

# Preliminary Highlights

Preliminary Results for the year ended 2 December 2007



# The SThree Team

Preliminary Results for the year ended 2 December 2007



## 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 joins SThree on 7th May 2008 as CFO. Most recently he 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, a leisure travel business with annual turnover of £1.4 billion. Earlier experience included three years with W.H.Smith, latterly as Managing Director of its £300 million turnover Travel Retail business and financial roles at Travelodge and Forte. He is a Chartered Accountant.



## Claire Moore — Head of Investor Relations

Claire has been with the group since 1994 when she joined as a recruitment consultant. Working in sales management for a variety of brands including Computer Futures & Huxley, Claire moved to a group role reporting to the CEO as Head of Business Research in 1999. Claire subsequently moved to Investor Relations as part of the IPO.



# Introduction & Overview



# 2007 Financial Highlights

Preliminary Results for the year ended 2 December 2007

	2007 £'m	2006* £'m	Change %
<b>Revenue</b>	522.7	393.3	32.9%
<b>Gross Profit (Fee Income)</b>	182.7	135.5	34.8%
<b>Operating Profit</b>	52.3	41.0	27.6%
<b>Conversion Ratio</b>	28.6%	30.3%	(1.7) pps
<b>Profit before tax*</b>	50.3	40.3	24.8%
<b>Basic Earnings per Share</b>	25.2p	22.4p	12.5%
<b>Total Dividend</b>	9.3p	7.2p	29.1%

**Note:** Conversion Ratio = operating profit to gross profit

\* All figures pre-exceptionals

# SThree: An Overview

Preliminary Results for the year ended 2 December 2007



- Specialist permanent and contract staffing business - founded in 1986, profitable ever since
- Multi-brand & sector approach, niche specialisations in ICT, Banking & Finance, Accountancy, HR, Engineering, Pharmaceuticals and Energy
- Purely organic growth to date driven by expansion of multi-brand model
- Over 2,000 staff, 52 offices in 10 countries
- Home grown management
- Significant equity participation by management and staff
- Strong “SME” franchise
- High diversified client base of c. 6,000



# 33 UK Offices

Preliminary Results for the year ended 2 December 2007



## London

SThree HQ  
 SThree Group Training  
 SThree Group Finance  
 Computer Futures  
 Progressive  
 Pathway  
 Real Resourcing  
 JP Gray  
 Strategic Resource Group  
 Staff Search Group  
 IT Job Board

## London (City)

Orgtel  
 Madison Black  
 Huxley  
 Tactical

## Thames Valley

Computer Futures  
 Staff Search Group  
 Huxley  
 Progressive

## Bristol

Computer Futures  
 Progressive

## Nottingham

Real Resourcing

## Birmingham

Computer Futures  
 Progressive  
 Huxley  
 Real Resourcing

## Leeds

Pathway  
 Progressive

## Manchester

Computer Futures  
 Huxley  
 Progressive

## Scotland

Computer Futures  
 Progressive



# 19 Non-UK Offices

Preliminary Results for the year ended 2 December 2007



## *New Offices opened in 2007:*

- **Amsterdam**  
SThree Group Training  
IT Job Board/Real Resourcing
- **Brussels**  
Huxley
- **Hong Kong**  
Huxley
- **Rotterdam**  
Computer Futures

## *New Offices opened in Q1 2008:*

- **Dubai**  
Pathway
- **Sydney**  
Progressive

## *Pre-2007 Offices:*

- **Amsterdam**  
Computer Futures (2000)  
Huxley (2002)  
Progressive (2002)
- **Brussels**  
Computer Futures (1998)
- **Dublin**  
Computer Futures (1999)
- **Frankfurt**  
Computer Futures (1999)  
Huxley (2006)
- **Munich**  
Computer Futures (2006)  
Progressive (2004)
- **Paris**  
Computer Futures (2003)  
Progressive (2006)
- **New York**  
Huxley (2006)

# SThree: Current Trends & Outlook

Preliminary Results for the year ended 2 December 2007



- Current trading in line with Board's expectations, internal KPI's positive
- Market sentiment overall supportive of continued growth
- Slowdown in Banking sector not impacting wider market
- Roll out of new sectors / geographies continues including Middle and Far East / Australasia
- Strong margins maintained - overall gross margin 34.8% (2006: 34.5%)
- Conversion ratio 28.6% (2006: 30.3%) impacted by above trend investments / costs
- Non UK GP growth = 62%
- Non ICT GP growth = 33%
- UK ICT now only 53% of GP
- Current KPI's suggest continued positive momentum



# 2007 - An Unusual Year

Preliminary Results for the year ended 2 December 2007



- Overall office footprint increased by c. 40%
- Five new offices - Amsterdam (x2 - ITJB/Real Resourcing, SThree Group Training), Rotterdam (Computer Futures), Brussels (Huxley) , Hong Kong (Huxley)  
Q2 2008 - Dubai (Pathway), Sydney (Progressive)
- Eight relocations within existing UK locations to accommodate sector expansion
- Significant systems roll out SAP & Siebel CRM
- SAP/ P&L cost overrun of c. £3m
- First Minority Interest charge at meaningful level
- Overall capex of c.£14m (2006: £5.4m)
- 2008 returns to normal-anticipated 2008 capex of c.£7m
- 2008 conversion ratio expected to improve

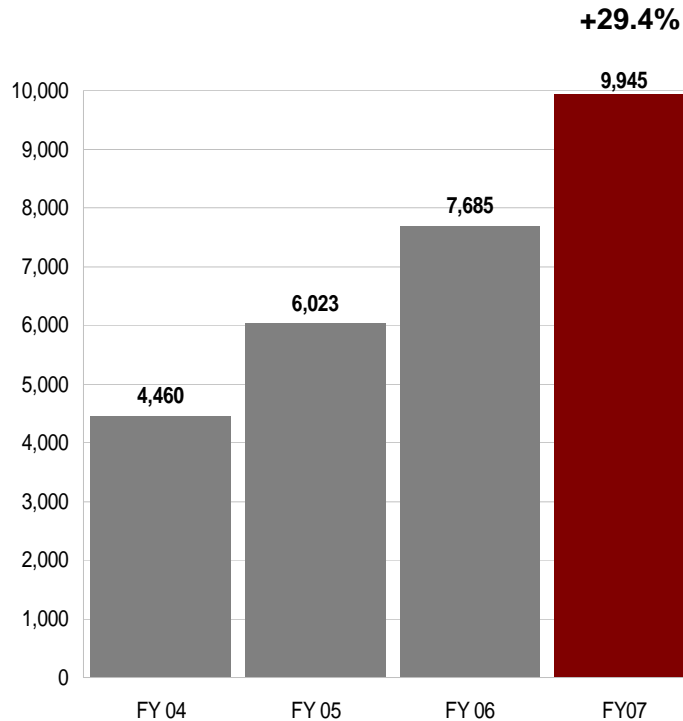


# Key Performance Indicators: Permanent

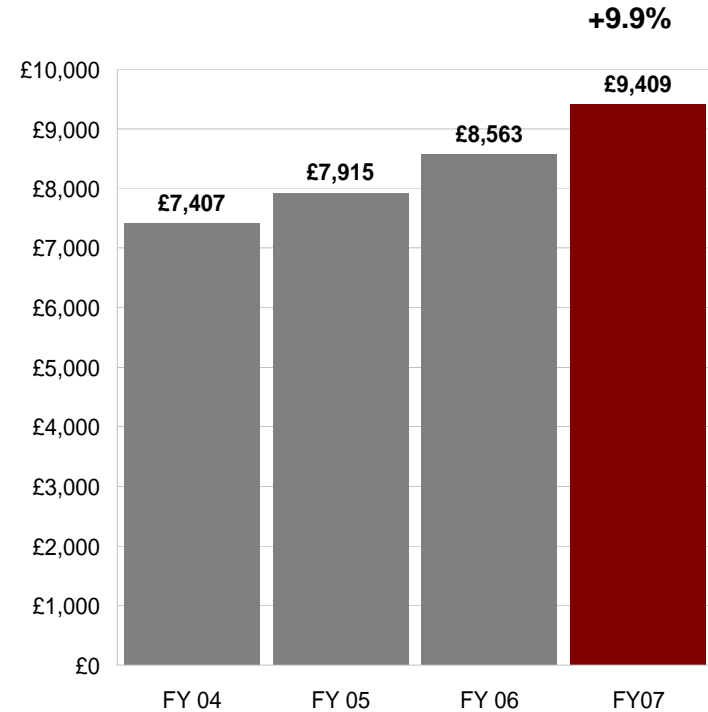
Preliminary Results for the year ended 2 December 2007



