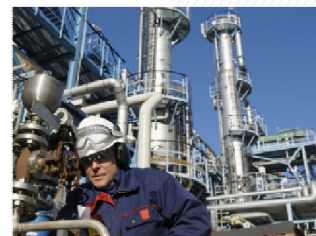




Results for the year ended 31 December 2010

March 2011

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Commercial highlights

Commercial highlights



ALEXANDER PROUDFOOT
people • productivity • profitability

Kurt Salmon 

- Resilient performance despite challenging economic environment
- Very strong H2 revenue growth from Alexander Proudfoot, following weak first half
- Kurt Salmon Associates showed a strong recovery with 25% increase in revenues, reflecting improved confidence in its core markets
- Ineum Consulting performance was mixed in the core French market and poor in the UK
- Merger of Ineum Consulting and Kurt Salmon completed, and already delivering benefits
- £25m capital raising completed in June 2010 provides flexibility for organic growth initiatives



Financial highlights

Financial highlights

> Resilient performance

- Revenue broadly unchanged at £270.4m (2009: 276.5m)
- Operating profit up 88% to £18.0m (2009: £9.6m)
- Underlying* operating profit down 17% to £23.3m (2009: £28.0m)
- Underlying* operating profit margin lower at 8.6% (2009: 10.1%)
- Profit for the year increased to £9.2m (2009: £1.4m)
- Net debt reduced by 35% to £54.5m (2009: £83.5m)
- Basic earnings per share increased to 2.4p (2009: 0.4p)
- Underlying earnings per share decreased to 3.5p (2009: 5.0p)
- Total dividend 0.45p per share (2009: 0.4p)

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

> Increase in operating profit

	2010 £m	2009 £m
Revenue	270.4	276.5
Underlying EBITDA	26.3	30.4
Underlying operating profit	23.3	28.0
Amortisation of intangibles	(2.7)	(2.7)
Non-recurring items	(2.6)	(15.7)
Operating profit	18.0	9.6
Net interest cost	(3.7)	(3.3)
Profit before tax	14.3	6.3
Tax expense	(5.1)	(4.9)
Profit for the period	9.2	1.4

Cash flow and debt

> Net debt significantly reduced

Strong cash generation from operations in the second half

Net debt at 30 June (post capital raising) was £74.8m.

	2010 £m	2009 £m
Operating profit	18.0	9.6
Depreciation and amortisation	5.7	5.1
Other non-cash items	(0.4)	(0.3)
(+)/- net working capital	(6.2)	(27.9)
Cash generated/(absorbed) by operations	17.1	(13.5)
Equity issue	23.6	-
Capital expenditure	(1.8)	(2.5)
Interest paid	(2.4)	(3.4)
Taxes paid	(6.7)	(5.0)
Dividends paid	-	(4.2)
Reclassification from investments	-	3.8
Exchange differences	(0.7)	3.4
(+)/- in net debt	29.1	(21.4)
Net debt at beginning of year	(83.5)	(62.1)
Net debt at end of year	(54.4)	(83.5)

Net assets

> Capital raising

Capital raising has reduced borrowings and increased net assets

	2010 £m	2009 £m
Intangible assets	276.9	283.7
Tangible assets	2.9	4.5
Investments	3.2	3.0
Deferred tax asset	19.1	17.9
Trade and other receivables	76.5	76.3
Cash and cash equivalents	25.7	24.0
Total assets	404.3	409.4
Borrowings	(80.1)	(107.5)
Other payables	(122.7)	(127.1)
Retirement benefit obligation	(25.7)	(23.3)
Total liabilities	(228.5)	(257.9)
Net assets	175.8	151.5

Revenue by geography

> Global business

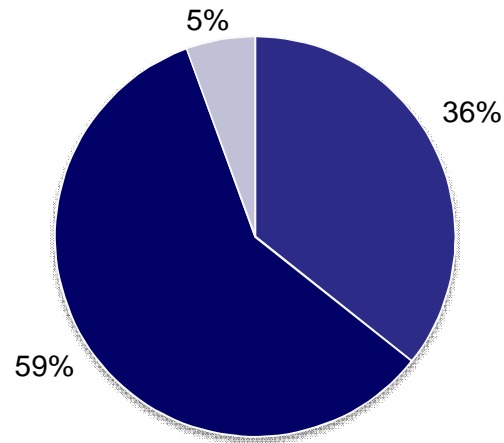
The Group is present in the important markets across the globe

UK revenues in 2010 were about 8% of the total

Rest of World principally comprises South Africa and Asia

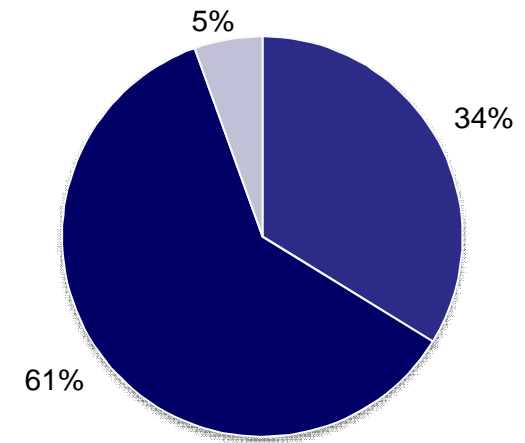
2010 revenue

■ Americas ■ Europe ■ Rest of World



2009 revenue

■ Americas ■ Europe ■ Rest of World



Non-recurring items

> Merger related costs

Merger related costs should deliver benefits in 2011 and beyond in the Kurt Salmon business

