



2006 Preliminary Results

February 2007

The SThree Team



Russell Clements - Chief Executive Officer



Russell has been with the group since 1986 when he joined as a recruitment consultant. After a variety of Sales and Sales Management roles, Russell was appointed Sales Director of Computer Futures in 1992, and Joint Managing Director in 1998, during which time he was involved with the launch of new brands. He took up the position of Deputy Chief Executive Officer in September 2000 and progressed to Chief Executive Officer in March 2004.

Michael Nelson - Chief Financial Officer



Michael joined SThree in March 2005, after leading the turnaround of the Bally Group in Switzerland, where he was Group CFO. Michael qualified as a Chartered Accountant with Arthur Andersen and has 30 years of experience covering a broad range of industries and geographies.

Prior to Bally, Michael worked with EMI Plc for ten years, most recently as CFO for EMI Europe. He has also worked for Safeway Plc, Nortel and as a Corporate Strategy Consultant.

Agenda



- Financial Highlights
- Operational Review
- 2006 Financial Results
- Strategy
- Outlook

Financial Highlights



£m	2006	2005	Change
Revenue	393.3	315.1	+ 24.8%
Gross Profit (Fee Income)	135.5	104.5	+ 29.7%
Operating profit before exceptional items*	41.0	29.5	+ 39.3%
Conversion ratio	30.3%	28.2%	+ 2.1 pps
Profit before tax and exceptional items*	40.3	28.0	+ 44.0%
Basic earnings per share before exceptional items (2005 adjusted for new post-IPO capital structure*)	22.4p	15.4p	+ 45.5%
Final dividend	4.8p	-	n/a
Total dividend	7.2p	-	n/a

Note: Conversion Ratio = EBITA (pre-exceptionals) to gross margin

* Exceptional items relate to employee share awards and related costs and, in 2005, IPO costs

SThree - a portfolio of brands

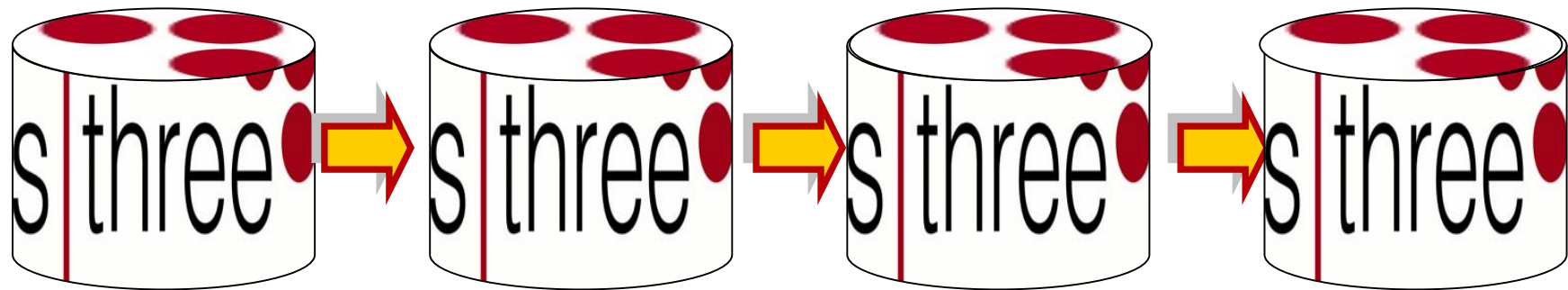


SThree – an Overview



- Specialist permanent and contract staffing business, founded in 1986 and profitable ever since
- Predominantly ICT with growing contribution from Banking & Finance, Accountancy, HR, Engineering and Pharmaceuticals sectors
- Purely organic growth to date driven by expansion of existing brands and creation of new brands out of existing businesses
- Now over 1,500 staff in 44 offices in 7 countries
- Home-grown management
- Significant equity participation by staff and management
- Business and management focused on absolute profitability
 - Avoid high volume/low margin model i.e. walk away from most PSAs - we never buy turnover
 - Strong “SME” franchise
- Broad, diverse client base of well over 4,000 clients

