

Michael Page

INTERNATIONAL

2003 PRELIMINARY RESULTS

25 February 2004

Overview

- 2003 another challenging year but ended positively
- 4th Quarter 2003 revenue £45.7m
- Clear evidence of increased activity in the UK
- Trading conditions in Continental Europe remain weak
- Outlook in Asia Pacific and Americas markets beginning to improve
- Pre exceptional pre tax profit of £23.5m
- Cash from operations of £29.2m
- Strong balance sheet with £22.4m of net cash
- Dividend maintained

Agenda

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

Profit and loss

(before exceptional
items)

	2003 £ m	Change %	2002 £ m
Turnover	372.6	-2.8%	383.5
Revenue	178.5	-7.4%	192.6
Operating profit	22.9	-28.8%	32.1
Net interest	0.6		0.5
Profit before tax	23.5	-27.9%	32.6
Taxation	(9.0)		(11.4)
Profit after tax	14.5		21.2

Exceptional Items

	2003 H1 £ m	2003 H2 £ m	2003 Year £ m
Surplus property costs	(3.0)	0.0	(3.0)
Release of payroll tax provision on RSS	3.5	(1.6)	1.9
Net exceptional items	0.5	(1.6)	(1.1)
Taxation on exceptional items	(0.2)	0.5	0.3
Exceptional items after tax	0.3	(1.1)	(0.8)

Earnings per share and dividends

Earnings per share	2003	2002
Basic	3.8p	5.8p
Before exceptional	4.1p	5.8p
Dividend		
Interim	1.1p per share	
Final	2.3p per share	
Total	3.4p per share	
Final payable on 4 June 2004		

Cash flow

	2003 £ m	2002 £ m
Operating profit before exceptional items	22.9	32.1
Exceptional items	(1.1)	-
Depreciation and amortisation	7.9	8.4
(Increase)/decrease in debtors	(0.3)	10.3
Decrease in creditors	(0.4)	(4.1)
Movement in provisions	0.2	-
Net cash inflow from operating activities	29.2	46.7
Net interest received	0.6	0.5
Taxation paid	(10.7)	(11.5)
Net capital expenditure	(6.3)	(2.6)
	12.8	33.1
Dividends	(12.2)	(12.5)
Purchase of own shares - for cancellation	-	(13.7)
Net cash inflow	0.6	6.9

Balance sheet

	2003 £ m	2002 £ m
Goodwill	1.5	1.6
Tangible assets	23.1	23.5
Total Fixed Assets	24.6	25.1
Debtors	71.5	70.8
Creditors	(59.0)	(62.4)
	12.5	8.4
Net cash	22.4	21.4
Provisions	(6.2)	(6.0)
Net assets	53.3	48.9

Discipline Analysis

	2003 £m	%	2002 £m	%
Turnover				
Finance & Accounting	256.7	68.9%	277.8	72.4%
Marketing, Sales, Retail	61.8	16.6%	54.6	14.2%
Other	54.1	14.5%	51.1	13.3%
	372.6		383.5	

Revenue

Finance & Accounting	113.6	63.6%	126.5	65.7%
Marketing, Sales, Retail	37.7	21.1%	38.7	20.1%
Other	27.2	15.2%	27.4	14.2%
	178.5		192.6	

Perm/Temp Analysis

	2003 £m	%	2002 £m	%
Turnover				
Permanent	128.8	34.6%	141.2	36.8%
Temporary	243.8	65.4%	242.3	63.2%
	372.6		383.5	
Revenue				
Permanent	121.8	68.3%	132.9	69.0%
Temporary	56.7	31.7%	59.7	31.0%
	178.5		192.6	
Gross Margin				
Permanent	94.6%		94.1%	
Temporary	23.2%		24.7%	

2003 Results

United Kingdom

	2003 H1 £ m	2003 H2 £ m	H2 on H1 change %	2003 Year £ m	2002 Year £ m
Turnover	92.1	102.2	11.0%	194.3	203.9
Revenue	43.7	46.9	7.2%	90.6	99.3
Operating profit	6.7	8.9	32.5%	15.6	20.4
Operating margin	15.4%	19.0%		17.3%	20.6%
Headcount at period end	1,069	1,110			1,116

2003 Results

United Kingdom

UK represents approximately 51% of 2003 Group revenue

FINANCE AND ACCOUNTING

- Approximately two thirds of UK business
- Revenue 12% lower
- Finance Q4 revenue highest in year despite December
- City revenue 20% lower, significant improvement in H2 with increasing confidence of financial institutions
- Accountancy Additions most resilient

2003 Results

United Kingdom

SALES, MARKETING AND RETAIL

- 23% of revenue; 7% lower than 2002
- Increasing activity across all sectors
- Level of enquiries from TMT increasing
- Retail comparatively better with 9% revenue increase in H2
- National coverage increased with eighth office opened in Bristol

2003 Results

United Kingdom

LEGAL, TECHNOLOGY, HR AND ENGINEERING

- Good year in Legal with level revenue for year and 6% up in the second half
- Technology strong second half
- HR (4 offices) and Engineering and Supply Chain Management (5 offices) both increased revenue by over 30%
- Michael Page Secretarial started in City and West End

