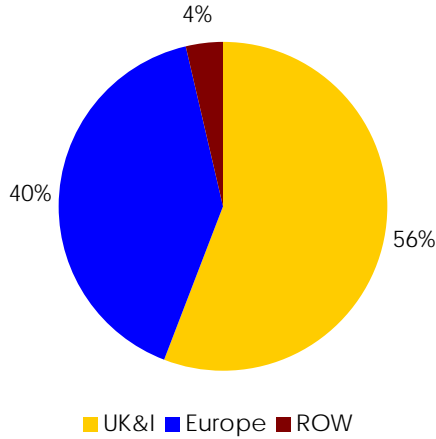
Source: Internal MIS analysis based on number of transactions per sector

**BUSINESS MIX – GEOGRAPHICAL & SECTORAL**

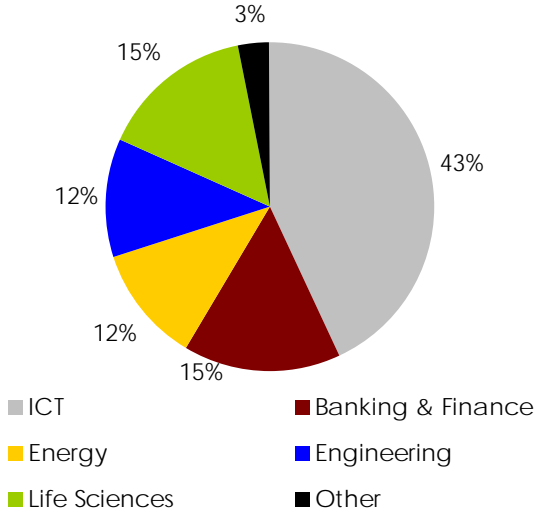
2013



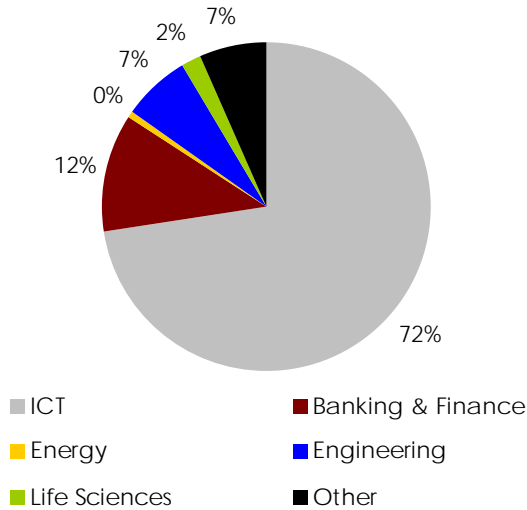
2008



2013



2008

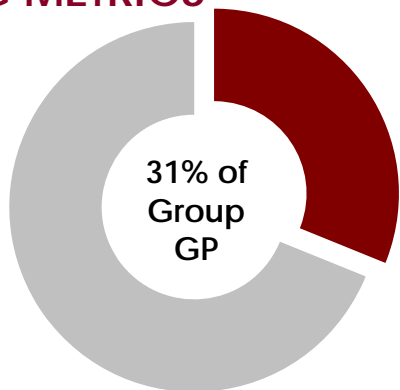


**A balanced portfolio**

Note 1: Excludes IT Job Board  
 Note 2: FY13 data is based on a normalised 52 week period  
 Note 3: We have reclassified Banking Technology from ICT to Banking, and as such have restated all prior year comparatives

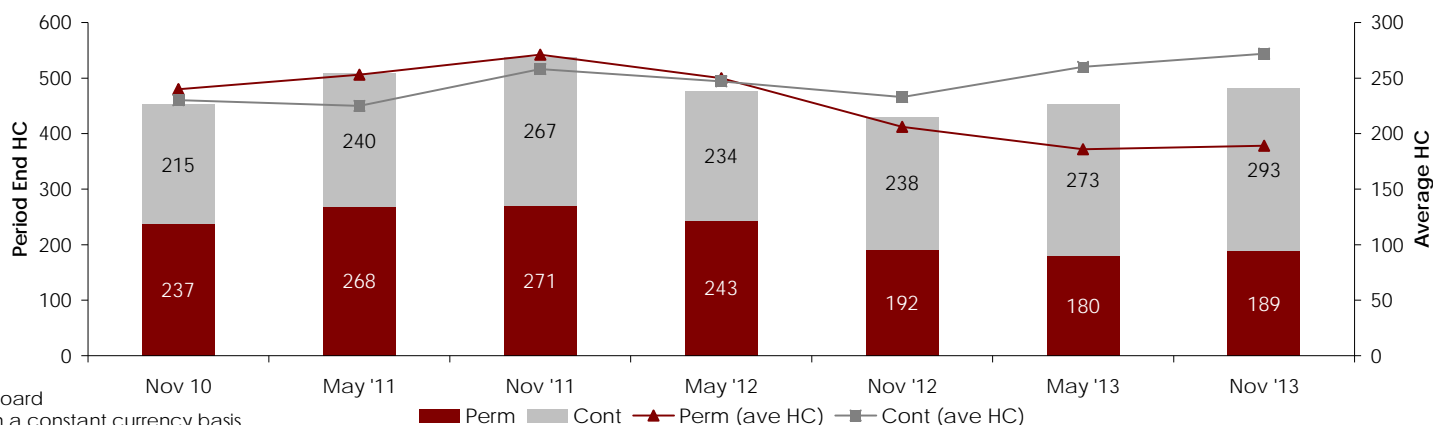
Source: SThree Internal Analysis

## UK&I TRADING METRICS



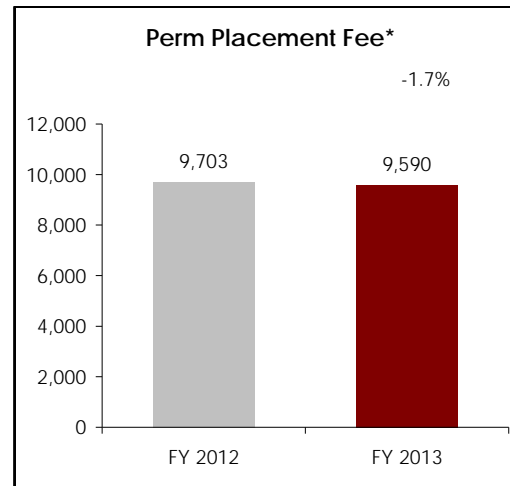
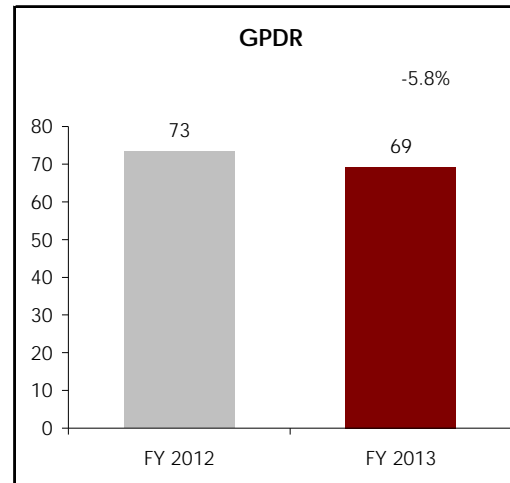
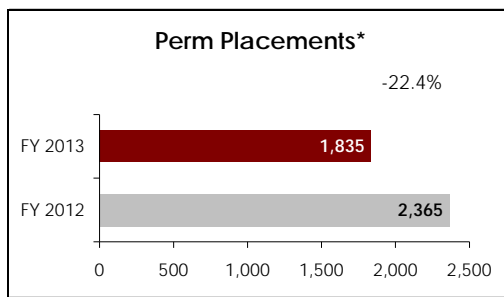
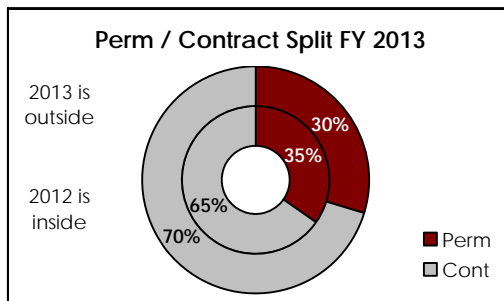
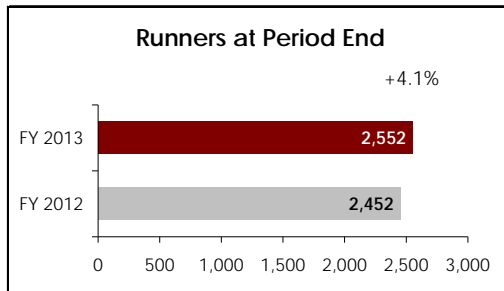
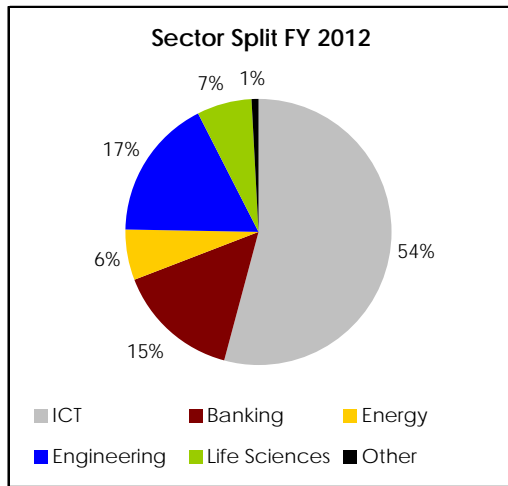
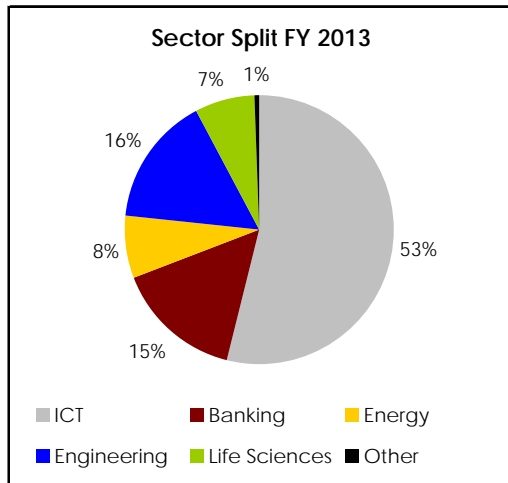
	2013	2012	YoY LFL Growth
Perm GP (£'000)	17,794	23,204	(24%)
Cont GP (£'000)	42,124	43,604	(4%)
Total Gross Profit (£'000)	59,918	66,808	(11%)
Countries (#)	2	2	0
Offices (#)	16	23	-7

	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	189	293	482	(2%)	23%	12%
FY Average Consultant Headcount	187	266	453	(18%)	11%	(3%)



Note 1: Excludes IT Job Board  
Note 2: Variances are on a constant currency basis  
Note 3: FY13 is based on a normalised 52 week period  
Note 4: Office count includes corporate function offices

## UK&I TRADING METRICS



\* Excluding retainers

Note 1: Excludes IT Job Board

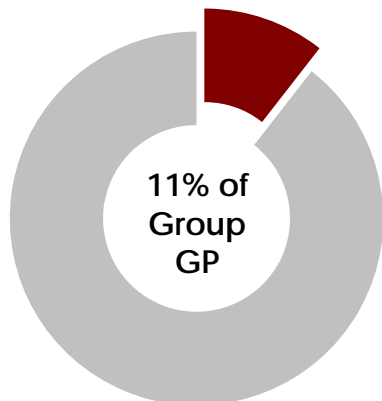
Note 2: Variances are on a constant currency basis

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Note 4: We reclassified Banking Technology from ICT to Banking, and as such have restated all prior year comparatives

