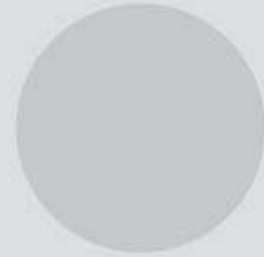


# Interim Highlights

Interim Results for the six months ended 1 June 2008



# The SThree Team

Interim Results for the six months ended 1 June 2008



## 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

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, a leisure travel business with annual turnover of £1.4 billion. Earlier experience included three years with W.H.Smith and latterly as Managing Director of its £300 million turnover Travel Retail business. He has also held 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



# Half Year 2008 Financial Highlights

Interim Results for the six months ended 1 June 2008



	2008*	2007	% change
<b>Revenue</b>	£295.4m	£240.4m	23%
<b>Gross profit (fee income)</b>	£102.5m	£82.5m	24%
<b>Operating profit</b>	£24.4m	£19.6m	24%
<b>Conversion ratio</b>	23.8%	23.8%	-
<b>Profit before tax</b>	£23.8m	£19.2m	24%
<b>Basic earnings per share</b>	11.8p	9.3p	27%
<b>Interim dividend</b>	4.0p	3.1p	29%

**Note:** Conversion Ratio = operating profit to gross profit  
\* Before exceptional items



## SThree: An Overview

Interim Results for the six months ended 1 June 2008



- Specialist staffing business - profitable every year for 22 years
- International business now 41% of GP, non-ICT now 21% of GP
- Gross profit split 51% contract / 49% permanent
- Highly cash generative throughout the cycle
- Multi-brand & sector approach, niche specialisations in ICT, Accountancy & Finance, Banking, Engineering, Oil & Gas, Pharma & Healthcare, HR, Energy, Legal, Sales & Marketing and Public Sector
- Purely organic growth to date driven by expansion of multi-brand model
- Over 2,000 staff, 54 offices in 10 countries
- Long serving home grown management with significant equity participation by management and staff circa 20%
- Strong “SME” franchise
- High diversified client base of circa 7,000





## 33 UK Offices

Interim Results for the six months ended 1 June 2008



### 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

## 21 Non-UK Offices

Interim Results for the six months ended 1 June 2008



### *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 H1 2008:*

- **Dubai**  
Pathway
- **Sydney**  
Progressive
- **Paris**  
Huxley
- **Amsterdam**  
Madison Black

### *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)

### *Next steps:*

- **Singapore**  
Progressive
- **Dusseldorf**  
Progressive  
Pathway
- **Stuttgart**  
Computer Futures
- **Frankfurt**  
Real Resourcing
- **New York**  
Real Resourcing
- **Dubai**  
Progressive  
JP Gray
- **Hamburg**  
Computer Futures
- **South of France**  
Computer Futures



# SThree: Current Trends & Outlook

Interim Results for the six months ended 1 June 2008



- Some slowdown in parts of the UK market, compensated by strong international growth
- Roll out of new sectors / geographies continues including Middle and Far East / Australasia
- Overall blended gross margin 34.7% (2007: 34.3%), Contract margin 21.8% (2007: 21.2%)
- Non UK GP growth = 59% (2007: 71%)
- Non ICT GP growth = 56% (2007: 47%)
- UK GP growth = 8% (2007: 28%)
- UK ICT now only 45% of GP (2007: 53%)
- Current trading in line with Board expectations for 2008



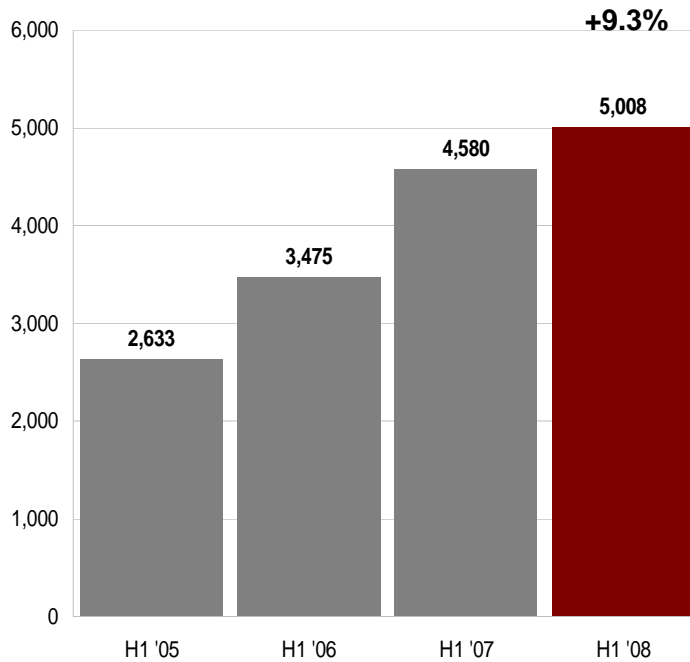


# Key Performance Indicators: Permanent

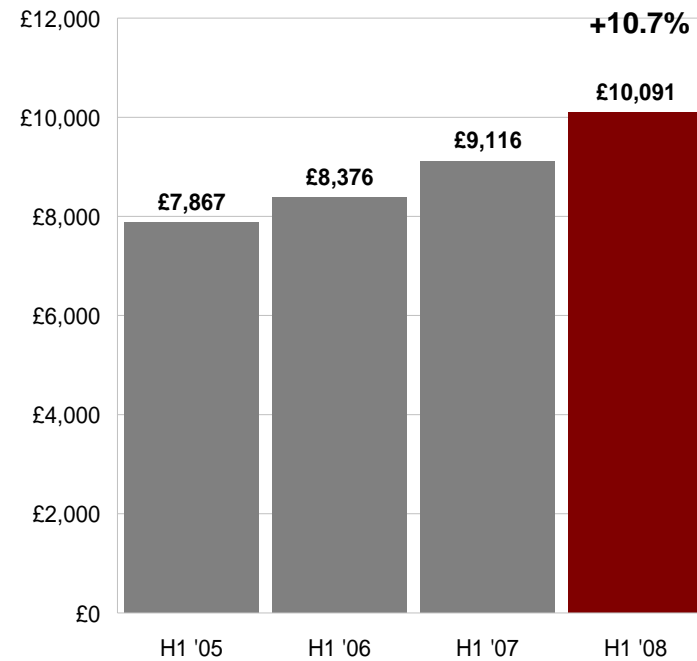
Interim Results for the six months ended 1 June 2008



