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# MICHAEL PAGE INTERNATIONAL INTERIM RESULTS 2006

August 2006



# Agenda

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## SEGMENTAL ANALYSIS

## GEOGRAPHICAL REVIEW

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# FINANCIAL RESULTS AND SEGMENTAL ANALYSIS



# Overview Interim Results 2006

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- Record gross profits
- Group gross profit increased by 30.0% to £166.6m (2005: £128.2m)
- Operating profit increased by 47.4% to £45.1m (2005: £30.6m)
- Significantly increased basic earnings per share up 37.9% to 9.1p (2005: 6.6p)
- Interim dividend increased by 20.0% to 1.8p per share (2005: 1.5p)
- 11.35m shares repurchased during first half
- Staff numbers up 17.6% to 3,230 (2005: 2,747)





# Profit and Loss Interim Results 2006

	2006 £ m	2005 £ m	Change
Turnover	312.0	250.4	24.6%
Gross profit	166.6	128.2	30.0%
Operating profit	45.1	30.6	47.4%
Net interest	0.1	(0.1)	
Profit before tax	45.2	30.5	48.0%
Taxation	(14.7)	(7.9)	85.0%
Profit after tax	30.5	22.6	35.0%

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# Taxation Interim Results 2006

	2006 £ m	2005 £ m
Profit before tax	45.2	30.5
Taxation on profits		
Current and deferred tax	(14.7)	(7.9)
Effective tax rate on profits	32.5%	26.0%

Effective tax rate was lower in 2005 due to utilisation of prior year tax losses



MILAN

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# Earnings per share and dividends Interim Results 2006

	2006	2005	Change
<b>Earnings per share</b>			
Basic	9.1p	6.6p	37.9%
Diluted	8.8p	6.5p	35.4%
<b>Weighted average number of shares</b>			
Basic (000's)	336,276	341,591	
Diluted (000's)	345,115	347,208	
<b>Dividend</b>			
Interim - per share	1.8p	1.5p	20.0%
Payable on 13 October 2006			

# Share Based Payment Charges

Share options charge £3.2m (2005: £0.9m)

- H1 2006 charge higher due to social charges as a consequence of higher share price. 350.5p at 30 June 2006 (31 December 2005: 270.0p)

LTIP\* and Deferred Bonus Plan\* charge £2.0m (2005: £0.6m)

- H1 2006 charge higher due to higher profits increasing the awards and social charges

If the share price was to remain at 350.5p at 31 December 2006, H2 combined charge estimated at £2.2m versus £5.2m in H1

\*Approved by shareholders in December 2003. Annual LTIP award 5% of prior year's profits

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# Share Repurchases and Share Options

## Share Repurchases

- Repurchased and cancelled 11.35m shares (3.3% of total share capital) in H1
- Total cost of repurchases £39.7m
- Average repurchase price 347.0p per share
- Range of prices 310.8p to 360.0p

## Share Options

- Options exercised over 20.4m shares (6.0%) in H1 with proceeds of £33.2m
- 6.7m options (2.0%) vested but not exercised
- Further 11.7m options (3.4%) outstanding (Details in Appendix)

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# Cash flow Interim Results 2006

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	2006 £ m	2005 £ m
Operating profit	45.1	30.6
Depreciation/amortisation/share scheme charges	5.4	3.9
Increase in receivables	(28.4)	(17.1)
Increase in payables	4.7	3.0
Decrease in provisions	(0.2)	(0.3)
Net cash inflow from operating activities	26.6	20.1
Net interest received/(paid)	0.1	(0.0)
Taxation paid	(10.5)	(1.2)
Net capital expenditure	(3.0)	(2.9)
	13.2	15.9
Dividends paid	(12.1)	(9.4)
Issue of own shares for share options	33.2	—
Purchase of own shares	(39.7)	(24.9)
Net cash outflow	(5.4)	(18.4)



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# Balance Sheet

	30 June 2006 £ m	31 December 2005 £ m
Intangible assets - Goodwill	1.5	1.5
- Computer software	2.1	2.2
Tangible assets	19.6	19.7
	23.2	23.4
Trade and other receivables	133.7	106.0
Trade and other payables	(77.1)	(72.3)
	56.6	33.7
Current and deferred taxes	0.9	(0.8)
Net funds	7.5	13.1
Provisions	(0.4)	(0.6)
Net assets	87.8	68.8



# Discipline Analysis Interim Results 2006

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	2006 £m	2005 £m	Change	2006 % share	2005 % share
<b>Turnover</b>					
Finance & Accounting	<b>197.0</b>	160.6	22.8%	63.1%	64.2%
Marketing, Sales, Retail	<b>48.8</b>	40.9	19.2%	15.6%	16.3%
Other	<b>66.2</b>	48.9	35.2%	21.2%	19.5%
	<b>312.0</b>	250.4	24.6%		
<b>Gross profit</b>					
Finance & Accounting	<b>97.4</b>	76.3	27.7%	58.5%	59.5%
Marketing, Sales, Retail	<b>32.6</b>	26.8	21.8%	19.6%	20.9%
Other	<b>36.6</b>	25.1	45.6%	22.0%	19.6%
	<b>166.6</b>	128.2	30.0%		



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# Perm/Temp analysis Interim Results 2006

	2006 £m	2005 £m	Change	2006 % share	2005 % share
<b>Turnover</b>					
Permanent	<b>132.4</b>	98.7	34.2%	42.4%	39.4%
Temporary	<b>179.6</b>	151.7	18.4%	57.6%	60.6%
	<b>312.0</b>	250.4	24.6%		

<b>Gross profit</b>					
Permanent	<b>124.9</b>	93.5	33.6%	75.0%	72.9%
Temporary	<b>41.7</b>	34.7	20.1%	25.0%	27.1%
	<b>166.6</b>	128.2	30.0%		

<b>Gross margin</b>		
Group	<b>53.3%</b>	51.2%
Permanent	<b>94.3%</b>	94.7%
Temporary	<b>23.2%</b>	22.9%





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# Geographical analysis of gross profit Interim Results 2006

	2006 £m	2005 £m	Change	2006 % share	2005 % share
United Kingdom	76.0	63.0	20.8%	45.6%	49.1%
Continental Europe	59.3	40.7	45.6%	35.6%	31.7%
Asia Pacific	21.6	18.8	14.6%	13.0%	14.7%
Americas	9.7	5.7	70.4%	5.8%	4.4%
	166.6	128.2	30.0%		



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# United Kingdom Interim Results 2006

	2006 £ m	2005 £ m	Change
Turnover	153.1	127.9	19.7%
Gross profit	76.0	62.9	20.8%
Operating profit before share based charges	23.5	16.4	43.3%
Share based charges	(3.9)	(0.9)	
Operating profit	19.6	15.5	26.5%
Operating margin before share based charges	30.9%	26.1%	
Operating margin	25.7%	24.6%	
Headcount at half year	1,387	1,282	8.2%



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- No slowing of growth rate throughout first half
- UK job count up 18% since the year end, 16,160 at 30 June 2006
- Finance & Accounting gross profit up 15% with City particularly strong
- MP opening 2 new offices in H2, Sheffield and Leicester
- AA opened in Peterborough in H1, opening Sheffield and Cardiff in H2
- Marketing, Sales and Retail grew gross profit by 14%
- 'Other' disciplines gross profit grew by 42%
- Very strong performances from HR, Legal, Technology, Engineering & Manufacturing, Procurement & Supply Chain, Secretarial
- Scotland gross profit grew by 66%, benefiting from increased focus
- Launched new discipline Michael Page Property & Construction

