



Nick Stagg
Chief Executive
nick.stagg@mcgplc.com

Chris Povey
Finance Director
chris.povey@mcgplc.com

Results for the year ended 31 December 2013



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Commercial highlights

Commercial highlights

> Much improved second half

- Much improved second half performance overall
- Restructuring in Kurt Salmon over the last 18 months now beginning to pay dividends
- All parts of Kurt Salmon well positioned for growth as economic conditions improve
- Kurt Salmon innovation in the digital space provides opportunities
- Much improved second half performance in Alexander Proudfoot, although the business is still reliant on large single project wins
- The core Alexander Proudfoot remains powerful and compelling, and needs to continue to evolve to build a firm platform for growth going forward

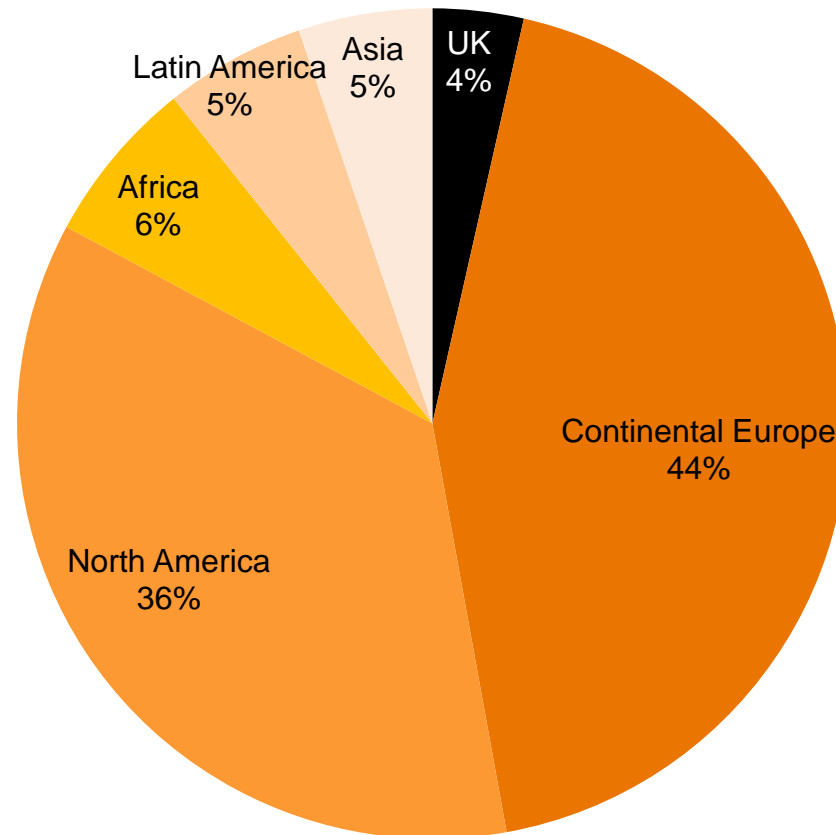
Diversified by geography

> Global business

The Group is present in the important markets across the globe

96% of MCG's revenues were derived from outside the UK

17% of 2013 revenues related to client projects outside North America and Western Europe