## Growth in Permanent Placement Volume



## Growth in Permanent 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

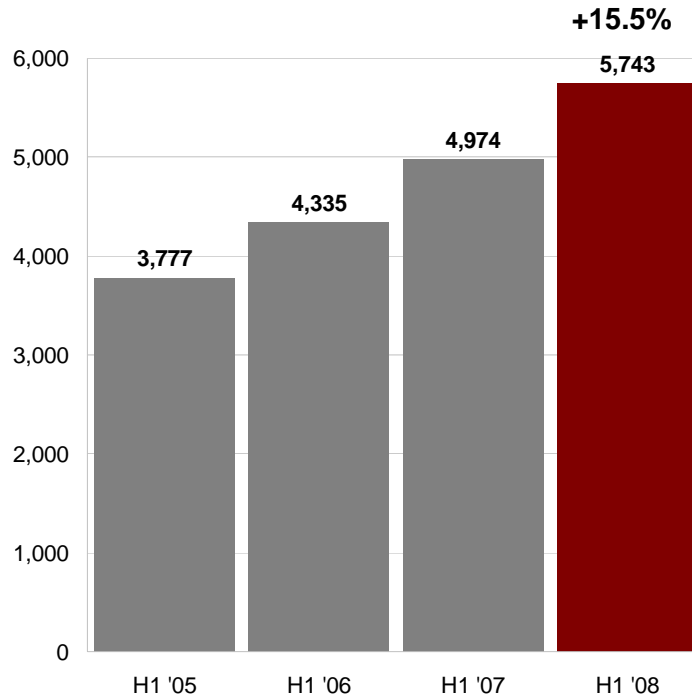


# Key Performance Indicators: Contract

Interim Results for the six months ended 1 June 2008



## Growth in Contract Runners



## Growth in Gross Profit Per Day Rate



**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: SThree Accounts

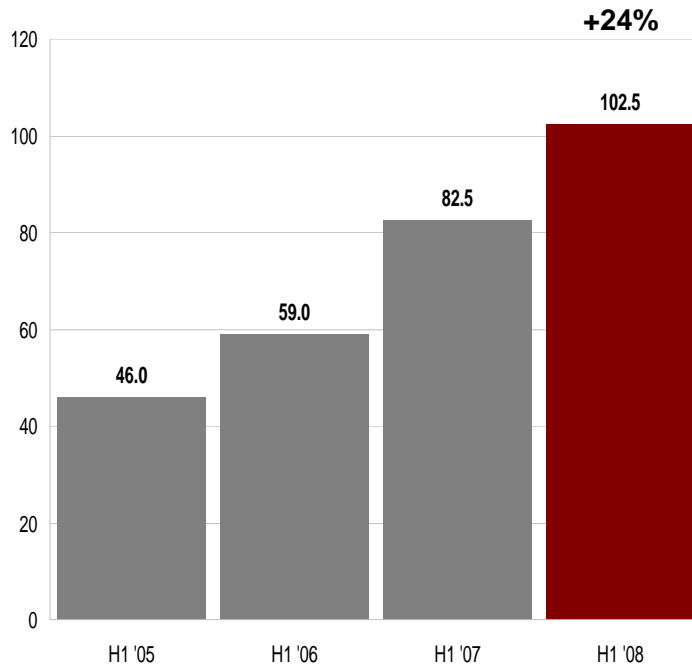


# Gross Profit & Gross Margin

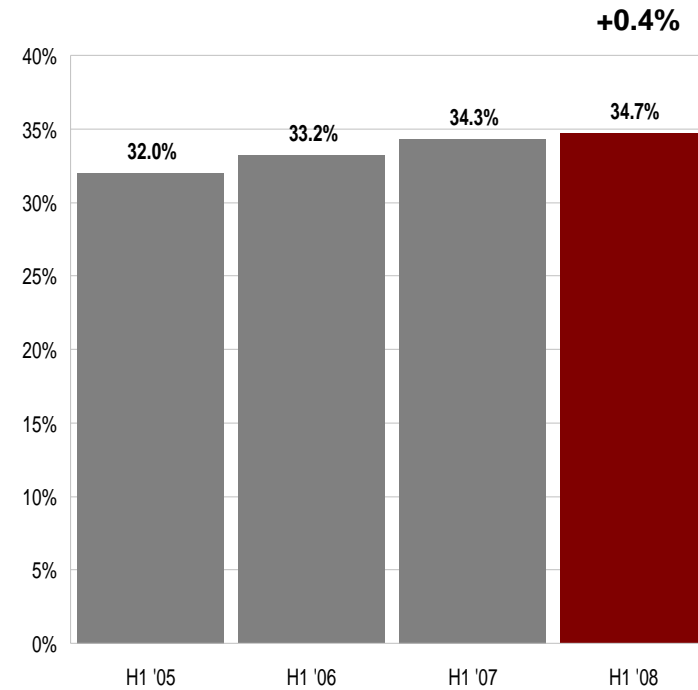
Interim Results for the six months ended 1 June 2008



**Gross Profit (£'m)**



**Gross Margin %**



Gross margin has been highly consistent throughout the cycle

Source: SThree Accounts

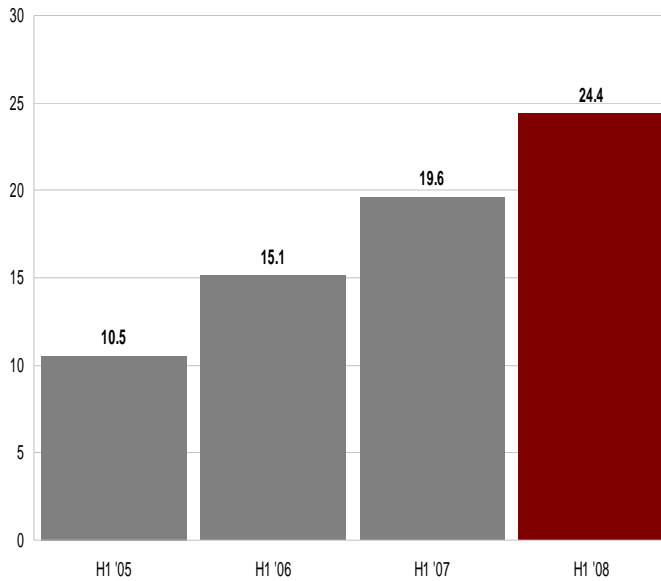


# Operating Profit & Conversion Ratio

Interim Results for the six months ended 1 June 2008

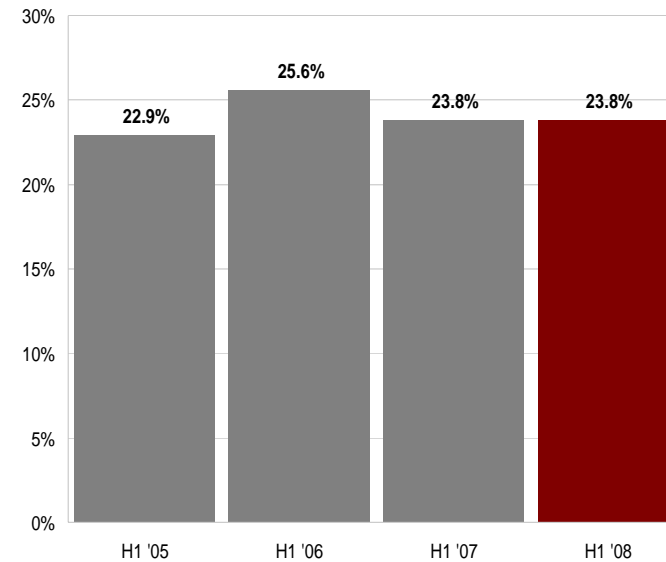


## Operating Profit (£'m)



## Conversion Ratio

(operating profit as a % of gross profit)



