

Michael Page

INTERNATIONAL

2004 PRELIMINARY RESULTS

23 February 2005

Overview

- Considerably improved results as markets strengthen
- Increased activity in the UK, Asia Pacific and Americas
- Trading conditions in Continental Europe improving
- Operating profits increase by 75% from 18% higher revenue
- Significantly increased earnings and dividend

Agenda

- Financial Results and segmental analysis
- Geographical Review
- Current trading and strategy

Profit and loss

(before exceptional items)

	2004 £ m	Change %	2003 £ m
Turnover	433.7	16.4%	372.6
Revenue	210.6	18.0%	178.5
Operating profit	40.0	75.0%	22.9
Net interest	0.0		0.6
Profit before tax	40.0	70.3%	23.5
Taxation	(13.9)		(9.0)
Profit after tax	26.1	79.8%	14.5

Taxation

	2004 £ m
Profit before tax	40.0
Taxation on profits	(13.9)
Exceptional tax credit	9.0
Taxation for the year	(4.9)
Effective rate % (before exceptional tax credit)	34.8%

- Exceptional tax credit arises on vesting of IPO Restricted Share Scheme
- Deduction claimed in the UK and some overseas jurisdictions
- Tax credit estimated at £9.0m
- Cash benefit of £4.6m in 2004 and £4.4m in 2005

Earnings per share and dividends

	2004		2003
Earnings per share			
Basic	10.0p		3.8p
Before exceptional	7.4p	+80%	4.1p
Dividend			
Interim - per share	1.25p		1.1p
Final - per share	2.75p		2.3p
Total - per share	4.00p	+17.6%	3.4p
Final payable on 3 June 2005			

Share repurchases

- Repurchased 14,225,000 shares during 2004
- 6,460,000 shares were cancelled
- 7,765,000 are held in treasury
- Treasury shares do not receive dividends and not counted for EPS
- Total cost of repurchases £24.12m
- Average cost per share 170p

Cash flow

	2004 £ m	2003 £ m
Operating profit before exceptional items	40.0	22.9
Exceptional items	-	(1.1)
Depreciation/amortisation/share scheme charges	6.9	7.9
Increase in debtors	(17.7)	(0.3)
Increase/(decrease) in creditors	11.5	(0.4)
(Decrease)/increase in provisions	(5.1)	0.2
Net cash inflow from operating activities	35.7	29.2
Net interest received	0.0	0.6
Taxation paid	(4.8)	(10.7)
Net capital expenditure	(4.4)	(6.3)
	26.5	12.8
Dividends	(12.6)	(12.2)
Purchase/sale of own shares	(24.1)	0.1
Net cash (outflow)/inflow	(10.3)	0.7

Balance sheet

	2004 £ m	2003 £ m
Goodwill	1.4	1.5
Tangible assets	20.9	23.1
Total fixed assets	22.4	24.6
Debtors	88.2	71.5
Creditors	(70.9)	(59.0)
	17.3	12.5
Net cash	12.2	22.4
Provisions	(1.2)	(6.2)
Net assets	50.7	53.3

Discipline Analysis

	2004 £m	%	2003 £m	%
Turnover				
Finance & Accounting	290.2	66.9%	256.7	68.9%
Marketing, Sales, Retail	74.0	17.1%	61.8	16.6%
Other	69.6	16.0%	54.1	14.5%
	433.7		372.6	

Revenue

Finance & Accounting	129.7	61.6%	113.6	63.6%
Marketing, Sales, Retail	44.9	21.3%	37.7	21.1%
Other	36.1	17.1%	27.2	15.2%
	210.6		178.5	

Perm/Temp Analysis

	2004 £m	%	2003 £m	%
Turnover				
Permanent	158.5	36.5%	128.8	34.6%
Temporary	275.2	63.5%	243.8	65.4%
	433.7		372.6	
Revenue				
Permanent	148.6	70.6%	121.8	68.3%
Temporary	62.0	29.4%	56.7	31.7%
	210.6		178.5	
Gross Margin				
Group	48.6%		47.9%	
Permanent	93.7%		94.6%	
Temporary	22.5%		23.2%	

IFRS

- First reported results under IFRS will be 2005 interims
- Progress to date
 - Identified key accounting and policy changes
 - Quantified impact of changes on P&L and net assets
 - Established procedures for capturing additional disclosure requirements
- Anticipate full compliance with IFRS in 2005
- Key areas identified that impact financial results are share based payments, goodwill and proposed dividends