	2010 £m	2009 £m
Kurt Salmon merger	(2.3)	-
Property rationalisation	(2.2)	(3.6)
Other restructuring	(1.1)	(12.1)
Legal provision release	3.0	-
	(2.6)	(15.7)

Underlying tax rate

> No significant change

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

	Profit £m	Tax £m	Profit £m	Tax £m
Declared profit before tax	14.3	(5.1)	6.3	(4.9)
Non-recurring items	2.6	(1.1)	15.7	(3.4)
Amortisation of intangibles	2.7	(1.0)	2.7	-
Adjusted profit before tax	19.6	(7.2)	24.7	(8.3)
Underlying tax rate	-	36%	-	34%

Earnings per share

> Dilutive impact of capital raising

Basic EPS increased

Underlying EPS affected by dilutive effect of capital raising to reduce debt, and lower underlying operating profit

	2010		2009	
	£m	pence	£m	pence
Profit for the period/basic EPS	9.2	2.4	1.4	0.4
Non-recurring items	2.6	-	15.7	-
Tax credit on non-recurring	(1.1)	-	(3.4)	-
Amortisation of intangibles	2.7	-	2.7	-
Underlying earnings/EPS	13.4	3.5	16.4	5.0



Divisional performance

Performance by division



Strong recovery in Alexander Proudfoot in second half

Significant improvement in Kurt Salmon Associates

Second half weakness in Ineum, but margin issues are being addressed

	Revenue		Operating profit		Operating margin	
	2010	2009	2010	2009	2010	2009
	£m	£m	£m	£m	%	%
Proudfoot	62.2	71.2	4.9	12.0	7.9%	16.9%
Ineum	128.9	142.2	9.2	12.5	7.1%	8.8%
KSA	79.3	63.1	9.2	3.5	11.6%	5.5%
Total MCG	270.4	276.5	23.3	28.0	8.6%	10.1%

Alexander Proudfoot



	2010 £m	2009 £m
Revenue	62.3	71.2
Op. profit	4.9	12.0
Op. margin %	7.9%	16.9%
Employees	293	270

- Weak first half, reflecting low opening order book, but strong recovery in second half
- Profitable for the year as a whole, albeit at well below historic levels
- European business has performed particularly well
- Improved demand from clients in the natural resources sector
- Strong order book at end of 2010
- Confidence that performance will continue to improve

Ineum Consulting



	2010 £m	2009 £m
Revenue	128.9	142.2
Op. profit	9.2	12.5
Op. margin %	7.1%	8.8%
Employees	958	960

- Business performance was mixed in core French market and poor in UK
- Reported revenues down 9% from 2009
- Strong performance in Financial Sector practice
- Weak performance in industrial sectors in France, particularly in third quarter
- Encouraging signs of increased activity towards the end of the year
- Margin weaknesses experienced in second half are being addressed

Kurt Salmon Associates



	2010 £m	2009 £m
Revenue	79.2	63.1
Op. profit	9.2	3.5
Op. margin %	11.6%	5.5%
Employees	404	390

- Very strong growth in 2010, revenues 25% higher than in 2009
- Profit margin more than doubled
- Performance reflects recovery in demand from core consumer and retail clients
- KSA results in 2010 show early cycle nature of recovery in its core market
- Much improved performance in US health care business
- US and Europe both showed strong growth



Kurt Salmon ✦

Kurt Salmon

> Merged business
from 1st January
2011

Kurt Salmon - pro forma

	2010 £m	2009 £m
Revenue	208.1	205.3
Op. profit	18.4	16.0
Op. margin %	8.8%	7.8%
Employees	1,400	1,350

Kurt Salmon 

- Common business culture and operating model
- Strong global brand
- Complementary geographic and sector focus
- Larger and more integrated global practices in FSI and Retail
- Allows increased scope of services across geographies
- Operating costs have been reduced by sharing offices and services
- Already delivering benefits in terms of business opportunities
- Enhances ability to attract talented staff



Prospects

Prospects

> Great platform in place

- Signs of improvement in economic climate in key markets
- Alexander Proudfoot entered 2011 with strong order book
- Merged Kurt Salmon is in place and delivering benefits
- Continuing focus on operational efficiencies
- Focus on organic growth in key sectors
- Promising overall outlook for 2011



Appendices

Alexander Proudfoot



- Operational improvement business
 - Revenue / productivity increase and cost reduction
 - Works across all industries – natural resources, manufacturing, services
- Global operations
 - 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
 - c300 employees
- Major competitors include Celerant, Highland Group and AT Kearney



- Management consultancy business
 - Strategy, process improvement, systems design
 - Provides industry specific services to both private and public sectors
- International operations, core market is France
 - Headquartered in Paris, offices in Continental Europe, UK, US, North Africa
- Relationship sell to CXOs
 - Average project size around £300k
 - Order book visibility generally 2-4 months (public sector can be longer)
 - c1,000 employees
- Major competitors include Accenture, Oliver Wyman and AT Kearney

Kurt Salmon Associates



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- Management consultancy business
 - Strategy, process improvement, systems design
 - Provides services to consumer products and health care industries
- International business, core market is the US
 - Headquartered in Atlanta, offices in North America, Europe, and Japan
- Relationship sell to CXOs
 - Average project size around £300k
 - Order book visibility generally 2-4 months
 - c.400 employees
- Major competitors include McKinsey, Bain and Booz Allen