Conversion ratio maintained at 2007 H1 level

Source: SThree Accounts

## Brand Development & Business Analysis





# Brand Development: Sector Expansion

Interim Results for the six months ended 1 June 2008

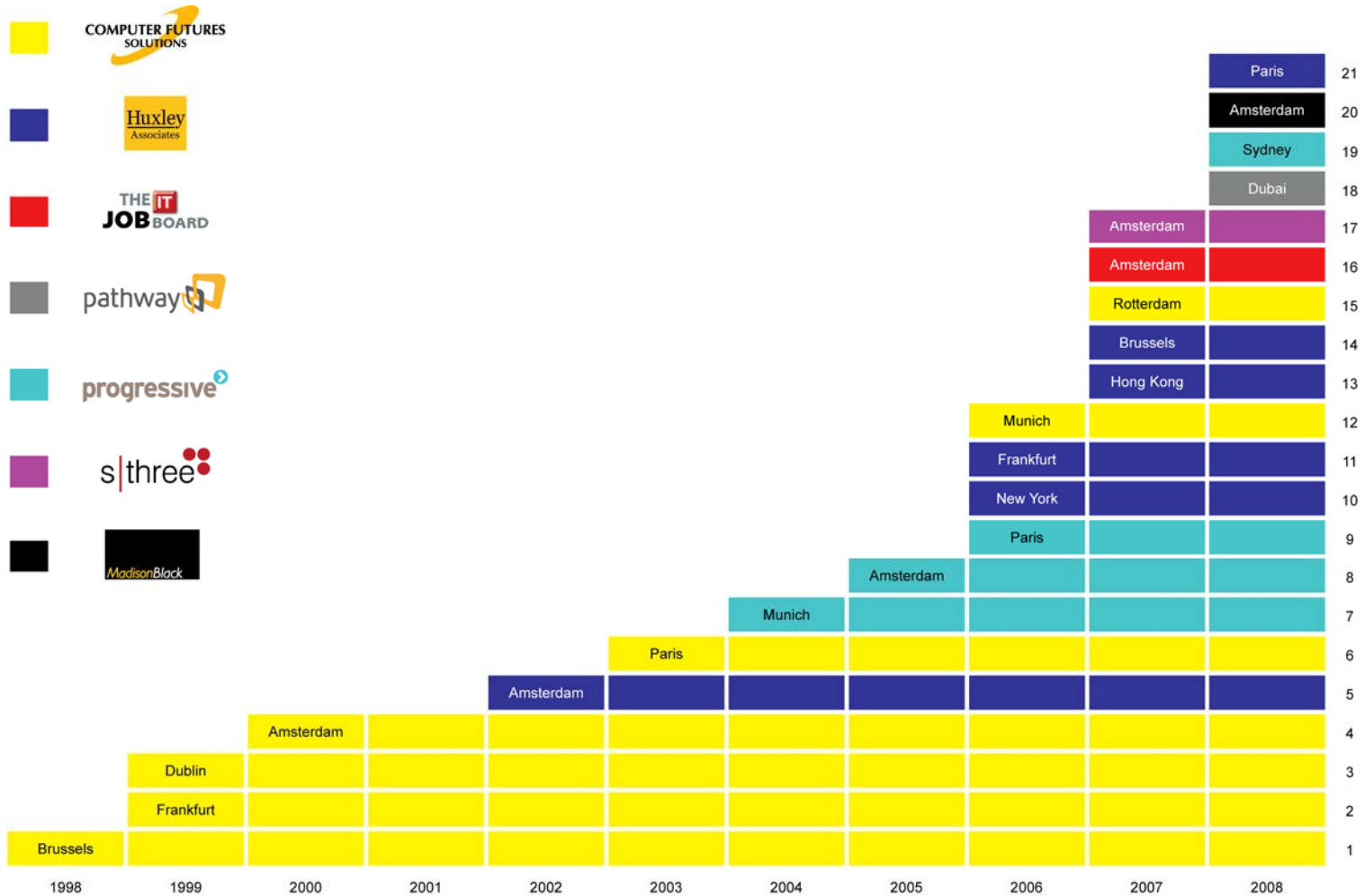


ICT	●	●	●	●	●	●	●	●		
Accountancy & Finance		●		●					●	
Banking		●	●	●		●				
Engineering / Oil & Gas		●	●							
Pharma & Healthcare			●		●					
Human Resources		●		●						●
Energy		●								
Legal				●						
Sales & Marketing	●									
Public Sector					●				●	

● Sectors pre-2007    ● New Sectors 2007    ● New Sectors 2008

# Brand Development: Geographical Expansion

Interim Results for the six months ended 1 June 2008



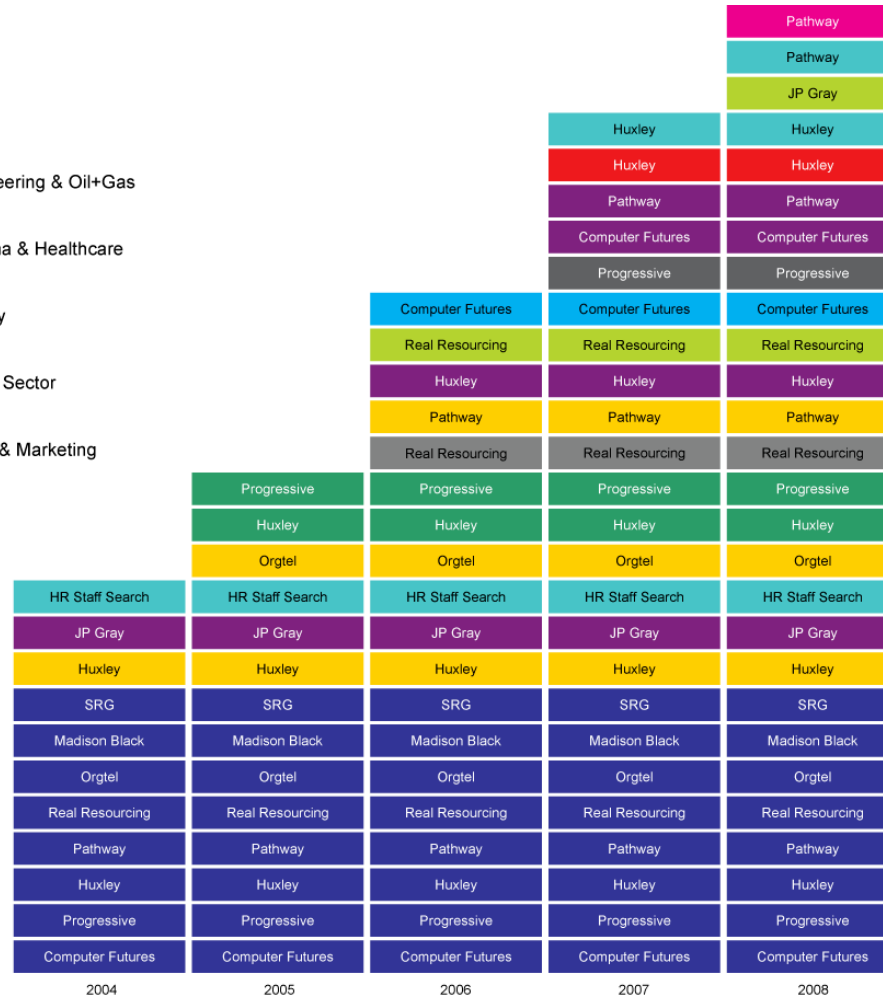


# Brand Development: Sector Expansion

Interim Results for the six months ended 1 June 2008



- ICT
- Engineering & Oil+Gas
- Global Markets
- Pharma & Healthcare
- Accountancy & Finance
- Energy
- Human Resources
- Public Sector
- Legal
- Sales & Marketing



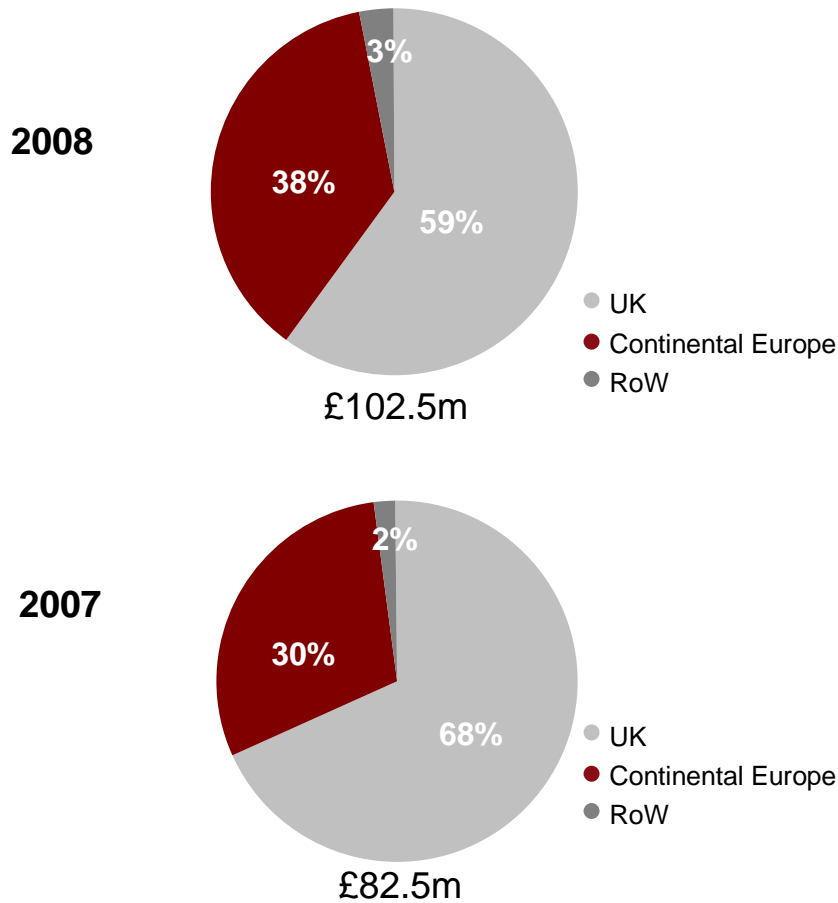


# Geographic Analysis\*

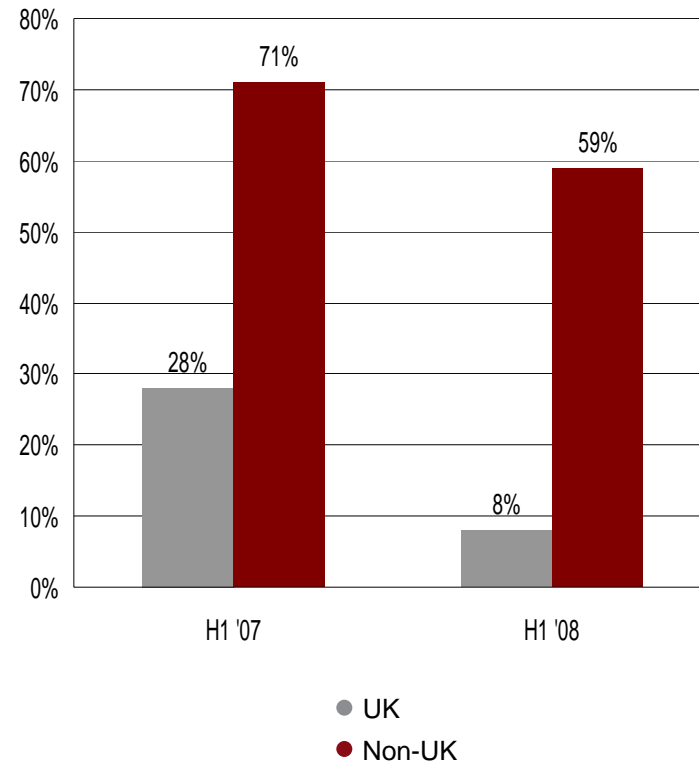
Interim Results for the six months ended 1 June 2008



