Management Consulting Group PLC

Contacts:

Alan Barber
Executive Chairman
abarber@mcgplc.com

Craig Smith
Finance Director
chsmith@mcgplc.com

Results for the year ended 31 December 2009



Important notice

This presentation is directed at and should be distributed only to the persons of the kind specified in the exemptions contained in articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. Any person in receipt of this document who does not fall within the exemptions referred to above should return this document to Craig Smith, Finance Director, Management Consulting Group PLC, immediately and take no other action.

These presentation slides contain forward-looking statements and forecasts with respect to the financial condition, results of operations and businesses of Management Consulting Group PLC and its subsidiaries. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by those forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

Contents

Management Consulting Group PLC

Commercial highlights

Commercial highlights

- Challenging external economic environment
  - Client cut-backs and delays in discretionary expenditure

- Strong H1 from Alexander Proudfoot but low input throughout year
- Ineum Consulting resilient, particularly in French public sector
- H2 return to profitability by Kurt Salmon Associates

- Strong management action mitigated revenue shortfall

- Offers for Ineum Consulting rejected by MCG Board

Financial highlights

Management Consulting Group PLC

Financial highlights

RESILIENT PERFORMANCE

Strong management action mitigated slow customer demand

- Revenue down 19% to £276.5m (2008: £343.1m)
- Underlying* operating profit down 19% to £28.0m (2008: £34.7m)
- Underlying operating margin unchanged at 10.1% (2008: 10.1%)
- Underlying earnings per share down 19% to 5.0p (2008: 6.2p)
- Total dividend 0.4p per share (2008: 1.3p)

- Net debt up 34% to £83.5m (2008: £62.1m)
  - Within bank covenant limits at each testing date

- Non-recurring costs £15.7m (2008: £21.5m) relating to the closure of Parson US and Alexander Proudfoot Australia, the offer process for Ineum Consulting and management cost-cutting actions

The term 'underlying' is defined as: 'before non-recurring items, the amortisation of acquired intangible assets and the impairment of acquired goodwill from continuing operations'.

Financial performance

Profit and loss account

OPERATING MARGIN

Underlying operating margin was 10.1% - the same as in 2008

	2009 £m	2008 £m
Revenue	**276.5**	**343.1**
Underlying operating profit	**28.0**	**34.7**
Amortisation of intangibles	(2.7)	(2.4)
Non-recurring items - impairment		(26.7)
Non-recurring items - other	(15.7)	(21.5)
Operating profit	**9.6**	**(15.9)**
Net interest cost	(3.3)	(4.1)
Profit before tax	**6.3**	**(20.0)**
Tax expense	(4.9)	(0.9)
Discontinued operations		(1.1)
Profit for the period	**1.4**	**(22.0)**

Management Consulting Group PLC

Exchange rate effect

POSITIVE EFFECT

The Group benefited from the weakness of Sterling during 2009

	Average rates		Year end rates	
Rate to £1	**2009**	**2008**	**2009**	**2008**
US dollar ($)	1.57	1.85	1.60	1.47
Euro (€)	1.12	1.26	1.11	1.05

£m	**2009**	**@2008 exchange rates**	**exchange difference £**	**exchange difference %**
Revenue	276.5	245.3	32.1	13%
Underlying op. profit	28.0	24.2	3.8	16%
Net debt	83.5	89.3	5.8	7%

1$¢ difference in average rates would have affected 2009 revenue by £500k and profit by £50k

1€¢ difference in average rates would have affected 2009 revenue by £1,400k and profit by £170k

Management Consulting Group PLC

Exchange adjusted revenue

WEAK STERLING

Exchange had a positive effect on the Group’s results in 2009

£m	2009 revenue	@2008 exchange rates	2008 revenue	organic growth %
Proudfoot	71.2	62.2	107.0	-42%
Ineum	142.2	127.6	153.1	-17%
KSA	63.1	55.5	83.0	-33%
Total MCG	**276.5**	**245.3**	**343.1**	**-28%**