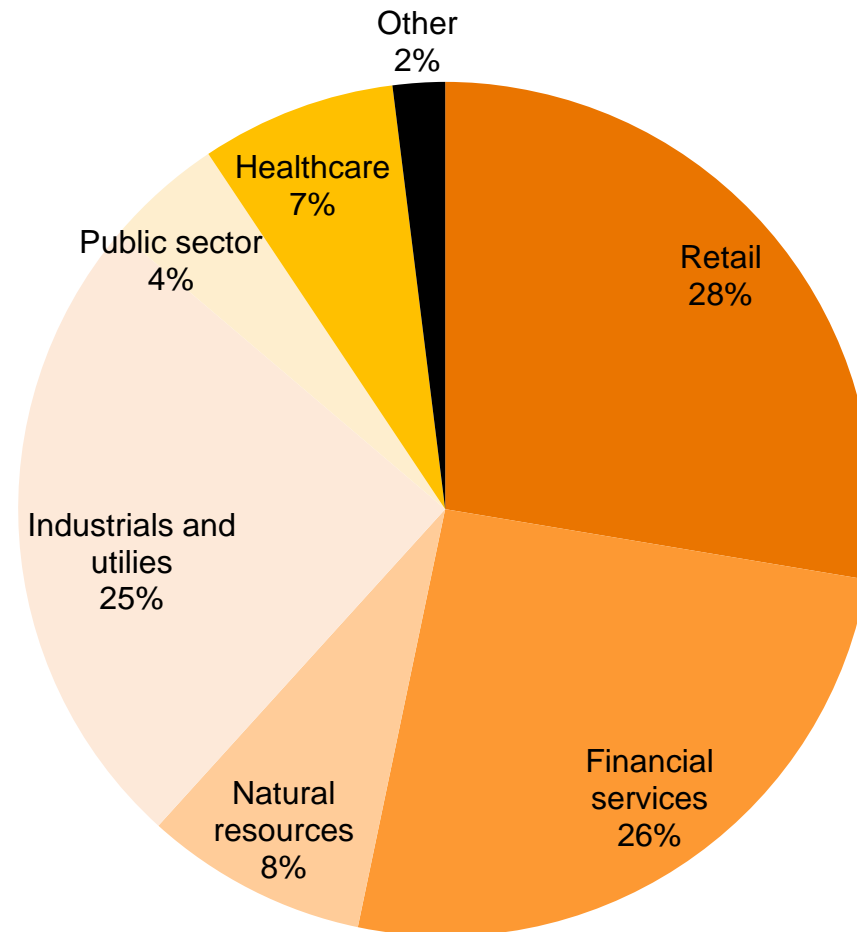
Pie chart shows revenue by delivery location

Diversified by sector

> Sector strengths

Strengths in key verticals which are managed on a global basis

Also strong national practices which are not managed globally



Kurt Salmon

> Recognition for Kurt Salmon

Kurt Salmon retains leader position in Gartner's Magic Quadrant report

Gartner has again recognised Kurt Salmon as an industry leader in the latest edition of its "Magic Quadrant for Business Operations Consulting Services, Worldwide," published in December 2013.

The report evaluated the capabilities of ten firms that provide business operations consulting services on a global basis, including PWC, KPMG, Deloitte, Accenture and AT Kearney, based principally on feedback from their clients.

Gartner once again positioned Kurt Salmon in the "leaders" section of the Magic Quadrant, which measures firms in relation to their "ability to execute" and "completeness of vision."

The report noted that Kurt Salmon's understanding of client challenges and opportunities is world class. Gartner also noted that while Kurt Salmon served fewer industries than other consulting firms included in the study, its ability to go deep on strategy and execution in these industries is more consistent and impactful than firms that have larger portfolios.

Alexander Proudfoot

> Global capabilities

Map shows Alexander Proudfoot project locations in 2013



Employee share awards

➤ Alignment with shareholder value creation

If all share awards vest, and new shares are issued where possible:

- the maximum dilution is c5%

	2013	2012
Share award P&L charge	£3.9m	£3.1m
Awards in year		
Number of staff	100	98
Number of shares	13.6m	25.3m
Awards at year end		
Number of staff	135	112
Number of shares	48.8m	43.4m
Source on vesting		
From existing shares*	25.5m	19.8m
From new or existing shares	23.3m	23.5m

*At 31 December 2013 the MCG Employee Benefit Trusts held 11.9m shares for this purpose. MCG held a further 2.4m Treasury shares



Financial highlights

Financial highlights

> Impact of weaker revenue performance in Alexander Proudfoot

- Revenues of £257.3m (2012: £285.8m); approximately 10% lower
- Underlying* operating profit of £21.2m (2012: £25.7m). Underlying operating profit margin slightly lower at 8.2% (2012: 9.0%)
- Profit from operations of £17.5m, down 4% (2012: £18.2m) with improved margin on profit from operations - up at 6.8% (2012: 6.4%)
- Profit for the year retained by ordinary shareholders £9.1m (2012: £10.4m restated)
- Strong cash generation in the second half of the year resulting in closing net debt of £39.8m (2012: £30.3m), approximately 1.5x adjusted EBITDA**
- Underlying* EPS of 2.4p (2012: 3.2p restated). Basic EPS 1.9p (2012: 2.1p restated)
- Total proposed dividend unchanged at 0.825p per share (2012: 0.825p per share)

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

**Adjusted EBITDA is underlying operating profit, after adding back depreciation and amortisation (£2.9m) and the cost of share awards (£3.9m)