## Gross Profit



## Growth In UK/Non-UK GP



Note: \* Based on location of client

Source: SThree Accounts



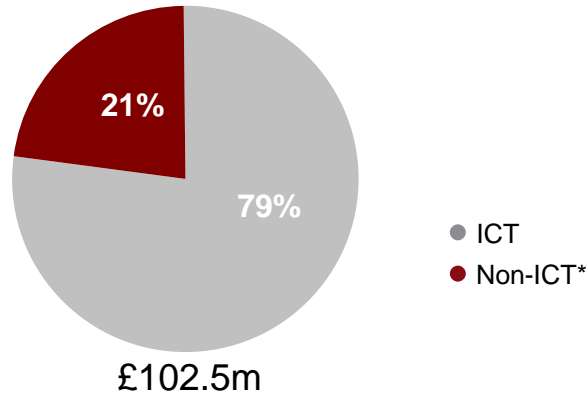
# Sector Analysis

Interim Results for the six months ended 1 June 2008

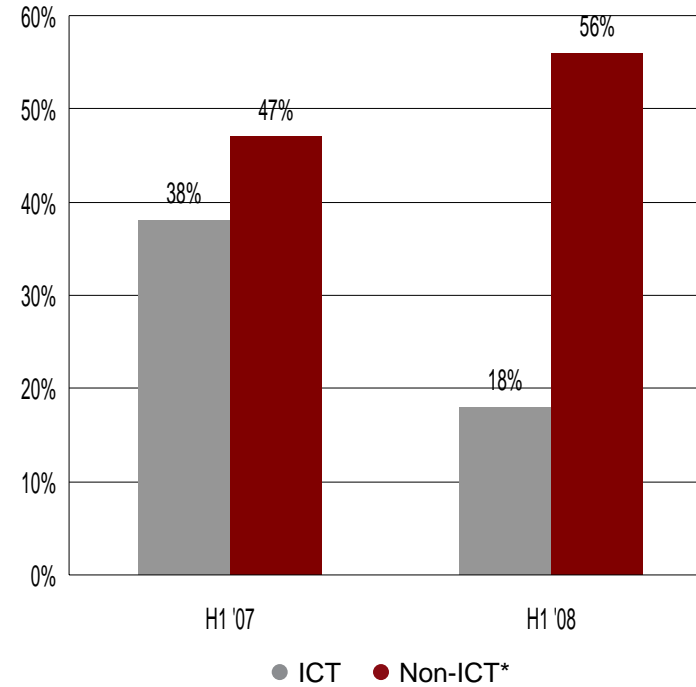
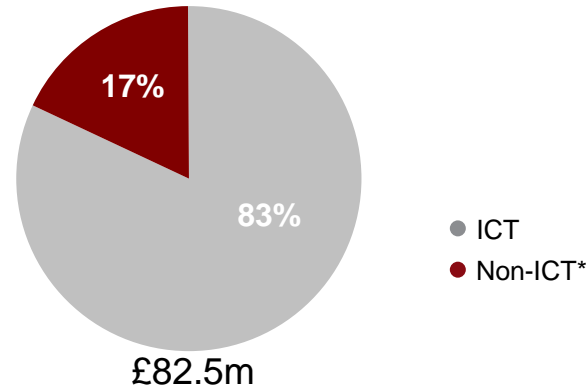


## Gross Profit

2008



2007



**Note:** \* Non ICT sectors include: Finance & Accountancy , Global Markets, Engineering, Pharma & Healthcare, Oil & Gas, HR, Energy, Legal, Sales & Marketing and Public Sector  
Defined by candidate skillset not client sector

Source: SThree Accounts



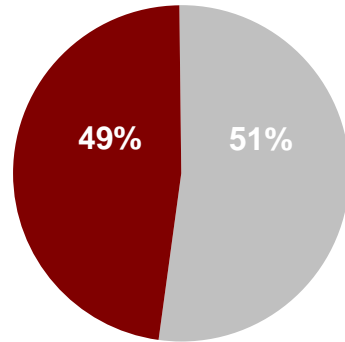
# Permanent/Contract Analysis

Interim Results for the six months ended 1 June 2008



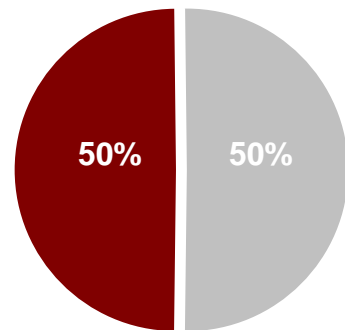
## Gross Profit

2008



● Contract  
● Permanent

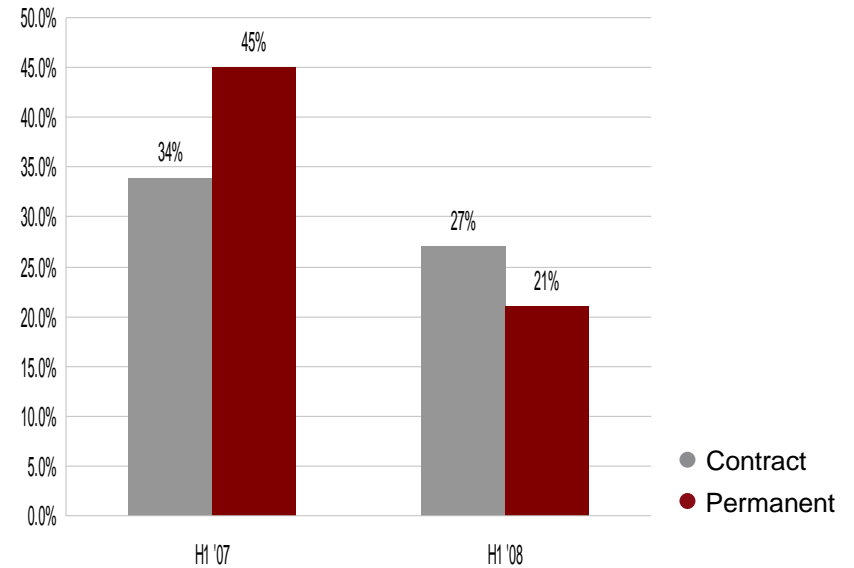
2007



● Contract  
● Permanent

Source: STthree Accounts

## Growth In Permanent/Contract GP



● Contract  
● Permanent

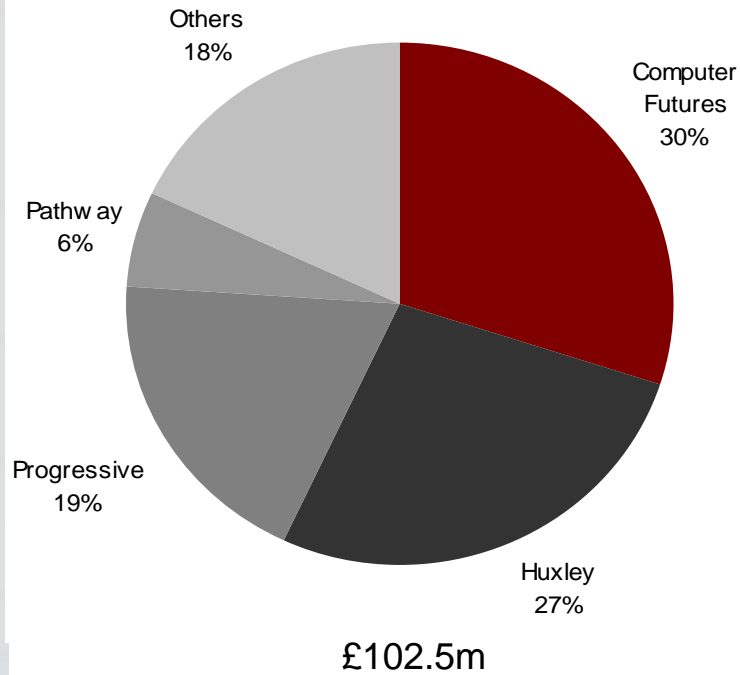
Gross Margin	2008	2007
Group	34.7%	34.3%
Contract	21.8%	21.2%