# Continental Europe Interim Results 2006



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	2006 £ m	2005 £ m	Change
Turnover	104.4	77.2	35.2%
Gross profit	59.3	40.7	45.6%
Operating profit	16.1	7.8	106.8%
Operating margin	27.2%	19.1%	
Headcount at half year	1,181	941	25.5%





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# Continental Europe Overview

## France

- Now 40% of region (47% H1 2005), grew gross profit by 25%
- New 'Borloo Law' opens up permanent market at the € lower end. Page Personnel now temp and perm at the professional 'clerical' end of the market
- Launched 2 new disciplines – Healthcare, Hotel & Catering with initial success
- New office in Toulouse

## Rest of Europe

- Larger countries by proportion: Holland (18%), Germany (11%), Spain (11%) and Italy (8%)
- Grew gross profit by 64%
- Poland (launched August 2005) profitable YTD
- New offices in Antwerp (Belgium) in H1, Utrecht (Holland) in H2
- Roll-out of Page Personnel continues – now in Spain, Switzerland, Holland, Belgium, Italy, with H2 launch in Germany
- MP and PP websites amongst most visited job sites in Europe – both are strong candidate and revenue generators



PARRAMATTA

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# Asia Pacific Interim Results 2006

	2006 £ m	2005 £ m	Change
Turnover	41.0	37.3	9.9%
Gross profit	21.6	18.8	14.6%
Operating profit	7.8	6.6	18.3%
Operating margin	36.1%	35.1%	
Headcount at half year	390	355	9.9%



TOKYO

# Asia Pacific Overview

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- Represents 13% of total MPI gross profit
- Hong Kong/Singapore/Tokyo/Shanghai has seen strong growth in gross profit of 35%
- Hong Kong now has 6 disciplines
- New office opening in the New Territories in H2
- Shanghai continues rapid growth culminating in new office space to accommodate additional headcount
- Tokyo now has 4 disciplines with the launch of HR
- Australia 4% growth in gross profit



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# Australia Overview

- 7 offices – Sydney (3), Melbourne (2), Brisbane and Perth
- 7 disciplines – Finance, Banking, Sales & Marketing, HR, Legal, Technology and Engineering
- 161 fee earners, 8% of MPI's gross profit
- Gross profit performance (AUS\$) -

Q1 2005	+26.1%
Q2 2005	+21.7%
Q3 2005	+10.8%
Q4 2005	-6.5%
Q1 2006	+5.5%
Q2 2006	+2.2%
- Teams focused by discipline, management focused by geographic region
- Limited growth from newer/less established businesses (contrary to the rest of the World)
- Global recruitment software rolled out Q3-Q4 2005



# Australia Actions

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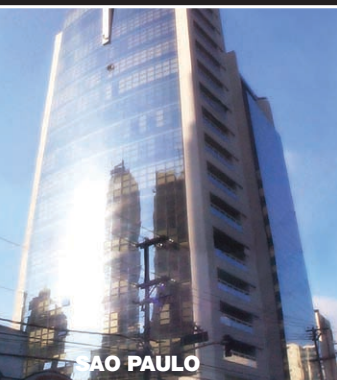
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- New Regional Managing Director for Asia Pacific (based in Australia)  
– from US/UK (22 years experience) – August 2006
- New Australian Managing Director – June 2006
- New management structure by discipline, as per other ‘larger’ Michael Page countries  
– August 2006
- 2 Senior MP imports – ex Managing Director, Singapore (17 years) and  
Regional Director, UK Sales & Marketing (16 years)
- Performance measurement by discipline
- Clearer career paths within specialist businesses





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# The Americas Interim Results 2006

	2006 £ m	2005 £ m	Change
Turnover	13.5	8.0	69.0%
Gross profit	9.7	5.7	70.4%
Operating profit	1.6	0.7	117.0%
Operating margin	16.4%	12.3%	
Headcount at half year	272	169	60.9%



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# The Americas Overview

## North America

- North America gross profit grew 71% versus 2005
- Significantly increased headcount in H1 2006 by 39% to 157
- Launched Sales & Marketing and HR (previously only focused on Finance & Banking)
- Canada – launched August 2005 – profitable

## Latin America

- Brazil gross profit up 70%
- Continued roll-out of new disciplines, currently Finance & Banking, Engineering, Sales & Marketing, Supply Chain, Tax & Legal, IT
- HR, Property & Construction launching H2 2006
- New office in Campinas (Brazil) opening H2 2006
- Opened MP Mexico (June) – experienced MP Director from France



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# MICHAEL PAGE INTERNATIONAL OVERVIEW



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# Michael Page International Overview

- Specialist recruitment company focused on placing 'white-collar' professionals into permanent, contract and temporary positions:
  - Turnover ratio 42:58 Perm/Temp
  - Gross profit ratio 75:25 Perm/Temp
- Specialisms: Finance & Accounting, Banking, Marketing, Sales, Legal, Human Resources, Technology, Retail Operations, Engineering & Manufacturing, Supply Chain & Logistics, Property & Construction and Secretarial
- 123 offices in 20 countries
- More than 3,200 employees: 43% UK, 37% Continental Europe, 12% Asia Pacific, 8% Americas
- Strong and diversified client base >90% of FTSE 100 and FTSE Eurotop 300
- Extensive global database of more than a million potentially placeable candidates
- Market leading global specialist white-collar website currently carrying more than 31,000 jobs