Performance by division

POSITIVE TRENDS

The divisions showed renewed strength towards the end of 2009

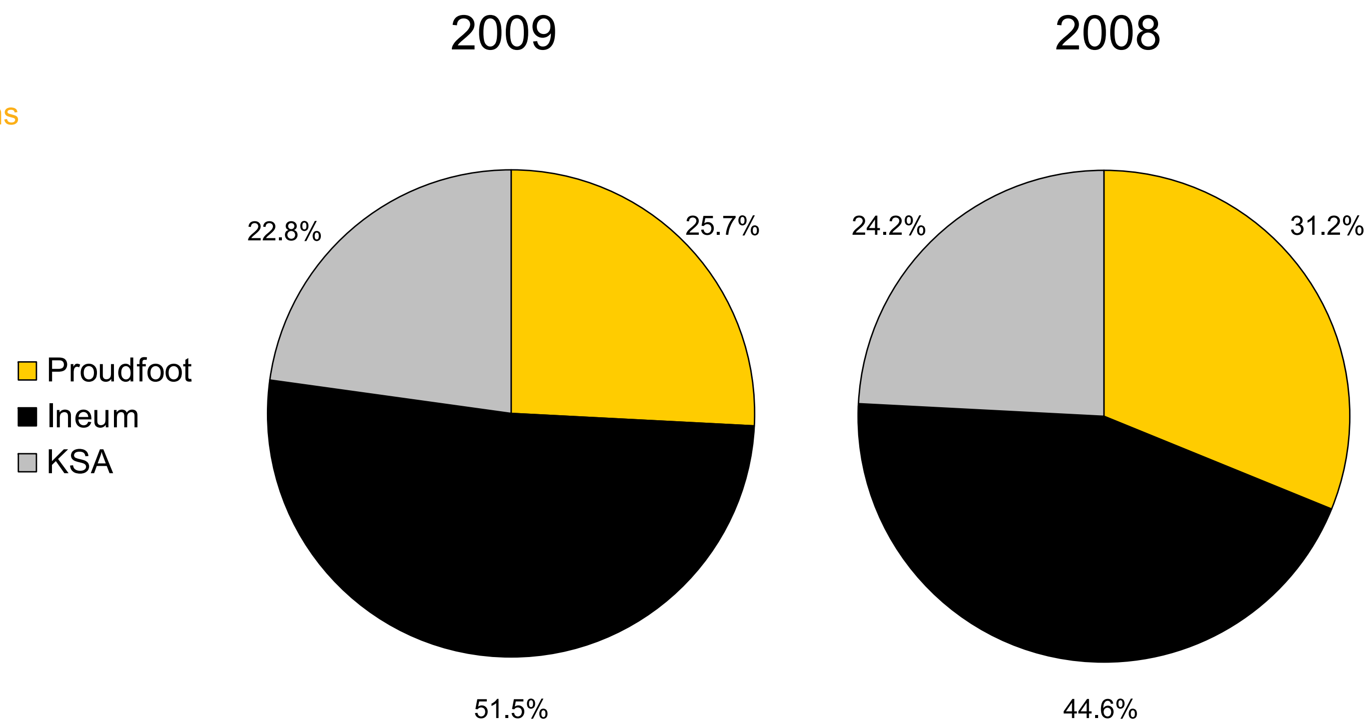
	Revenue		Operating profit		Operating margin	
	2009 £m	**2008 £m**	**2009 £m**	**2008 £m**	**2009 %**	**2008 %**
Proudfoot	71.2	107.0	12.0	18.1	16.9	16.9
Ineum	142.2	153.1	12.5	9.9	8.8	6.5
KSA	63.1	83.0	3.5	6.7	5.5	8.1
Total MCG	**276.5**	**343.1**	**28.0**	**34.7**	**10.1**	**10.1**