# Business Breakdown

Interim Results for the six months ended 1 June 2008

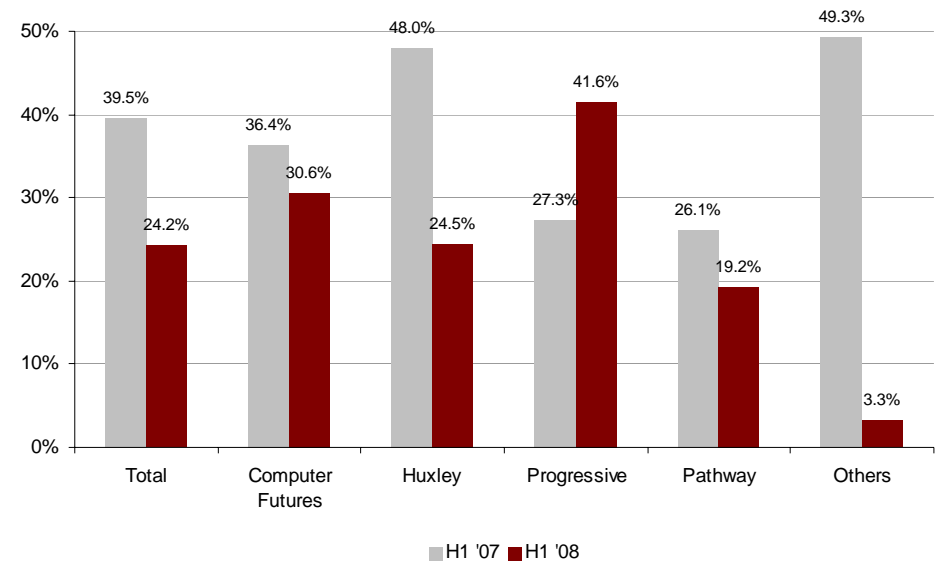


## Analysis by Brand



## Gross Profit Percentage Change

From Previous Year %



Source: SThree Accounts

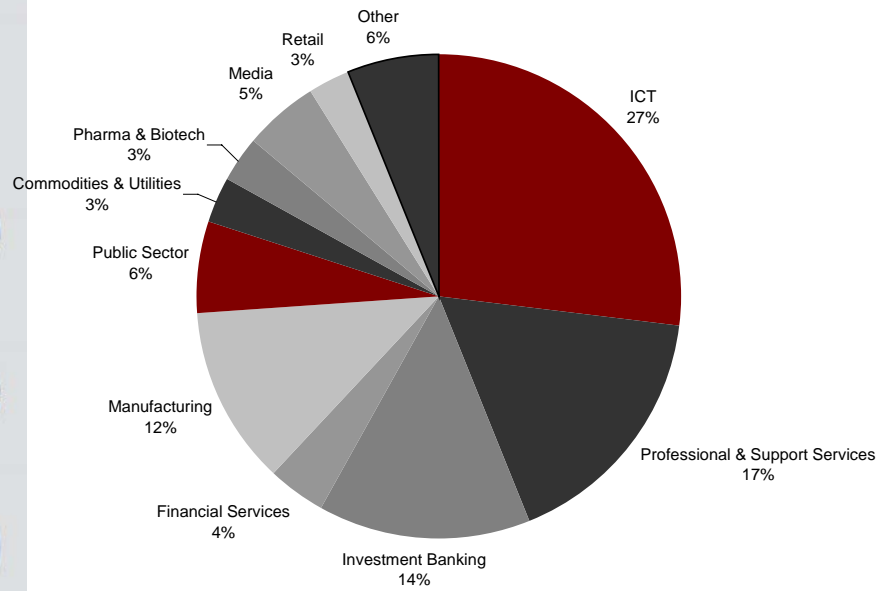


# Business Breakdown

Interim Results for the six months ended 1 June 2008

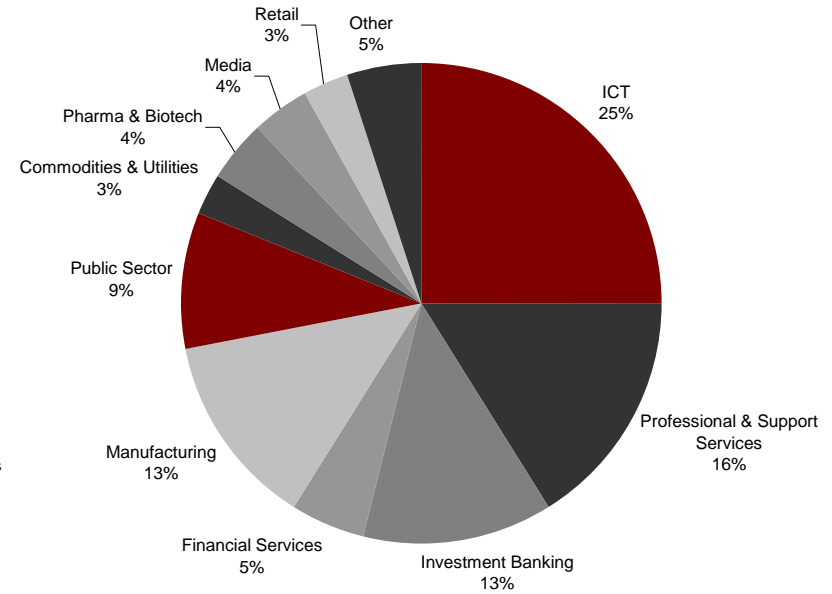


## Analysis By Customer Industry Sector



Full year 2007

## Analysis By Customer Industry Sector



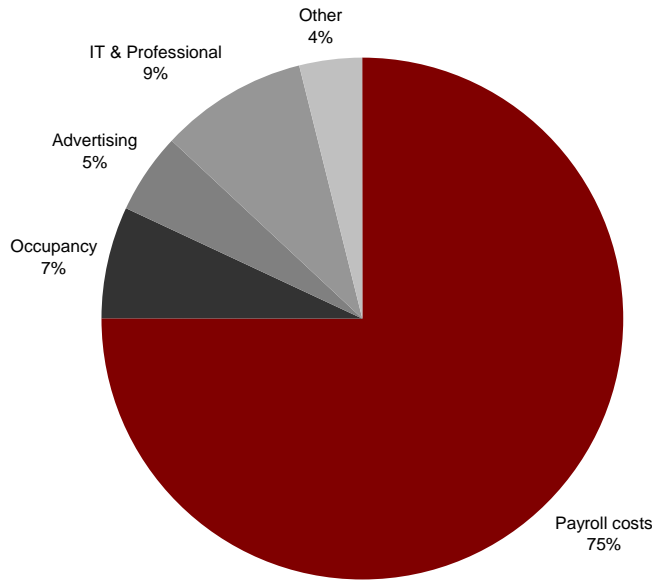
Half year 2008

Source: Internal MIS analysis

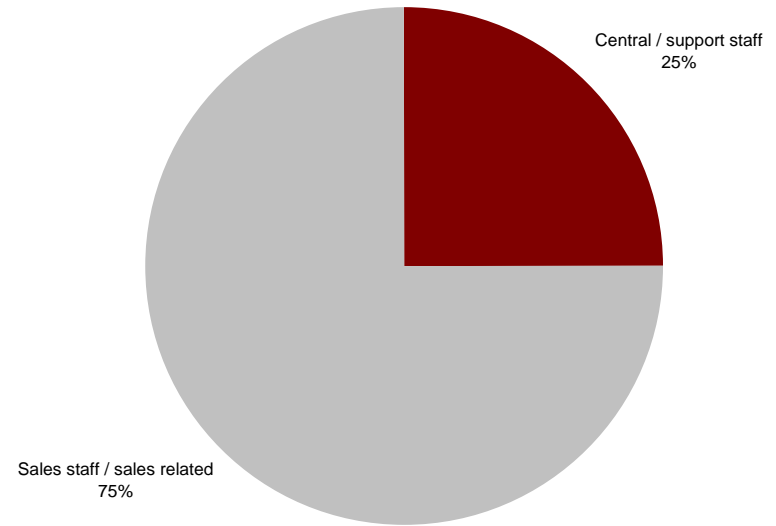


# Cost base analysis

Interim Results for the six months ended 1 June 2008



**Cost base**



**Payroll costs**

75% of costs are people  
60% of consultant remuneration is variable

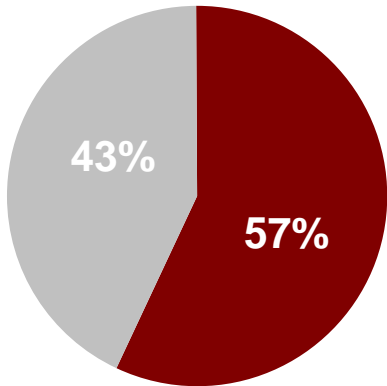


# Business Mix

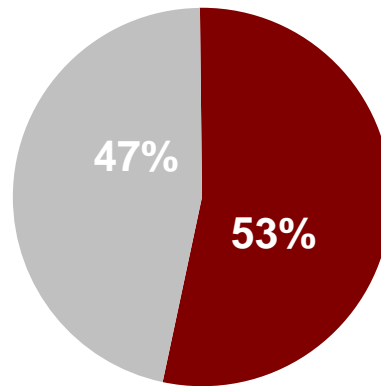
Interim Results for the six months ended 1 June 2008