## Growth in Placement Volume



## Growth in Average Fee



**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

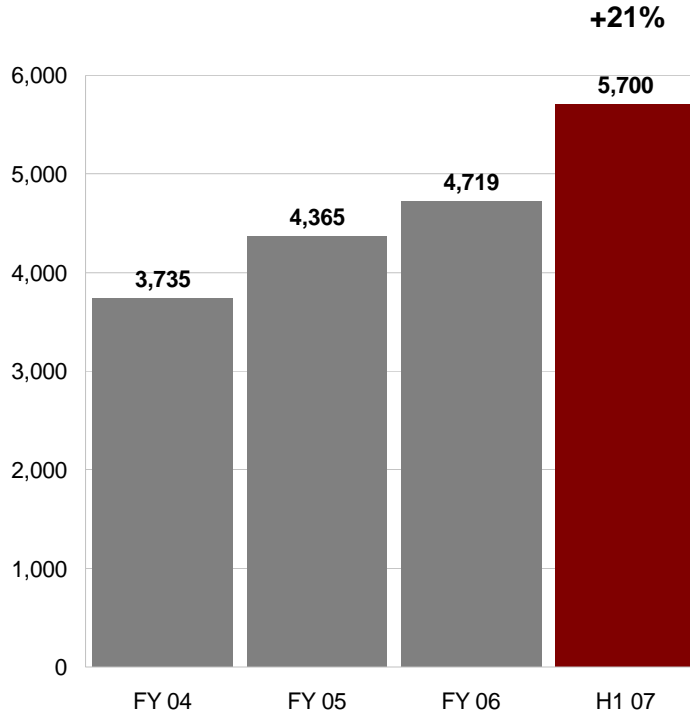
Source: SThree Accounts

# Key Performance Indicators: Contract

Preliminary Results for the year ended 2 December 2007



## Growth in Contract Runners



## Growth in Gross Profit Per Day Rate



**Notes:**

Contractors of the Group that are on a 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

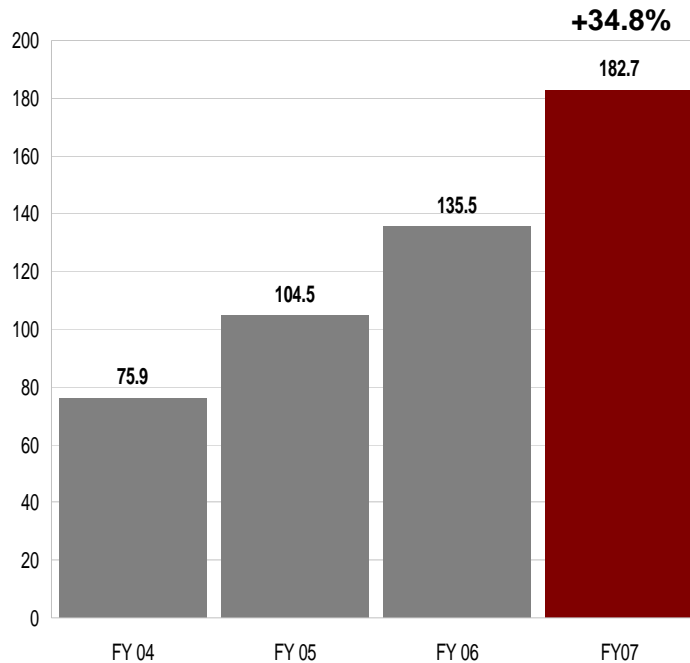
Source: SThree Accounts

# Gross Profit & Gross Margin

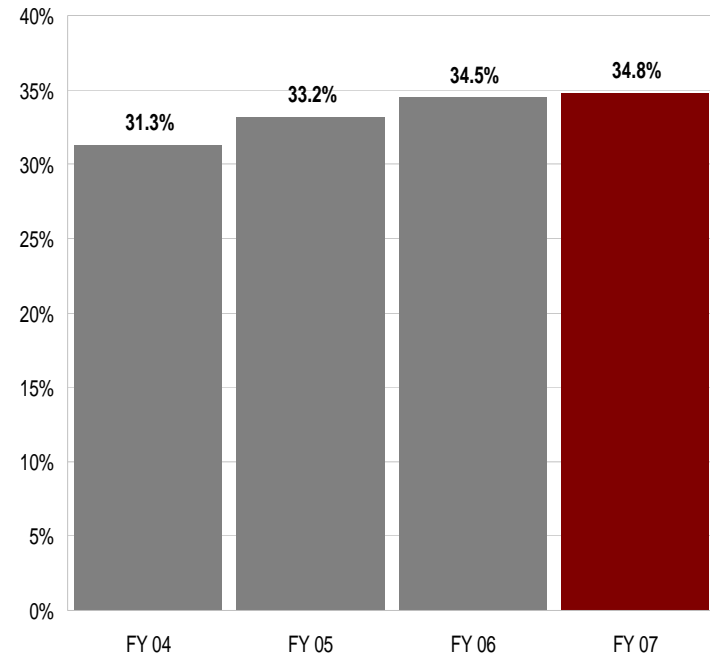
Preliminary Results for the year ended 2 December 2007



## Gross Profit (£'m)



## Gross Margin %



Gross margin has been highly consistent including during 2003/2004 slowdown

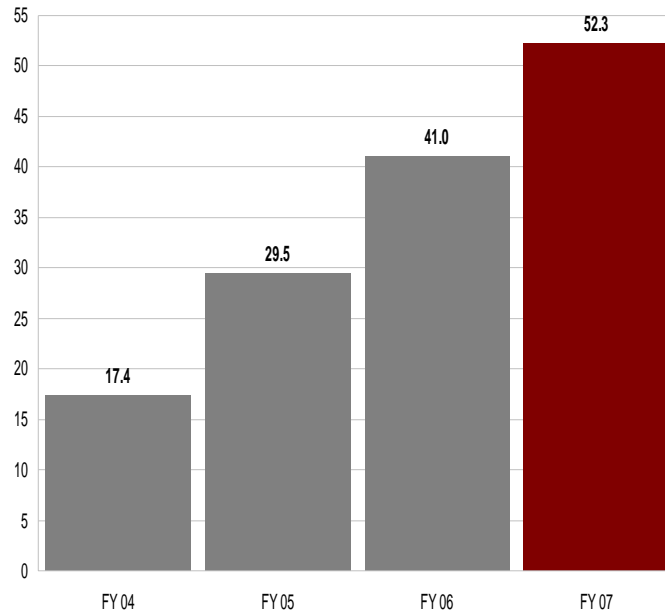
Source: SThree Accounts

# Operating Profit & Conversion Ratio

Preliminary Results for the year ended 2 December 2007

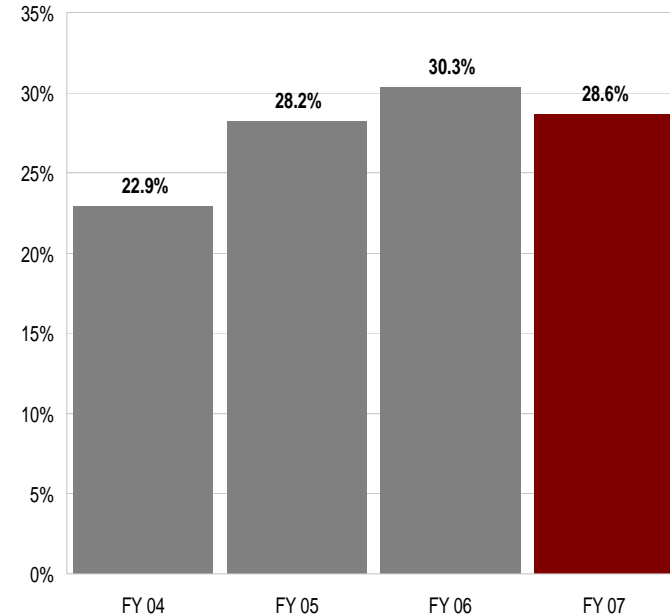


## Operating Profit (£'m)



## Conversion Ratio

(operating profit as a % of gross profit)



Conversion ratio impacted by investments and higher cost base

Source: SThree Accounts

# Brand Development & Business Analysis



# Brand Development: Sector Expansion

Preliminary Results for the year ended 2 December 2007



ICT	●	●	●	●	●		●	●	●	
Accountancy	●	●		●						●
Banking & Finance		●		●			●			
Engineering		●	●							
Pharma			●		●					
Human Resources	●	●				●				
Energy		●								