BRUSSELS

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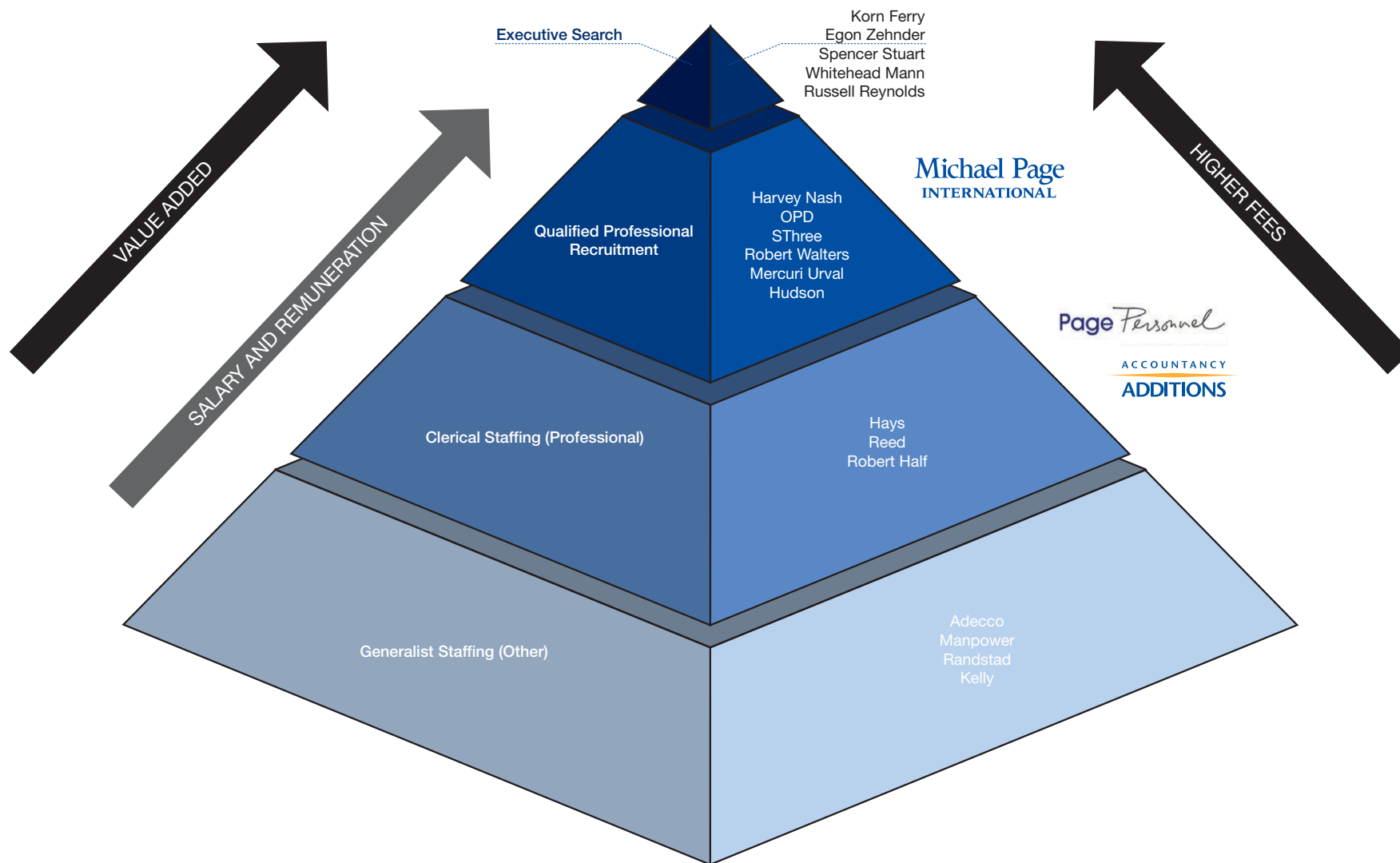
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# Positioning







# Power of the Brand

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## One of the strongest global brands in recruitment

- Voted one of Britain's strongest B2B brands since 2000 - Superbrands
- Sunday Times 100 Best Companies to work for 2005 and 2006
- Voted one of Britain's Top Employers 2005 (as published in the book by the Guardian)
- Voted one of the "Best Places to Work in Massachusetts" by the Boston Business Journal
- Named as one of the Top 10 recruiters in NYC by Crain's
- Winner - Temporary Recruiter of the Year in the Fairfax Employment Marketing Awards 2005 in Australia
- Leading advertiser in the Financial Times (UK), South China Morning Post, Straits Times (Singapore), The Melbourne Age, The Sydney Morning Herald, The Australian Financial Review, FT (Deutschland), Süddeutsche Zeitung, FAZ (Deutschland), Les Echos, Le Figaro and Intermediare



## The brand drives organic growth

- Attracts the best clients, candidates and employees
- Facilitates organic expansion in existing markets and entry into new markets

# Power of the Brand Online



GENEVA

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## Michael Page INTERNATIONAL

"For me, I thrive on success; failure is not an option.  
That's why I chose to work at Michael Page."  
Shami Iqbal, Manager, London | [Click here to work for us](#)

Global: **31767** jobs  
Local: **17270** jobs

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All Locations   
Lowest Salary   
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Keyword(s)   
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- Retail & Hospitality
- Sales
- Secretarial

### For Candidates

- Temporary and contract
- Work abroad
- Work for us
- Some of our clients

### For Employers

- Send a job spec
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Consumer Data Manager  
Kent. Permanent
- NCP**  
Regional Training Officer  
South East. Permanent
- BARCLAYS**  
Corporate Credit Manager  
Glasgow. Permanent
- S&M**  
Product Manager  
Yorkshire. Permanent
- FedEx**  
Account Executive  
Home Counties. Permanent
- PROMETHEAN**  
Group Resourcing Advisor  
Lancashire. Permanent

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Michael Page International

Globally per month:

10 million  
Page Views

1.2 million  
Visitors

150,000  
Job Apps/General  
CV Submissions



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# Current Clients

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# OUR STRATEGY





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# Michael Page International Strategy

To **organically** grow  
**existing** and **new teams**,  
**offices**, **disciplines**  
and **countries** with a  
consistent team and  
meritocratic **culture**





# Strategy - Organic

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Ensures consistency around the World:

- Culture
- Customer Service
- Brand Values
- Reputation
- Quality
- Systems and software

Avoids the risks associated with acquisitions:

- Lose key people
- Overlap
- Dilute reputation
- Brand confusion and dilution





# Strategy - Existing

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- Existing teams – every team adds one consultant that's 500 new fee earners
- Existing disciplines – more focus, more knowledge, more value
- Existing offices – increases margin, infrastructure established, improves referrals, culture
- Existing countries – established client relationships, brand recognition, media discounts, momentum



# Strategy - New

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- Always with experienced and proven Michael Page management
- New teams add value to clients and candidates as we offer more specialist knowledge
- New disciplines creates new profit streams adding value to existing clients.  
Builds awareness in overall 'white collar' population
- New offices – creates focus on new cities and regions
- New countries add value to 'International Clients' – MP benefits from increasing international flow of candidates. Many new countries have less/no established competition. Retains 'internationally mobile' staff
- Invigorates and retains staff and entrepreneurs

# Strategy - Culture

## Entrepreneurial

- Staff motivated by long term careers
- Scope for promotion
- Scope for international placement
- Organic growth maintains entrepreneurial culture

## Meritocratic

- The 'fittest' get rewarded the most
- Retains the best performers
- Motivates for over achievement
- Avoids issues of discrimination

## Team-based

- Teams stronger than individuals
- Supporting/training colleagues
- Business referrals
- Profit share, not individual commission