The Development of SThree



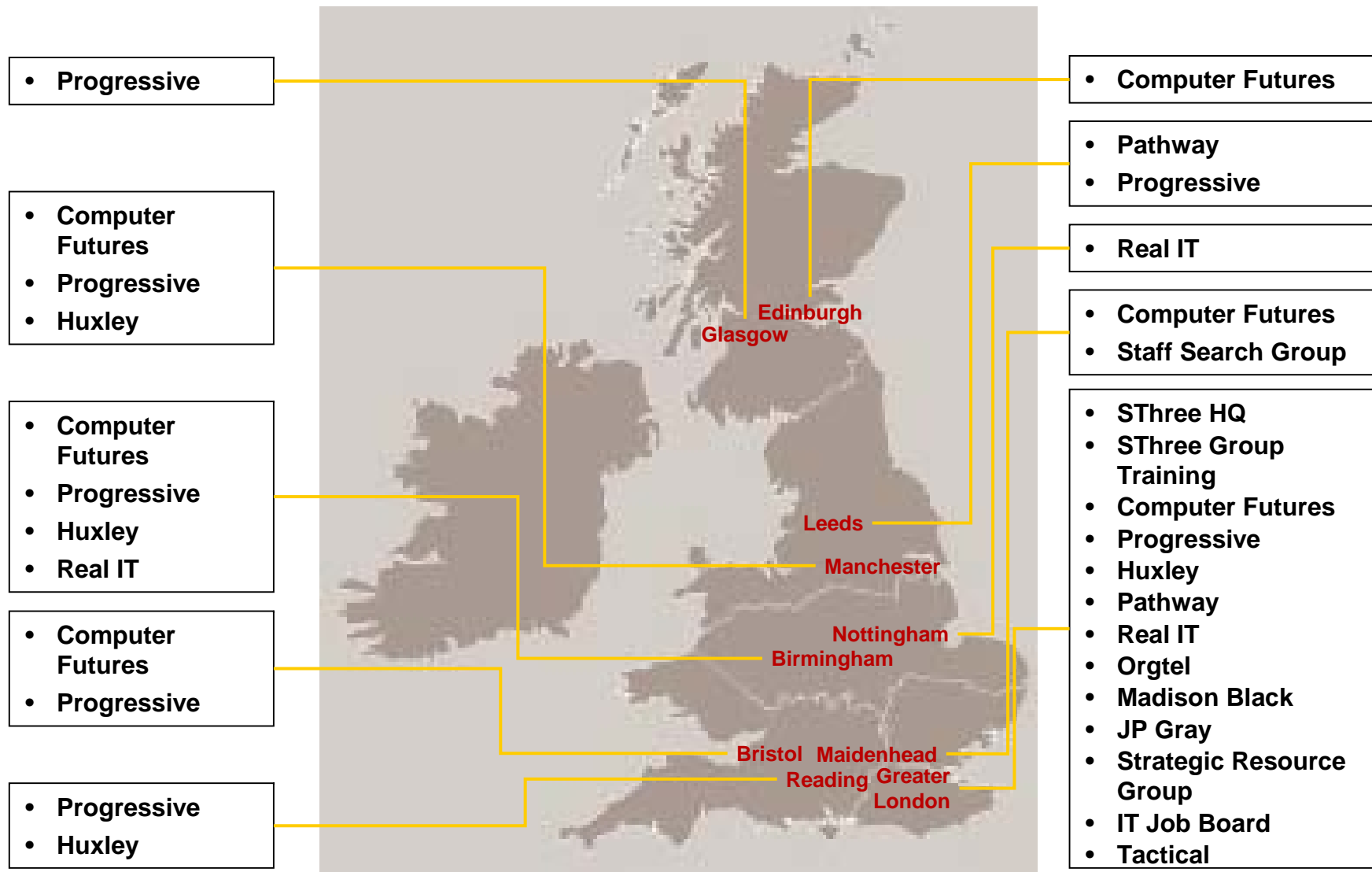
Phase 1
One brand
One location
One sector