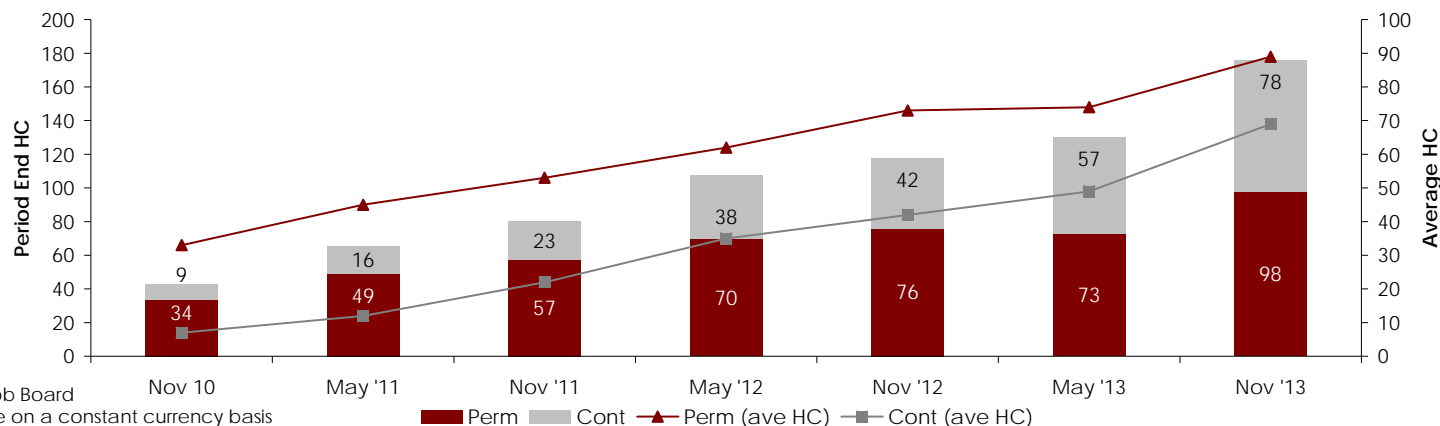


## AMERICAS TRADING METRICS



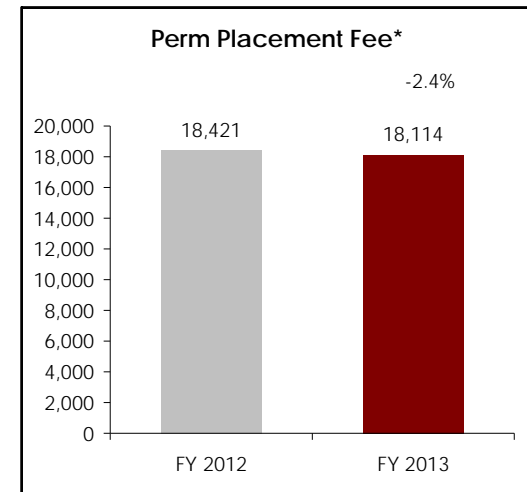
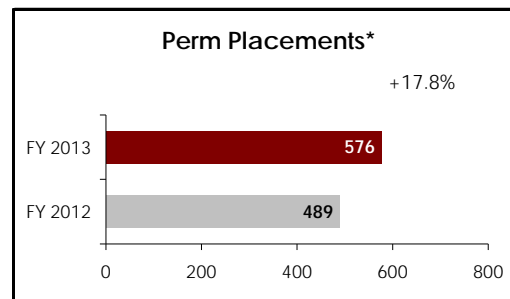
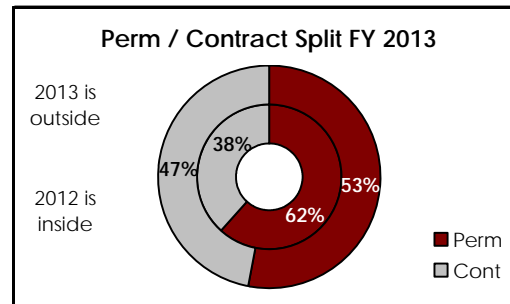
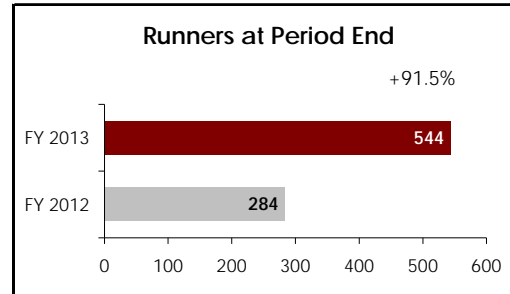
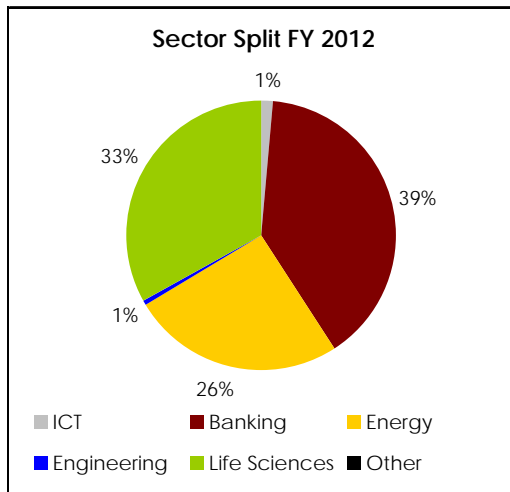
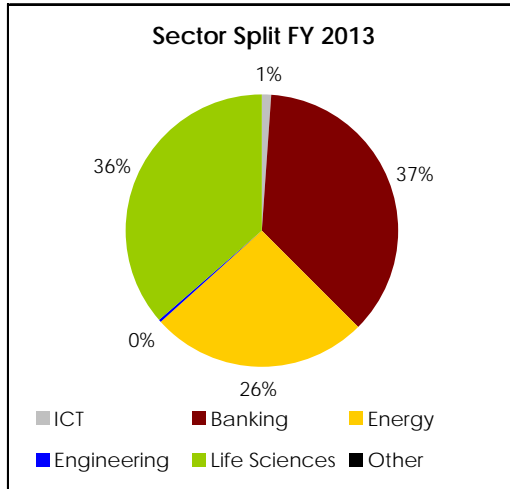
	2013	2012	YoY LFL Growth
Perm GP (£'000)	10,896	9,490	14%
Cont GP (£'000)	9,651	5,912	61%
<b>Total Gross Profit (£'000)</b>	<b>20,547</b>	<b>15,402</b>	<b>32%</b>
Countries (#)	3	2	1
Offices (#)	9	8	1

	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	98	78	176	29%	86%	49%
FY Average Consultant Headcount	82	59	141	22%	55%	34%



Note 1: Excludes IT Job Board  
Note 2: Variances are on a constant currency basis  
Note 3: FY13 is based on a normalised 52 week period

## AMERICAS TRADING METRICS



\* Excluding retainers  
 Note 1: Excludes IT Job Board  
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 Note 4: We reclassified Banking Technology from ICT to Banking, and as such have restated all prior year comparatives

## SUMMARY & 2014 OUTLOOK

- Improving sentiment evident in some markets but overall picture remains mixed
- Demand in newer sectors such as Energy and Life Sciences remains resilient
- Contract headcount up by 28% since the start of last year, and expect to see the full benefit of this investment in 2014
- Permanent headcount issues addressed and consultant productivity beginning to build
- Organisational structure strengthened and focused
- Cost rationalisation initiative reduces our underlying annualised cost base by circa £8m
- Remain financially strong & agile and continue to invest for the long term
- Foundations for future growth established – focus on execution in 2014

# QUESTIONS

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

# SUPPLEMENTARY MATERIAL

## STHREE: FINANCIAL HIGHLIGHTS (AS REPORTED)

	Including IT Job Board			
	2013 53 weeks	2012	Actual Growth	CC Growth
Revenue	£634.3m	£577.5m	+9.8%	+8.0%
Perm Gross Profit	£90.0m	£103.6m	-13.1%	-14.6%
Contract Gross Profit	£109.8m	£101.7m	+7.9%	+6.0%
<b>Total Gross Profit</b>	<b>£199.8m</b>	<b>£205.3m</b>	<b>-2.7%</b>	<b>-4.4%</b>
Operating Profit Before Exceptional Items	£21.2m	£25.1m	-15.6%	-18.3%
Conversion Ratio	10.6%	12.2%	-1.6%	-1.8%
Net Finance (Expense) / Income	£(0.2m)	£0.2m		
<b>Profit Before Tax And Exceptional Items</b>	<b>£21.0m</b>	<b>£25.3m</b>	<b>-17.0%</b>	<b>-19.5%</b>
Taxation	£(10.0m)	£(8.5m)		
Profit After Tax Before Exceptional Items	£11.1m	£16.8m	-34.0%	-37.3%
Basic Earnings Per Share	9.1p	14.1p		
Ordinary Dividend	14.0p	14.0p		
Net Cash	£8.7m	£28.3m		

Note 1: Conversion Ratio = operating profit expressed as a % of gross profit

Note 2: CC growth is at constant currency

Note 3: Includes IT Job Board

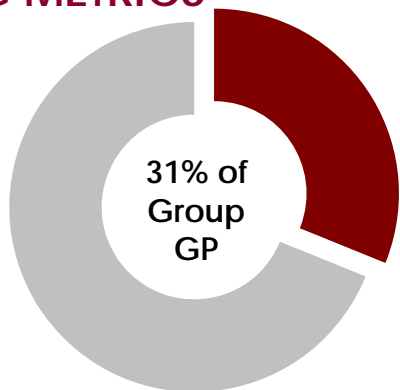
Note 4: 2013 data is based on a 53 week period

Source: SThree Accounts

## STHREE: FINANCIAL HIGHLIGHTS RECONCILIATION

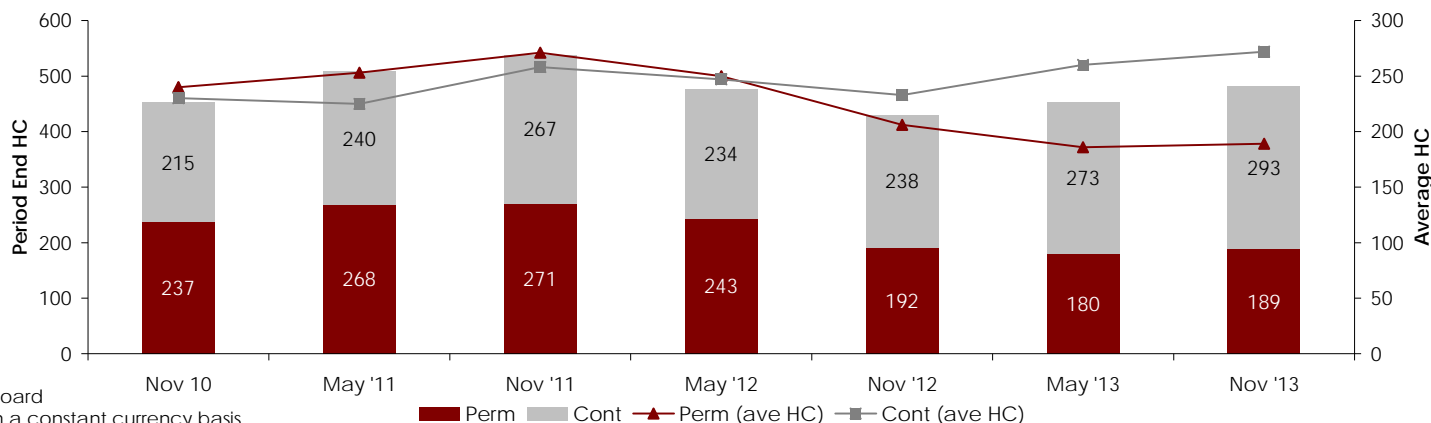
	53 weeks	53 weeks	52 weeks
	Incl IT Job Board	Incl IT Job Board	Excl IT Job Board
	Incl exceptionals	Excl exceptionals	Excl exceptionals
<b>Revenue</b>	£634.3m	£634.3m	£618.4m
<b>Gross Profit</b>	£199.8m	£199.8m	£192.8m
<b>Operating Profit</b>	£15.7m	£21.2m	£21.0m
<b>Profit before tax</b>	£15.5m	£21.0m	£20.8m
<b>Profit after tax</b>	£7.4m	£11.1m	£11.1m
<b>EPS</b>	6.1p	9.1p	9.1p
<b>DPS</b>	14.0p	14.0p	14.0p