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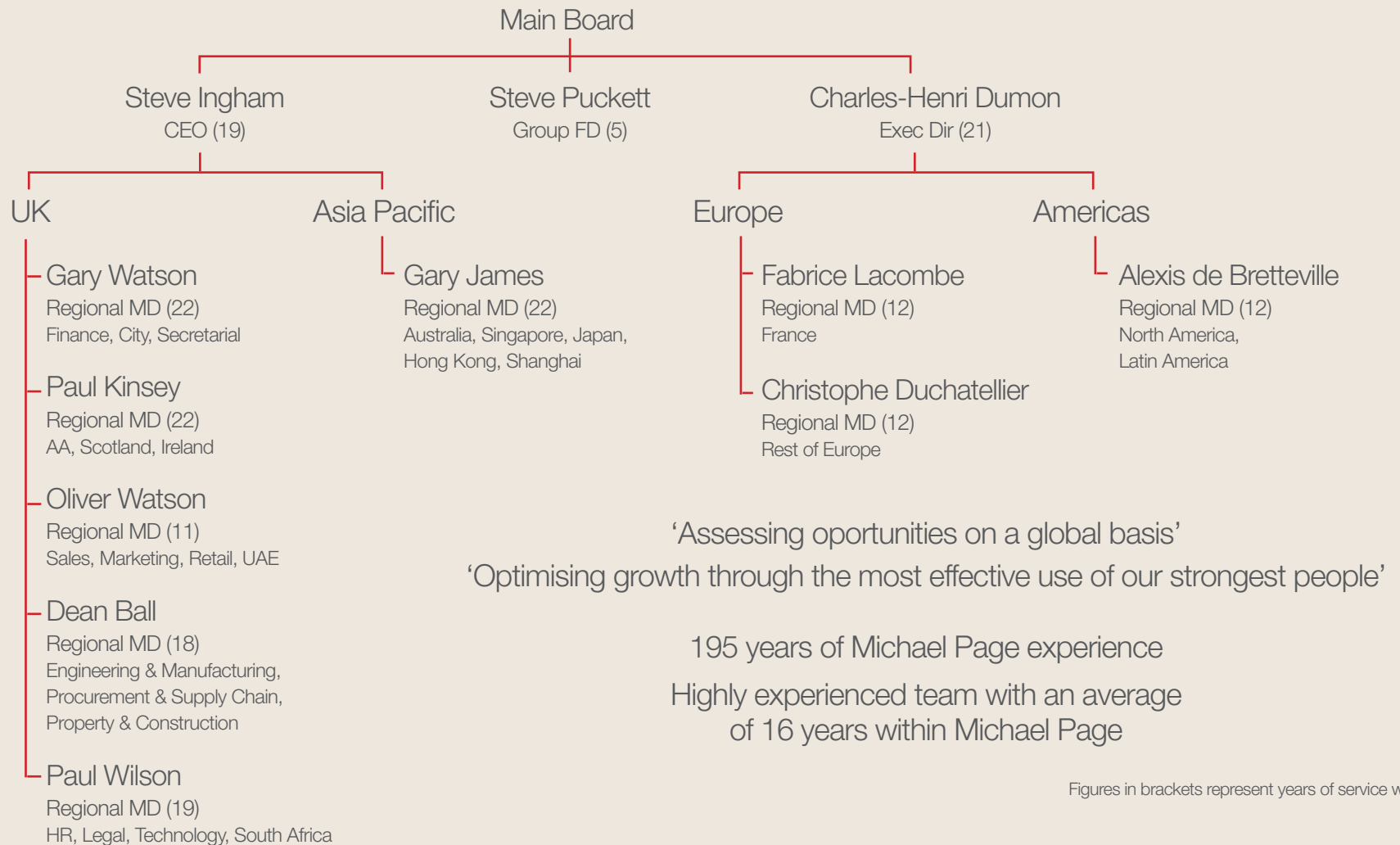
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# Making the Strategy work faster

## Maximising Communication At The Top



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## Improving communication throughout the organisation

- Raises awareness of breadth of career opportunities versus competitors
- Improves referrals of 'warm business'
- Improves culture of success and therefore retention
- Re-emphasises culture of organic growth and meritocracy

# Making the Strategy work faster



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## Investing in Training and People

- Increases working efficiencies
- Improves client and candidate retention/loyalty
- Word of mouth cheaper than other forms of communication
- Speed of career progression improved, helps consultant retention
- Ensures staff are ahead of legislative/regulation changes





# Making the Strategy work faster

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## Investing in Technology

- Maximises efficiency of consultants, new software roll-out completed
- Improved management information for performance measurement and business development
- Increased flow of appropriate candidates (new website June 2006) and now a significant source of revenue
- Measurement of ROI of media spend
- New CIO role created



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# SCOPE FOR GROWTH



# Scope for Growth - Headcount

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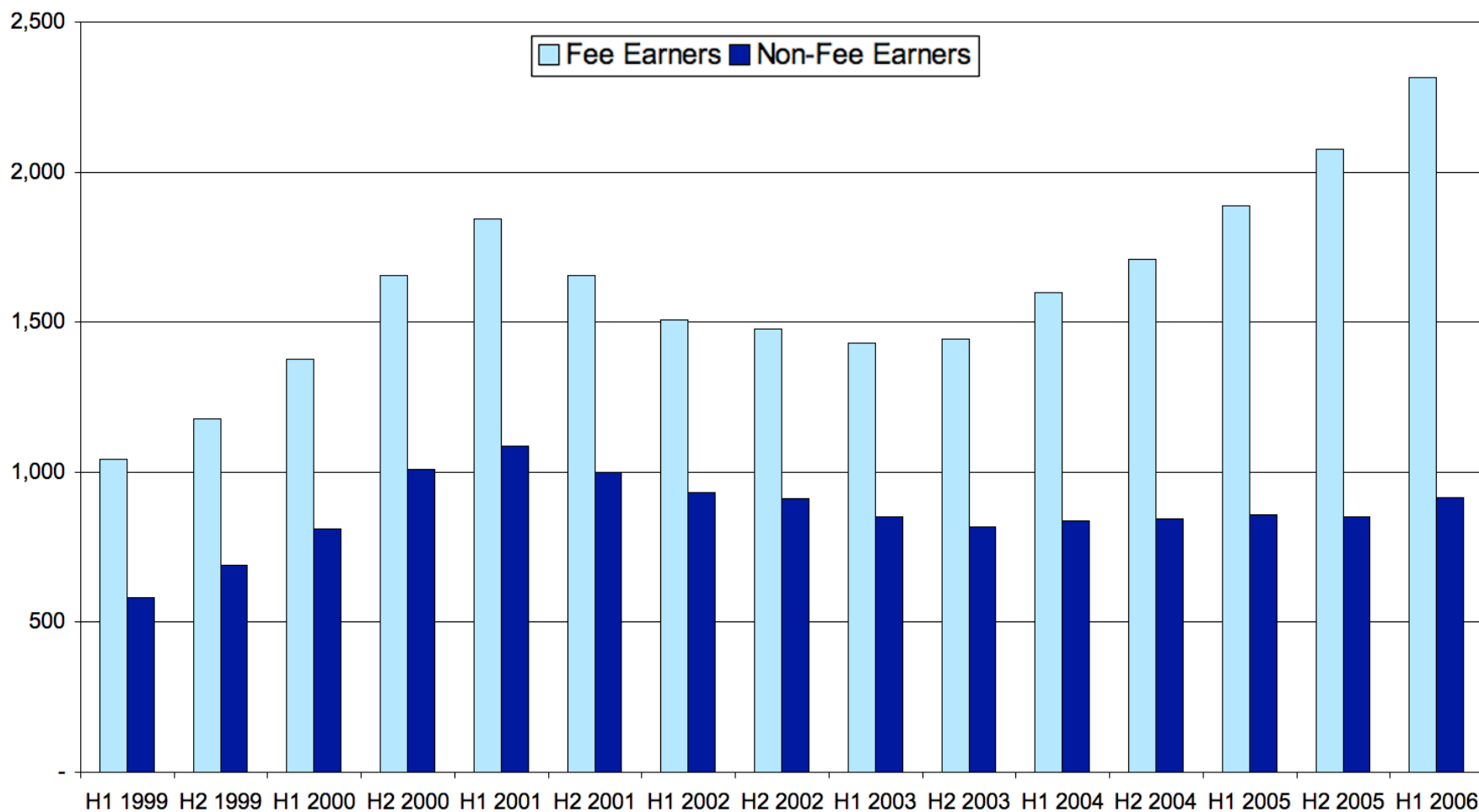
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# Scope for Growth - Conversion