Profit and loss account

> Underlying operating profit weaker on lower revenues

* 2012 reflects restatement of net interest costs

	2013 £m	2012 R £m
Revenue	257.3	285.8
Gross profit	92.1	100.5
Underlying EBITDA	24.1	28.1
Underlying operating profit	21.2	25.7
Amortisation of intangibles	(2.2)	(2.3)
Non-recurring items	(1.5)	(5.3)
Operating profit	17.5	18.2
Net interest cost	(3.5)	(3.5)
Profit before tax	14.0	14.7
Tax expense	(4.9)	(4.3)
Profit for the year	9.1	10.4

<i>Underlying EBITDA margin</i>	9.4%	9.8%
<i>Underlying operating profit margin</i>	8.2%	9.0%
<i>Operating profit margin</i>	6.8%	6.4%
<i>PBT margin</i>	5.4%	5.1%
<i>PAT margin</i>	3.5%	3.6%

Cash flow and debt

> Increase in net debt reflects unfavourable working capital movements

Working capital movement in 2013

Increase in receivables	(4.7)
Decrease in payables	(10.5)
Decrease in provisions	(4.7)
Other	0.1
	(19.8)

	2013 £m	2012 £m
Operating profit	17.5	18.2
Depreciation and amortisation	5.1	4.7
Share award charge	3.9	3.1
Working capital/other items	(19.8)	(11.1)
Cash generated by operations	6.7	14.9
Taxes paid	(4.8)	(10.2)
Net cash inflow from operating activities	1.8	4.6
Share purchases	(0.7)	0.3
Acquisition	(0.2)	(0.3)
Capital expenditure	(2.5)	(2.6)
Net interest paid	(2.0)	(2.3)
Dividends paid	(3.9)	(3.6)
Investments purchased/realised	(0.4)	1.3
Exchange differences	(1.6)	0.5
Increase in net debt	(9.5)	(2.1)
Net debt at beginning of year	(30.3)	(28.2)
Net debt at end of year	(39.8)	(30.3)

Net assets

> No significant change

	2013 £m	2012 £m
Intangible assets	266.8	266.4
Tangible assets	2.7	2.6
Investments	2.4	2.0
Deferred tax asset	16.5	20.0
Trade and other receivables	70.7	66.4
Cash and cash equivalents	14.7	14.9
Total assets	373.8	372.3
Borrowings	(54.5)	(45.2)
Other payables	(88.8)	(107.7)
Retirement benefit obligation	(19.6)	(24.8)
Total liabilities	(162.9)	(177.7)
Net assets	210.9	194.6

Non-recurring items

➤ Restructuring costs relate to Kurt Salmon France

	2013 £m	2012 £m
Restructuring costs	(1.2)	(2.9)
Disposals	(0.3)	0.4
Property rationalisation	-	(2.4)
Asset write downs	-	(0.4)
	(1.5)	(5.3)

Underlying tax rate

➤ Higher tax rate reflects utilisation of deferred tax asset

	2013		2012 R	
	Profit £m	Tax £m	Profit £m	Tax £m
Declared profit before tax	14.0	(4.9)	14.7	(4.3)
Non-recurring items	1.5	(0.4)	5.3	(1.6)
Amortisation of intangibles	2.2	(0.8)	2.3	(0.8)
Adjusted profit before tax	17.7	(6.1)	22.3	(6.7)
Headline tax rate		35%		29%
Underlying tax rate		34%		30%

* 2012 reflects restatement of net interest costs

Earnings per share

➤ Reflects weaker profit and higher tax rate

	2013		2012 R	
	£m	pence	£m	pence
Profit for the year/basic EPS	9.1	1.9	10.4	2.1
Non-recurring items	1.5		5.3	
Amortisation of intangibles	2.2		2.3	
Tax credit on non-recurring items and intangibles	(1.2)		(2.4)	
Underlying post tax earnings/EPS	11.6	2.4	15.6	3.2