2003 Results

Continental Europe

	2003 H1 £ m	2003 H2 £ m	H2 on H1 change %	2003 Year £ m	2002 Year £ m
Turnover	62.1	58.3	-6.2%	120.4	127.6
Revenue	30.6	27.6	-9.8%	58.2	66.3
Operating profit	0.9	(1.2)		(0.3)	5.6
Operating margin	3.1%	-4.4%		-0.5%	8.5%
Headcount at period end	855	785			928

2003 Results

Continental Europe

Continental Europe represents approximately 33% of 2003 Group revenue

- France – Approximately 20% of Group 2003 revenue
- France - Permanent revenue 22% lower, temp revenue 16% lower
- French staff reduced by 25% during year and 3 offices consolidated
- All other countries faced difficult conditions
- Italy, Spain and Portugal achieved similar levels of revenue to 2002
- Committed to European markets and new offices in Zurich and Berlin
- Engineering and Production started in Rotterdam and Dusseldorf

2003 Results

Asia Pacific

	2003 H1 £ m	2003 H2 £ m	H2 on H1 change %	2003 Year £ m	2002 Year £ m
Turnover	23.7	27.7	17.2%	51.4	46.7
Revenue	11.5	13.5	17.3%	25.0	22.9
Operating profit	3.2	4.4	38.4%	7.6	6.8
Operating margin	27.6%	32.6%		30.3%	29.8%
Headcount at period end	283	280			283

2003 Results

Asia Pacific

Asia Pacific represents approximately 14% of 2003 Group Revenue

- Australian economy resilient with strong domestic businesses benefiting our offices in Melbourne and Perth
- International business in Sydney slower but improved in second half
- Successfully moved Sydney office in December
- Newer HR and Engineering businesses progressing well
- Hong Kong and Singapore SARS impact less than first anticipated
- Tokyo increased revenue by over 50% and made an operating profit

2003 Results

Americas

	2003 H1 £ m	2003 H2 £ m	H2 on H1 change %	2003 Year £ m	2002 Year £ m
Turnover	2.6	4.0	54.9%	6.6	5.4
Revenue	1.9	2.7	42.2%	4.6	4.1
Operating profit	(0.2)	0.1		(0.1)	(0.7)
Operating margin	-12.1%	5.5%		-1.3%	-18.1%
Headcount at period end	72	85			63

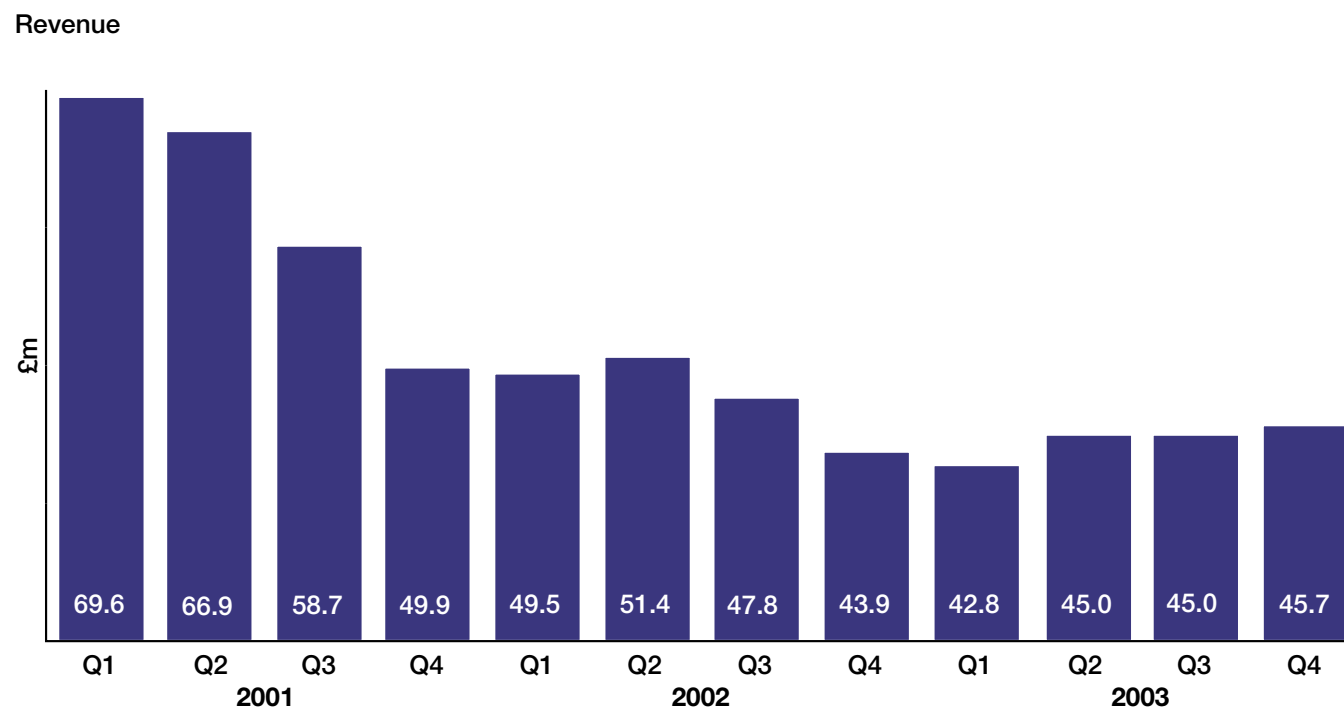
2003 Results

Americas

The Americas represents approximately 2% of 2003 Group revenues

- Third US office opened in Stamford, CT
- Significant progress made in second half
- Starting to build temp business
- New offices in Boston and Chicago planned for 2004
- Strong performance in Brazil
- New office in Rio de Janeiro
- Sales and Marketing planned for 2004