IFRS

- Share based payments
 - LTIP already being expensed so only additional charge is in respect of share options
 - Charge for share options in 2004 of £0.9m (2003: £0.4m)
- Goodwill
 - Annual charge of £0.1m will not be incurred in the future. However an impairment review will be performed annually
- Proposed dividends
 - Accrual of final dividend (£9.5m) not made at 31 December 2004

Agenda

- Financial results and segmental analysis
- **Geographical review**
- Current trading and strategy

2004 Results

Geographical analysis of revenue

	2004 £m	%	2003 £m	%
United Kingdom	110.0	52%	90.6	51%
Continental Europe	61.5	29%	58.2	33%
Asia Pacific	31.5	15%	25.0	14%
Americas	7.6	4%	4.6	3%
	210.6	100%	178.5	100%

2004 Results

United Kingdom

	2004 H1 £ m	2004 H2 £ m	H2 on H1 change %	2004 Year £ m	2003 Year £ m
Turnover	111.5	123.3	10.7%	234.8	194.3
Revenue	53.1	56.8	7.0%	110.0	90.6
Operating profit	11.1	12.5	12.9%	23.6	15.6
Operating margin	20.9%	22.0%		21.5%	17.3%
Headcount at period end	1,207	1,272			1,110

2004 Results

United Kingdom

FINANCE AND ACCOUNTING

- Represents 62% of UK business with revenue increasing by 17%
- Finance Q4 revenue highest in year despite December
- New MP Finance office in Maidstone
- City revenue improved significantly particularly in H1
- Accountancy Additions highest revenue growth, now in 30 locations with new offices in Glasgow, Cambridge and Nottingham

2004 Results

United Kingdom

SALES, MARKETING AND RETAIL

- 23% of UK revenue; 24% higher than 2003
- Increasing activity across all sectors
- Developing a strong temping business
- Retail's growth rate slower reflecting tougher marketplace
- National coverage increased with eighth office opened in Bristol

2004 Results

United Kingdom

LEGAL, TECHNOLOGY, HR, SECRETARIAL, ENGINEERING & SUPPLY CHAIN

- Legal another good year with solid growth
- Technology produced trading profit versus breakeven in 2003
- HR strong growth as a result of geographic expansion
- Engineering and Supply Chain now split into two
- Michael Page Secretarial good progress in City and West End
- Combined these businesses grew revenue by 40%
- Significant opportunities for further growth

2004 Results

Continental Europe

	2004 H1 £ m	2004 H2 £ m	H2 on H1 change %	2004 Year £ m	2003 Year £ m
Turnover	59.8	64.5	7.7%	124.3	120.4
Revenue	29.7	31.8	7.3%	61.5	58.2
Operating profit	1.5	2.9	92.4%	4.4	(0.3)
Operating margin	5.1%	9.1%		7.2%	-0.5%
Headcount at period end	807	820			785

2004 Results

Continental Europe

- France - Revenue 6% lower and represents 16% of 2004 Group revenue
- France - Permanent revenue flat, temp revenue 15% lower
- French trading conditions remained very difficult only achieving modest year over year growth in Q4
- Holland, Italy, Spain and Germany represent approximately 40% of the region
- Holland achieved revenue growth in H2
- Italy, Spain and Germany achieved good growth as conditions improved
- Smaller businesses in Switzerland, Belgium, Sweden, Portugal all grew at 30%+
- Spare capacity still exists in a number of our businesses in Europe

2004 Results

Asia Pacific

	2004 H1 £ m	2004 H2 £ m	H2 on H1 change %	2004 Year £ m	2003 Year £ m
Turnover	27.9	34.8	24.8%	62.8	51.4
Revenue	14.3	17.2	20.2%	31.5	25.0
Operating profit	4.8	6.8	39.9%	11.6	7.6
Operating margin	33.7%	39.2%		36.7%	30.3%
Headcount at period end	299	322			280

2004 Results

Asia Pacific

- Australian revenue up by 16.7% driven by continuing strong demand from manufacturing and mining
- Started Finance in Brisbane and rolled out Engineering to Sydney
- Hong Kong & Singapore; spectacular 2004, growing revenue 45%+
- Entered into a strategic alliance to develop business in Shanghai
- Tokyo; very strong growth and expanded starting Sales & Marketing
- Tokyo office space to be doubled in early 2005

2004 Results

Americas

	2004 H1 £ m	2004 H2 £ m	H2 on H1 change %	2004 Year £ m	2003 Year £ m
Turnover	5.3	6.5	22.1%	11.8	6.6
Revenue	3.3	4.3	29.8%	7.6	4.6
Operating profit	0.2	0.3		0.5	(0.1)
Operating margin	6.1%	5.9%		6.0%	-1.3%
Headcount at period end	123	137			85