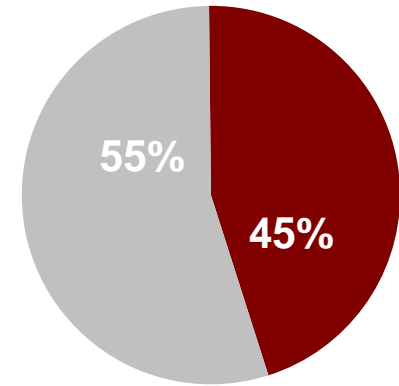
### 2006 H1



### 2007 H1



### 2008 H1



● UK, ICT Gross Profit    ● Non-UK, Non ICT Gross Profit

Majority of group business generated from outside UK ICT sector

Note:Gross profit includes inter segment trading

Source: SThree Accounts



# Financial Results

# Income Statement

Interim Results for the six months ended 1 June 2008



	2008 £'m	2007 £'m	Change %
Revenue	295.4	240.4	+23%
Gross profit	102.5	82.5	+24%
Operating profit	24.4	19.6	+24%
Net finance cost	(0.6)	(0.4)	+27%
Profit before tax	23.8	19.2	+24%
Taxation	(7.5)	(6.0)	
Profit after tax	16.3	13.2	+24%

Conversion ratio level at 23.8%

**Note:** 2008 before exceptional items, £2m pre tax, £1.3m post tax

**Source:** SThree Accounts

# Balance Sheet

Interim Results for the six months ended 1 June 2008



Balance Sheet £m	June 2008	June 2007
Goodwill & intangibles	12.7	6.5
Property, plant & equipment	6.4	5.0
Deferred tax	2.8	12.1
Net working capital	67.0	100.3
Tax (liability) / assets	(3.6)	4.0
Provisions	(3.6)	(6.6)
	81.7	121.3
Net cash	3.9	(40.5)
<b>Net assets</b>	<b>85.6</b>	<b>80.8</b>

£50m invoice discounting facility with RBS until Feb 2010

- £20m committed
- Base rate +0.75%

Focus on working capital

- Debtor days at 51 vs 80 at June 07 & 56 at y/e
- Overdue debtors down by 11% vs y/e

Cash generative business, strong operating cashflow, £14.4m of share capital repurchased in H1 2008





## Cash Flow

Interim Results for the six months ended 1 June 2008



	2008 £'m	2007 £'m
Operating profit (before exceptionals)	24.4	19.6
Share awards charge	0.3	0.1
Depreciation and amortisation	2.8	1.3
Decrease / (increase) in debtors	10.4	(55.7)
(Decrease) / increase in creditors	(5.2)	9.0
Increase in provisions	0.1	1.0
<b>Net cash inflow / (outflow) from operating activities</b>	<b>32.8</b>	<b>(24.7)</b>
Taxation paid	(6.1)	(0.4)
Capital expenditure	(3.8)	(5.8)
Dividends paid	(4.1)	(6.3)
<b>Cashflow before share buyback &amp; financing</b>	<b>17.9</b>	<b>(37.7)</b>

Cashflow funds share buyback of £14.4m

Source: SThree Accounts

# Earnings Per Share

Interim Results for the six months ended 1 June 2008



	2008*	2007	% change
<b>Profit after tax</b>	£16.3m	£13.2m	24%
<b>Minority interest</b>	(£1.1m)	(£1.1m)	-
<b>Profit attributable to equity holders of the Company</b>	£15.2m	£12.1m	

<b>Weighted average number of shares</b>	<b>for basic EPS</b>		<b>for fully diluted EPS</b>	
	2008*	2007	2008*	2007
	129.0m	129.3m	132.4m	134.4m
				-2%

<b>EPS</b>	<b>basic</b>		<b>diluted</b>	
	2008*	2007	2008*	2007
	11.8p	9.3p	11.5p	9.0p
				28%

**Note:** \* All before exceptional items

**Source:** STthree Accounts

## Dividend & Share Buy-back

Interim Results for the six months ended 1 June 2008



<b>Dividend</b>	<b>2008</b>	<b>2007</b>	<b>Growth</b>
<b>Total Dividend</b>	<b>4.0p</b>	3.1p	29.0%

*Interim dividend payable on 5 December to shareholders on the register at 7 November 2008*

<b>Share Buy-back</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 H1</b>	7.2m	14.4m	201p	5.5%

**Share buy-back guidance:** Authority to buy back up to 10% of shares renewed at AGM 24 April 2008

Further buy-backs of 2.7m shares at an average cost per share of 166p having taken place between 2 June and 17 July



## Summary & Outlook

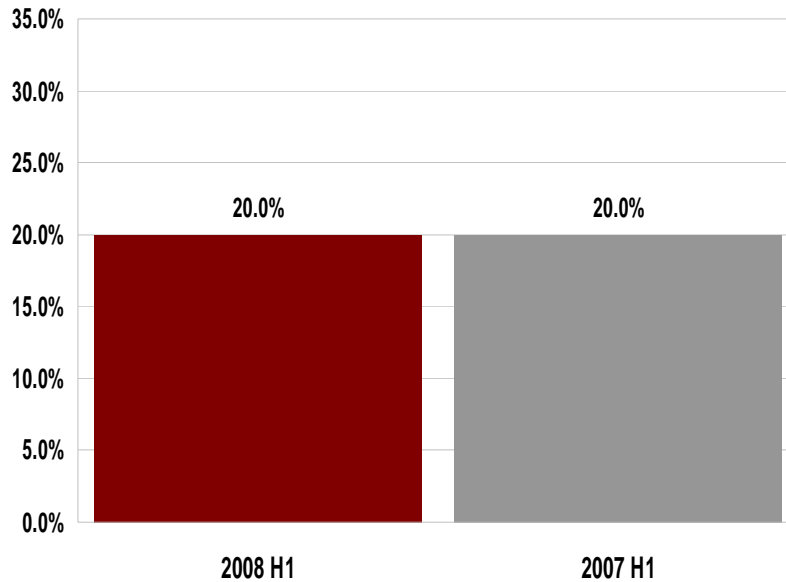


# Health of Market - KPIs

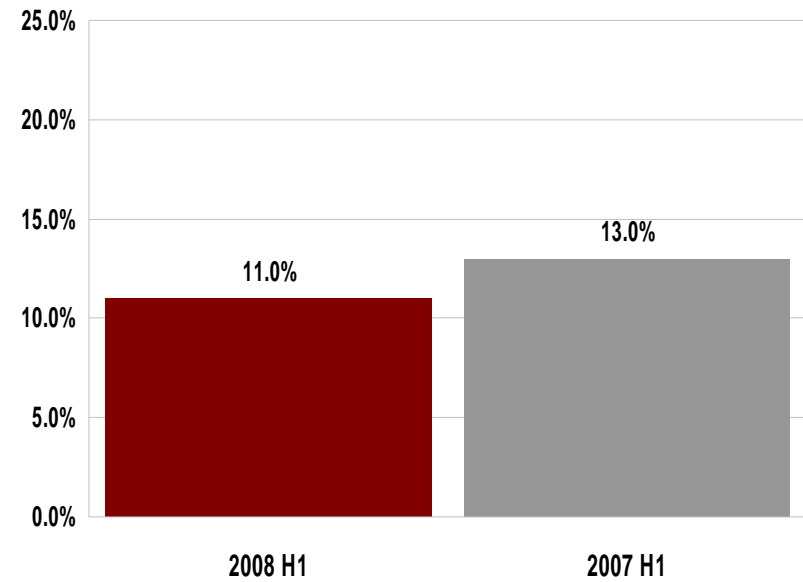
Interim Results for the six months ended 1 June 2008