Group Quarterly Revenue Trend 2001 to 2003

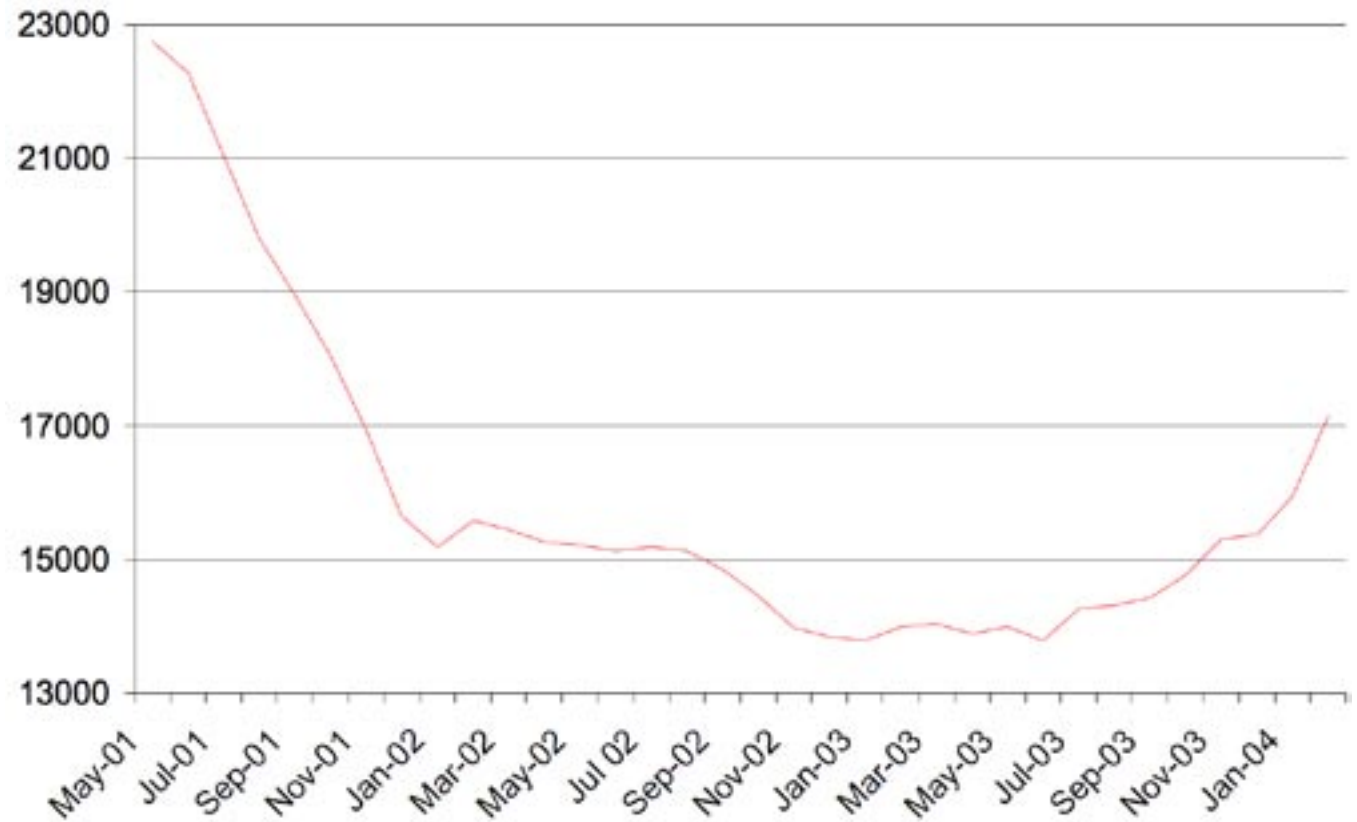


Current Trading

- Activity levels improved during second half of 2003
- 4th quarter revenue highest in year and represents first year on year increase since Q1 2001
- Clear evidence of increased activity in the UK
- Trading conditions in Continental Europe remain weak
- Outlook in Asia Pacific and Americas markets beginning to improve
- Pre bonus cost base anticipated to average £13m for 2004
- 1st Quarter 2004 revenue currently expected to be similar to £45.7m in Q4 2003
- Job count increasing

Global Job Count

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Strategy

- Continue to invest in people and systems
- IT system roll out, already live in UK, France & USA
- Accelerate investment in USA
- Reviewing opportunities in Greater China

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