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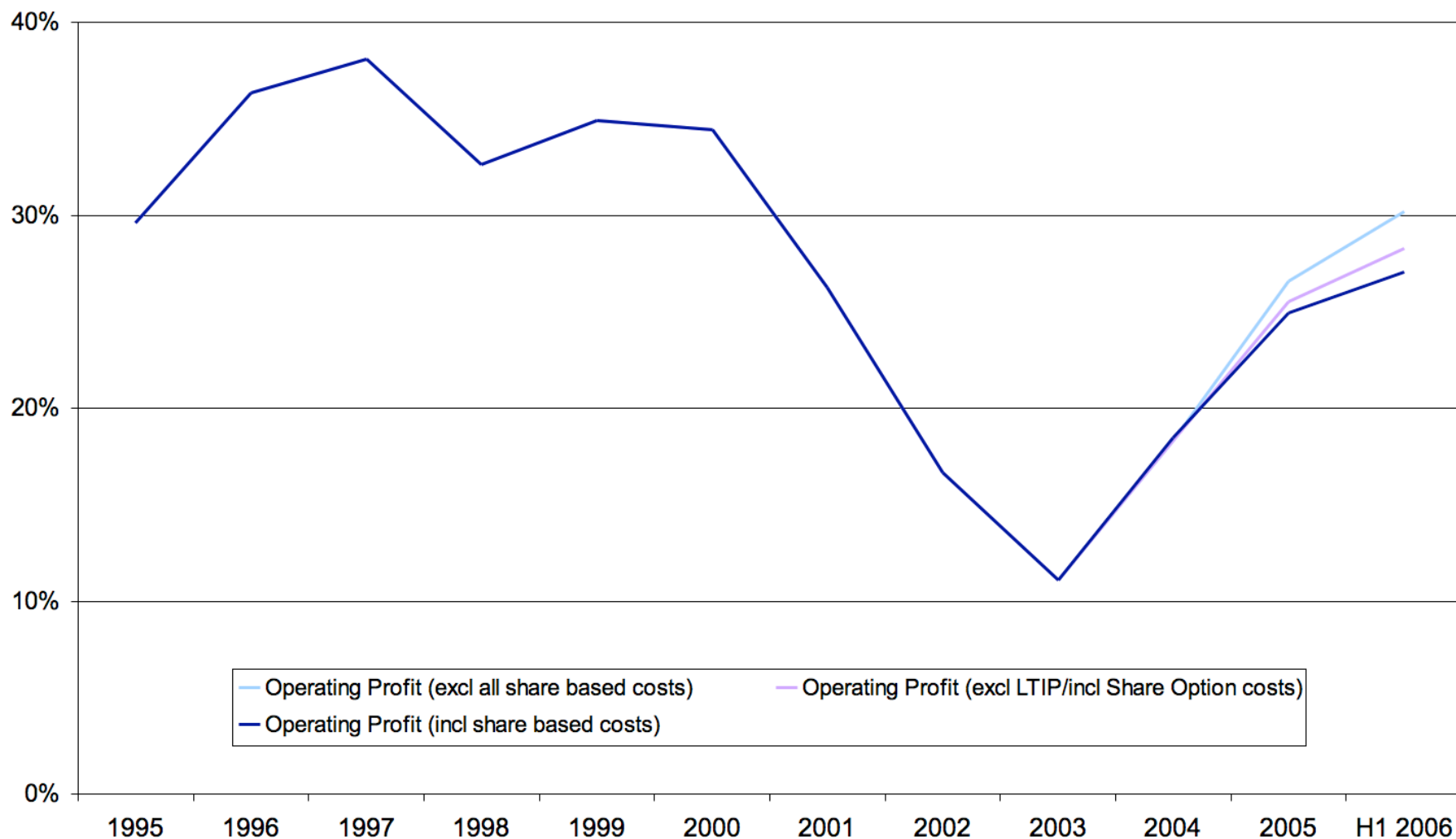
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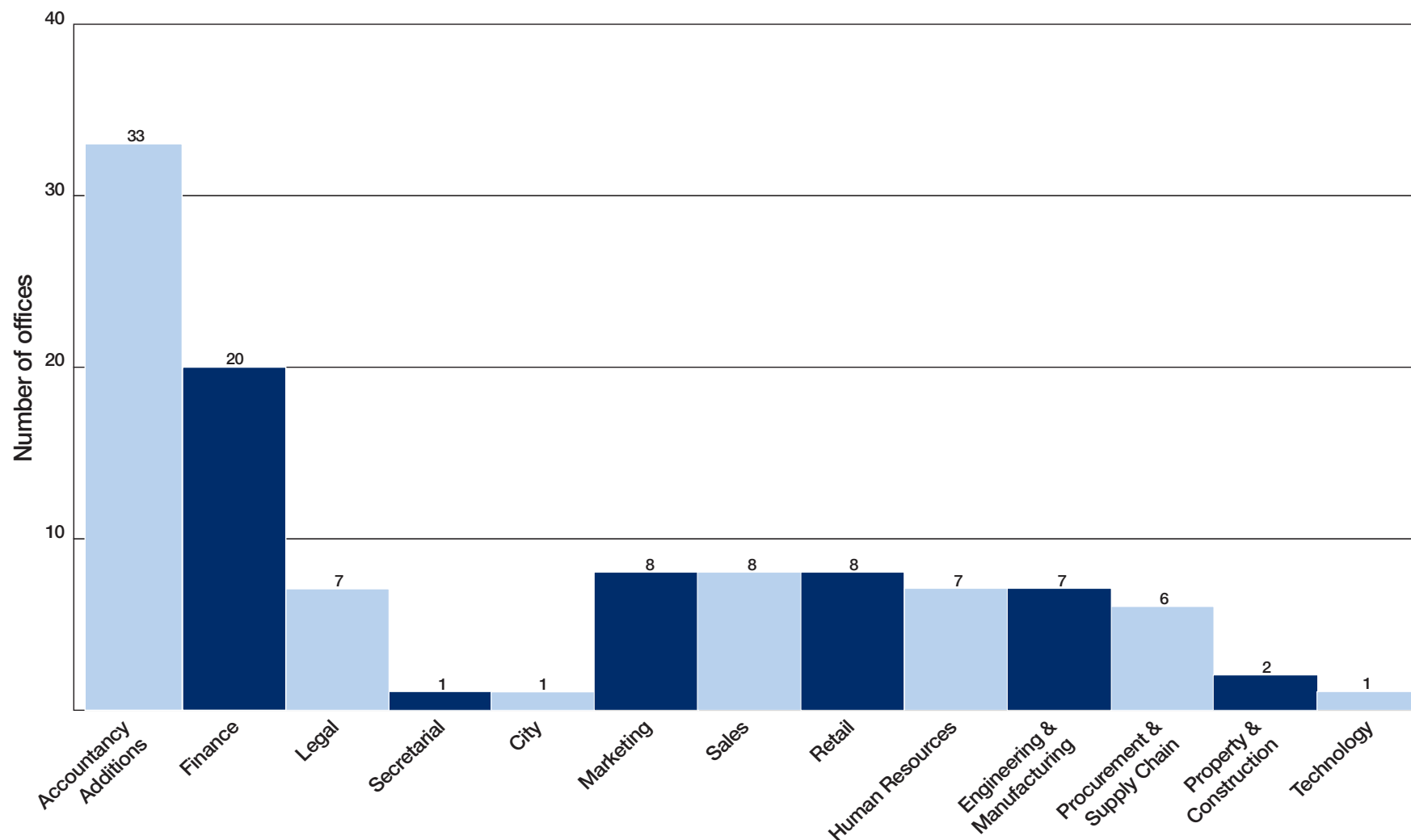
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# Scope for Growth