2004 Results

Americas

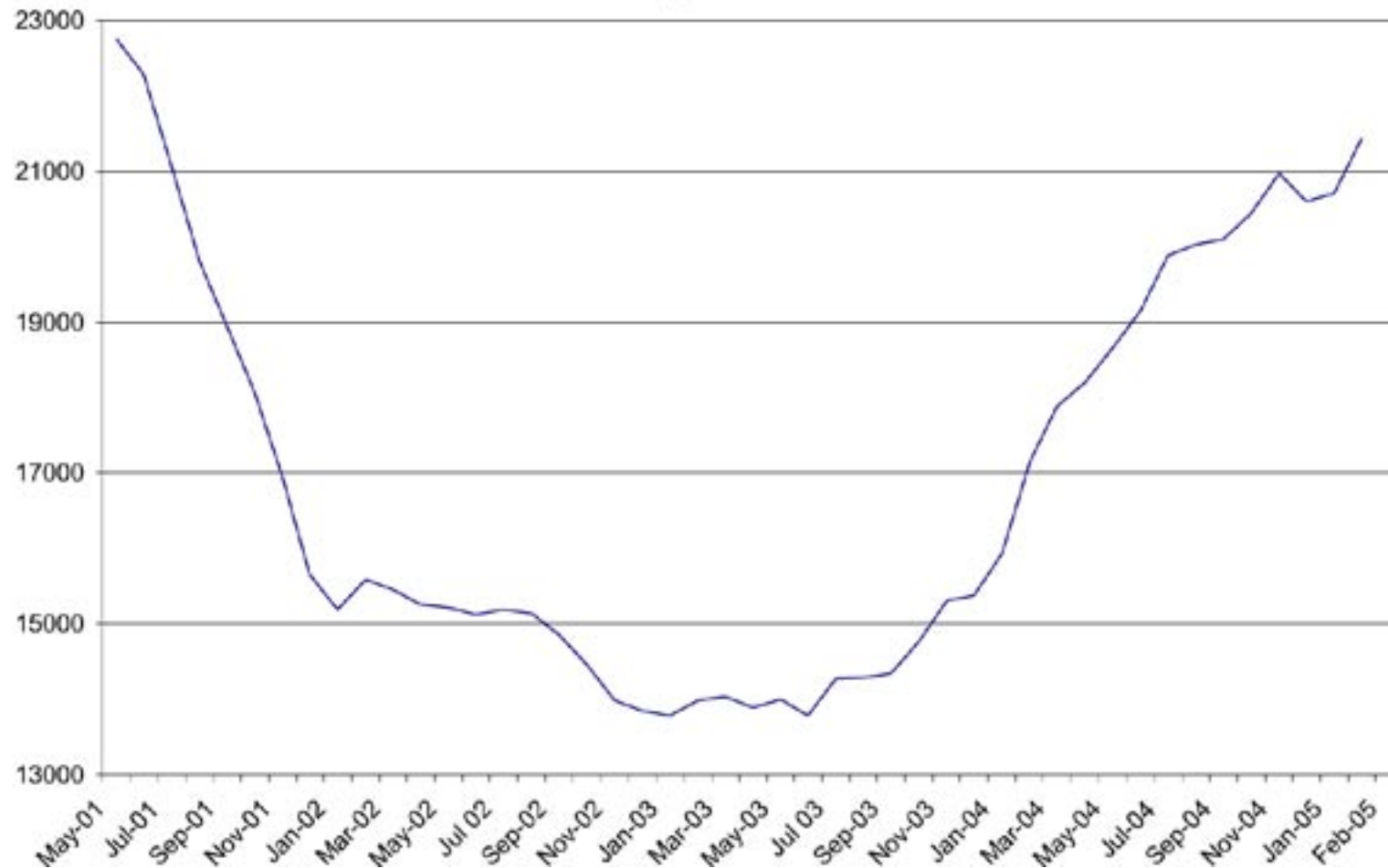
- USA now five offices with openings in Chicago and Boston
- Continue to add to headcount in the existing offices
- Researching next investments during H1 2005
- Brazil; another very successful year
- Started Sales & Marketing which is progressing well
- Region generated £0.5m operating profit after significant investment in new offices