## UK&I TRADING METRICS



	2013	2012	YoY LFL Growth
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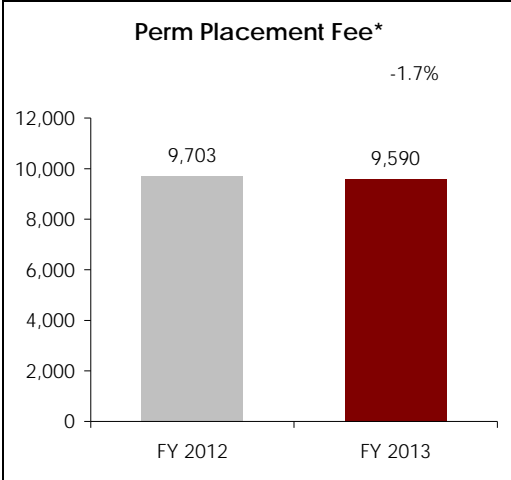
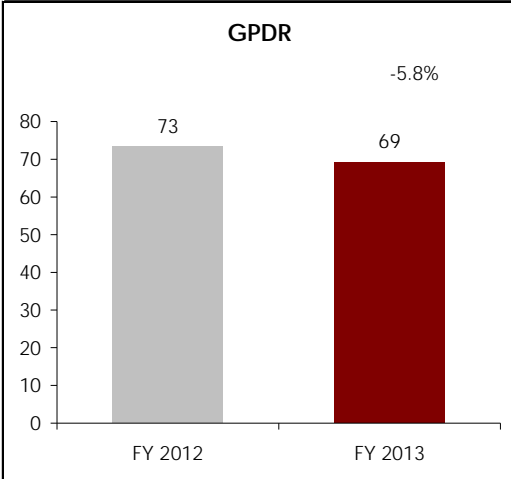
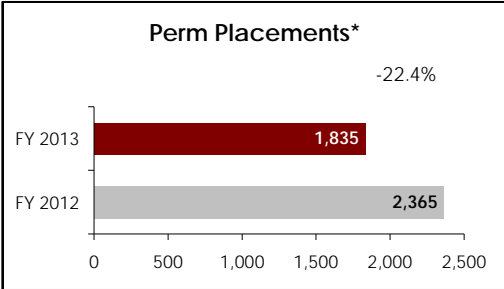
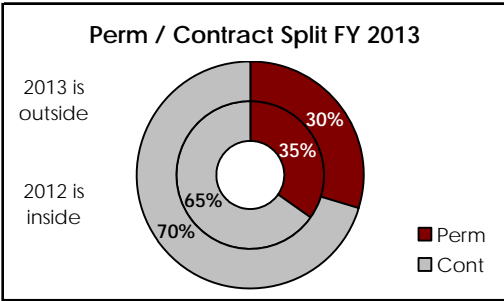
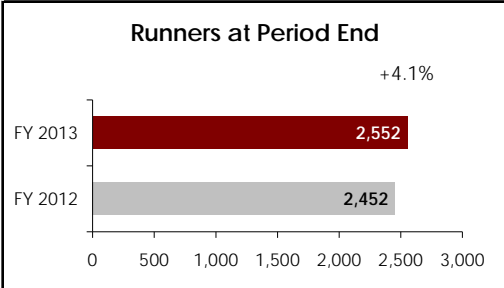
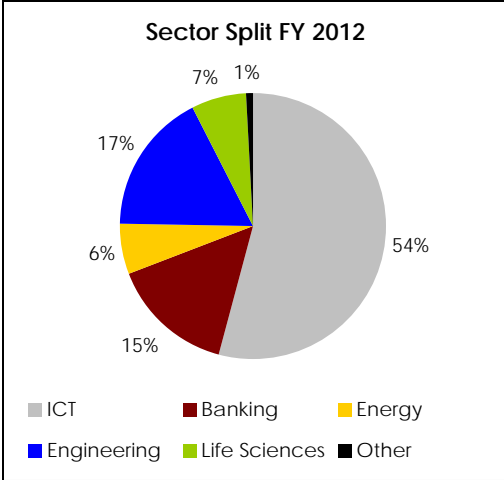
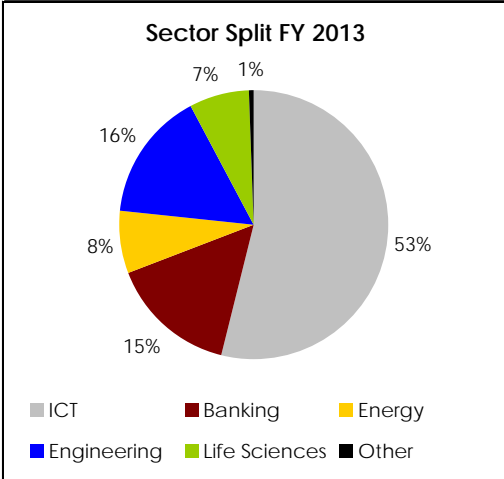
	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
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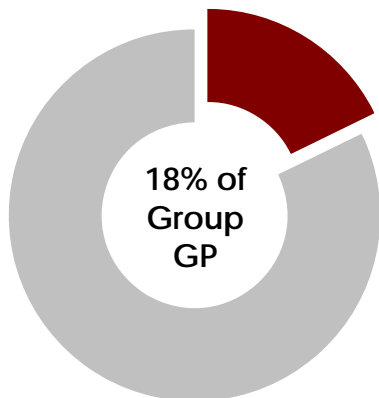


# UK&I TRADING METRICS



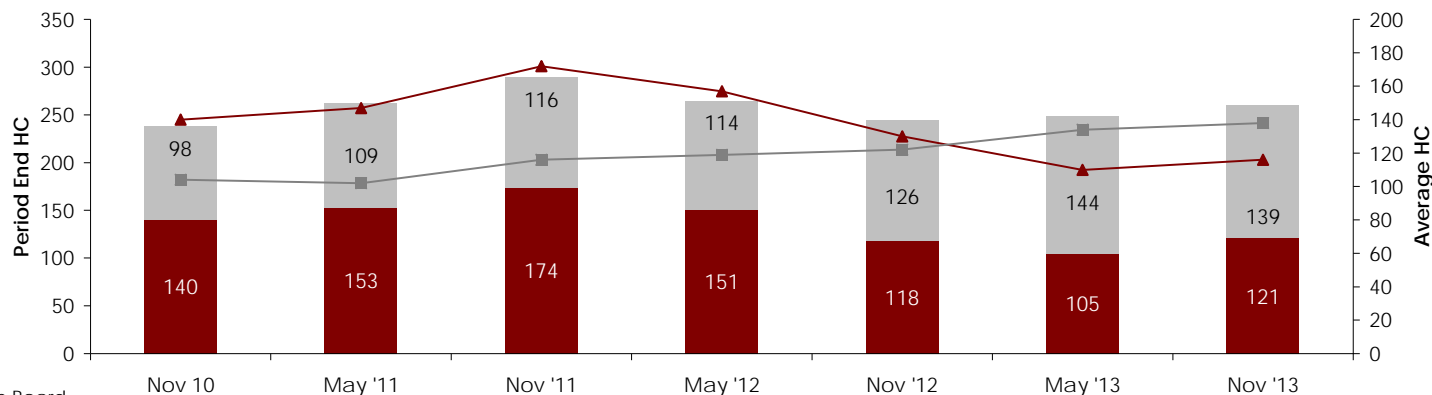
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## BENELUX TRADING METRICS



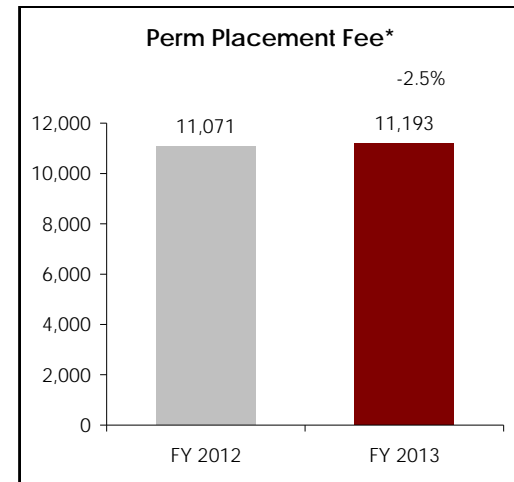
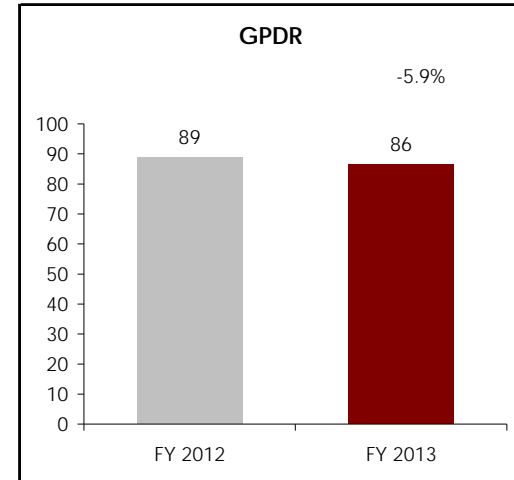
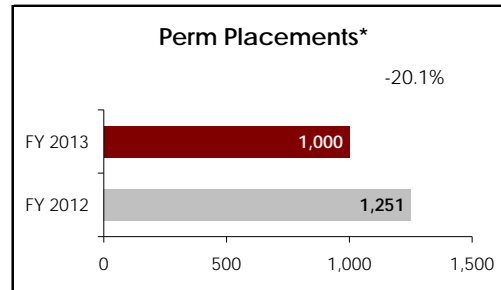
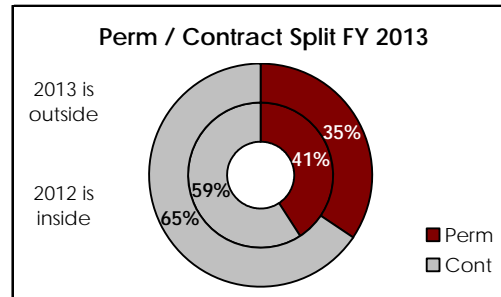
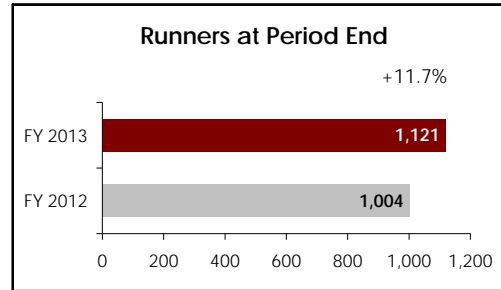
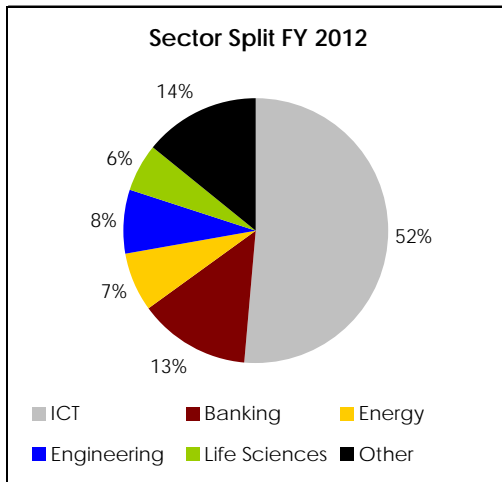
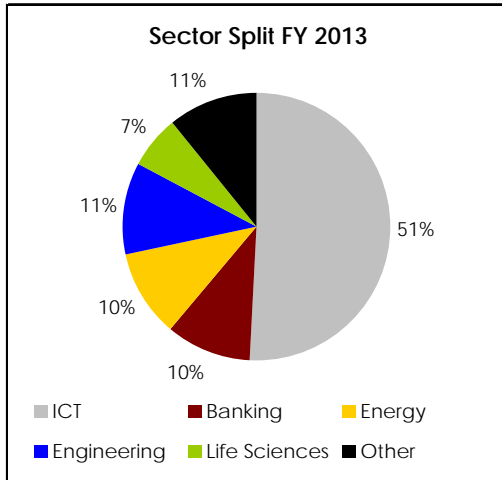
	2013	2012	YoY LFL Growth
Perm GP (£'000)	11,757	14,457	(21%)
Cont GP (£'000)	22,265	20,953	3%
<b>Total Gross Profit (£'000)</b>	<b>34,022</b>	<b>35,410</b>	<b>(7%)</b>
Countries (#)	3	3	0
Offices (#)	7	9	-2