Phase 2
Multi-brand
Multiple UK locations
One Sector

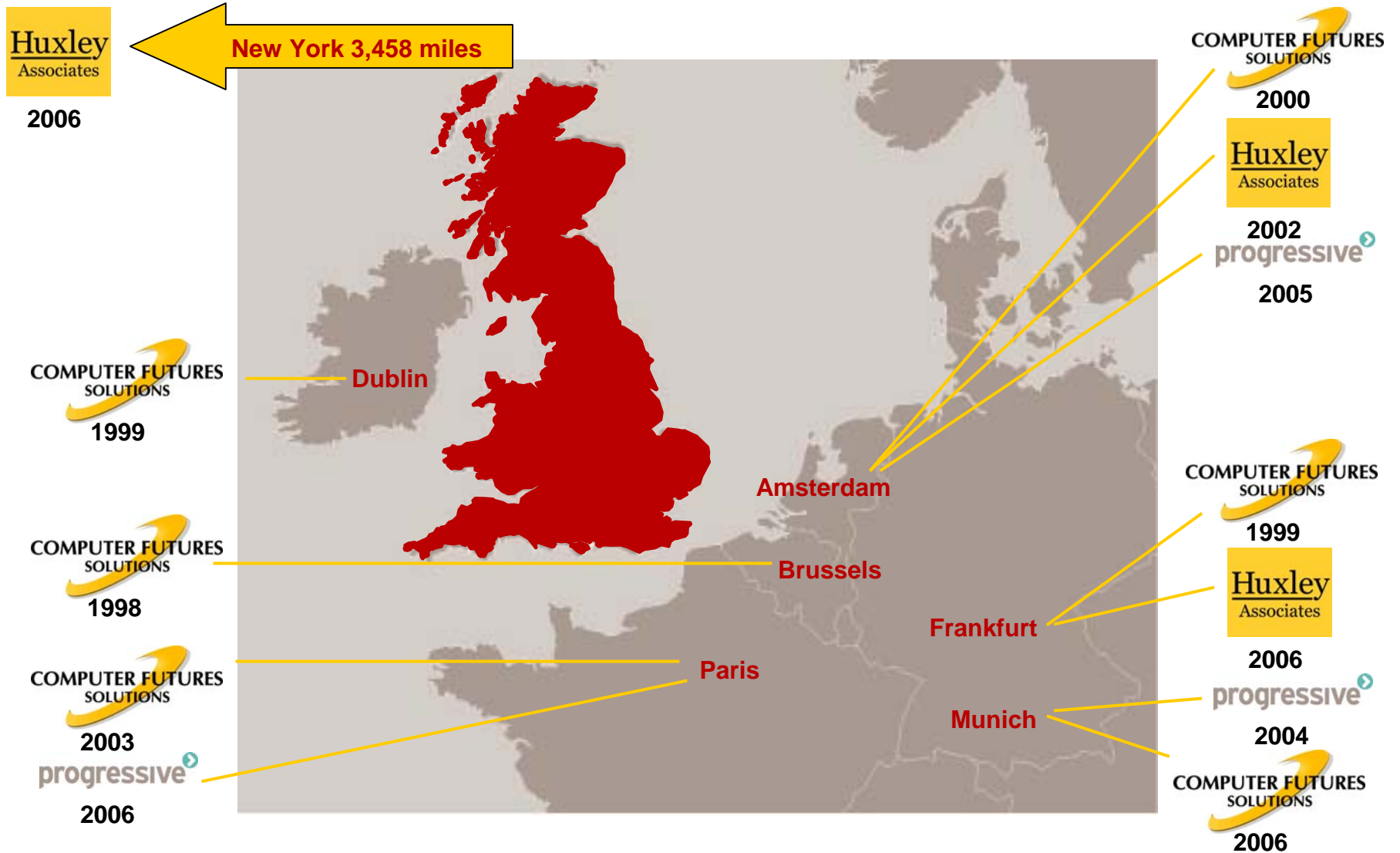
Phase 3
Multi-brand
Multiple UK and Non-UK locations
One Sector

Phase 4
Multi-brand
Multiple UK & Non UK locations
Multiple sectors

32 UK Offices



12 Non-UK Office Locations



- Good progress across all sectors and geographies including core UK ICT business
- Early returns seen from combination of new sectors and new geographies
- Volume growth enhanced by value growth
- Conversion ratio improved to over 30%
- Non-ICT GP growth + 49.8%
- Non UK GP growth + 46.4%
- Headcount on target
 - Average headcount + 24.2%
 - Sales headcount at year end + 42.6%

Investment Strategy



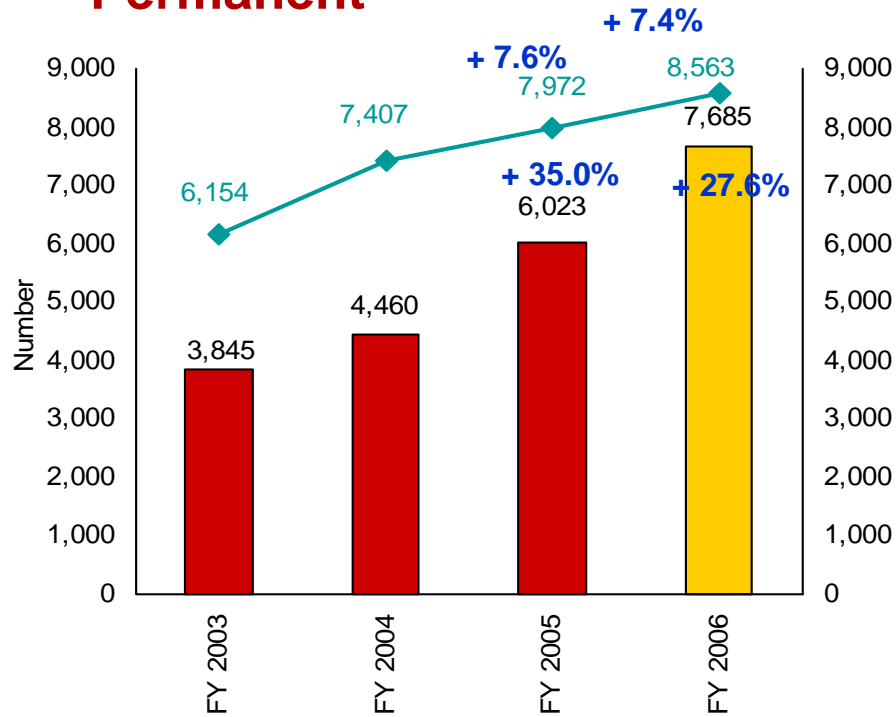
- SThree has always invested in its future
- 2006 was a year of investment
 - New sectors
 - New geographies
- 2007 to continue the theme at an accelerated pace
 - New sectors & geographies
 - Office infrastructure (new & upgrades)
 - Systems (SAP go live and Siebel implementation)
- *Our major investment is redeployment of experienced staff and management into new sectors and geographies*

