

Michael Page International 2002 Preliminary Results

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2002 Preliminary Results

2002 Results Presentation

Terry Benson – Chief Executive

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2002 Preliminary Results

Overview

- 2002 - challenging year particularly in second half.
- Pre tax profit of £32.6m.
- Cash from operations of £46.7m.
- Continental Europe particularly affected by economic slow down.
- Relatively strong performance in Asia Pacific.
- Temp ratio and temp margins increased.

2002 Preliminary Results

Agenda

- Financial Results and segmental analysis
- Geographical Review
- Share repurchases, current trading and strategy

2002 Preliminary Results

Profit and Loss

	2002	Change	2001
	£m	%	£m
Turnover	383.5	-16.6%	459.5
Revenue	192.6	-21.4%	245.1
Operating profit	32.1	-49.8%	64.0
Exceptional items	-		2.4
Net interest	0.5		(4.1)
Profit before tax	32.6	-47.7%	62.3
Taxation	(11.4)		(18.6)
Profit after tax	21.2		43.7

2002 Preliminary Results

First/Second Half Split

	2002 H1 £ m	2002 H2 £ m	2002 Year £ m	H1 to H2 change %
Turnover	197.8	185.7	383.5	-6.1%
Revenue	100.9	91.7	192.6	-9.0%
Costs	83.1	77.4	160.5	-6.8%
Operating profit	17.8	14.3	32.1	-19.5%
Operating margin	17.6%	15.6%	16.7%	
Headcount at period end	2,440	2,390		

2002 Preliminary Results

Earnings per share and dividends

Earnings per share	2002	2001
Basic	5.8p	11.8p
Before exceptional	5.8p	10.6p
Dividend		
Interim	1.1p per share	
Final	2.3p per share	
Total	3.4p per share	

Final payable on 6 June 2003

2002 Preliminary Results

Cash Flow

	2002 £ m	2001 £ m
Operating profit	32.1	58.0
Depreciation and amortisation	8.4	7.8
Decrease in debtors	10.3	17.3
Increase in creditors	(4.1)	(7.2)
Net cash inflow from operating activities	46.7	75.9
Net interest paid	0.5	(4.0)
Taxation paid	(11.5)	(18.1)
Net capital expenditure	(2.6)	(11.2)
Acquisitions and disposals	-	0.8
	33.1	43.4
Dividends	(12.5)	(1.0)
Purchase of own shares - for cancellation	(13.7)	-
Purchase of own shares	-	(10.0)
Net cash inflow	6.9	32.4

2002 Preliminary Results

Balance Sheet

	2002 £ m	2001 £ m
Goodwill	1.6	1.7
Tangible assets	23.5	28.7
Investment in own shares	10.0	10.0
Total Fixed Assets	35.1	40.4
Debtors	70.8	80.7
Creditors	(62.4)	(67.0)
	8.4	13.7
Net cash	21.4	14.3
Provisions	(6.0)	(6.0)
Net assets	58.9	62.4

2002 Preliminary Results

Discipline Analysis

	2002 H1 £m	%	2002 H2 £m	%	2002 Year £m	%	2001 Year £m	%
Turnover								
Finance & Accounting	144.3	72.9%	133.5	71.9%	277.8	72.4%	333.3	72.5%
Marketing & Sales	28.2	14.3%	26.3	14.2%	54.6	14.2%	67.6	14.7%
Other	25.3	12.8%	25.8	13.9%	51.1	13.3%	58.6	12.7%
	197.8		185.7		383.5		459.5	
Revenue								
Finance & Accounting	66.1	65.5%	60.4	65.8%	126.5	65.7%	159.1	64.9%
Marketing & Sales	20.9	20.7%	17.8	19.4%	38.7	20.1%	51.4	21.0%
Other	13.9	13.8%	13.5	14.8%	27.4	14.2%	34.6	14.1%
	100.9		91.7		192.6		245.1	

2002 Preliminary Results

Perm / Temp Analysis

	2002 H1 £m	%	2002 H2 £m	%	2002 Year £m	%	2001 Year £m	%
Turnover								
Permanent	76.3	38.6%	64.9	35.0%	141.2	36.8%	199.9	43.5%
Temporary	121.5	61.4%	120.7	65.0%	242.3	63.2%	259.6	56.5%
	197.8		185.7		383.5		459.5	
Revenue								
Permanent	71.0	70.4%	62.0	67.6%	133.0	69.1%	182.4	74.4%
Temporary	29.9	29.6%	29.7	32.4%	59.6	30.9%	62.7	25.6%
	100.9		91.7		192.6		245.1	
Gross Margin								
Permanent	93.0%		95.5%		94.2%		91.2%	
Temporary	24.6%		24.6%		24.6%		24.2%	