	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	121	139	260	3%	10%	7%
FY Average Consultant Headcount	113	136	249	(22%)	13%	(6%)



Note 1: Excludes IT Job Board  
Note 2: Variances are on a constant currency basis  
Note 3: FY13 is based on a normalised 52 week period

## BENELUX TRADING METRICS



\* Excluding retainers

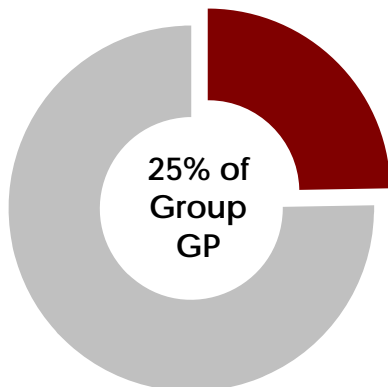
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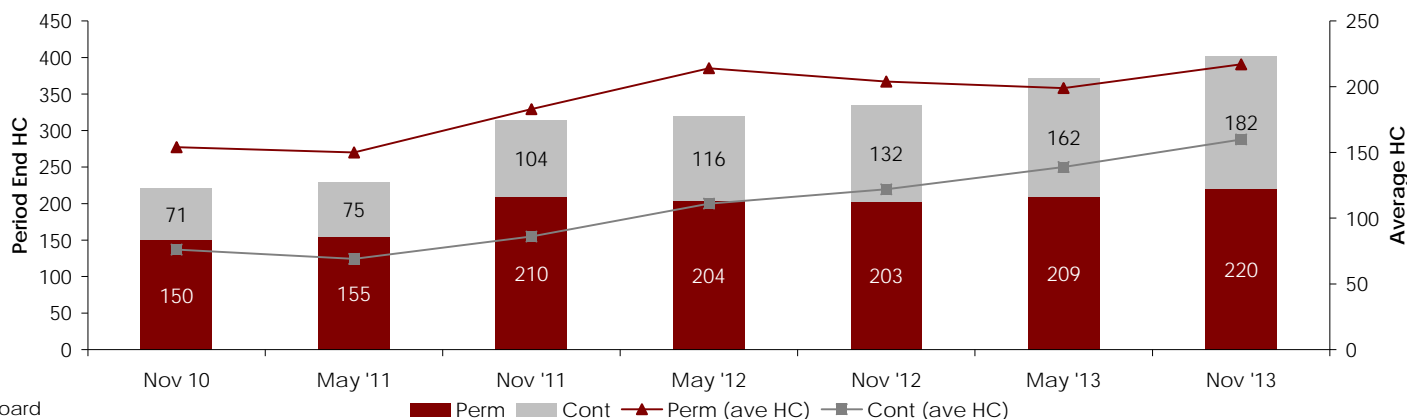
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## GERMANY & SWITZERLAND TRADING METRICS



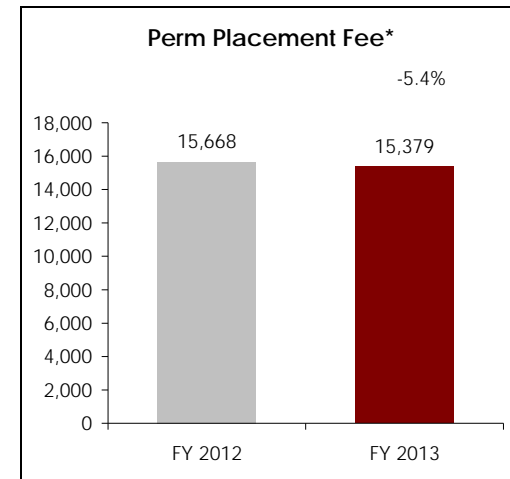
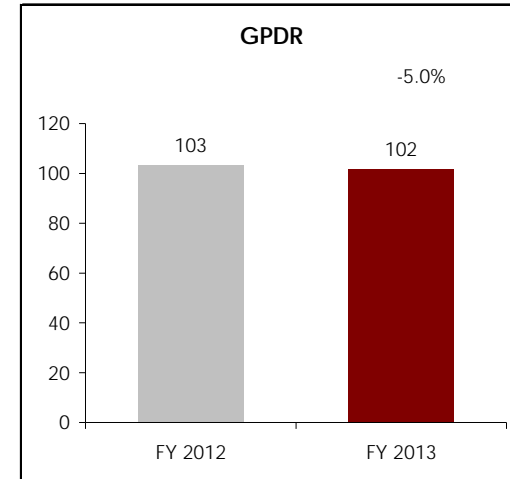
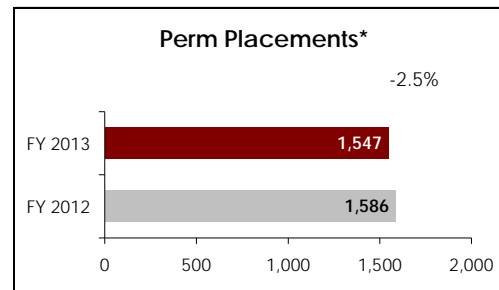
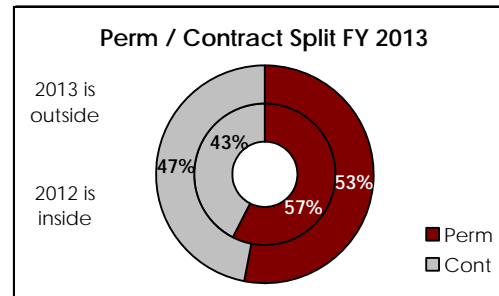
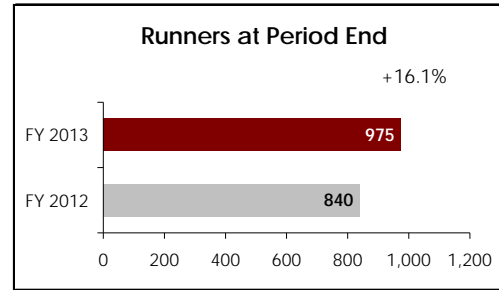
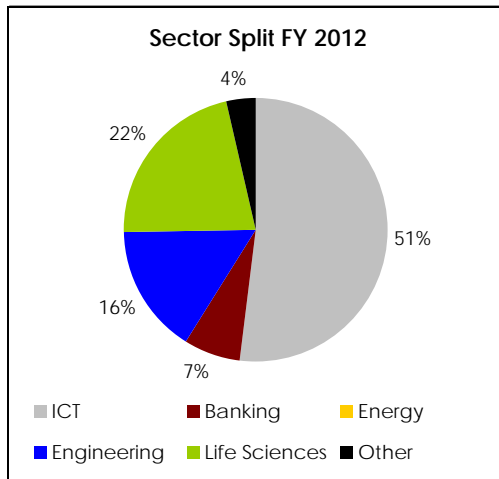
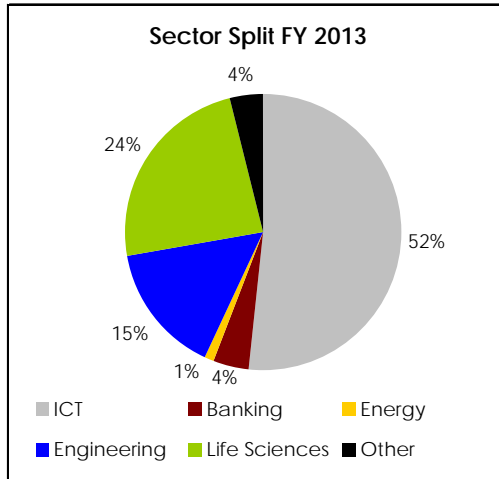
	2013	2012	YoY LFL Growth
Perm GP (£'000)	25,314	26,633	(8%)
Cont GP (£'000)	22,457	19,729	10%
Total Gross Profit (£'000)	47,771	46,362	(0%)
Countries (#)	2	2	0
Offices (#)	10	10	0

	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	220	182	402	8%	38%	20%
FY Average Consultant Headcount	208	149	357	(0%)	28%	10%



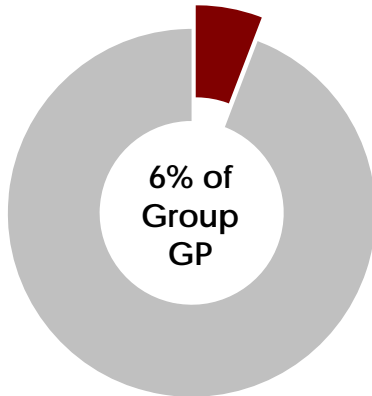
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## GERMANY & SWITZERLAND TRADING METRICS



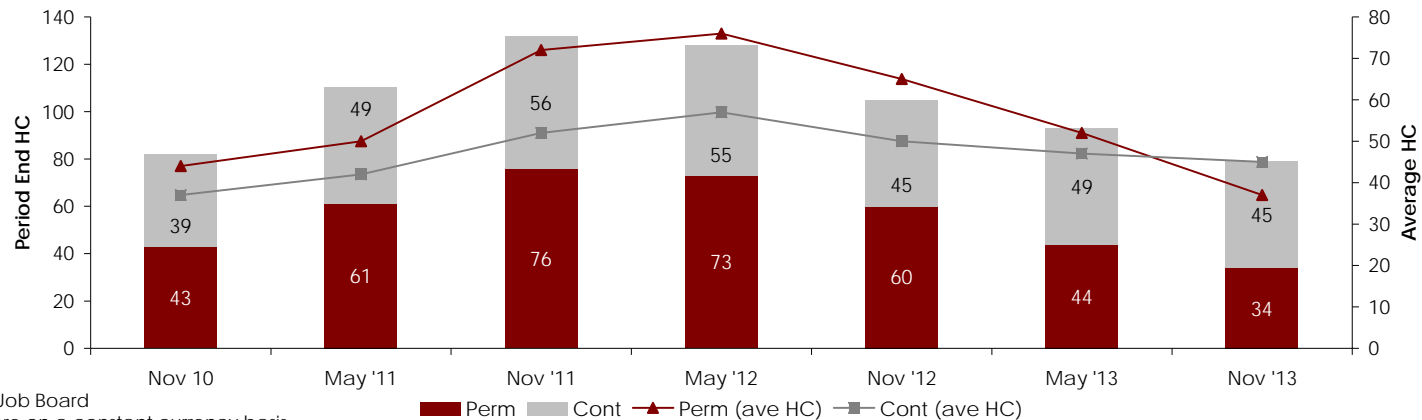
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## FRANCE TRADING METRICS