**Percentage of Permanent hires available to start in same month**



**Percentage of Permanent 'drop outs'**



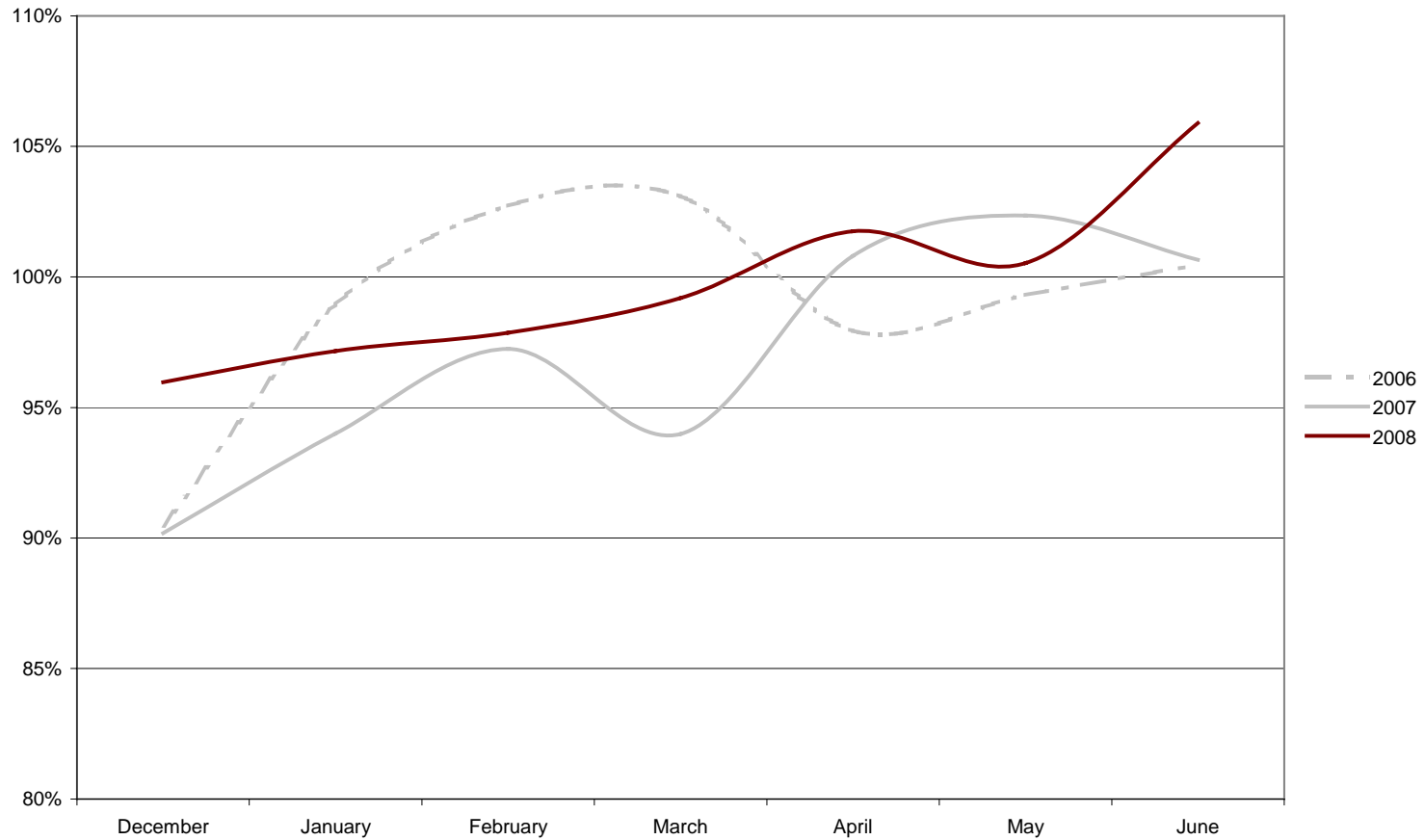
KPIs tracked on an ongoing basis - currently indicate market conditions largely unchanged

<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

# Contract runners growth H1 three year comparisons

Interim Results for the six months ended 1 June 2008



# Summary

Interim Results for the six months ended 1 June 2008



- Strong profit growth despite backdrop of economic uncertainty
- Major step forward in geographical and sector expansion
  - Non UK = 41% of GP
  - Non ICT = 21% of GP
- £23.6m of cash returned to shareholders (share buyback and dividend)
- Current trading in line with Board expectations





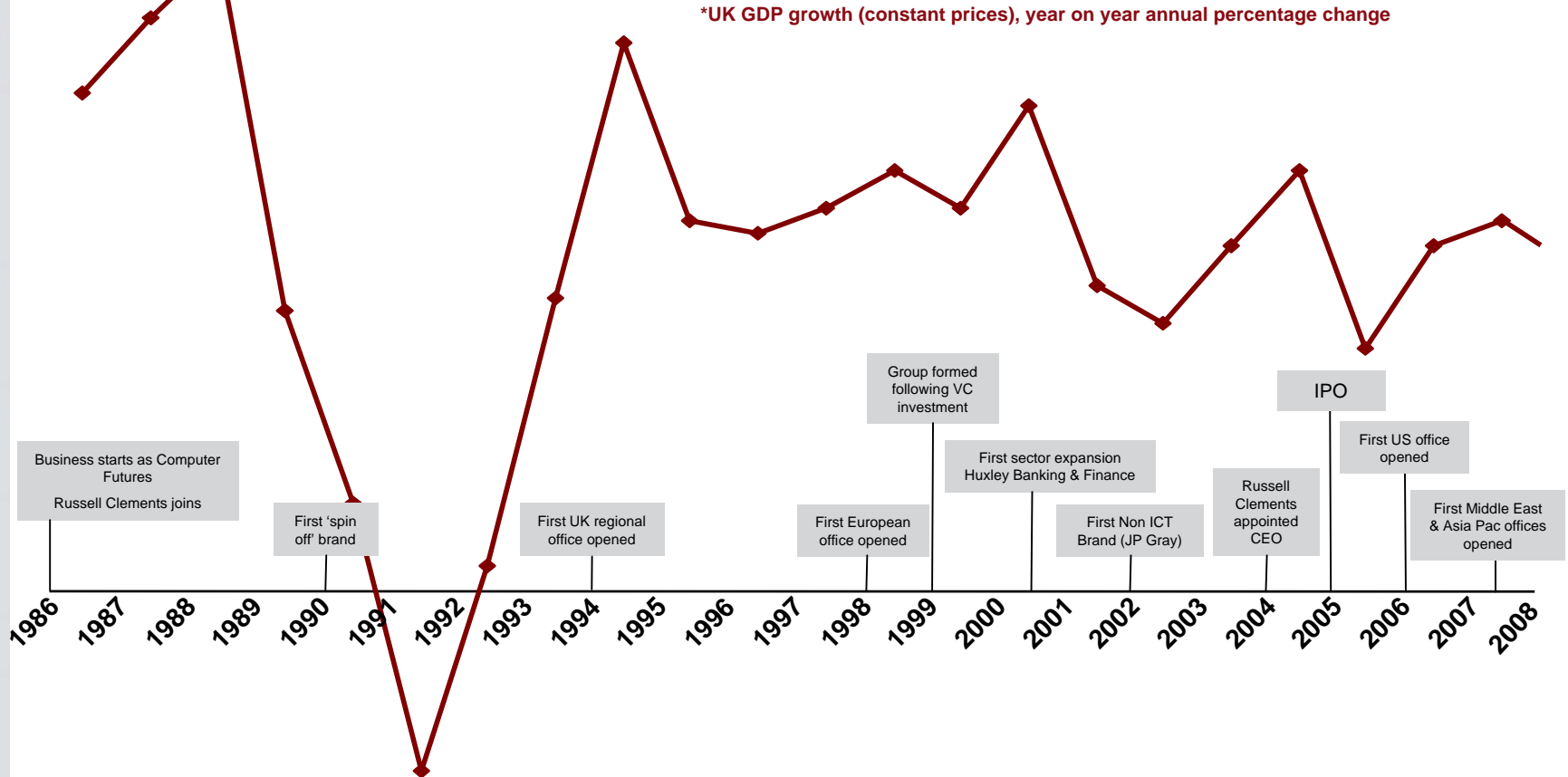
# Questions

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



# Supplementary Material

# SThree history - 22 years of profit throughout the cycle



Source: World Economic outlook database IMF



# Performance management systems



Home Searches Activities Jobs Managers Candidates Shortlist **Dashboard** Favourite Codes Messenger Maps COMPUTER FUTURES SOLUTIONS

UniM Jobs Ints Place You are remotely viewing as CRSN (Chris Dobson)

**Team KPIs** [Help](#)

	USER	Mgrs	SMs	UniM	Regen	UniC	MMeet	F6+Jobs	ABJobs	Jobs	JSend	JnoCV	F6+noCV	ABnoCV	CDnoCV	Ints	ABnoI	JmCI	ClmJ	Place
<input type="checkbox"/>	CRSN																			
	Total																			

- To add a consultant to your team enter their 4 letter User ID, then click the Add User button.
- To remote view a consultant click on their User ID on the grid above.