Agenda

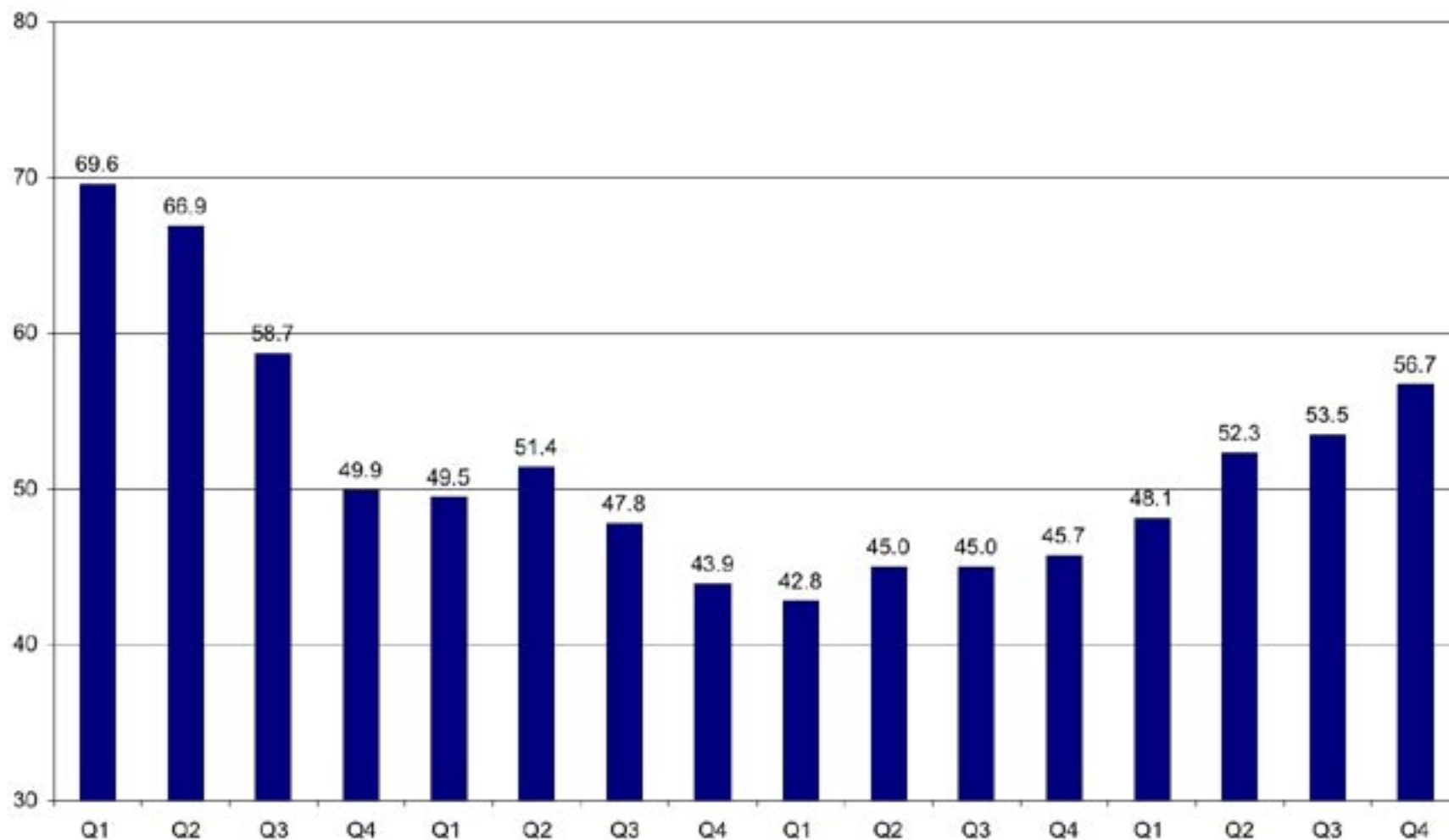
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Global Job Count

www.michaelpage.co.uk



Group Quarterly Revenue Trend Q1 2001 to Q4 2004



Strategy

- Remains unchanged
- Organically grow existing offices
- Roll out existing disciplines
- Open new offices
- Enter new geographic markets
- Continue to invest in people and systems

Current Trading

- Good activity levels in UK, Asia pacific and The Americas
- Conditions improving in Continental Europe but still tough
- France only achieved growth in Q4
- Investing in a large number of our businesses for future growth
- Plan to open a number of new offices in 2005
- Pre bonus cost base anticipated to average £14.3m for 2004
- Easter 2005 falls in March
- Q1 Trading update will be issued on 6 April 2005

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