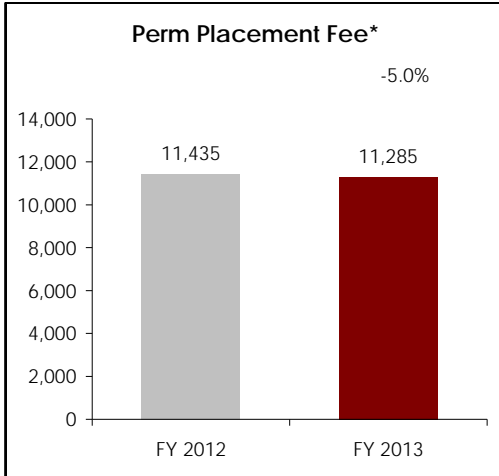
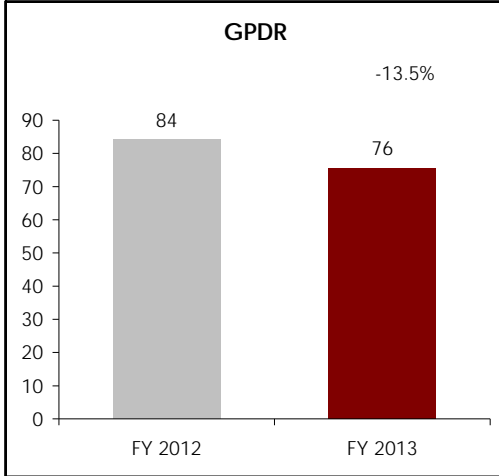
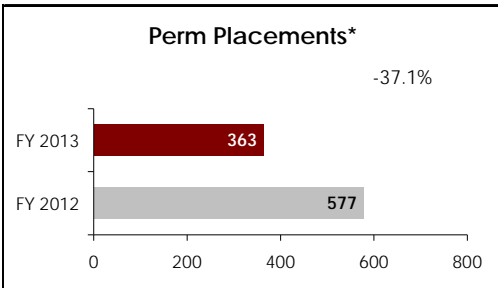
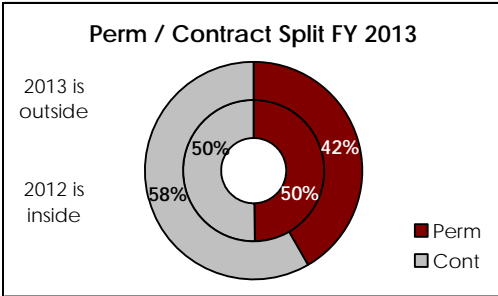
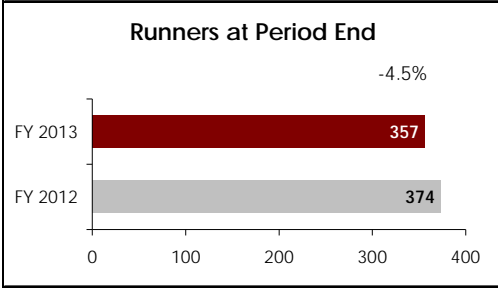
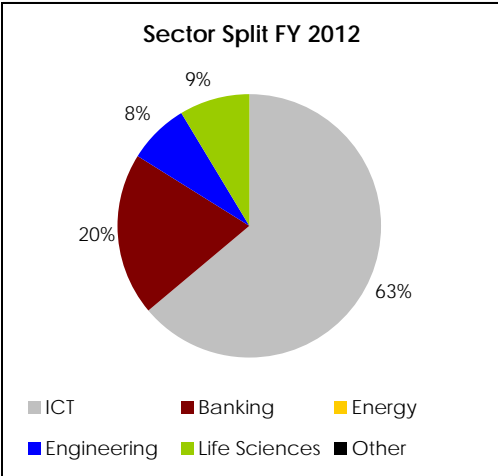
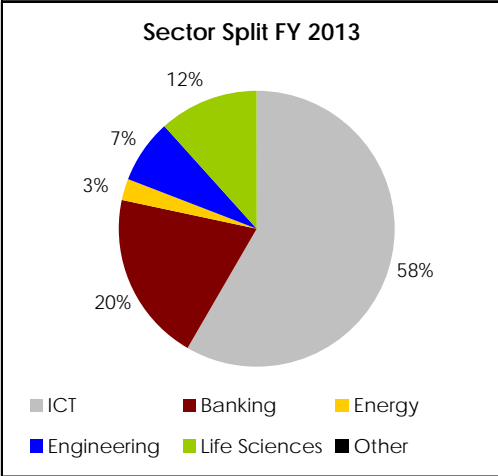
	2013	2012	YoY LFL Growth
Perm GP (£'000)	4,632	7,467	(40%)
Cont GP (£'000)	6,483	7,551	(17%)
Total Gross Profit (£'000)	11,115	15,018	(28%)
Countries (#)	1	1	0
Offices (#)	1	4	-3

	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	34	45	79	(43%)	0%	(25%)
FY Average Consultant Headcount	44	46	90	(37%)	(15%)	(27%)



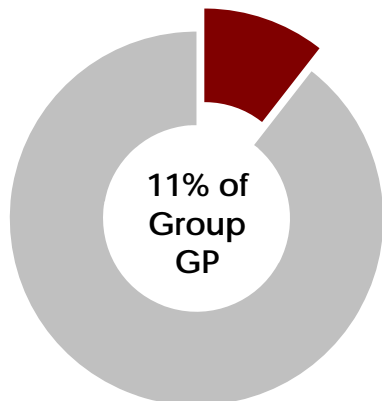
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# FRANCE TRADING METRICS



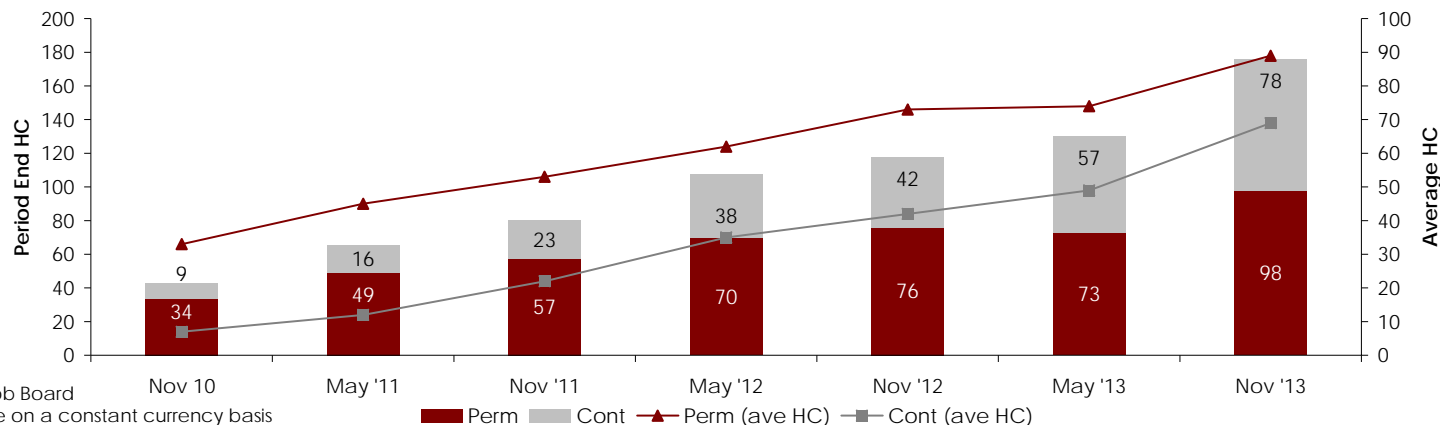
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## AMERICAS TRADING METRICS



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Cont GP (£'000)	9,651	5,912	61%
<b>Total Gross Profit (£'000)</b>	<b>20,547</b>	<b>15,402</b>	<b>32%</b>
Countries (#)	3	2	1
Offices (#)	9	8	1

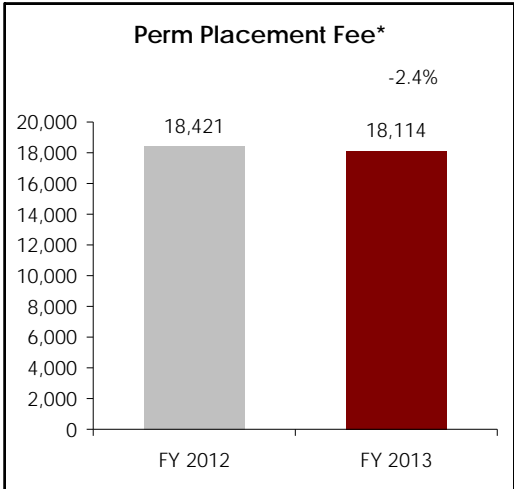
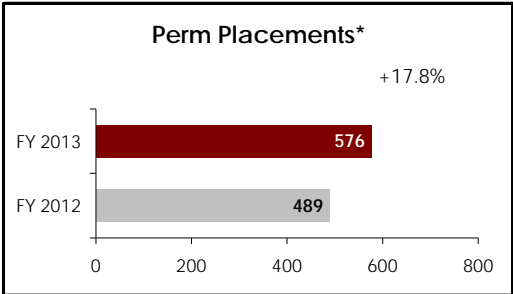
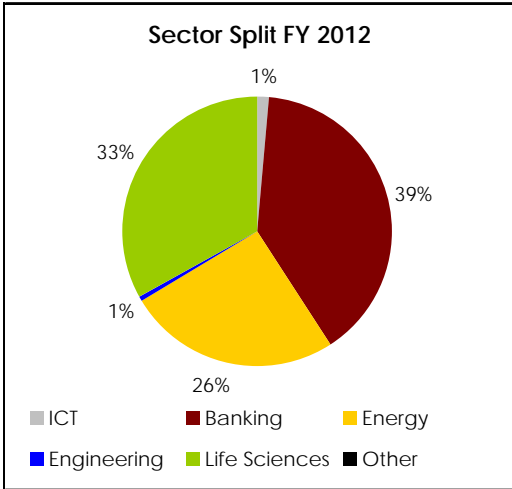
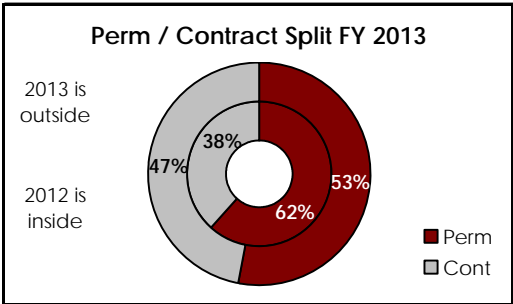
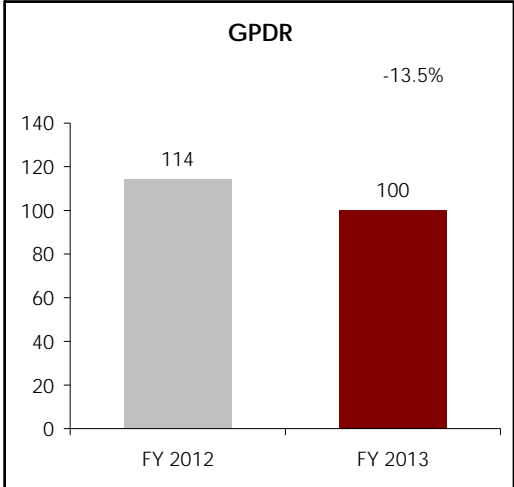
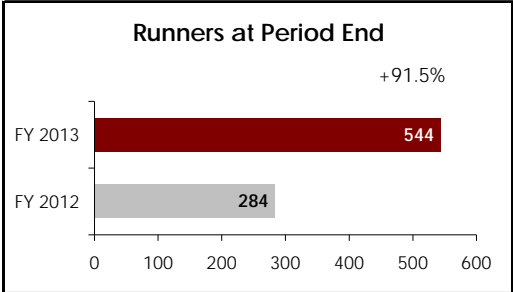
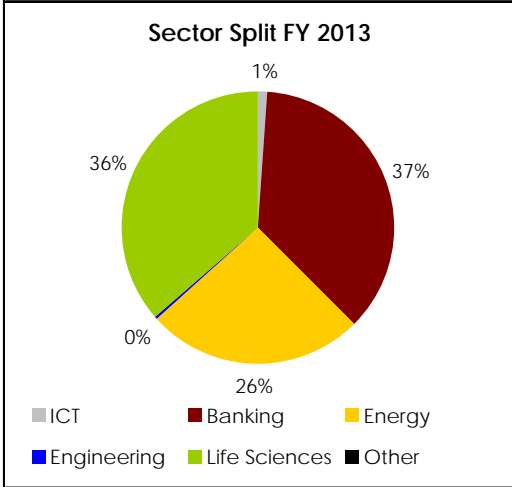
	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	98	78	176	29%	86%	49%
FY Average Consultant Headcount	82	59	141	22%	55%	34%