**My KPIs** [Help](#)

**This period**

Unique Managers Sent To  
10627 / 5000

Jobs Added  
9 / 12

Interviews Added  
10 / 15

Placements Added  
7 / 7

Time Period:  Last Period  This Period  
 Display Mode:  Dials  Numbers

[View Fiscal Periods](#)

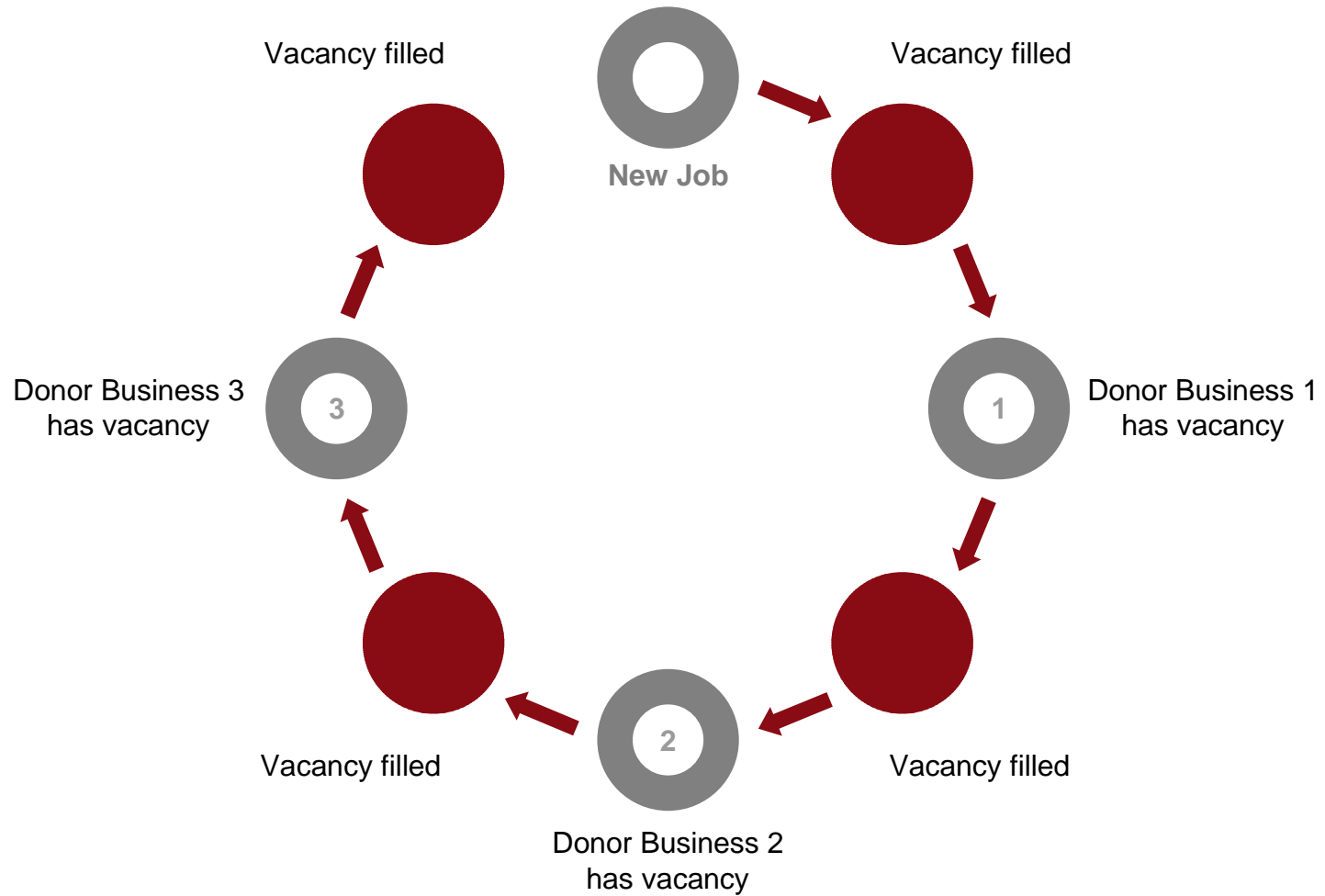
100% 75% 50% 25% 0%

Time left this period

Actual screenshot Contract Team Leader as of 3rd week of P8 2008

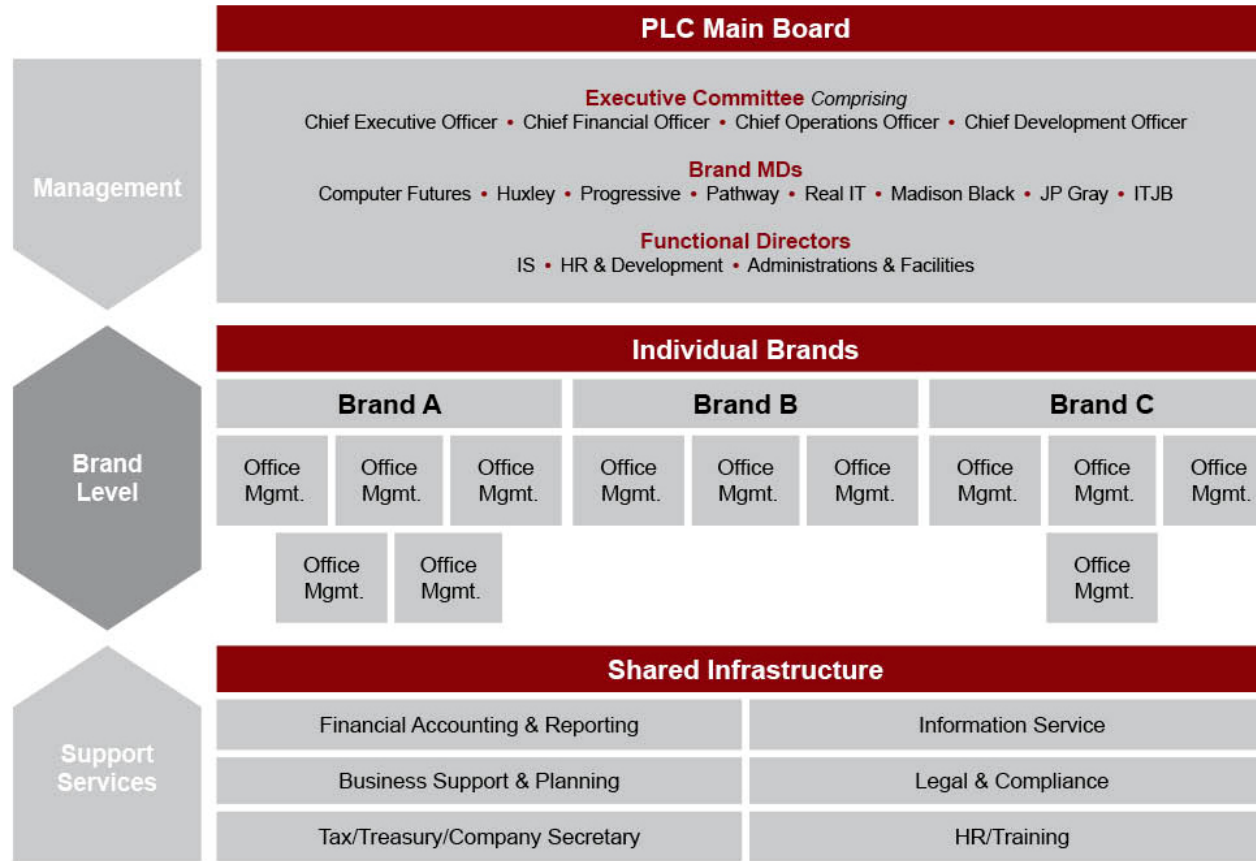


# “Churn” - A key multiplier of demand





# SThree Corporate Structure



**Brands have a degree of autonomy but within clearly defined parameters**



# Minority Interest Model