2002 Preliminary Results

Geographic analysis of revenue

	2002 H1 £m	%	2002 H2 £m	%	2002 Year £m	%	2001 Year £m	%
United Kingdom	51.9	51.5%	47.4	51.7%	99.3	51.5%	124.7	50.9%
Continental Europe	35.2	34.9%	31.1	33.9%	66.3	34.4%	91.6	37.4%
Asia Pacific	11.3	11.2%	11.6	12.6%	22.9	11.9%	24.9	10.2%
Americas	2.5	2.4%	1.6	1.7%	4.1	2.1%	3.9	1.6%
	100.9	100.0%	91.7	100.0%	192.6	100.0%	245.1	100.0%

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2002 Preliminary Results

United Kingdom

	2002 H1 £ m	2002 H2 £ m	H1 on H2 change %	2002 Year £ m	2001 Year £ m
Turnover	105.8	98.1	-7.3%	203.9	249.4
Revenue	51.9	47.4	-8.8%	99.3	124.7
Operating profit	10.3	10.1	-1.9%	20.4	35.0
Operating margin	19.9%	21.3%		20.6%	28.1%
Headcount at period end	1,154	1,116			1,232

2002 Preliminary Results

United Kingdom

Finance and Accounting

- Two thirds of UK business.
- Revenue 19% lower.
- City continued to make good profits.
- Accountancy Additions strongest performer.
- AA network expanded - Birmingham/Coventry.

2002 Preliminary Results

United Kingdom

Sales, Marketing and Retail

- 22% of revenue and 22% lower than 2001.
- Initial weakness of TMT sectors now evident in most other sectors.
- Retail comparatively better - in line with sector.

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United Kingdom

Legal, Technology, HR and Engineering

- Solid year in Legal - now in seven locations.
- Technology weak but profitable.
- HR revenue increased year on year.
- Engineering start up contributed good profit.
- HR and Engineering expanding into national network of offices.

2002 Preliminary Results

Continental Europe

	2002 H1 £ m	2002 H2 £ m	H1 on H2 change %	2002 Year £ m	2001 Year £ m
Turnover	66.3	61.3	-7.6%	127.6	154.3
Revenue	35.2	31.1	-11.5%	66.3	91.6
Operating profit	4.4	1.2	-71.4%	5.6	22.5
Operating margin	12.4%	4.0%		8.5%	24.5%
Headcount at period end	943	928			1,055

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Continental Europe

- France - Permanent revenue 41% lower.
- France - Revenue from Page Interim more resilient.
- Consolidation of Paris offices.
- All other countries faced difficult conditions.
- Encouraging start in new Rotterdam office.
- Start up losses in Sweden and Belgium as anticipated.

2002 Preliminary Results

Asia Pacific

	2002 H1 £ m	2002 H2 £ m	H1 on H2 change %	2002 Year £ m	2001 Year £ m
Turnover	22.6	24.1	6.3%	46.7	51.3
Revenue	11.3	11.6	2.9%	22.9	24.9
Operating profit	3.5	3.3	-3.5%	6.8	7.2
Operating margin	30.7%	28.8%		29.8%	29.1%
Headcount at period end	282	283			300

2002 Preliminary Results

Asia Pacific

- Slowdown impacted International businesses in the region.
- Australian domestic businesses less affected.
- Started HR and Engineering during the year.
- Hong Kong and Singapore impacted by weakness in banking, telecoms and technology sectors.
- New office in Tokyo produced over £1m of revenue.

2002 Preliminary Results

Americas

	2002 H1 £ m	2002 H2 £ m	H1 on H2 change %	2002 Year £ m	2001 Year £ m
Turnover	3.1	2.3	-24.4%	5.4	4.5
Revenue	2.5	1.6	-34.9%	4.1	3.9
Operating profit	(0.3)	(0.4)		(0.7)	(0.7)
Operating margin	-14.0%	-25.3%		-18.1%	-18.3%
Headcount at period end	61	63			71

2002 Preliminary Results

Americas

- US market remained weak all year.
- New Jersey office opened in December 2001.
- New MD, senior transfer from the UK.
- Anticipate opening third East Coast office during 2003.
- Sao Paulo office continues to expand.
- Weak Brazilian currency.

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Share Repurchase Programme

- Announced in August after three quarters of circa £50m revenue.
- Purchased 11.3m shares at 121p.
- Anticipate further share repurchases with surplus cash.
- No commitments on amount and timing.