Note 1: Excludes IT Job Board  
Note 2: Variances are on a constant currency basis  
Note 3: FY13 is based on a normalised 52 week period

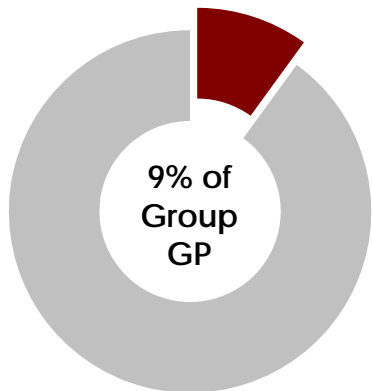


# AMERICAS TRADING METRICS



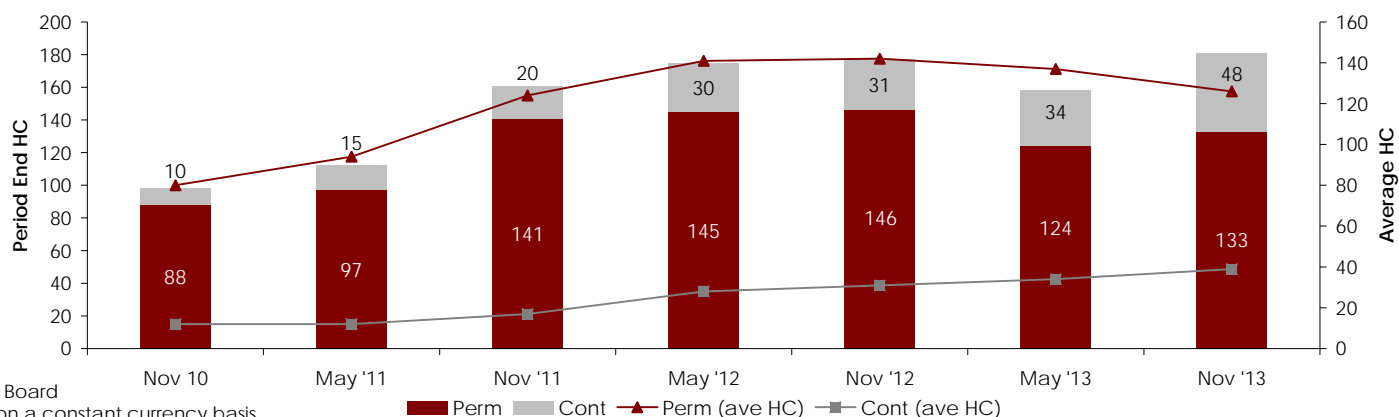
\* Excluding retainers  
 Note 1: Excludes IT Job Board  
 Note 2: Variances are on a constant currency basis  
 Note 3: FY13 is based on a normalised 52 week period  
 Note 4: We reclassified Banking Technology from ICT to Banking, and as such have restated all prior year comparatives

## ROW TRADING METRICS



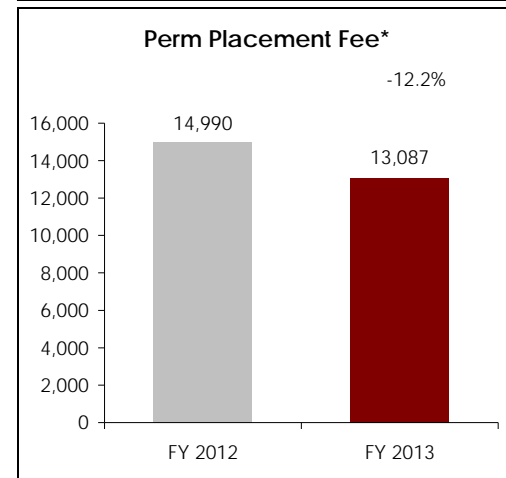
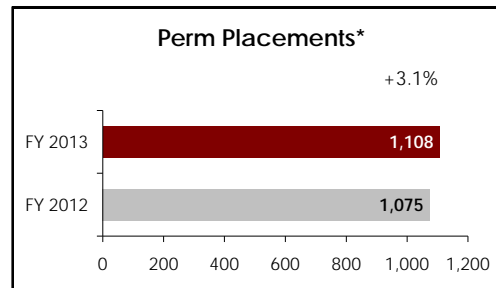
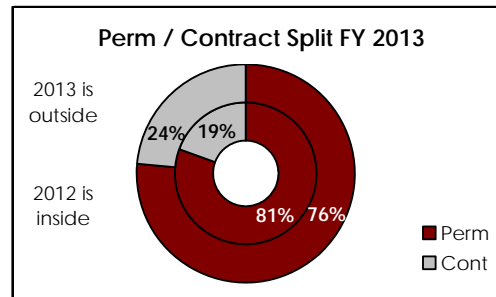
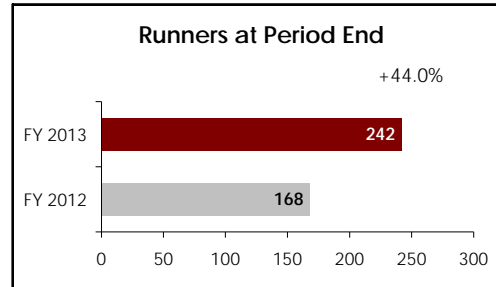
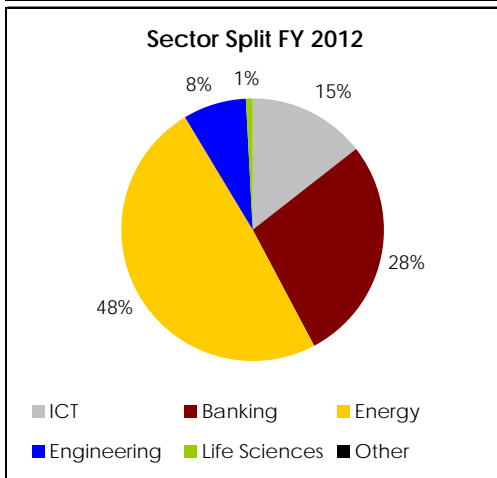
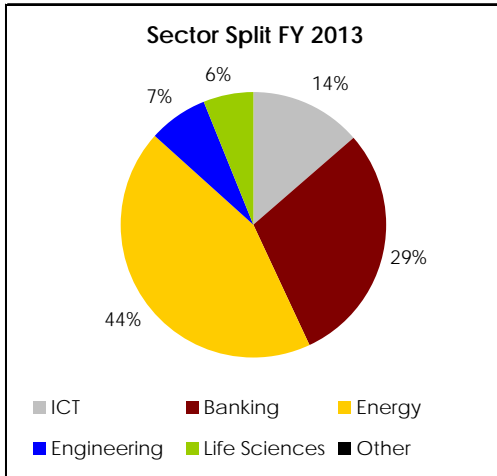
	2013	2012	YoY LFL Growth
Perm GP (£'000)	14,847	16,503	(10%)
Cont GP (£'000)	4,580	3,962	17%
Total Gross Profit (£'000)	19,427	20,465	(4%)
Countries (#)	10	7	3
Offices (#)	12	10	2

	#			YoY Growth		
	Perm	Cont	Total	Perm	Cont	Total
Period End Consultant Headcount	133	48	181	(9%)	55%	2%
FY Average Consultant Headcount	132	36	168	(7%)	24%	(2%)



Note 1: Excludes IT Job Board  
Note 2: Variances are on a constant currency basis  
Note 3: FY13 is based on a normalised 52 week period  
Note 4: ROW includes Asia Pac, Middle East and Russia

## ROW TRADING METRICS



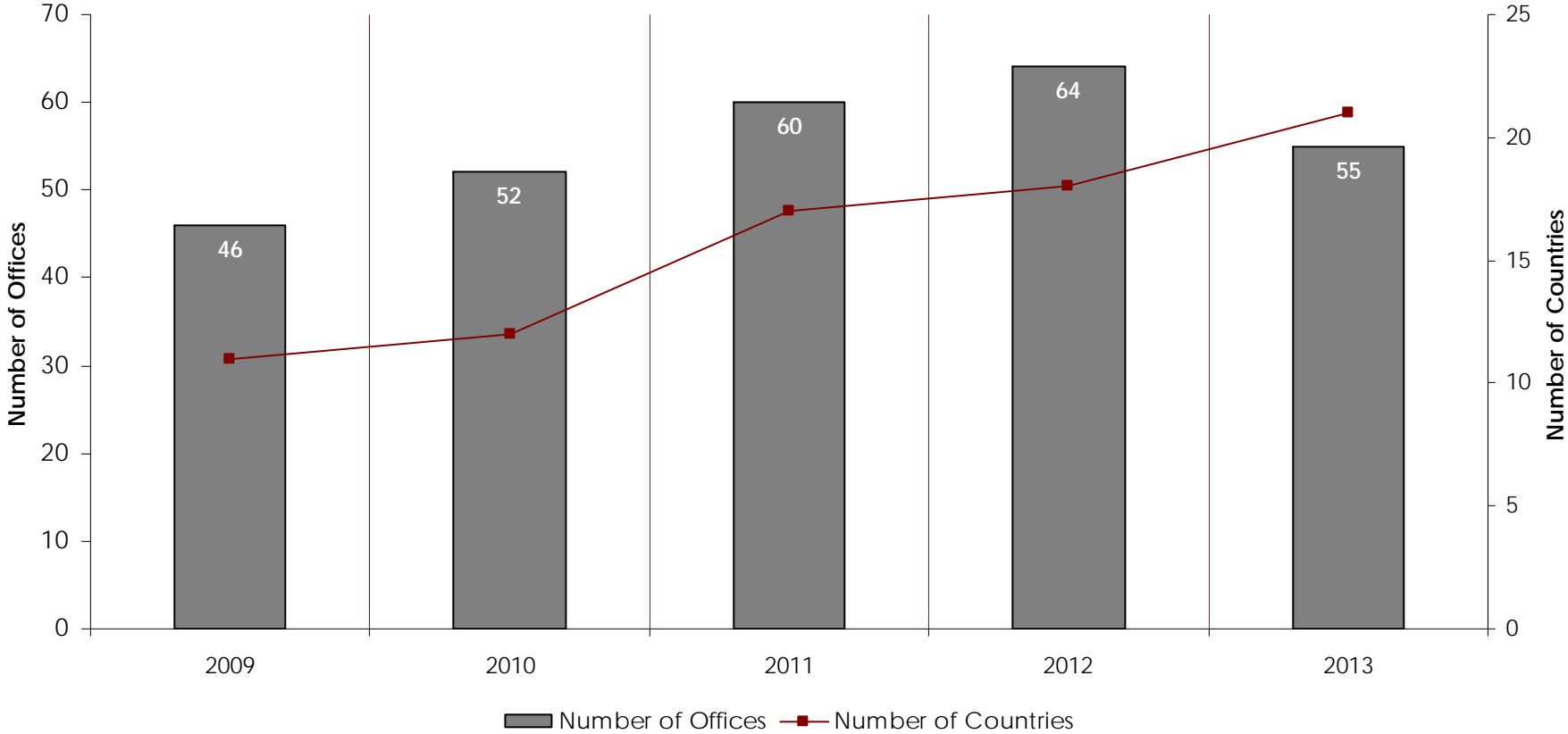
\* Excluding retainers  
 Note 1: Excludes IT Job Board  
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 Note 3: FY13 is based on a normalised 52 week period  
 Note 4: ROW includes Asia Pac, Middle East and Russia  
 Note 5: We have reclassified Banking Technology from ICT to Banking, and as such have restated prior year comparatives