Remain confident that the investment strategy can be achieved without compromising overall results

Key Performance Indicators

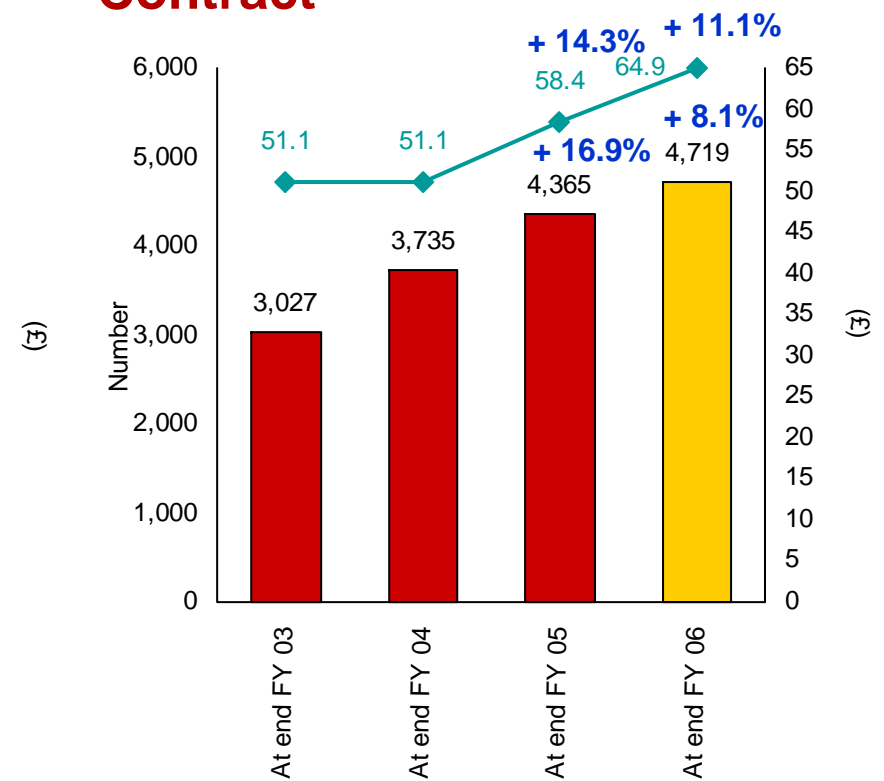


Permanent



■ Number placements in period ◆ Average placement fee (£)

Contract



■ Number active contractors @period end ◆ Average GP 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