Management Consulting Group PLC

Revenue by division

GOOD SPREAD

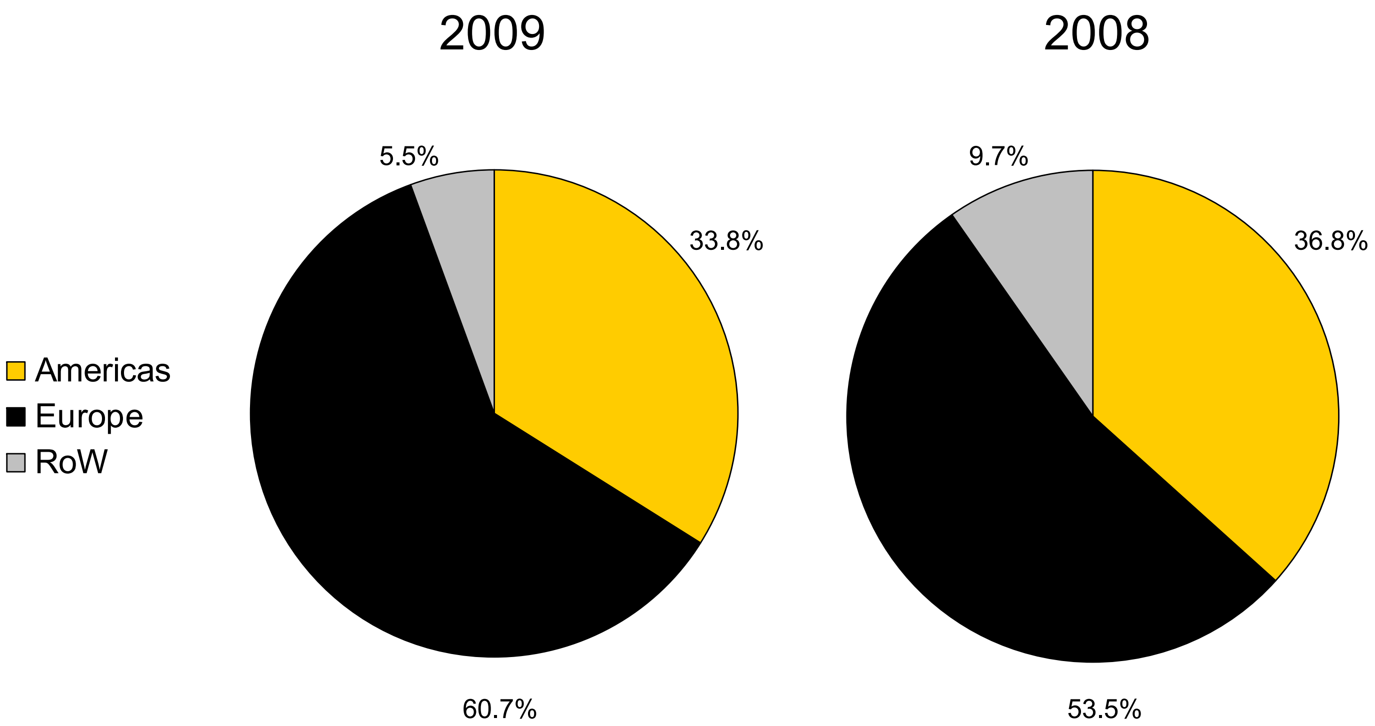
The Group has three divisions of good size, well diversified by industry



Revenue by geography

GLOBAL BUSINESS

The Group is present in all important markets across the globe



Non-recurring items

MANAGEMENT ACTION

The Group took decisive action to mitigate the challenging market conditions

	2009 £m	2008 £m
Acquisition integration		2.3
General meeting/CEO		2.5
Withdrawal from China		2.4
Property rationalisation	3.6	3.1
Parson restructuring/closure	2.0	1.8
Proudfoot Australia closure	1.3	
Ineum project fees	1.4	
Executive director severance	1.1	
Other	6.3	9.4
Total MCG	**15.7**	**21.5**

Underlying tax rate

STEADY RATE

The Group made the majority of its profits in the US and France

	2009		2008	
	Profit £m	Tax £m	Profit £m	Tax £m
Declared profit before tax	**6.3**	**(4.9)**	**(20.0)**	**(0.9)**
Impairment of goodwill			26.7	(4.7)
Other non-recurring items	15.7	(3.4)	21.5	(4.6)
Amortisation of intangibles	2.7		2.4	
Adjusted profit before tax	**24.7**	**(8.3)**	**30.6**	**(10.2)**
Underlying tax rate		**34%**		**33%**

Earnings per share

CHALLENGING YEAR

Basic EPS became positive but underlying EPS was affected by the shortfall in profit

	2009		2008	
	£m	pence	£m	pence
Profit for the period	**1.4**	**0.4**	**(22.0)**	**(6.4)**
Impairment of intangibles			26.7	
Tax credit on impairment			(4.7)	
Non-recurring items	15.7		21.5	
Tax credit on non-recurring	(3.4)		(4.6)	
Discontinued operations			1.1	
Amortisation of intangibles	2.7		2.4	
Underlying earnings	**16.4**	**5.0**	**20.3**	**6.2**

Management Consulting Group PLC

Net assets

EXCHANGE EFFECT

The vast majority of the Group's assets are held in currencies other than Sterling

	2009 £m	2008 £m
Intangible assets	286.7	315.0
Tangible assets	4.5	5.1
Deferred tax asset	17.9	21.9
Trade and other receivables	76.3	90.2
Cash and cash equivalents	24.0	35.8
Total assets	**409.4**	**468.0**
Borrowings	(107.5)	(97.9)
Other payables	(127.1)	(174.8)
Retirement benefit obligation	(23.3)	(20.9)
Total liabilities	**(257.9)**	**(293.6)**
Net assets	**151.5**	**174.4**