● Sectors pre-2007   ● New Sectors 2007



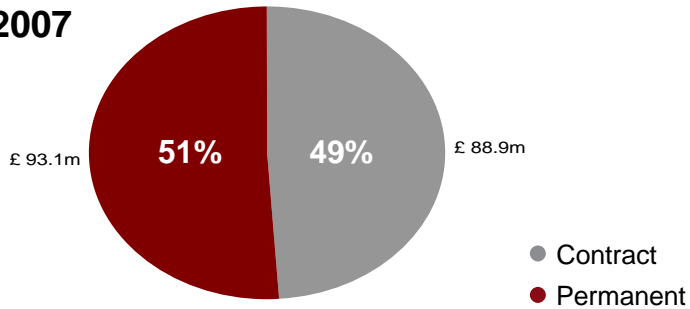
# Permanent/Contract Analysis

Preliminary Results for the year ended 2 December 2007

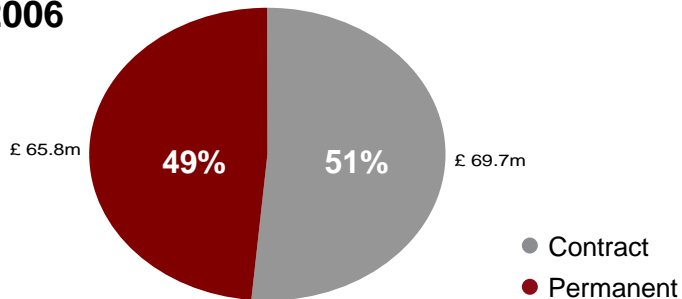


## Gross Profit

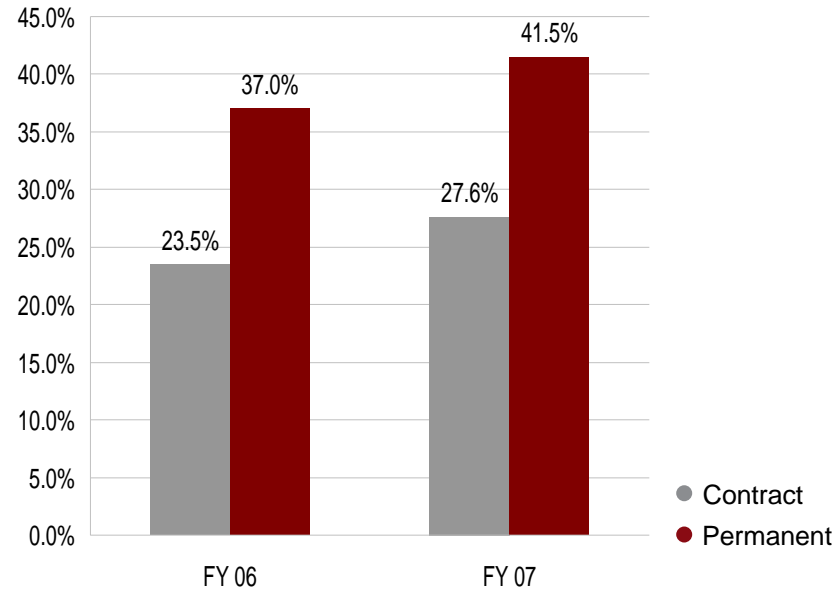
2007



2006



## Growth In Permanent/Contract GP



Gross Margin	2007 %	2006 %
Group	34.8	34.5
Contract	20.7	21.3

Source: SThree Accounts

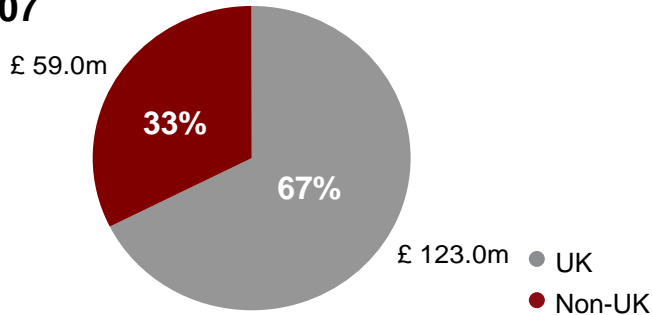
# Geographic Analysis\*

Preliminary Results for the year ended 2 December 2007

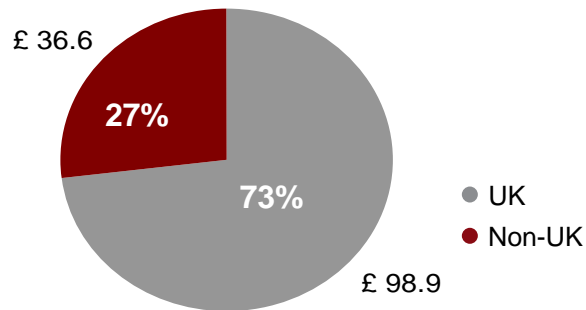


## Gross Profit

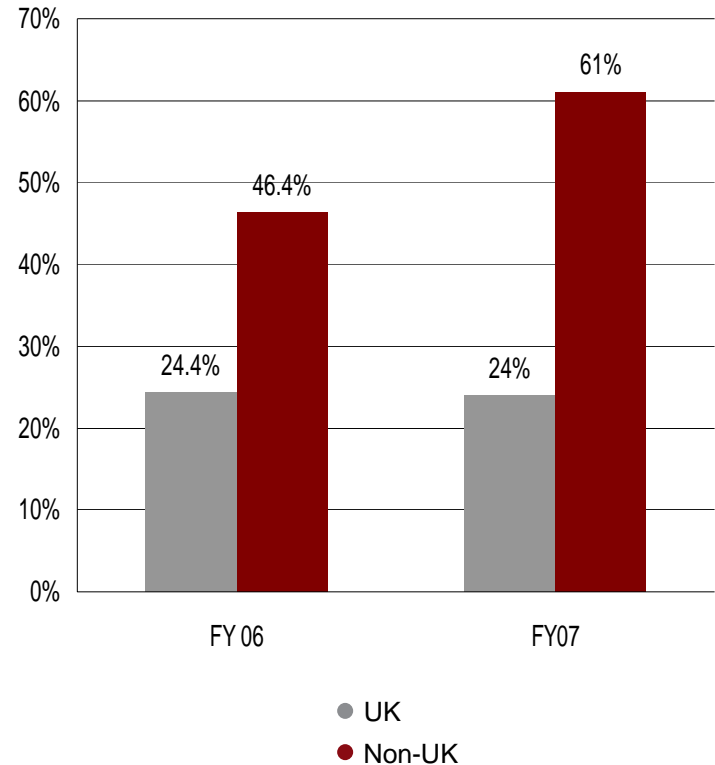
2007



2006



## Growth In UK/Non-UK GP



Note: \* Based on location of client

Source: SThree Accounts

# Sector Analysis

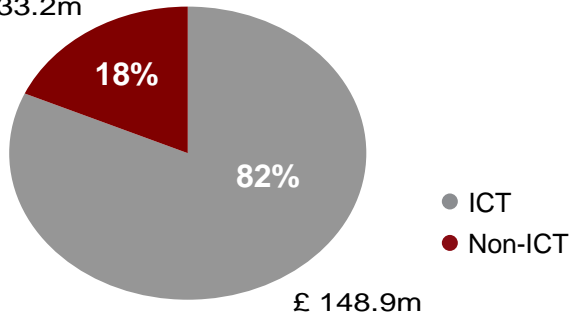
Preliminary Results for the year ended 2 December 2007