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

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

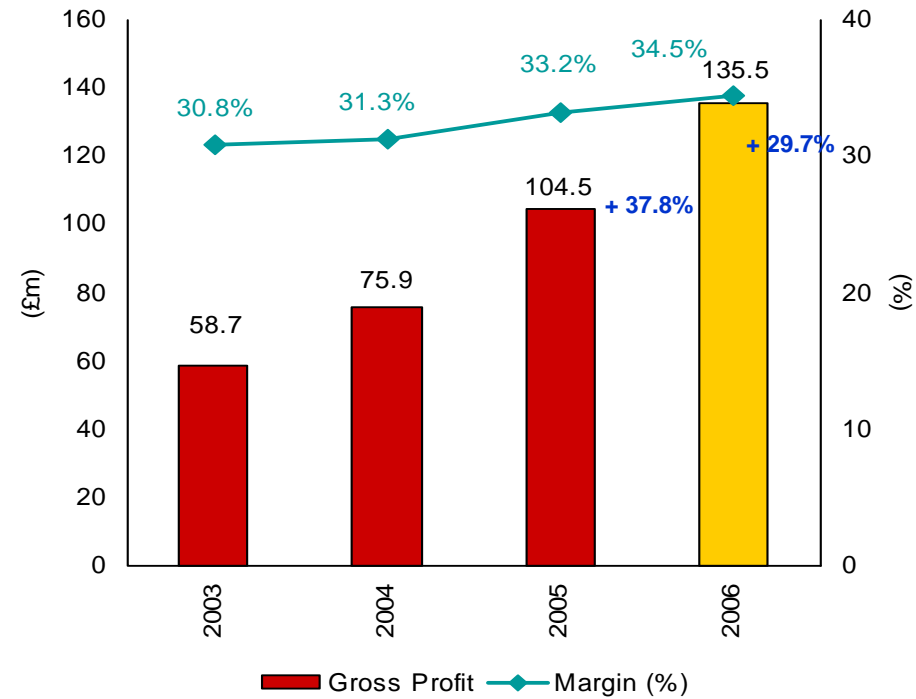
GP Growth – Quality & Quantity



H1 2006		FY 2006	
Permanent		Permanent	
Volume growth	+ 32.0%	Volume growth	+ 27.6%
Rate growth	+ 6.5%	Rate growth	+ 7.4%
Aggregate total	+ 38.5%	Aggregate total	+ 37.0%
Contract		Contract	
Average runners growth	+ 14.8%	Average runners growth	+ 10.4%
Rate growth	+ 2.3%	Rate growth	+ 11.1%
Aggregate total	+ 17.1%	Aggregate total	+ 22.6%

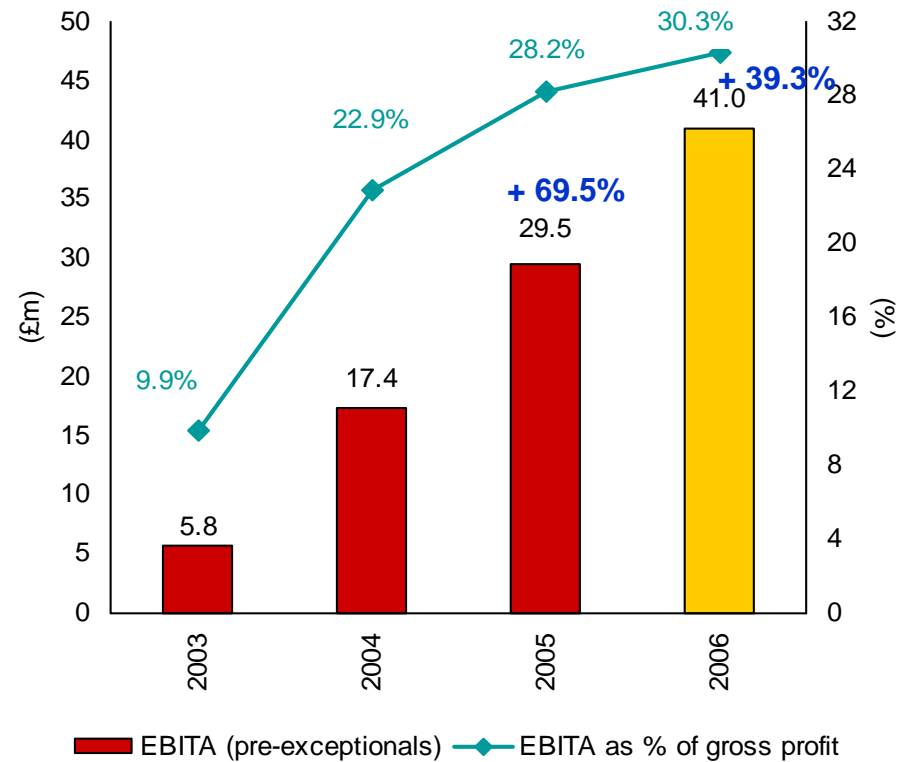
We do not focus on volume growth alone - total GP growth is the key

Growth Story - Gross Profit



Recent margin % growth largely driven by increased perm mix

Growth Story – Operating Profit*



Operating profit grew by over 39%
Conversion ratio increases to over 30%

Note: * Operating profit is before goodwill amortisation and exceptionals (share award costs and special management bonuses to compensate for lack of dividend on Preference Shares)

Income Statement



Before Exceptional Items

	2006 £m	2005 £m	Change %
Revenue	393.3	315.1	+ 24.8
Gross profit	135.5	104.5	+ 29.7
Operating profit	41.0	29.5	+ 39.3
Net finance cost	(0.9)	(1.5)	
Share of profit of JV	0.1	-	
Profit before tax	40.3	28.0	+ 44.0
Taxation	(12.3)	(8.7)	
Profit after tax	28.0	19.3	+ 45.2

Effective tax rate 30.5% (2005: 31.1%)