Management Consulting Group PLC

Cash flow and debt

INCREASED NET DEBT

Revenue shortfall was mitigated by reduction in costs with lower relative cash effect

	2009 £m	2008 £m
Operating profit	**9.6**	**(15.9)**
Depreciation/amortisation/impairment	5.1	31.7
Other non-cash items	(0.3)	(2.0)
(+)/- net working capital	(27.9)	27.4
Cash (absorbed)/generated by operations	**(13.5)**	**41.2**
Reclassification from investments	3.8	
Capital expenditure	(2.5)	(2.5)
Interest paid	(3.4)	(3.9)
Taxes paid	(5.0)	(0.5)
Dividends paid	(4.2)	(4.0)
Exchange difference	3.4	(31.5)
(+)/- in net debt	**(21.4)**	**(1.2)**
Net debt at beginning of year	**(62.1)**	**(60.9)**
Net debt at end of year	**(83.5)**	**(62.1)**

Management Consulting Group PLC

Bank facility

FACILITY UNTIL 2012

Good deal with impressive club of banks

BARCLAYS

HSBC

Lloyds TSB

- Five-year deal with Barclays, HSBC and Lloyds TSB
  - Negotiated in September 2007
- Term loan \$50.6m and €37.0m; revolver \$60.7m and €44.5m
  - Term loan \$48.1m and €35.2m after December 2009 repayment
  - Facility worth £139.8m at year-end 2009 exchange rates
- Repayment schedule:
  - December 2010: \$5.1m and €3.7m
  - December 2011: \$10.2m and €7.4m
  - September 2012: \$32.8m and €24.1m
- Margin will be 1.5% throughout 2010
- Two covenants
  - Interest cover must be >4 times
  - Net debt/EBITDA must be <2.75 times

Covenant compliance

TWO COVENANTS

The Group remained covenant compliant at each testing date in 2009

	Dec 2009 £m	June 2009 £m	Dec 2008 £m
Net debt	83.5	79.9	62.1
Annualised EBITDA	31.8	37.3	38.8
Net debt / EBITDA ratio	**2.6**	**2.1**	**1.6**
Annualised EBITDA	31.8	37.3	38.8
Annualised interest cost	2.5	2.6	4.2
Interest cover ratio	**12.7**	**14.4**	**9.2**

Management Consulting Group PLC

Divisional performance

Organisational structure

THREE TRADING DIVISIONS

Closer integration developing between Ineum and KSA

Alan Barber
Executive Chairman

Craig Smith
Finance Director

Luiz Carvalho
Chief Executive
Alexander Proudfoot

Nick Stagg
Executive Director

Chiheb Mahjoub
Chief Executive
Ineum Consulting

Charles Ansley
Company Secretary

Mark Wietecha
Chairman
Kurt Salmon Associates

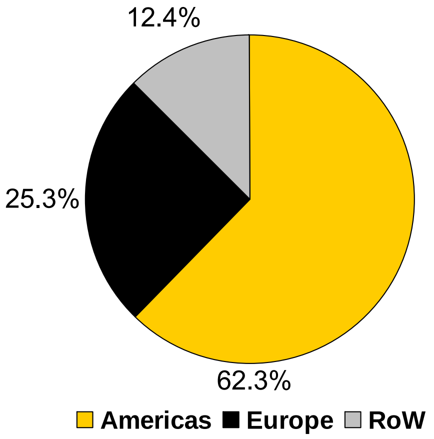
Management Consulting Group PLC

Alexander Proudfoot

ALEXANDER PROUDFOOT
people • productivity • profitability

- Operational improvement business
  - Revenue / productivity increase and cost reduction
  - Works across all industries – mining, manufacturing, insurance
- Established in Chicago in 1946
- Listed in London in 1987
- Headquartered in Atlanta
  - Offices in North America, Europe, South Africa and Brazil
- Direct sell, mainly to CEOs
  - Average project size around £2m
  - Order book visibility generally 4-6 months
  - 270 employees
- Major competitors include Celerant, Highland Group and AT Kearney

2009 revenue



Alexander Proudfoot

	2009 £m	2008 £m
Revenue	71.2	107.0
Op. profit	12.0	18.1
Op. margin %	16.9%	16.9%
Employees	270	480