## Gross Profit

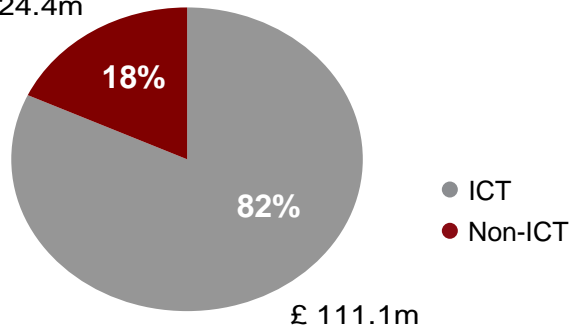
2007

£ 33.2m

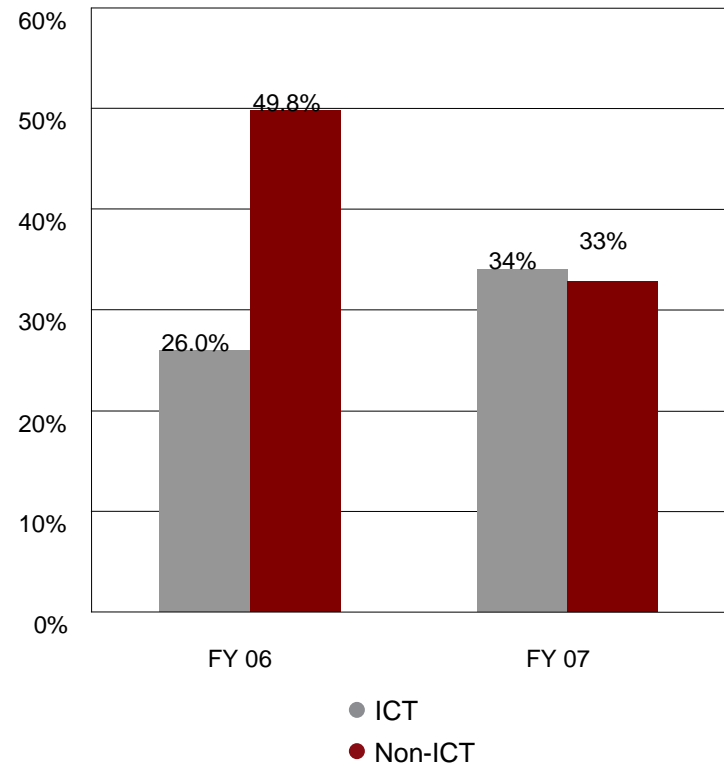


2006

£ 24.4m



## Growth In ICT/Non-ICT \* GP

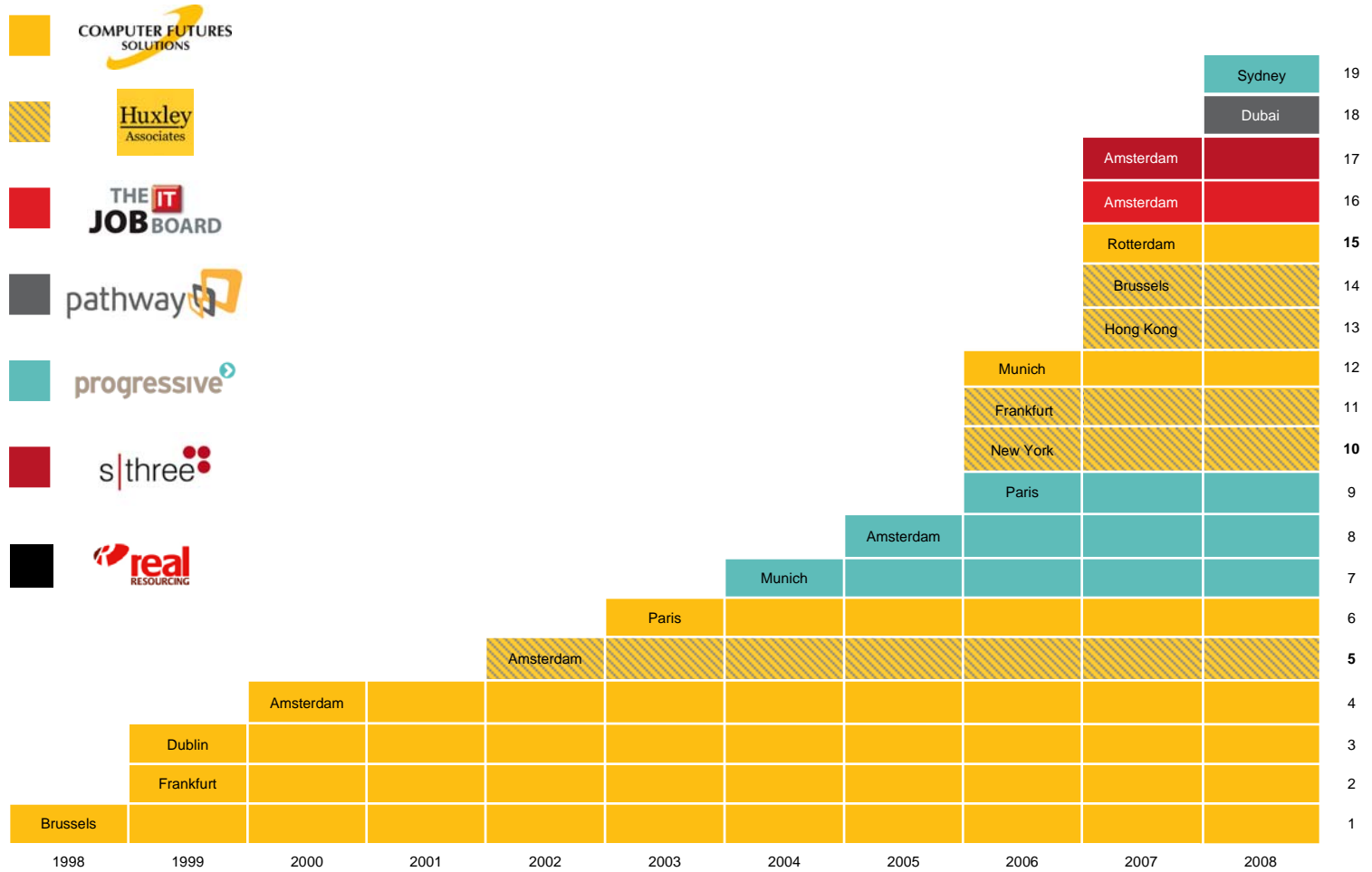


**Note:** \* Comprises banking, finance, accountancy, human resources, engineering, pharmaceuticals, energy and Job Board activities

**Source:** SThree Accounts

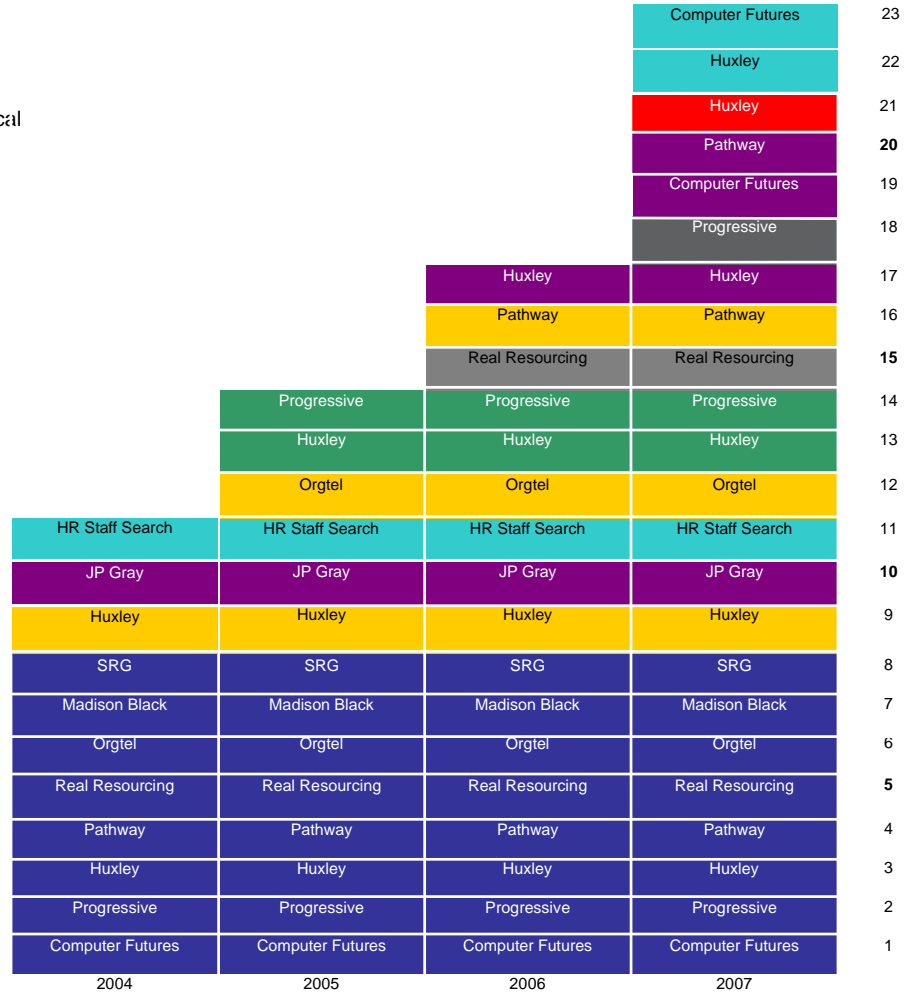
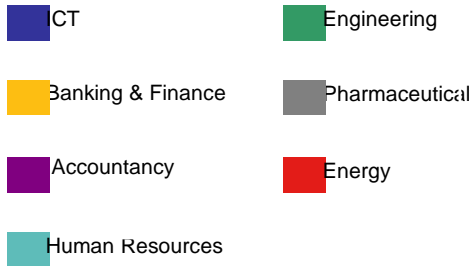
# Brand Development: Geographical Expansion