Exceptional Items



£m	2006
Operating profit before exceptionals	41.0
Exceptional items	
- Employee share awards and related costs	(22.1)
Operating profit after exceptional items	18.9
Net finance cost	(0.9)
Share of JV	0.1
Profit before tax	18.1
Tax	(6.0)
Profit after tax	12.1

Final year of pre-IPO related exceptional items

H1/H2 Analysis



	2006 H1 £m	2005 H1 £m	H1 on H1 Change %	2006 H2 £m	2005 H2 £m	H2 on H2 Change %
Average Headcount	1,168	1,019	+ 14.6%	1,408	1,055	+ 33.5%
Gross profit (fee income)	59.2	46.0	+ 28.7%	76.4	58.5	+ 30.5%
Number of Contractors (at period end)	4,335	3,777	+ 14.8%	4,719	4,365	+ 8.1%
Perm Placements	3,475	2,633	+ 32.0%	4,210	3,390	+ 24.2%
Operating profit (before exceptionals)	15.1	10.5	+ 44.0%	25.9	19.0	+ 36.7%
Conversion Ratio	25.6%	22.9%	+ 2.7 pps	33.9%	32.4%	+1.5 pps

Headcount growth second half weighted

Note: Conversion Ratio = EBITA (pre-exceptionals) to gross margin

EPS & Dividends



Basic Earnings/(loss) per share	2006	2005	Change
Basic earnings per share before exceptional items (2005 comparatives adjusted to reflect new post IPO capital structure)*	22.4p	15.4p	+ 45.5%

Dividends

- Final dividend of 4.8p per share payable on 4 June 2007 to shareholders on the register at 4 May 2007, giving total dividend for the year of 7.2p per share
- Intend to pay dividends at a level sustainable through the cycle and in line with comparable quoted businesses

* IPO occurred on 16.11.05

Weighted average number of shares in issue for 2005 was 38.8m

Number of shares in issue at 30.11.05 was 138.0m

Number of shares used in EPS calculation (i.e. excluding EBT) is 124.3m

Cash Flow



	2006	2005
	£m	£m
Operating profit (before exceptionals)	41.0	29.5
Exceptional items *	(2.6)	(4.0)
Depreciation/sale of fixed assets	1.7	1.8
Increase in debtors	(17.8)	(15.5)
Increase/(decrease) in creditors	(7.1)	12.7
(Decrease)/increase in provisions	(0.2)	0.5
Net cash inflow from operating activities	15.0	25.0
Net finance costs	(0.9)	(1.5)
Taxation received/(paid) **	1.5	(5.5)
Capital expenditure	(5.4)	(2.7)
Net cash inflow before financing	10.2	15.3

Underlying cash flow distorted by IPO-related items

* Exceptional items relate to cash element of the P&L charge for employee share awards and related costs

** Tax received relates to Schedule 23 clawback of 2005 tax paid on account

Balance Sheet



	2006 £m	2005 £m
Tangible assets	3.6	2.9
Intangible assets	3.4	-
Deferred tax asset	11.5	10.0
	18.5	12.9
Debtors	92.6	74.9
Tax receivable	0.5	3.0
Creditors	(39.2)	(46.5)
Net Current Assets	53.9	31.4
Net Cash/(Debt)	(2.9)	(9.6)
Provisions	(5.4)	(5.4)
Net Assets	64.1	29.3

Geographic Analysis*



£m	2006	2005	Change FY2006	Change H1 2006
Gross Profit				
UK	98.9	79.5	+ 24.4%	+ 24.0%
Europe & RoW	36.6	25.0	+ 46.4%	+ 43.7%
	<hr/> 135.5 <hr/>	104.5		
% Non-UK	27.0%	23.9%		

* Based on location of client

Sector Analysis



£m	2006	2005	Change FY 2006	Change H1 2006
Gross Profit				
ICT	111.1	88.2	+ 26.0%	+ 23.0%
Non-ICT *	24.4	16.3	+ 49.8%	+ 70.4%
	<hr/> 135.5 <hr/>	<hr/> 104.5 <hr/>		
% Non-ICT *	18.0%	15.6%		

* Comprises banking and finance, accountancy, human resources, engineering and pharmaceuticals activities