2002 Preliminary Results

2003 Projects

NEW IT SYSTEM

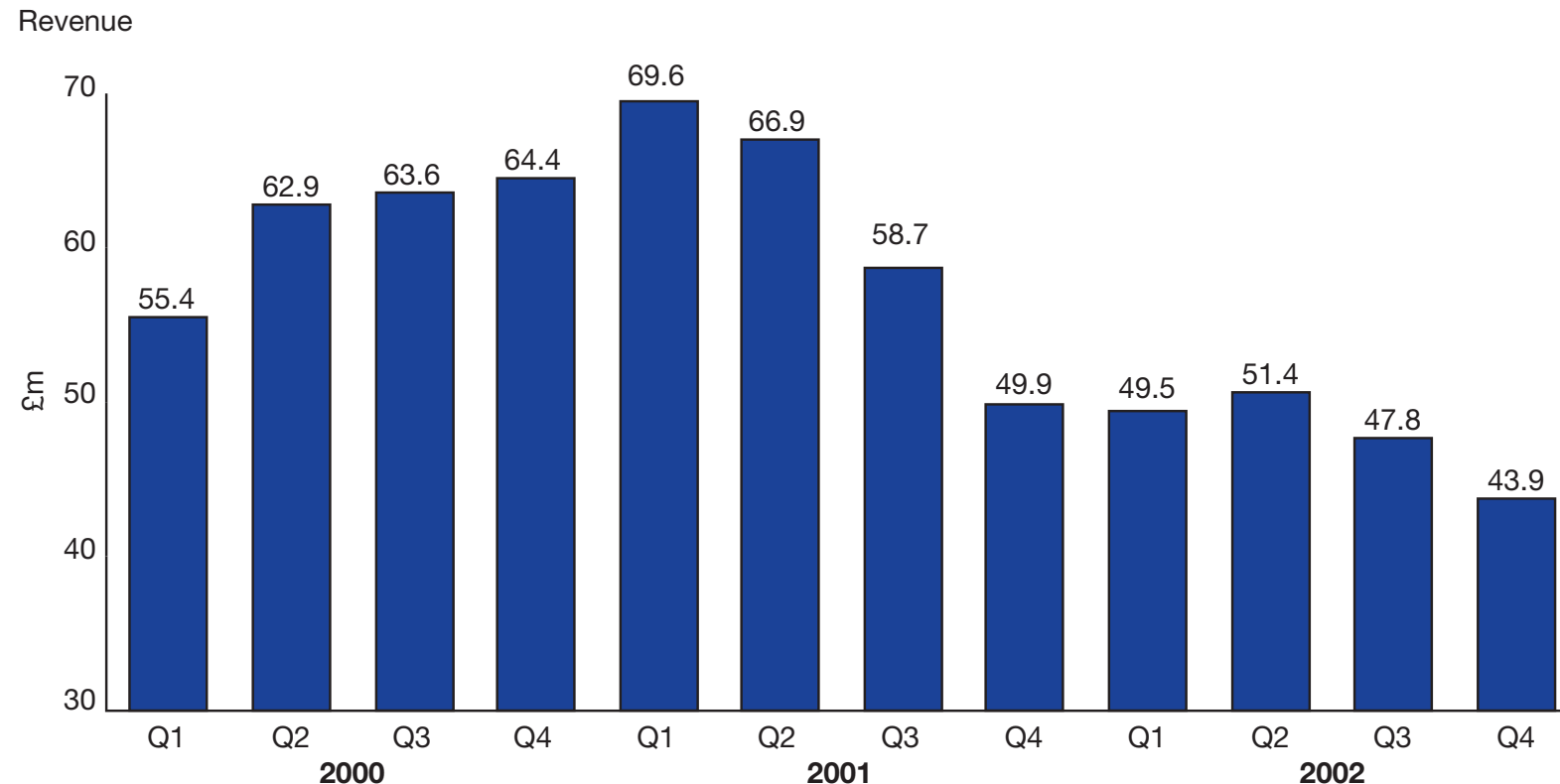
- Global rollout during 2003 and 2004.
- Investment of £6m - £2.5m capex, £3.5m expensed over next two years.

NEW LONDON BUILDING

- Move expected Easter 2003.
- Capex of £2m in 2003.

2002 Preliminary Results

Group Quarterly Revenue Trend 2000 to 2002



2002 Preliminary Results

Current Trading

- Activity levels weakened in Q4 and continued to weaken in Q1.
- Jan/Feb 2003 revenue approx 15% lower than Jan/Feb 2002.
- Current pre bonus cost base approx £12.25m per month.

2002 Preliminary Results

Strategy and Prospects

- Anticipate another challenging year.
- Remain focused on core competency of specialist recruitment.
- Grow organically when markets improve.
- Close attention to costs.
- Importance of management and brand through the cycle.
- Focus on long-term prosperity, not short-term profits.

Michael Page

INTERNATIONAL