Preliminary Results for the year ended 2 December 2007



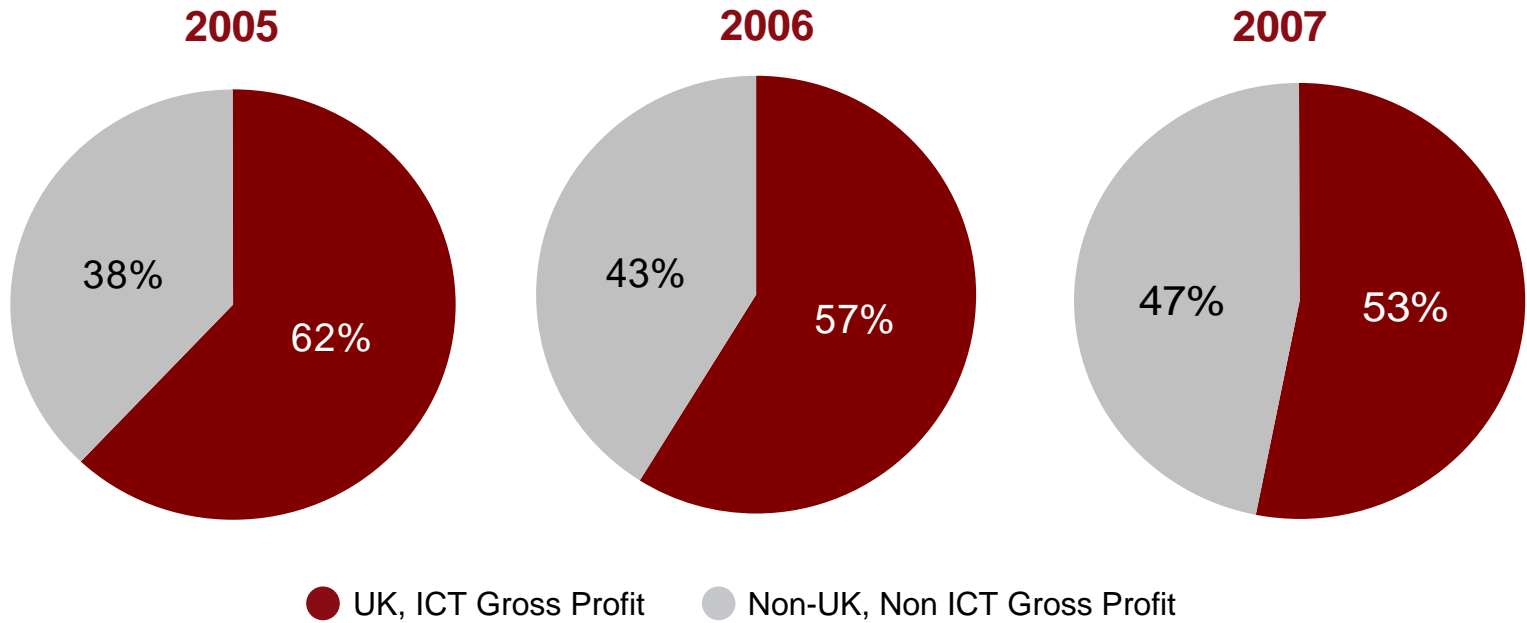
# Brand Development: Sector Expansion

Preliminary Results for the year ended 2 December 2007



# Business Mix

Preliminary Results for the year ended 2 December 2007



In 2003 Non UK & Non ICT represented only 26% of group Gross Profit

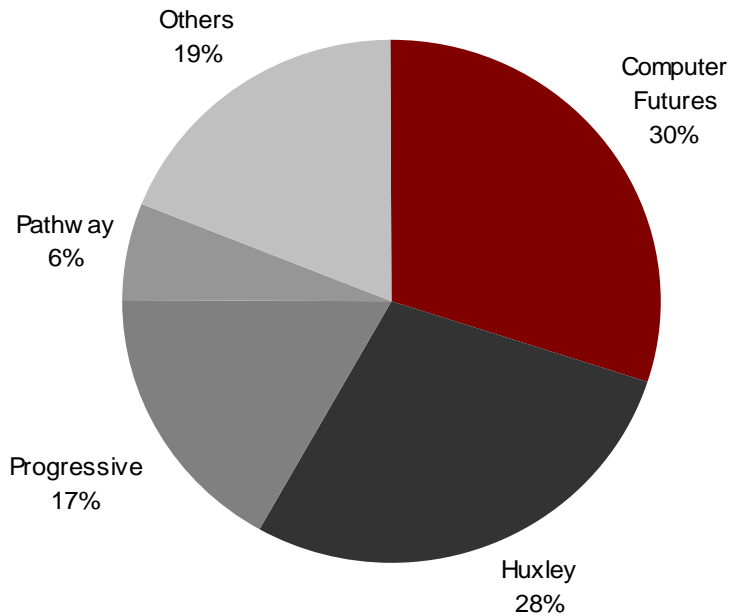
Source: SThree Accounts

# Business Breakdown

Preliminary Results for the year ended 2 December 2007

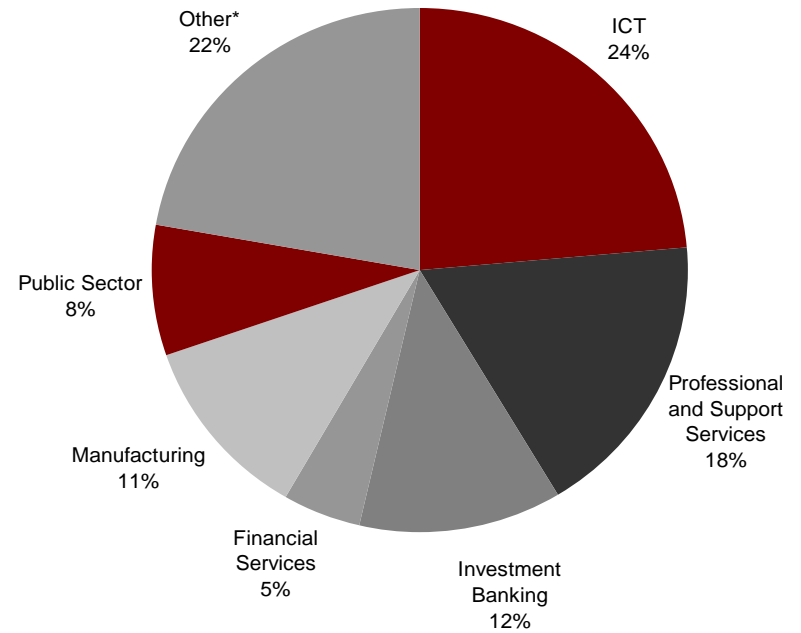


## Analysis By Brand



Source: SThree Accounts

## Analysis By Customer Industry Sector



Source: Internal MIS analysis

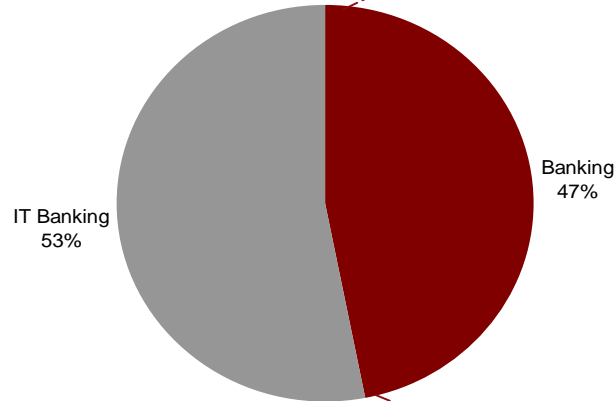
\*Key constituents: Media, Entertainment & Leisure (5%), Commodities & Utilities (3%), Retail & Consumer Goods (3%), Pharma & Biotech (3%)

# SThree Exposure to Investment Banking Sector

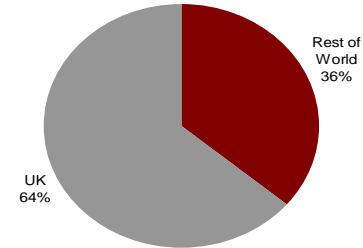
Preliminary Results for the year ended 2 December 2007



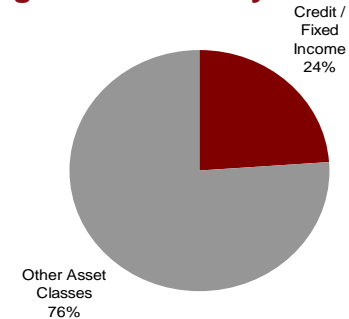
## Investment Banking Business By Type



### Banking Placements By Region



### Banking Placements By Asset Class



Overall Group exposure to Investment Banking Sector is 12% of group placements

Source: Internal MIs analysis

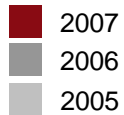
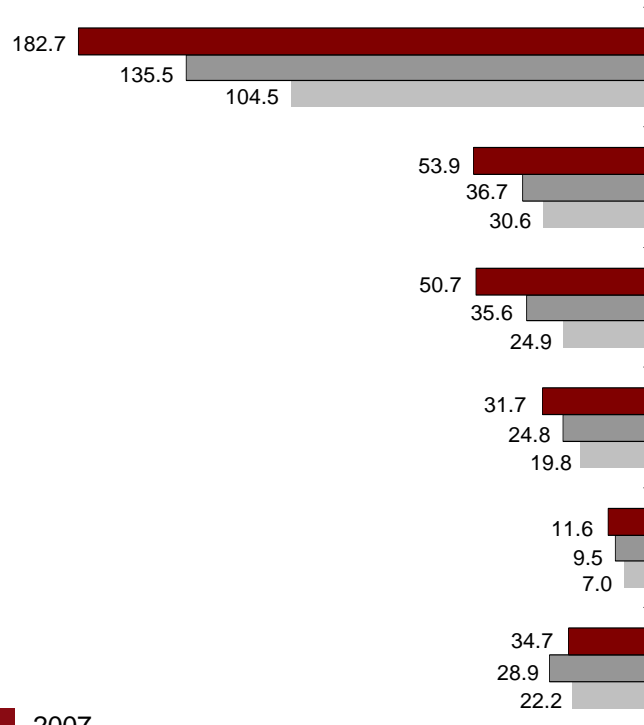
# Brand Analysis: Gross Profit Growth

