

8 January 2009

Management Consulting Group PLC

Pre-Close Period Trading Update

Robust trading and strong cash generation despite difficult economic conditions

Management Consulting Group PLC ("MCG" or "the Group") issues the following pre-close period trading update ahead of the announcement of the Group's 2008 preliminary results on 9 March 2009.

The Group's revenue for the twelve-month period ended 31 December 2008 is expected to be in the region of £335 million to £340 million (2007: £215.8 million). The 2008 results include the full-year benefits of the acquisitions of CBH Consulting and Kurt Salmon Associates ("KSA") which took place on 6 September 2007 and 12 October 2007 respectively.

The underlying* operating profit is expected to be between £34 million and £35 million (2007: £25.9 million) and underlying earnings per share are expected to be around 6.2 pence (2007: 6.2 pence).

* The term 'underlying' is defined as 'before non-recurring items and amortisation and impairment of acquired intangible assets'.

Both revenue and underlying operating profit have benefited from the strength of the US Dollar and the Euro compared to Sterling during the second half of 2008. At 2007 exchange rates revenue would have been approximately £27 million lower than the expected outcome and underlying profit approximately £3 million lower. Only around 5% of Group revenue is currently invoiced in Sterling and, if the current weakness of this currency continues, this would imply a positive translational effect for the 2009 results.

Amortisation of acquired intangible assets is expected to be approximately £2.3 million (2007: £1.7 million) and impairment of acquired intangible assets approximately £27.5 million (2007: nil). As previously announced this impairment charge relates predominantly to the Parson Consulting business.

During 2008 the Group underwent significant change and has emerged a leaner and more focused business. The former CEO and Chairman departed in February. The integration of the 2007 acquisitions has been successfully completed. Parson Consulting was completely restructured and the brand has been discontinued. Further to the November Interim Management Statement the Proudfoot and KSA Chinese operations have been downsized. A comprehensive review of non-client facing costs has been completed and the Group will withdraw from around a dozen properties and downsize a further five, as previously reported. The stake in the Salzer Consulting joint venture has been sold back to the JV partners. As a result of all these initiatives there will be a non-recurring item charged of between £19 million and £20 million

there will be a non-recurring item charged of between £10 million and £20 million (2007: £1.3 million).

In line with the trading profile of the Group its borrowings are predominantly in US Dollars and Euros. The net debt figure at the end of 2008 benefited from strong cash generation towards the end of the year and is expected to be around £12 million lower than its equivalent at the end of 2007 at constant exchange rates. On a reported basis the position will be inflated by the current strength of these currencies to around £67 million, which is comfortably within the covenant limits of its borrowing facility.

Alan Barber, Executive Chairman, commented, "Overall MCG has performed robustly during 2008 despite the difficult economic conditions and the strong cash generation is particularly noteworthy. Whilst our businesses in the retail and healthcare markets in particular have experienced some weakness in the final quarter of 2008, the Group benefits from having counter-cyclical products in its broadening range that help it to offset variances in economic cycles in different industries and geographies. We have now completed our refocusing of the business back to its core strengths and ended 2008 with a stronger order book than at the beginning of the year. We look forward to updating our shareholders on our 2009 performance as the year progresses."

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Notes to editors:

Management Consulting Group PLC is an umbrella organisation for a diverse range of professional service offerings. It is now aligned under two separate groups - Consultancy Practices and Operational Improvement. Consultancy Practices offers strategic and business management consultancy services and comprises Ineum Consulting and Kurt Salmon Associates. Operational Improvement comprises the Proudfoot brand. This structure has created two clear and distinct business streams to provide a firm foundation for delivering profitable growth and enhanced shareholder value.