## Number of UK offices per discipline



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# Scope for Growth



STOCKHOLM

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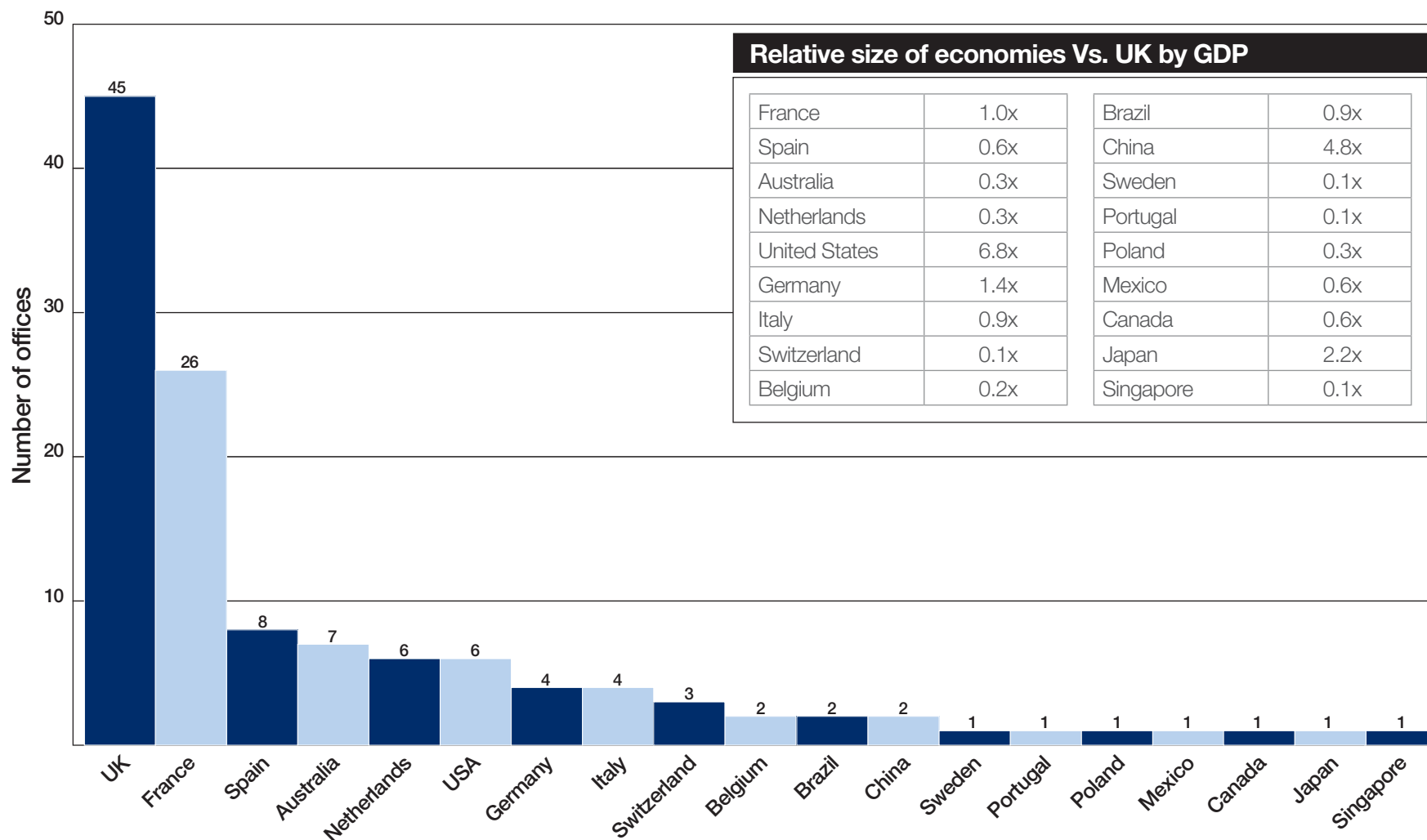
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## Number of offices in each country



### Relative size of economies Vs. UK by GDP

France	1.0x	Brazil	0.9x
Spain	0.6x	China	4.8x
Australia	0.3x	Sweden	0.1x
Netherlands	0.3x	Portugal	0.1x
United States	6.8x	Poland	0.3x
Germany	1.4x	Mexico	0.6x
Italy	0.9x	Canada	0.6x
Switzerland	0.1x	Japan	2.2x
Belgium	0.2x	Singapore	0.1x



# Scope for Growth



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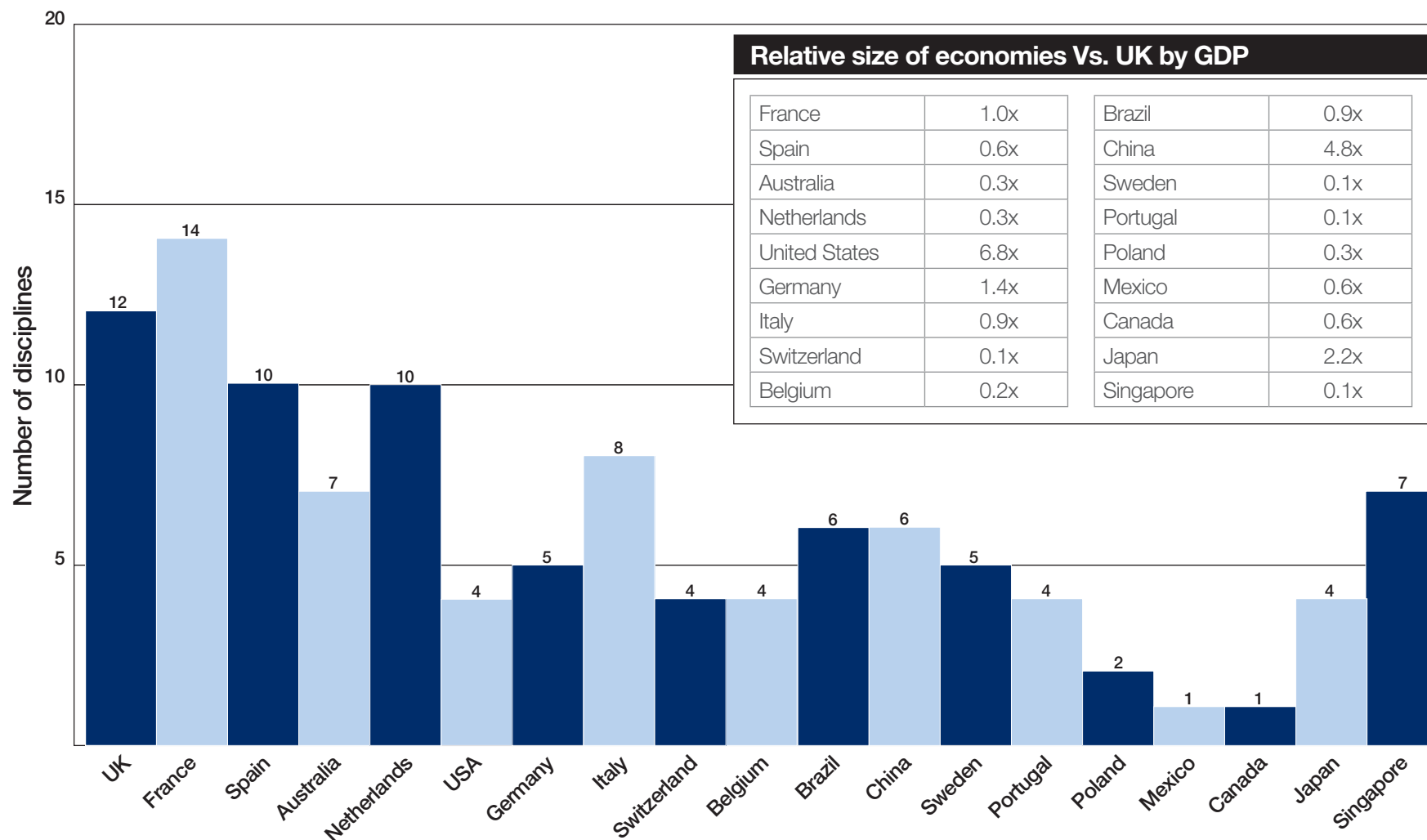
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## Number of disciplines in each country