Perm/Contract Analysis

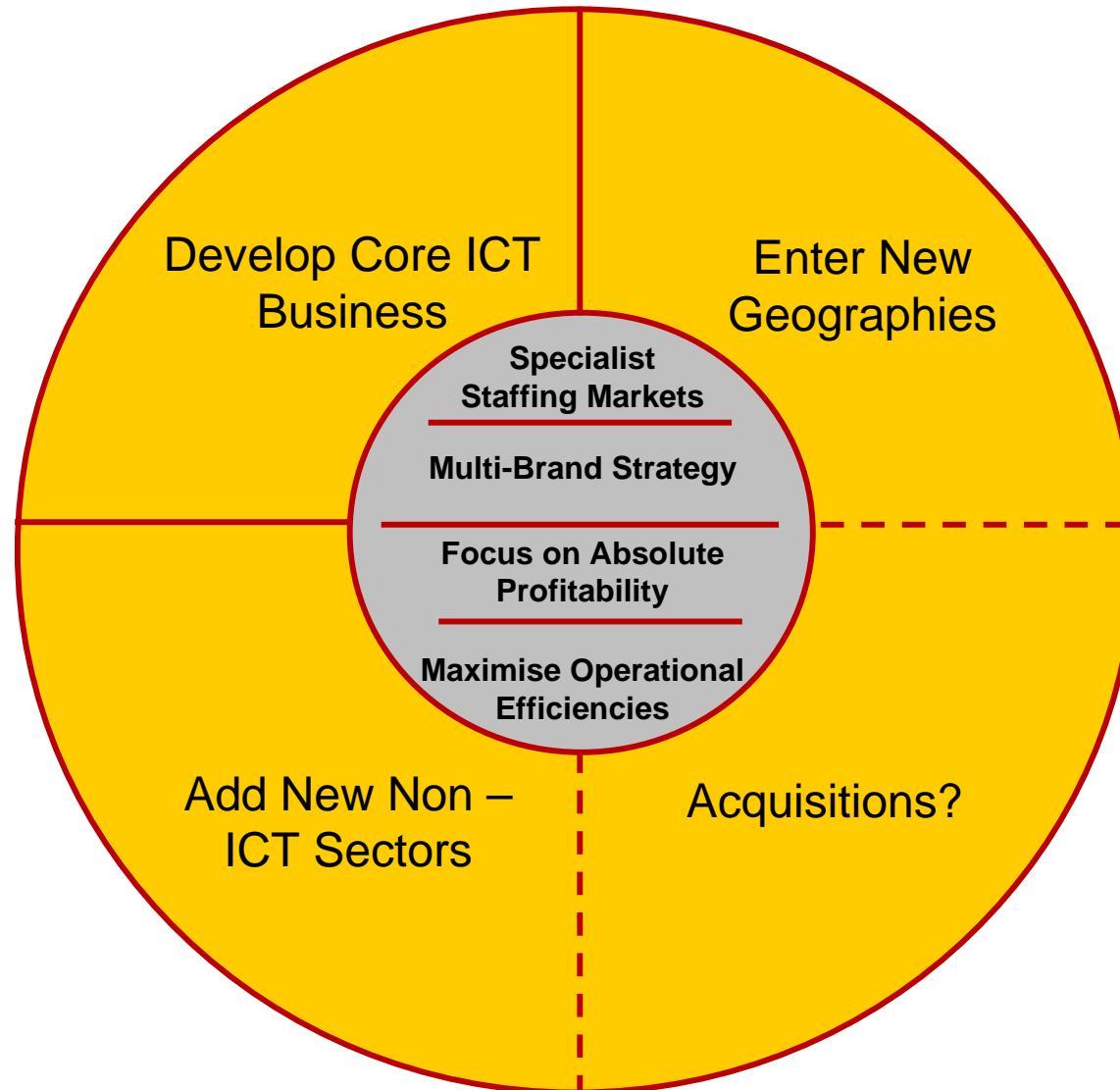


£m	2006	2005	Change FY 2006	Change H1 2006
Gross Profit				
Contract	69.7	56.5	+ 23.5%	+ 19.5%
Permanent	65.8	48.0	+ 37.0%	+ 40.5%
	135.5	104.5		
Gross Margin				
Group	34.5%	33.2%		
Contract	21.3%	21.1%		
Perm Mix	48.6%	46.0%		

Brand Analysis



£m	2006	2005	Change FY 2006	Change H1 2006
Gross Profit				
Computer Futures	36.7	30.6	+ 20.0%	+ 14.8%
Huxley Associates	35.6	24.9	+ 42.9%	+ 41.3%
Progressive	24.8	19.8	+ 25.5%	+ 20.2%
Pathway	9.5	7.0	+ 35.7%	+ 39.8%
Others	28.9	22.2	+ 30.1%	+ 42.9%
	<hr/> 135.5 <hr/>	<hr/> 104.5 <hr/>		