* 2012 reflects restatement of net interest costs



Divisional performance

Kurt Salmon

> Margin improvement

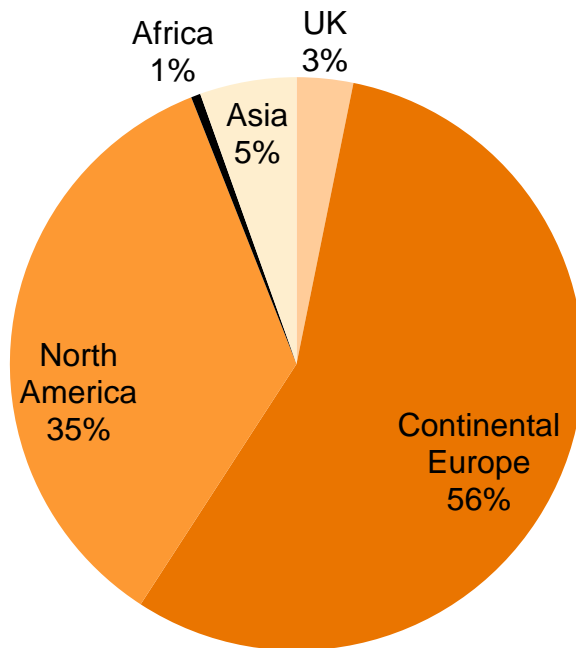
	2013 £m	2012 £m
Revenue	188.5	199.0
Op. profit	13.8	13.5
Op. margin %	7.3%	6.8%
Employees	1,131	1,350

- Revenues 5% lower than 2012, reflecting weakness in France, and action to rationalise non-core underperforming practices
- Encouraging growth in revenues in North America and Asia, and good progress in European markets outside France
- Positive management delivered improved underlying operating margin despite lower revenues overall
- Resource levels in France have been actively managed to match expected demand and protect margin
- Healthy order book, higher than the same time last year, and encouraging pipeline of prospects
- Blue chip client base responding well to innovative new offerings in digital space
- Good start to 2014

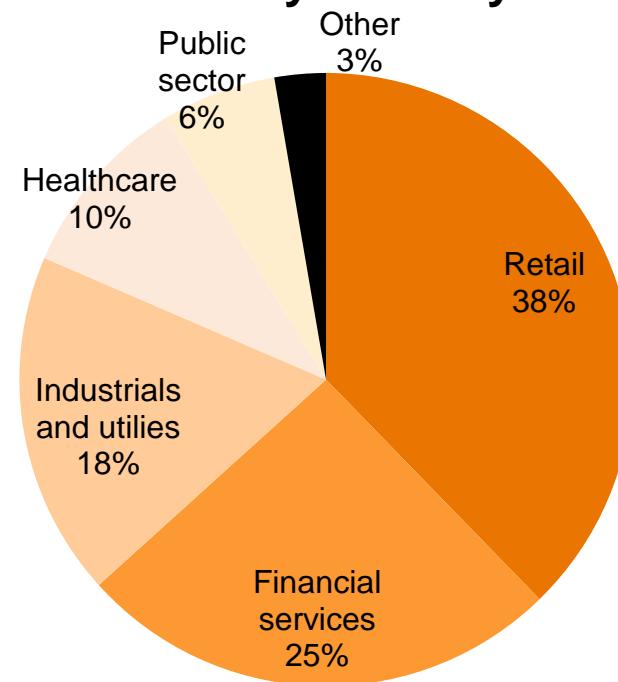
Kurt Salmon



Revenue by delivery location



Revenue by industry vertical



Alexander Proudfoot

> Stronger second half

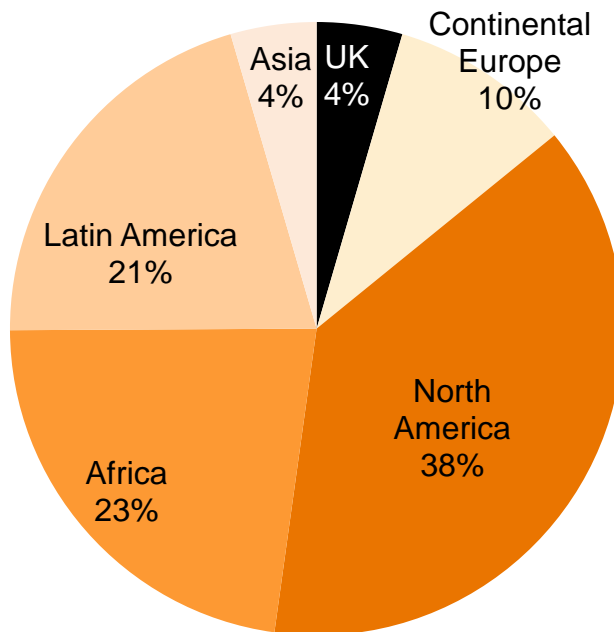
	2013 £m	2012 £m
Revenue	68.8	86.8
Op. profit	7.4	12.2
Op. margin %	10.8%	14.1%
Employees	337	294