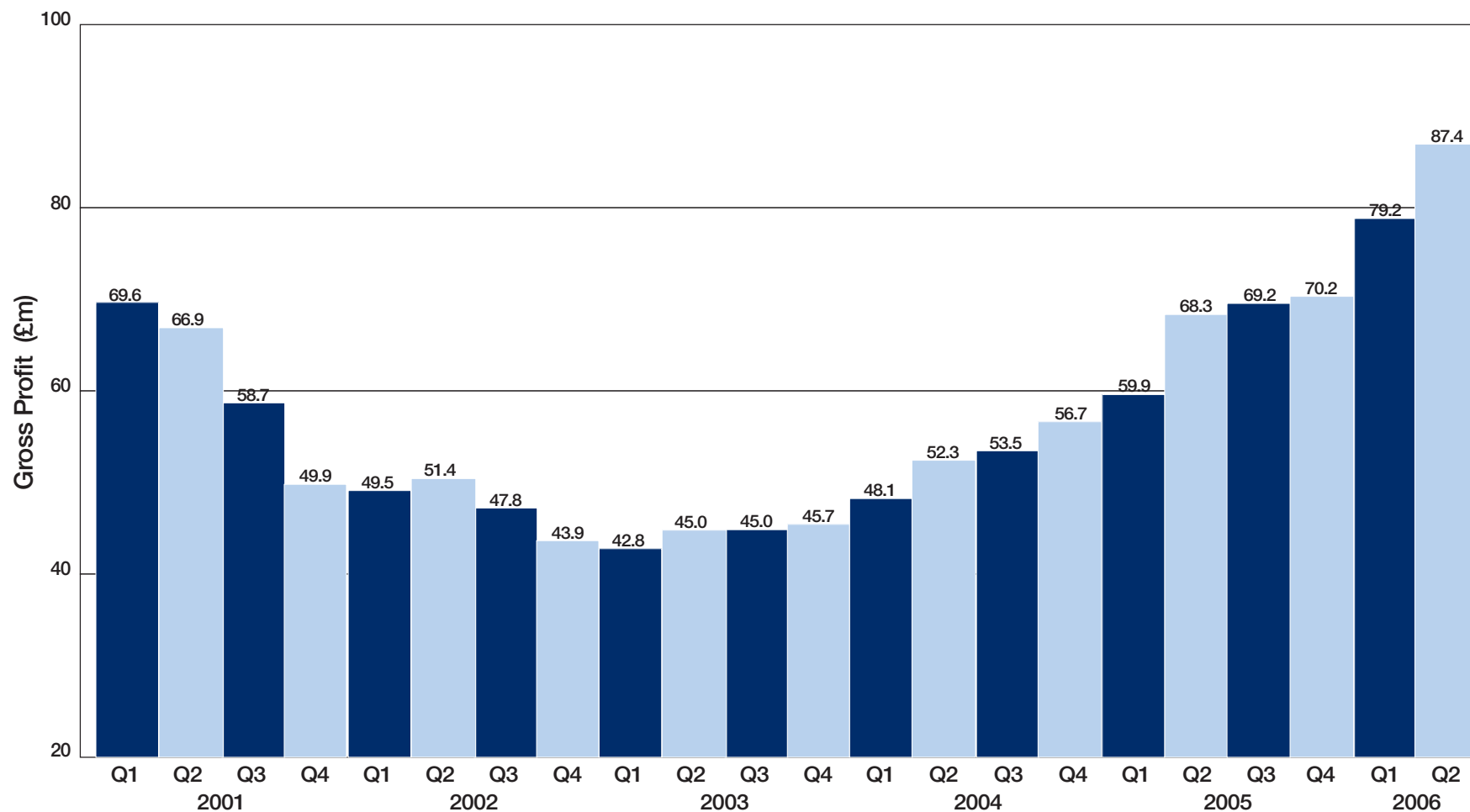
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# Group quarterly gross profit trend