Preliminary Results for the year ended 2 December 2007



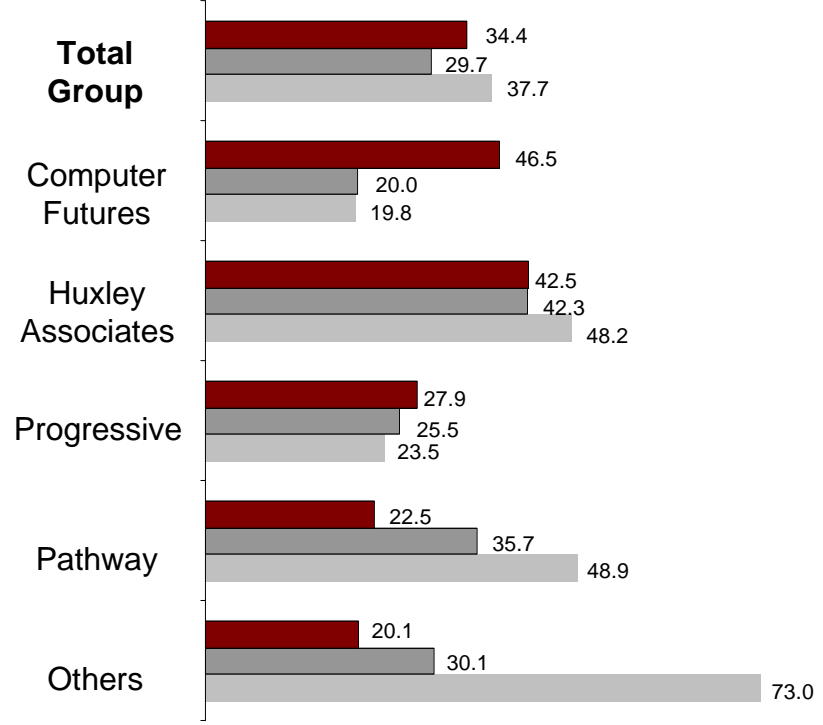
## Gross Profit

£'m



## Percentage Change

From Previous Year %



Source: SThree Accounts

# Financial Results



# Income Statement

Preliminary Results for the year ended 2 December 2007



	2007 £'m	2006 £'m	Change %
<b>Revenue</b>	<b>522.7</b>	393.2	32.9%
<b>Gross Profit</b>	<b>182.7</b>	135.5	34.8%
<b>Operating Profit</b>	<b>52.3</b>	41.0	27.6%
<b>Net Finance Cost</b>	<b>(2.0)</b>	(0.9)	122.2%
<b>Share of Profit of JV</b>	<b>0.0</b>	0.1	(42.5)%
<b>Profit Before Tax</b>	<b>50.3</b>	40.3	24.8%
<b>Taxation</b>	<b>(16.5)</b>	(12.3)	34.1%
<b>Profit After Tax</b>	<b>33.8</b>	28.0	20.7%

**Note:** 2006 Before exceptional items

**Source:** SThree Accounts

# Dividend & Share Buy-back

Preliminary Results for the year ended 2 December 2007



<b>Dividend</b>	<b>2007</b>	<b>2006</b>	<b>Growth</b>
<b>Total Dividend</b>	<b>9.3p</b>	7.2p	29.2%

*Final dividend payable on 9 June 2008 to shareholders on the register at 2 May 2008*

<b>Share Buy-back financial year</b>	<b>Shares</b>	<b>Total Cost £'m</b>	<b>Average Cost per share</b>	<b>% Of Issued Capital *</b>
<b>Total Share Buy-back 08</b>	6.6m	13.3m	200p	5.026%

**Share Buy-back Guidance:** Current permission to buy back up to 10% of shares between 24 April 2008 and 24 April 2009

Source: UBS

# Earnings Per Share

Preliminary Results for the year ended 2 December 2007

	2007	2006*	Change %
<b>Profit After Tax</b>	£33.8m	£28.0m	18.6%
<b>Minority Interest</b>	£1.2m	£0.3m	320%
<b>Weighted Average Number of shares</b>			
<b>for Basic EPS</b>	129.8m	123.9m	4.8%
<b>for Fully Diluted EPS</b>	135.7m	129.7m	4.6%
<b>EPS</b>			
<b>Basic</b>	25.2p	22.4p	12.5%
<b>Fully Diluted</b>	24.1p	21.4p	12.6%

**Note:** \* All before exceptional items  
\*\* 2.2% Share Capital bought back since year end

Source: SThree Accounts

# Cash Flow

Preliminary Results for the year ended 2 December 2007

	2007 £'m	2006 £'m
<b>Operating Profit (Before Exceptionals)</b>	<b>52.3</b>	41.0
<b>Share Awards Charge</b>	<b>0.4</b>	(2.6)
<b>Depreciation/Sale Of Fixed Assets</b>	<b>3.8</b>	1.7
<b>Increase In Debtors</b>	<b>(58.5)</b>	(17.8)
<b>Increase/(Decrease) In Creditors</b>	<b>33.4</b>	(7.1)
<b>(Decrease)/Increase In Provisions</b>	<b>(2.1)</b>	(0.2)
<b>Net Cash From Operating Activities</b>	<b>29.3</b>	15.0
<b>Net Finance Costs</b>	<b>(2.0)</b>	(0.9)
<b>Taxation Received/(Paid)</b>	<b>(2.1)</b>	1.5
<b>Capital Expenditure</b>	<b>(14.1)</b>	(5.4)
<b>Dividends Paid</b>	<b>(6.8)</b>	(3.1)
<b>Net Cash Before Financing</b>	<b>4.3</b>	7.1



# Balance Sheet

Preliminary Results for the year ended 2 December 2007

	2007 £'m	2006 £'m
<b>Tangible Assets</b>	6.5	3.6
<b>Intangible Assets</b>	10.8	3.4
<b>Investment In JV</b>	0.1	0.0
<b>Deferred Tax Asset</b>	3.0	11.5
	<b>20.4</b>	<b>18.5</b>
<b>Debtors</b>	151.1	92.6
<b>Tax Receivable/(Payable)</b>	(4.9)	0.5
<b>Creditors</b>	(73.2)	(39.0)
	<b>93.4</b>	<b>72.6</b>
<b>Net Cash/(Debt)</b>	3.5	(2.8)
<b>Provisions</b>	(3.5)	(5.6)
<b>Net Assets</b>	<b>93.4</b>	<b>64.1</b>



# Summary & Outlook

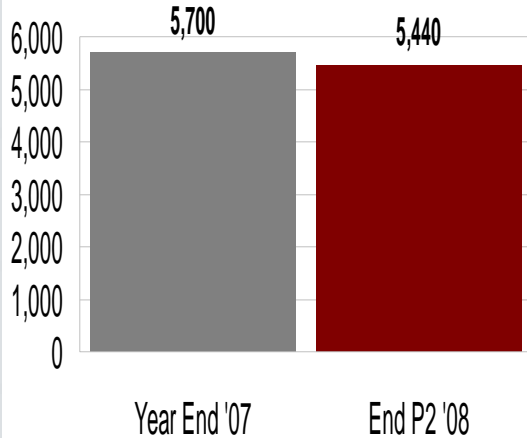


# Health of Market - KPIs

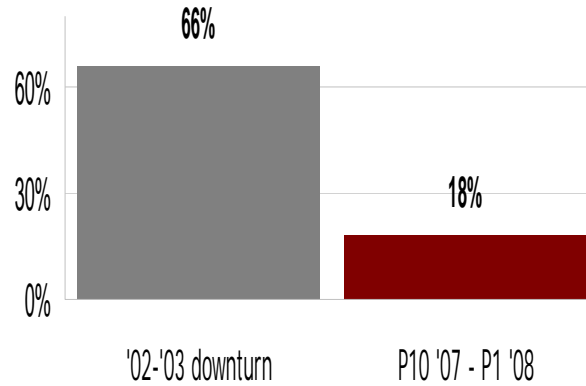
Preliminary Results for the year ended 2 December 2007



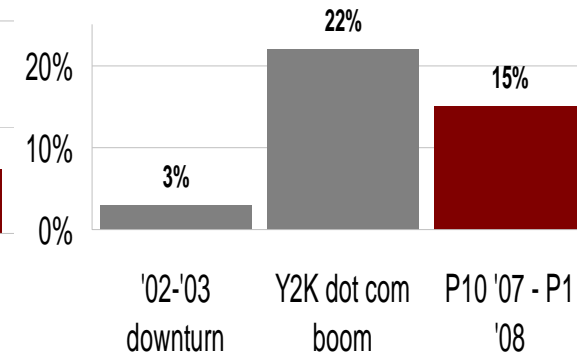
**Contract Runners  
back to 95% of year  
end peak**



**Only 18% of  
Permanent hires  
available to start in  
same month**



**“Healthy” levels of  
drop outs<sup>1</sup> indicate  
healthy market**



KPIs tracked on an ongoing basis - currently indicate satisfactory market conditions

<sup>1</sup> Drop outs are defined as potential permanent placements which having formally accepted an offer through an SThree company ultimately do not take the position as a consequence of alternative opportunities

Source: SThree MIS / Internal Analysis

# Summary

Preliminary Results for the year ended 2 December 2007

- Strong growth achieved during a year of major change and investment
- Market broadly in good shape - KPIs & P1, P2 trading positive
- Agile, flexible workforce, seasoned management