- Strong recovery in H2 revenues (40% higher than first half), but lower revenues overall delivered reduced margin
- Key sectors remain natural resources, financial services and manufacturing.
- Focus of natural resources work for clients has shifted to cost reduction and efficiency, and levels of activity in 2013 were lower than 2012
- New operation established in Hong Kong in 2013 has had a successful first year
- Global capabilities - nearly 50% of revenue in 2013 was derived from projects delivered (rather than sold) outside North America and Western Europe
- Global accounts management has delivered good levels of follow-on work from some clients in 2013

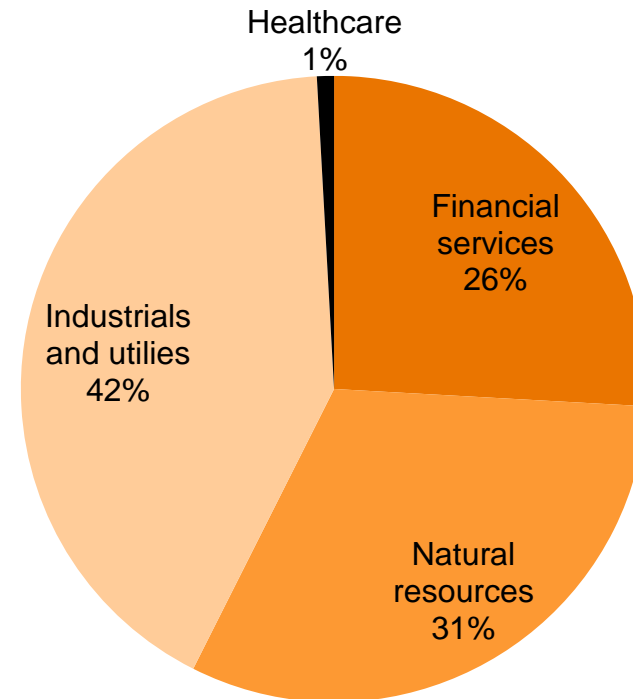
Alexander Proudfoot



Revenue by delivery location



Revenue by industry vertical





Prospects

Prospects



- Good start to 2014 in Kurt Salmon, which is well positioned to benefit as economic recovery gathers pace
- Innovation continues to provide opportunities for growth, built on retaining and growing our base of skills
- Announced changes in Alexander Proudfoot provide an opportunity to further develop the business:
 - Broaden the offering and develop new delivery capabilities
 - Build long term client relationships and increase repeat work
 - Improve revenue visibility and reduce volatility
- Slow start to the year in Alexander Proudfoot and rate of order intake needs to increase to deliver growth in first half
- Foreign exchange headwinds given strengthening of Sterling and recent volatility in emerging markets currencies



Appendices

Major office locations

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Overview of MCG

> Management Consulting Group PLC

- Listed on the London Stock Exchange in 1987 as Alexander Proudfoot
- Name changed to Management Consulting Group in 2000
- Acquired Ineum Consulting in 2006 and Kurt Salmon Associates in 2007
- Now operates through two independently managed practices
 - Alexander Proudfoot
 - Kurt Salmon
- About 1,500 employees worldwide
- Small head office team in London manages PLC and some group-wide functions
- Major shareholders are Henderson (18%), BlueGem (25%) and employees/directors (c14%)
- Our strategy is to grow revenues and margins in the two existing businesses

Kurt Salmon

> Leading global
consulting
business



- A management consulting business
- Established in 2010, from two key predecessor businesses:
 - Ineum Consulting
 - the former Deloitte consulting practice in France, acquired by MCG in 2006
 - Kurt Salmon Associates
 - founded in 1935, acquired by MCG in 2007
 - US headquartered global business focusing on retail clients
- Headquartered in Paris and New York, and operating in Europe, North America and Asia
- Serves clients in:
 - Retail and consumer goods
 - Financial services
- Also strong national practices, eg healthcare in the US, public sector in France

Alexander Proudfoot

> Focus on
operational
improvements

ALEXANDER PROUDFOOT
people • productivity • profitability

- Operational improvement business
 - Revenue / productivity increase and cost reduction
- Founded in 1946, has completed more than 16,000 projects across the globe
- Headquartered in Atlanta, offices in North America, Europe, South Africa, Brazil, Chile and Hong Kong
- Strengths in natural resources, manufacturing, and financial services
- Global delivery capability, and growing presence in emerging markets
- Distinctive sales and delivery model
- Projects are typically large scale, £1-2m each