Q1 2001 to Q2 2006



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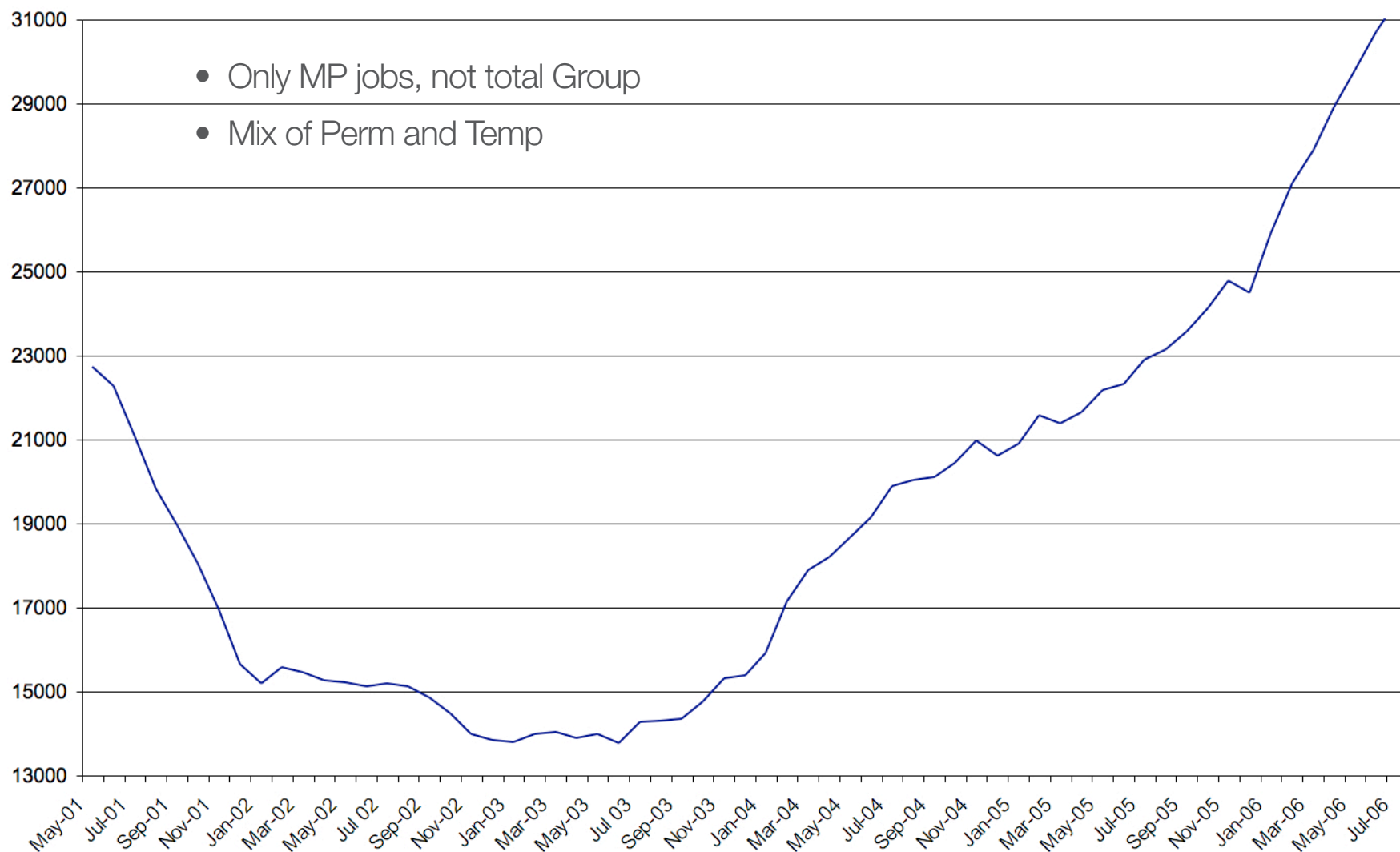
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# Global MP Job Count: Website





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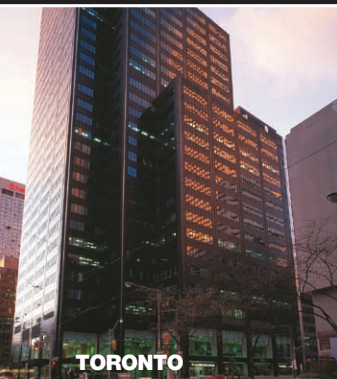


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# CURRENT TRADING



# Current trading

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- Good activity levels in all regions
- Management and operational changes implemented in Australia in Q3
- Continue to invest in our businesses for future growth
- Plan to open Ireland, UAE, South Africa\* and Russia in H2 2006
- Discipline roll-out continues
- Consequently monthly pre-bonus cost base (excluded share option charges) anticipated to average £17.6m for 2006 (previously £17.3m)
- Q3 trading update will be issued on 5 October 2006

\*Opened in July 2006





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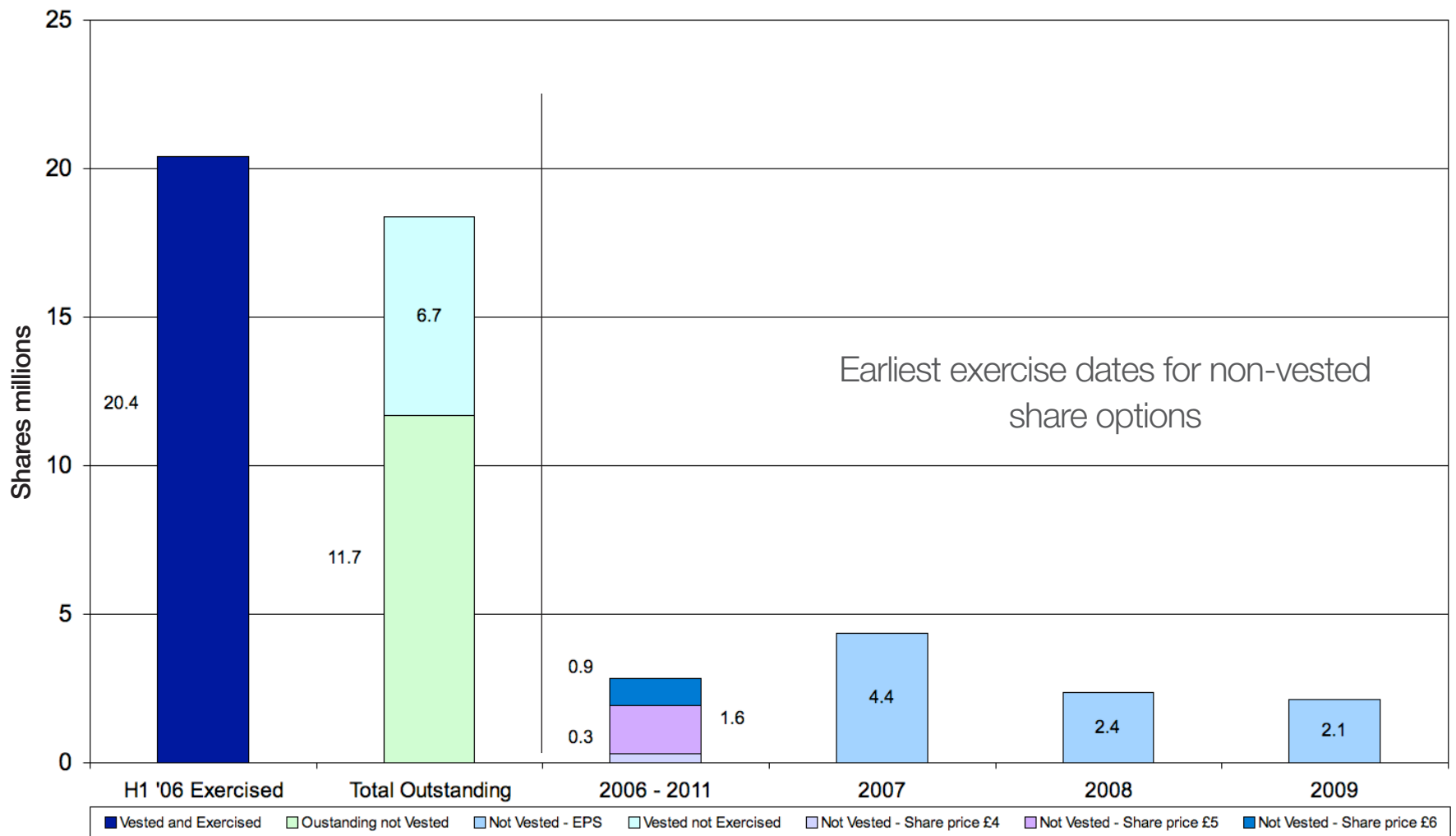




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# Appendix: Share Options

## Summary of Exercised and Outstandings



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