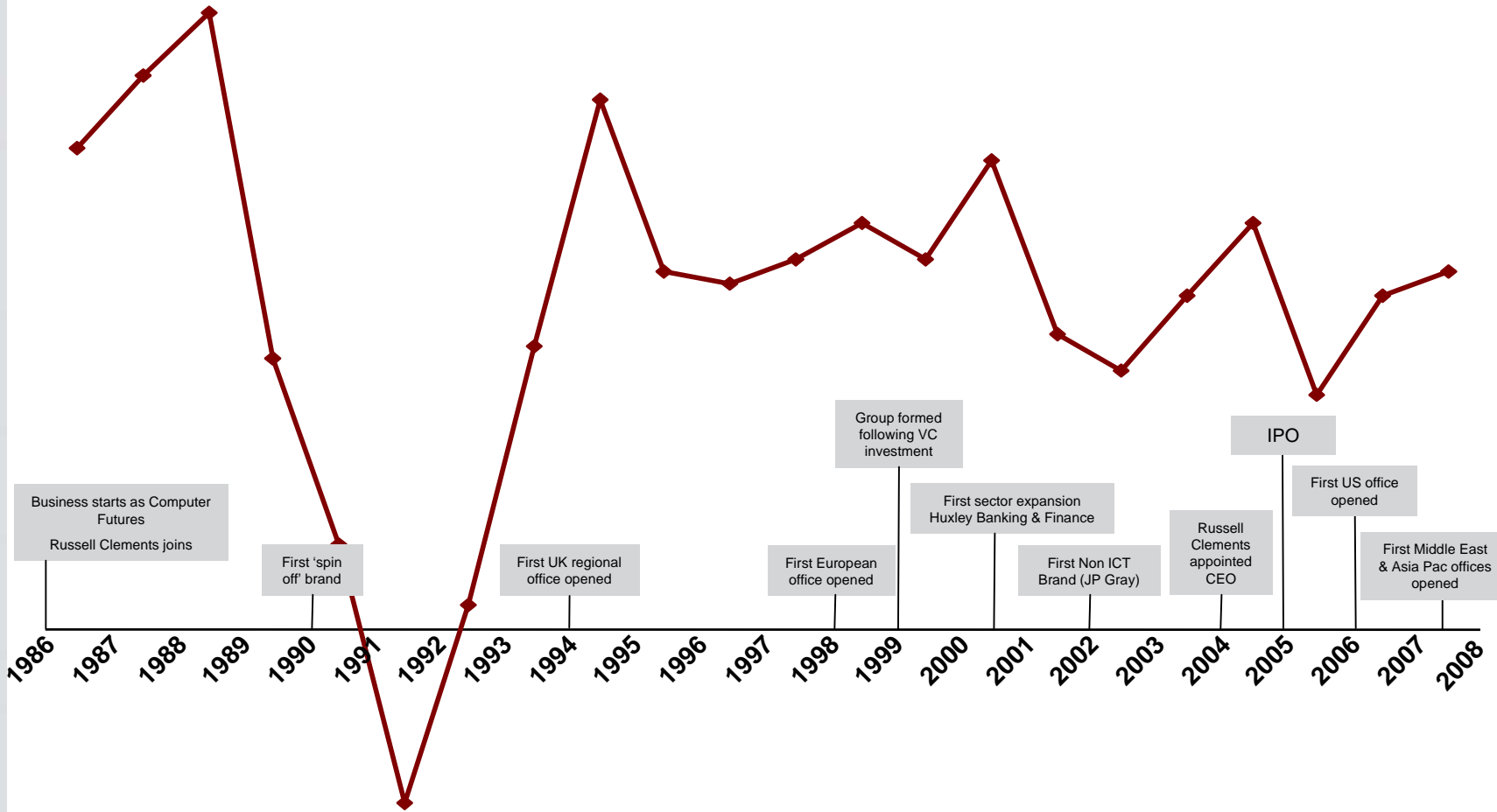
# Questions

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



# Supplementary Material

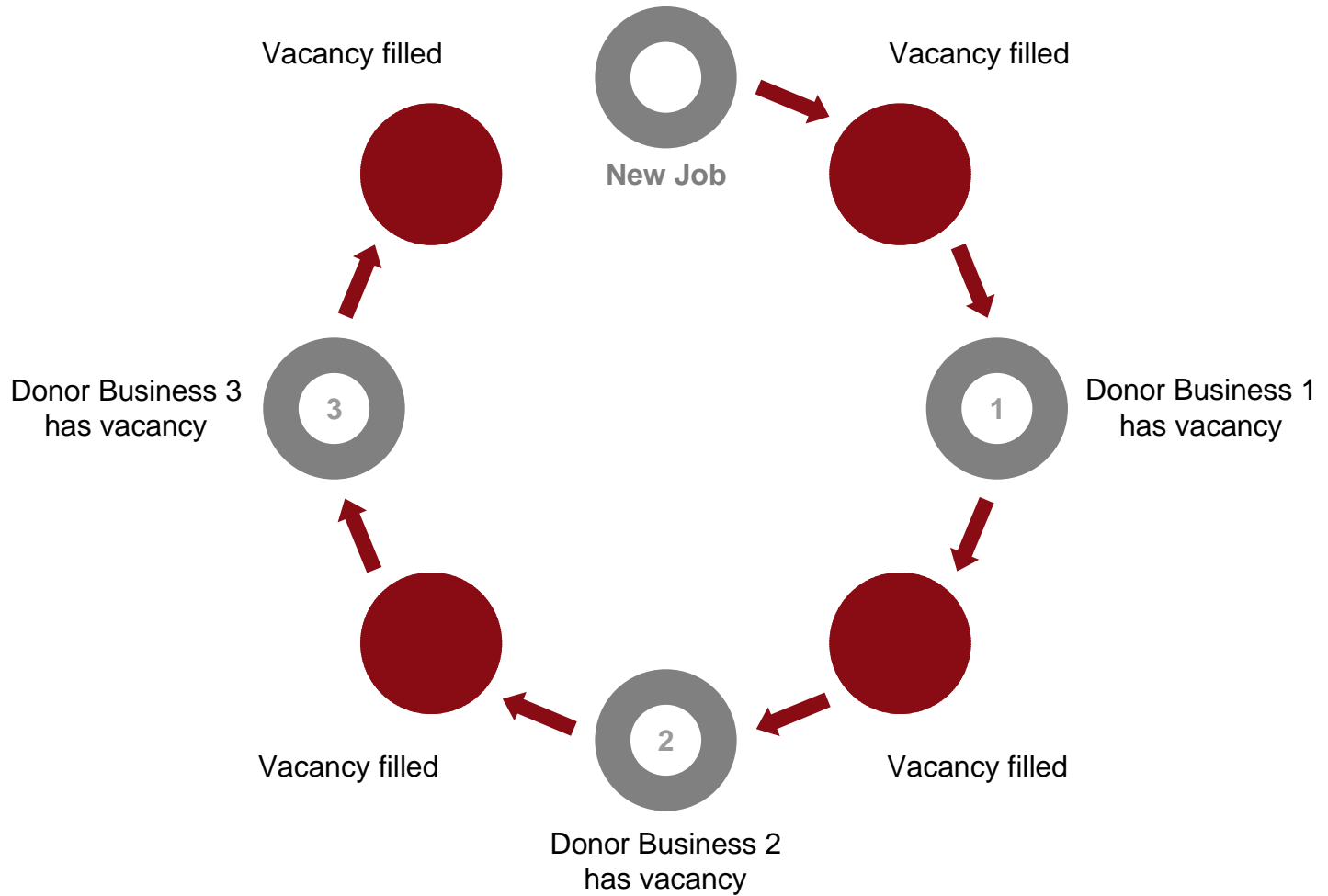
# SThree history - 21 years throughout the cycle



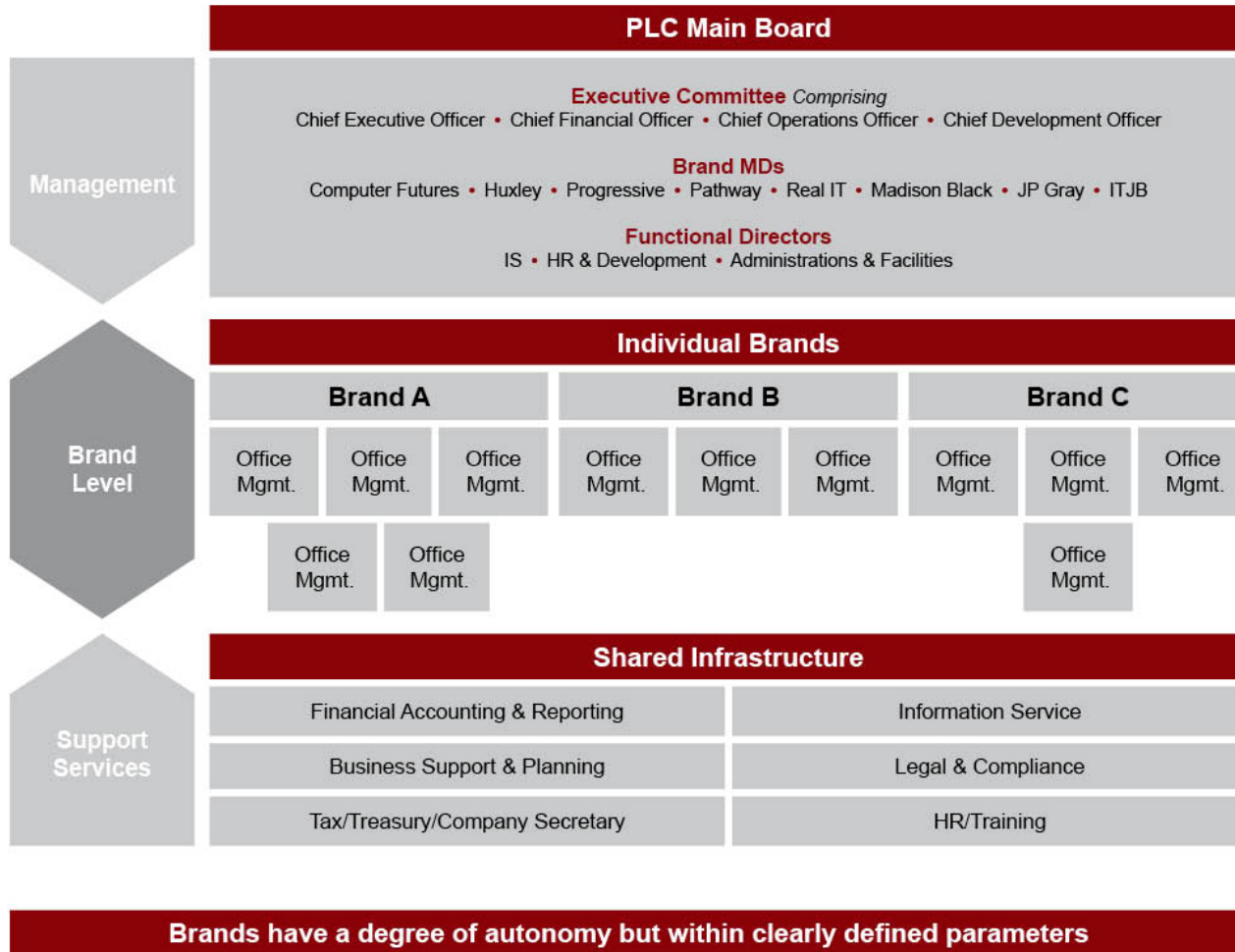
\*UK GDP growth (constant prices), year on year annual percentage change