Current Trading & Outlook



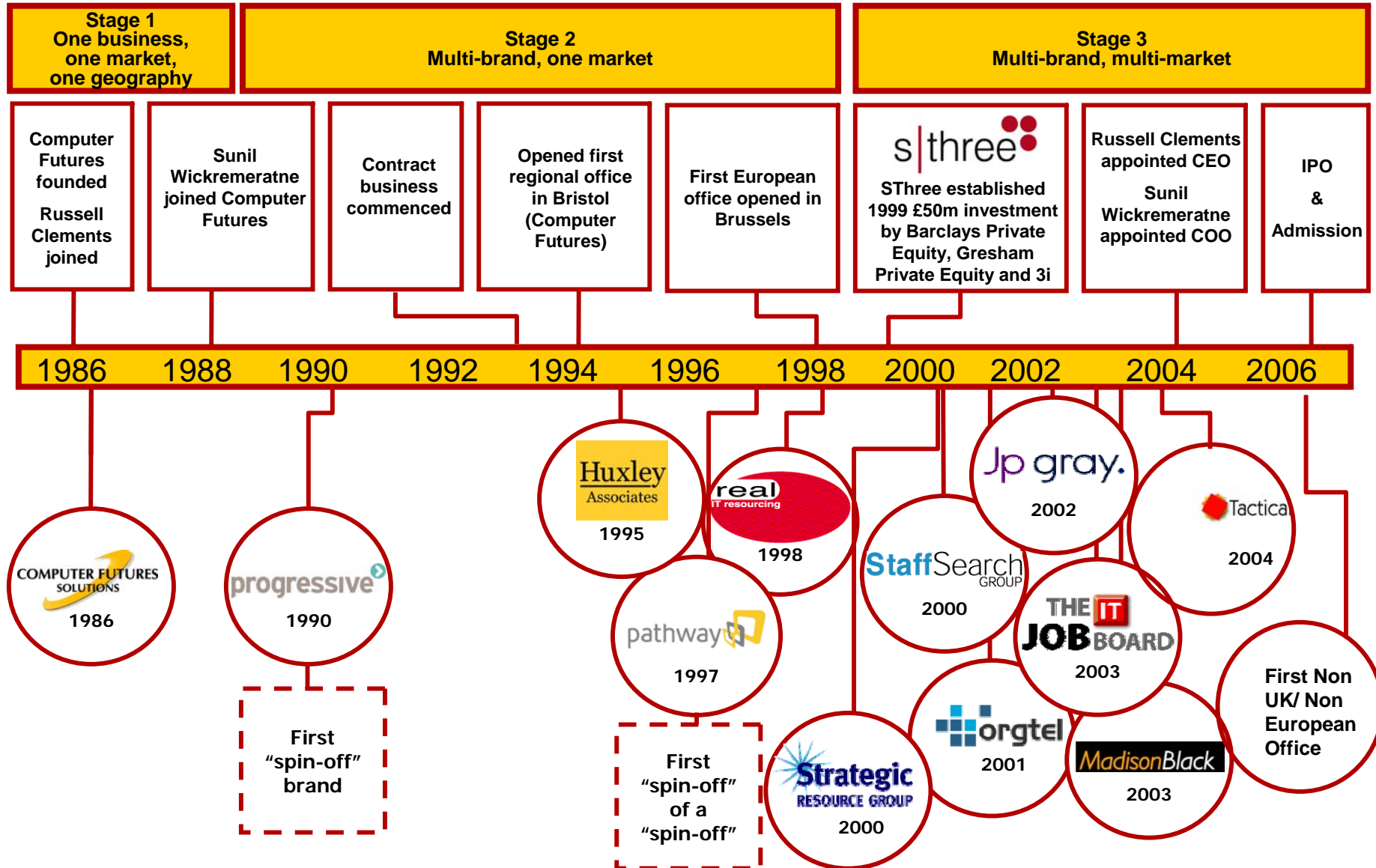
- Current trading in line with expectations
- Further growth across all business segments
- Positive 2006 market backdrop anticipated to continue in 2007
- Continued roll out of business model
 - New sectors
 - New geographies
 - Multiplier effect
- Ongoing investment to support future growth
- Confident of prospects for FY2007

Questions?

Appendix A

Supplementary Material

The development of SThree



Minority stakes model



Key employees + ideas + minority stakes

= ability to retain and incentivise key employees

= group benefit

Ideas

- SThree
- Individual / entrepreneur
- New business - new sectors
- New market - new geographic areas (UK only at this stage)

Criteria

- High performing key employees - entrepreneurial ability and skills
- Market opportunity - avoiding cannibalisation

The deal

- Separate trading company
- Minorities invest at outset or later, at existing market price
- Immediate access to Group's infrastructure and shared services
- Currently minimum 3 year holding period then ability to swap brand shares for SThree shares or be bought out
 - Proposal to increase holding period for new minority stakes to 5 years

Group minorities

- Directors and senior managers of SThree control the board of all minority-interest brands