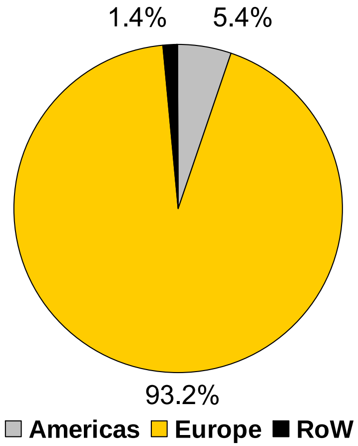
- H1 benefited from strong order book carried forward from 2008
- Slow order intake throughout 2009 as clients adopted ‘wait and see’ attitude
- H2 revenue adversely affected by client behaviour
- Bright spot was Africa which diversified away from mining into insurance and health care during 2009
- Management restructured during 2009 to focus on the selling function
- Benefits of new management seen in Europe in late 2009 and in the US in early 2010
- Low order book carried forward into 2010 but early signs encouraging for recovery

Ineum Consulting

ineum consulting™

- Management consultancy business
  - Strategy, process improvement, systems design
  - Provides industry specific services to both private and public sectors
- Established in Paris in 2003
- Acquired by MCG in 2006
- Headquartered in Paris
  - Offices in Continental Europe, UK, US, North Africa and Australia
- Relationship sell throughout client
  - Average project size around £300k
  - Order book visibility generally 2-4 months (public sector can be longer)
  - 960 employees
- Major competitors include Accenture, Oliver Wyman and AT Kearney

2009 revenue



Ineum Consulting

	2009 £m	2008 £m
Revenue	142.2	153.1
Op. profit	12.5	9.9
Op. margin %	8.8%	6.5%
Employees	960	1,110

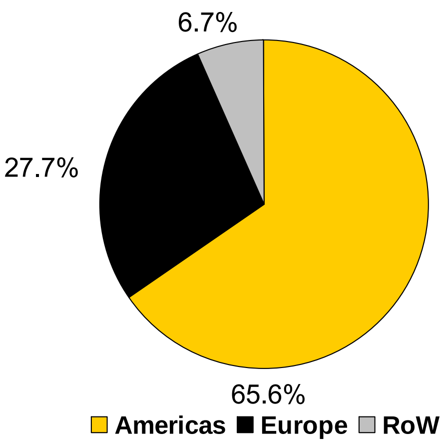
- Business performed resiliently in difficult trading conditions
- Strongest performance in heartland of France where strong public sector compensated for slightly weaker demand in private sector
- Trading outside France more subdued due to stronger reliance on financial service industry
- Legacy Parson US business closed
- Offers received for Ineum Consulting during year ultimately rejected by the MCG Board
- New Chief Executive appointed in November 2009
- Ineum Consulting now moving towards integration with KSA

Kurt Salmon Associates

KURT SALMON ASSOCIATES

- Management consultancy business
  - Strategy, process improvement, systems design
  - Provides services to consumer products and health care industries
- Established in Chicago in 1937
- Acquired by MCG in 2007
- Headquartered in Atlanta
  - Offices in North America, Europe, and Japan
- Relationship sell throughout client
  - Average project size around £300k
  - Order book visibility generally 2-4 months
  - 390 employees
- Major competitors include McKinsey, Bain and Booz Allen

2009 revenue



Management Consulting Group PLC

Kurt Salmon Associates

	2009 £m	2008 £m
Revenue	63.1	83.0
Op. profit	3.5	6.7
Op. margin %	5.5%	8.1%
Employees	390	520

- H1 characterised by weak demand, particularly in US
- Consumer products clients continued to worry about cash flows
- Health care clients adversely affected by squeeze on credit availability
- H2 saw return to profit as management actions took effect and market conditions improved
- Consumer products saw increased demand towards the end of 2009, particularly in Europe which had strong Q4
- Heath care practice refocused more towards strategy and IT projects, with encouraging results
- KSA now moving towards integration with Ineum Consulting

Prospects

Prospects

EASING ECONOMY

MCG is well positioned to take advantage of the economic upturn as it arises

- Economic climate has eased since late 2009
- We look forward to better trading conditions in 2010
- Alexander Proudfoot entered 2010 with low order book
  - Much stronger prospects for input during 2010
  - But H1 revenue will be low
- Ineum continues to trade robustly across the division
- KSA improvement has been maintained into 2010
- Ineum and KSA now moving towards integration

- Following strong management action in 2008 and 2009, MCG is well positioned to take advantage of the economic upturn as it arises