Source: World Economic outlook database IMF

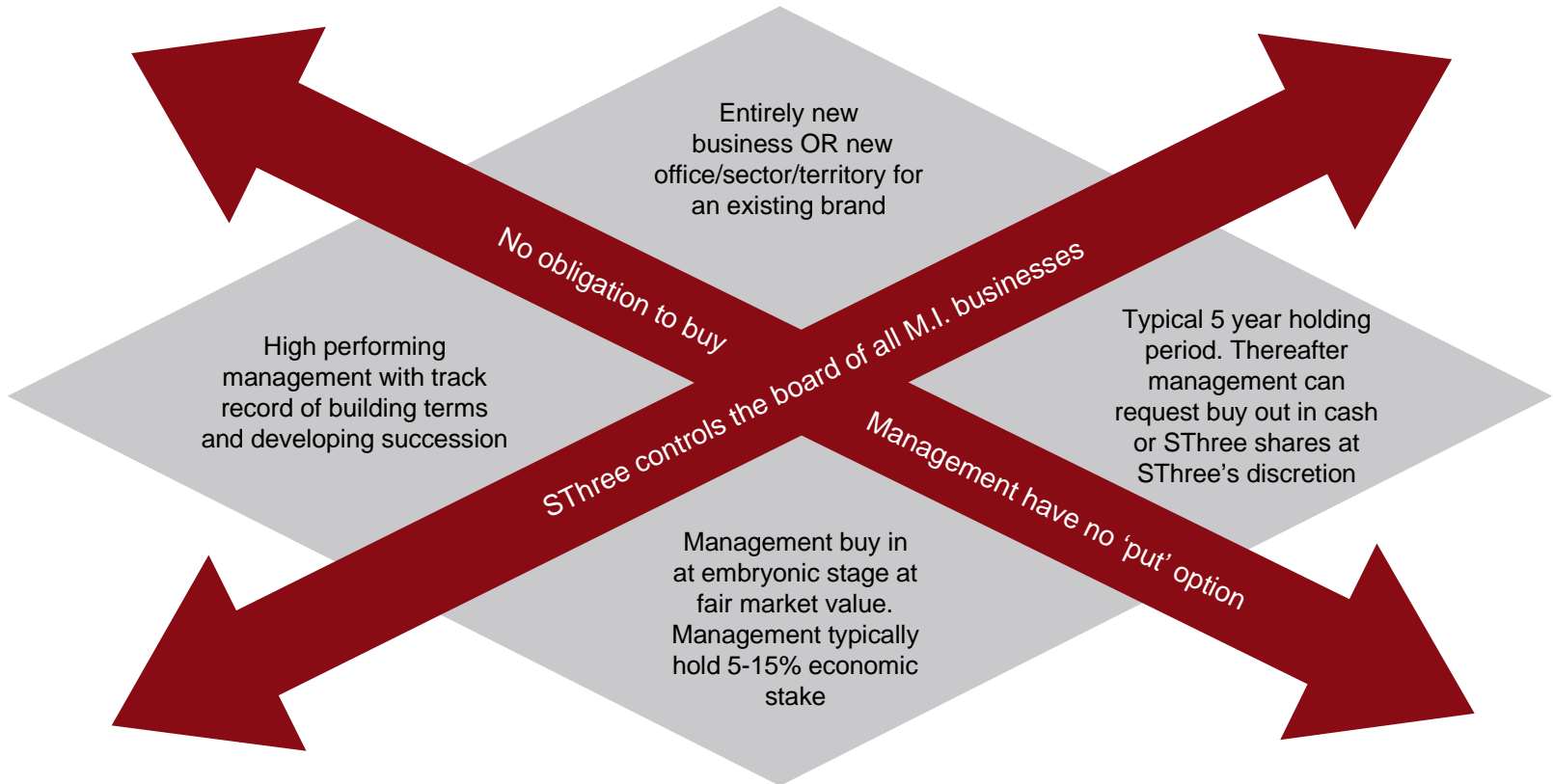
# “Churn” - A key multiplier of demand



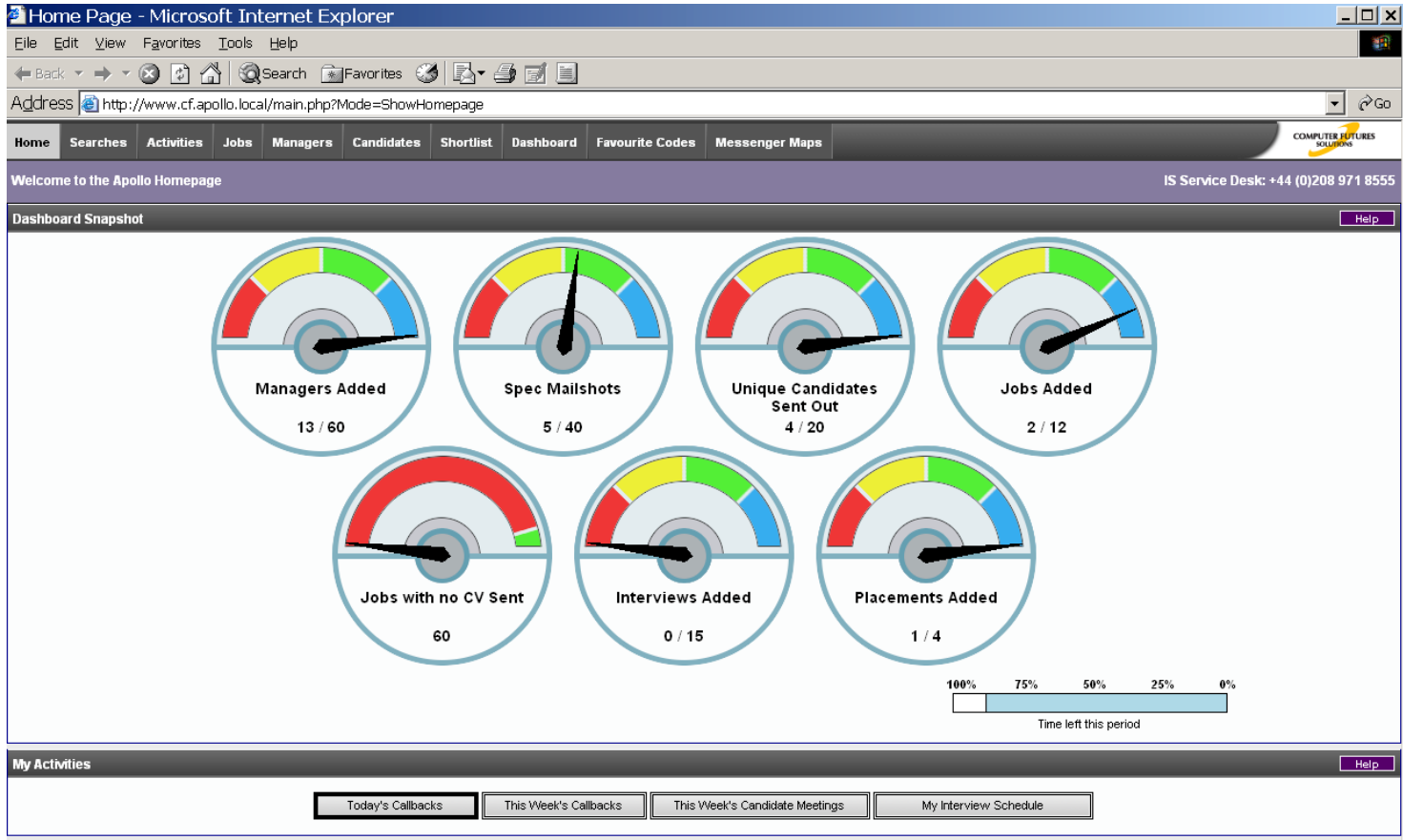
# SThree Corporate Structure



# Minority Interest Model



# Consultant KPI Dashboard



Actual screenshot as of 1st week of P3 2008

Source: Computer Futures Recruiter