# STHREE: THE MULTI BRAND MODEL

	COMPUTERFUTURES	Huxley Associates	progressive	real <small>REASSURING talent</small>	Enterprise Partners	newington international	orgtel	Jp gray.
<b>ICT</b>	●	●	●	●	●			
<b>Banking &amp; Finance</b>		●		●		●	●	
<b>Energy &amp; Engineering</b>		●	●					
<b>Life Sciences</b>			●	●				
<b>Public Sector</b>				●				
<b>Other</b> (Accountancy, Insurance, Corporate Governance)		●						●

- Primary SThree brand for this sector
- Brand covers niches within this sector

# OFFICES & COUNTRIES



Note 1: Offices closed in 2013 include Edinburgh, Reading, London x2, Netherlands and France x2



## 15 UK OFFICES

### London

- SThree HQ
- SThree Group Finance / HR
- SThree Group IS
- Computer Futures
- Real
- Progressive

### London (City)

- Real
- Huxley / Orgtel

### Bristol

- Computer Futures/Huxley

### Birmingham

- Computer Futures / Progressive
- Huxley / Real

### Leeds

- Real / Progressive

### Manchester

- Computer Futures / Huxley/Progressive / Real

### Glasgow

- Progressive

### Aberdeen

- Progressive/Huxley



## 19 European Offices in 7 Countries

### New Offices Opened in 2013

#### Germany

##### Berlin

- Computer Futures

### Existing Offices

#### France

##### Paris

- Computer Futures / Progressive  
/ Huxley / Real

#### Ireland

##### Dublin

- Computer Futures / Real

#### Germany

##### Dusseldorf

- Progressive  
- Computer Futures

##### Frankfurt

- Computer Futures / Real  
- Huxley / SThree L&D

##### Hamburg

- Computer Futures / Progressive

##### Munich

- Progressive  
- Computer Futures

##### Stuttgart

- Computer Futures / Progressive

#### Switzerland

##### Zurich

- Huxley/Real

#### Belgium

##### Antwerp

- Computer Futures / Progressive /  
JP Gray

##### Brussels

- Computer Futures / Progressive /  
Real  
/ JP Gray  
- Huxley

#### Netherlands

##### Amsterdam

- Computer Futures / Progressive /  
Real

- Huxley / JP Gray

##### Rotterdam

- Computer Futures / Progressive

#### Luxembourg

- Huxley



## 21 ROW Offices in 13 Countries

### New Offices Opened in 2013

**Canada**  
**Calgary**  
- Progressive

**Japan**  
**Tokyo**  
- Computer Futures / Real

**Thailand**  
**Bangkok**  
- Progressive

**Malaysia**  
**Miri**  
- Progressive  
**Kuala Lumpur**  
- Progressive

**Existing Offices**  
**Singapore**  
- Progressive / Huxley  
/ Real

**Australia**  
**Perth**  
- Progressive  
**Sydney**  
- Progressive / Huxley /  
Real

**Hong Kong**  
- Huxley

**India**  
**Mumbai**  
- Huxley

**GCC**  
**Dubai**  
- Progressive / Huxley  
**Doha**  
- Progressive / Huxley

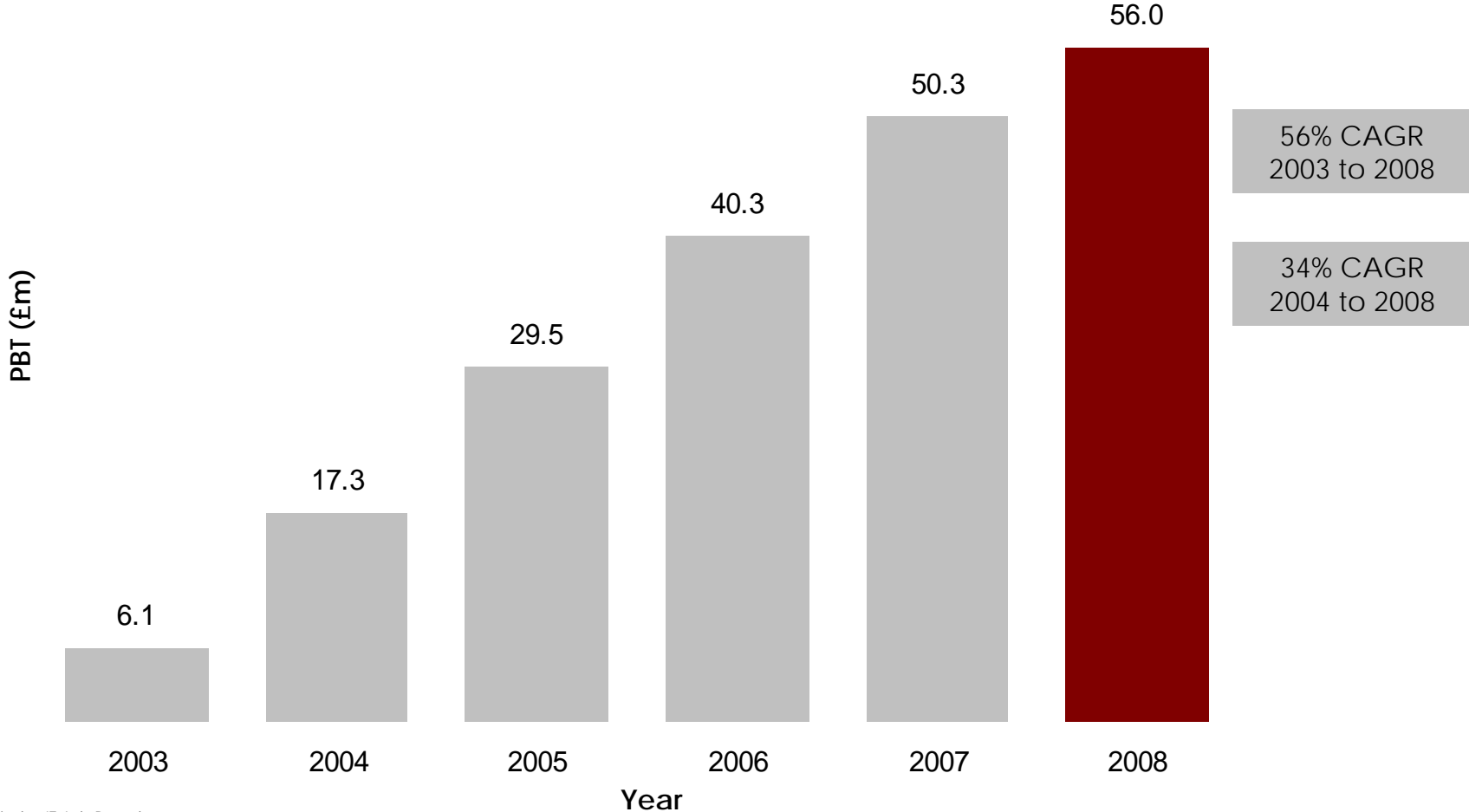
**Russia**  
**Moscow**  
- Progressive

**USA**  
**Boston**  
- Huxley  
**Chicago**  
- Huxley / Real  
**Houston**  
- Progressive  
**New York**  
- Huxley / Real / Computer  
Futures  
**San Diego**  
- Real  
**San Francisco**  
- Real / Computer Futures

**Brazil**  
**Sao Paulo**  
- Huxley  
**Rio De Janeiro**  
- Progressive



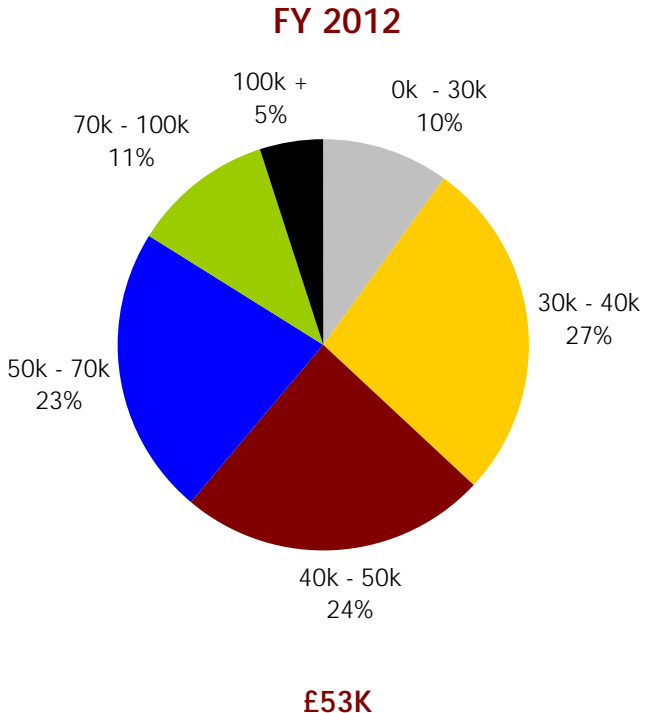
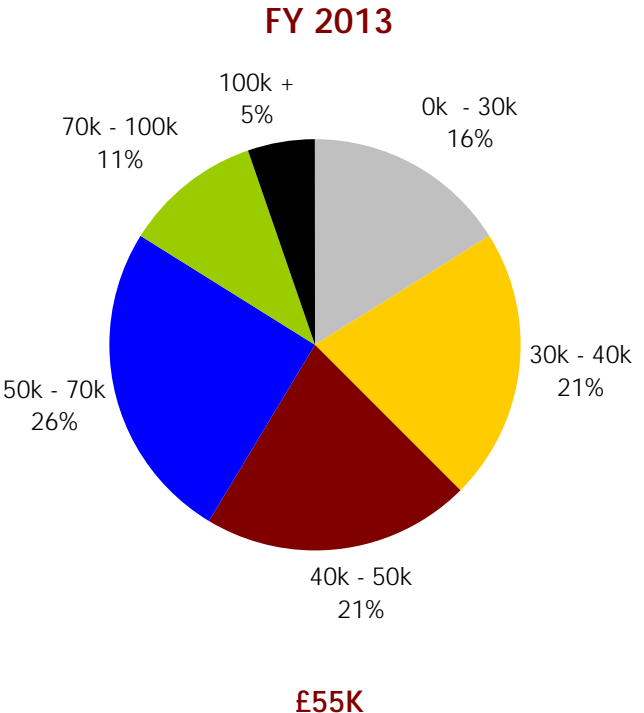
# PBT GROWTH POST DOT COM CRASH 2003 – 2008



Notes: Includes IT Job Board

# CANDIDATE SALARY POSITIONING

## Permanent Salary Analysis



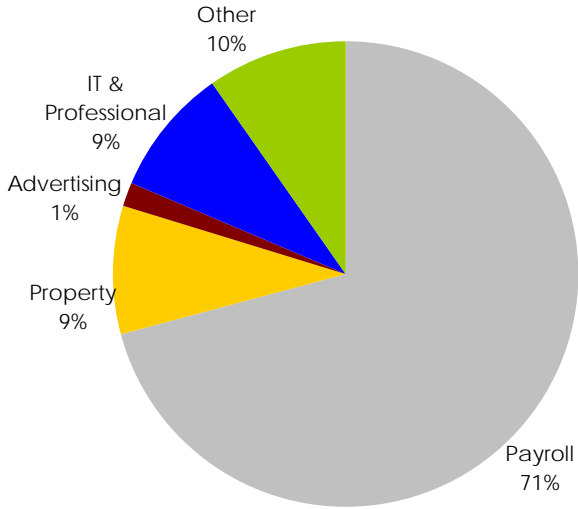
**Current average permanent salary is £55k (FY 2012: £53k)**  
**Current contract pro rata salary is circa £93k (FY 2012: £91k)**

Note 1: Permanent salary based on placements that started in 2013  
 Note 2: Contract salary based on a 46 week year, GP per day rate of £81.35 grossed up at the contract margin of 20.2%

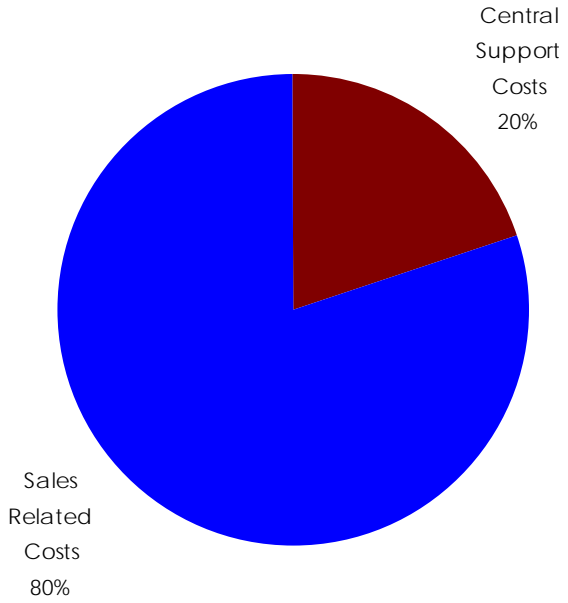
Source: SThree MIS/Internal Analysis

# COST BASE ANALYSIS

COST BASE



PAYROLL COSTS



The Group has a flexible cost base

Note 1: Based on costs for FY 2013

## TRACKER SHARES (MINORITY INTEREST) ARRANGEMENTS

### Background

- Circa 100 participants, across all geographies and sectors
- An opportunity to buy into a new business at an early stage, to become a part owner
- A key retention and attraction tool, a point of difference, given low barriers to entry

### Features

- A senior individual may be invited to invest in the scheme at fair value
- After a set number of years of MI holding and employment (typically 5 years), the individual can offer the vested stake for sale to SThree, against SThree shares
- The sale price is set with reference to a formula, typically between 1/2 and 2/3 x tracked business PAT x SThree plc historic PE ratio
- SThree is not obliged to purchase a minority stake offered. All stakes offered back will be considered by the MI Steering Committee, comprising of the CEO & CFO and approved by the main Board
- Buy backs for 2013 were c£7m
- Expected future buy backs to be £5m - £15m pa in shares, with marginal dilution if new shares are issued
- Buy backs in any year are dependent upon whether or not a stake is offered up for sale and accepted by SThree, the PAT of tracked businesses, the Group PE Ratio and the Board's desire to buy out the shares offered

## TRACKER SHARES (MINORITY INTEREST) ARRANGEMENTS (continued)

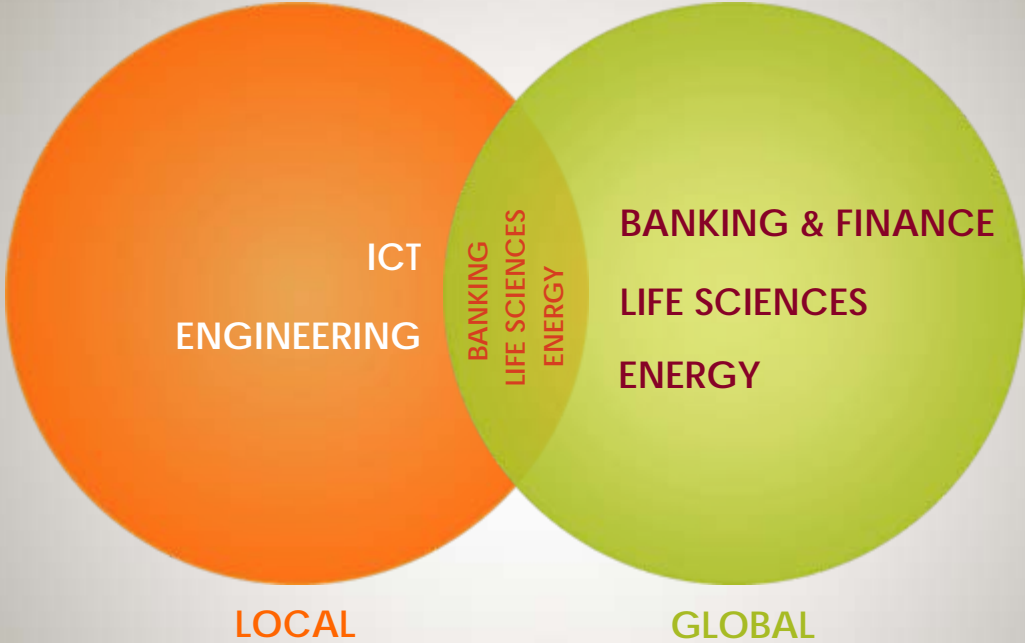
### Accounting

- Accounting governed by IFRS 2 “Share-Based Payments”, with no income statement charge as the payment made by participants equals the fair value of the award at that time
- A provision of £3.7m (2012: £4.4m), relating to the obligation to repay subscriptions if an employee leaves the Group before vesting, is held on the Balance Sheet
- Diluted EPS shows the dilutive impact of tracker share arrangements if all profitable tracked businesses had vested and are based on the previous year’s profits and by applying the last month’s (November 2013) average Group PE Ratio

## FINANCIAL CALENDAR

3 February 2014	Annual results for the 53 week period ended 1 December 2013
14 March 2014	Q1 Interim Management Statement
24 April 2014	Annual General Meeting
13 June 2014	Trading update for the six months ended 1 June 2014
14 July 2014	Interim results for the six months ended 1 June 2014
12 September 2014	Q3 Interim Management Statement
5 December 2014	Trading update for the year ended 30 November 2014
26 January 2015	Annual results for the 52 week period ended 30 November 2014

# TWO TYPES OF SPECIALIST STAFFING MARKET – DEFINED BY CANDIDATE MOBILITY



Global candidates provide an ability to take larger geographical steps  
Approximately 47% of consultants are working on global candidate markets

# PROFILE OF INTERNATIONAL GROWTH

THE GROUP'S EXPANSION HAS FOUR MAJOR DIMENSIONS:  
The majority of planned growth comes from additional heads in existing locations, in both existing and new sectors.




Open entirely new regions.  
e.g. Japan




Increase headcount in an existing office in an established sector.  
e.g. Munich ICT



Increase office footprint in existing geography.  
e.g. Berlin



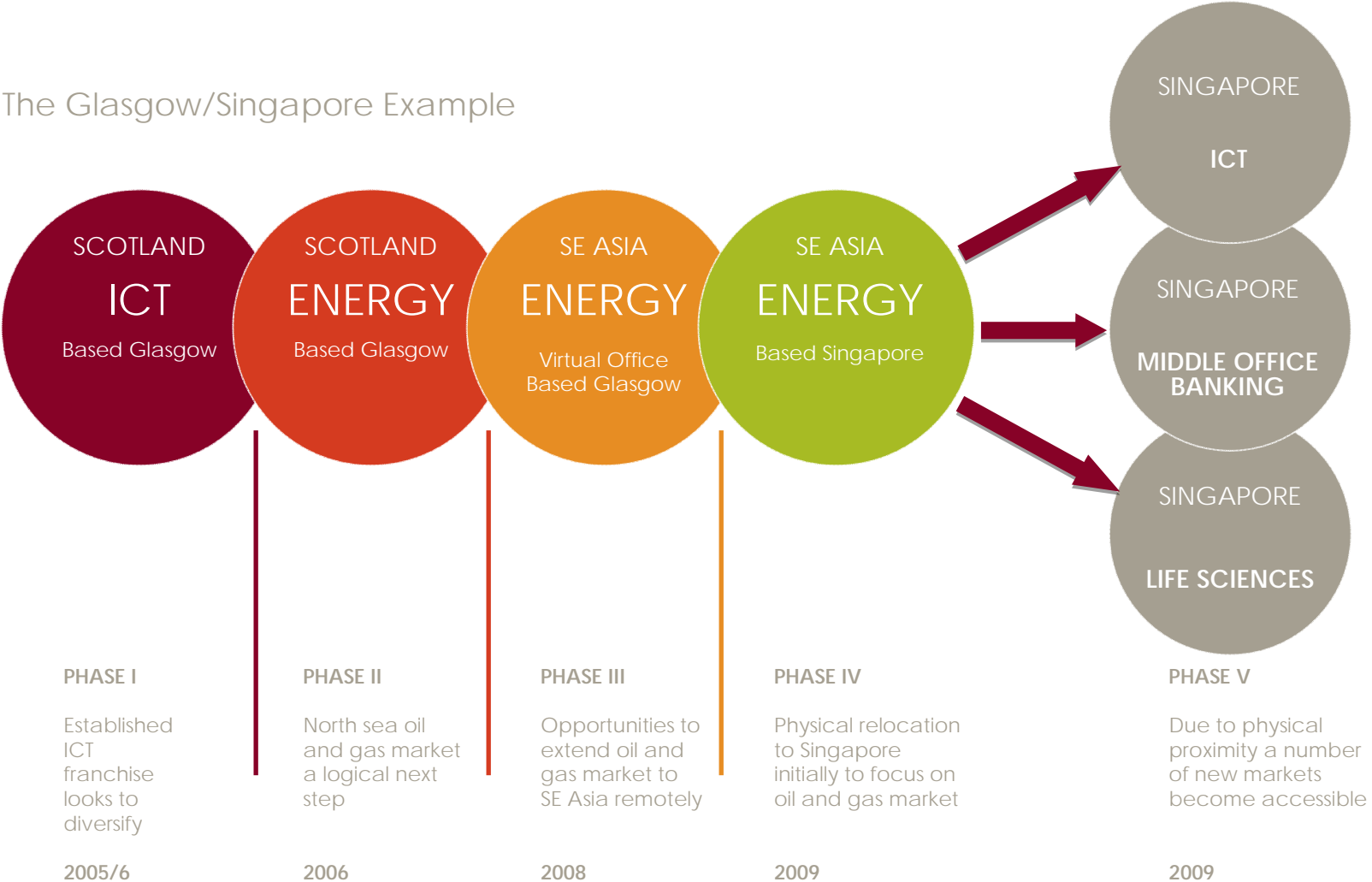
Increase headcount in an existing office into a newer sector. e.g. Dublin / Life Sciences or San Francisco / ICT





**SECTOR DIVERSIFICATION LEADS TO GLOBAL OPPORTUNITIES**

The Glasgow/Singapore Example



# APOLLO INTEGRATOR

## Our Business Intelligence Platform

The screenshot displays the Apollo Integrator web application interface. At the top, a navigation menu includes Home, Searches, Activities, Jobs, Managers, Candidates, Shortlist, Dashboard, Auto Signature, Templates, Ringfencing, Favourite Codes, Messenger Maps, and Ts And Cs. The main content area is divided into several sections:

- Search Section:** Features a search bar with 'mike frewin' entered, a 'Number of candidates to return' dropdown set to 250, and a 'Recipe' dropdown set to 'Apollo SmartSearch'. It includes multiple 'Must Have' filter sections with checkboxes and input fields for keywords and expanded terms.
- Candidate Profile:** Displays details for Michael Frewin, including his LinkedIn profile, headline 'Business Analyst', location 'London, United Kingdom', and a bio stating 'I am currently working as a CRM Business Analyst for Sthree.' It also shows social media icons and a search for 'Stathis Titopoulos'.
- CV Management:** Includes an 'Upload new CV' section with a 'Browse...' button and a 'Select CV source' dropdown.
- Candidate Details:** Shows '1 / 3 Candidates' and 'Candidate: Read'. It includes buttons for 'Code Candidate', 'Add Code', 'Favourite Codes', 'Show All Codes', and 'Call Back'.
- Navigation and Summary:** A horizontal menu at the bottom of the candidate profile includes 'Summary', 'CV', 'Personal Details', 'Recruitment Profile', 'Businesses Not To Approach', 'Codes', 'Contact Commentary', and 'Sendout History'.
- Qualifications / Education:** Lists 'Chartered Management Accountant (ACMA)', 'Member of Chartered Institute of Management Accountants', 'BA (Hons) European Finance and Accounting (2.1)', and 'Certified Oracle Hyperion Planning 11.1.1'.
- Selected Project Experience / Achievements:** A table with columns 'Client' and 'Role / Achievements' detailing work on the Oracle E-Business Suite R12 program.

Integrating our systems with social networking and corporate data sources

