

Harvey Nash Group Plc

Interim Results

31 JULY 2011

**HARVEY
NASH**

The Power of Talent

Highlights

Financial

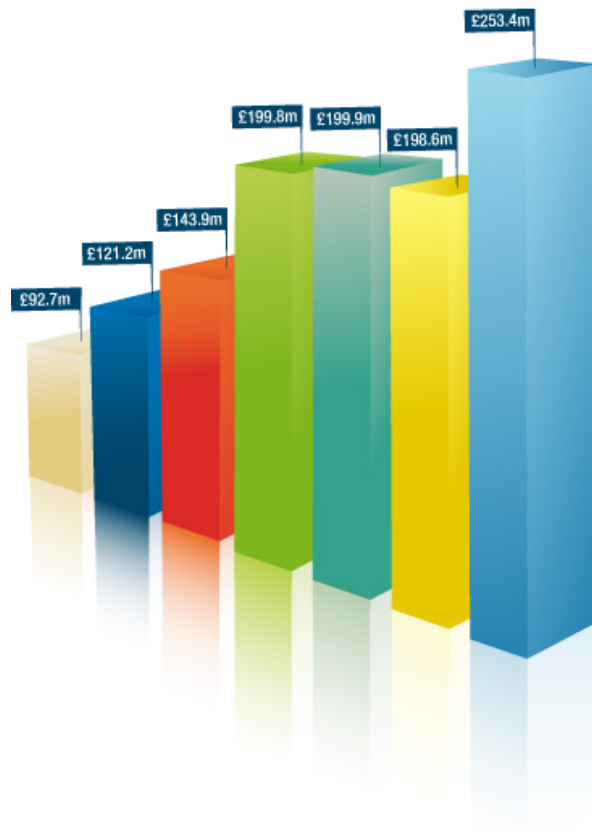
Revenue +28%	significant market share gains
PBT & earnings +47%	gearing, improved margins
Cash inflow +40%	invested in organic growth
Dividend +10%	comfortable cover

Operational

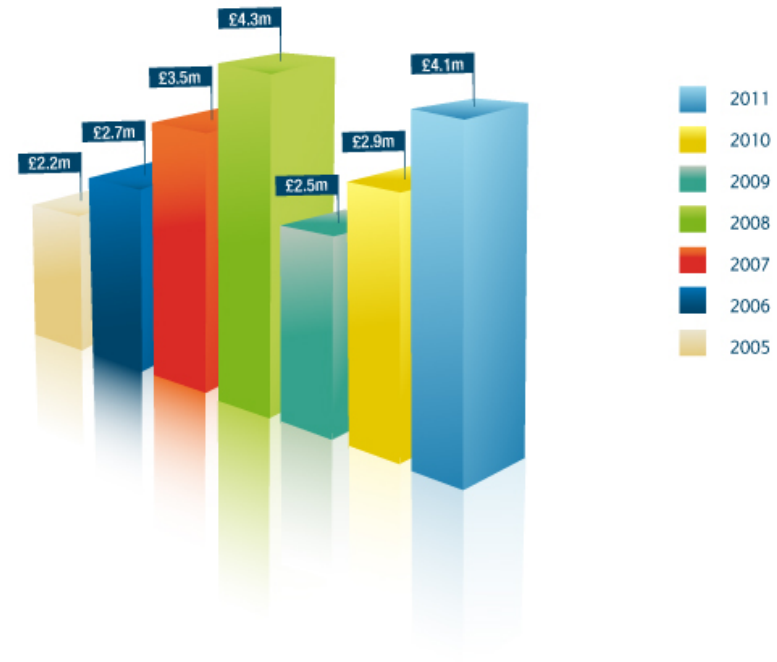
Diversification	geographic spread & sector
New contracts	fully on stream in 2011
Board	Independent NEDs

Market share gains

Revenue

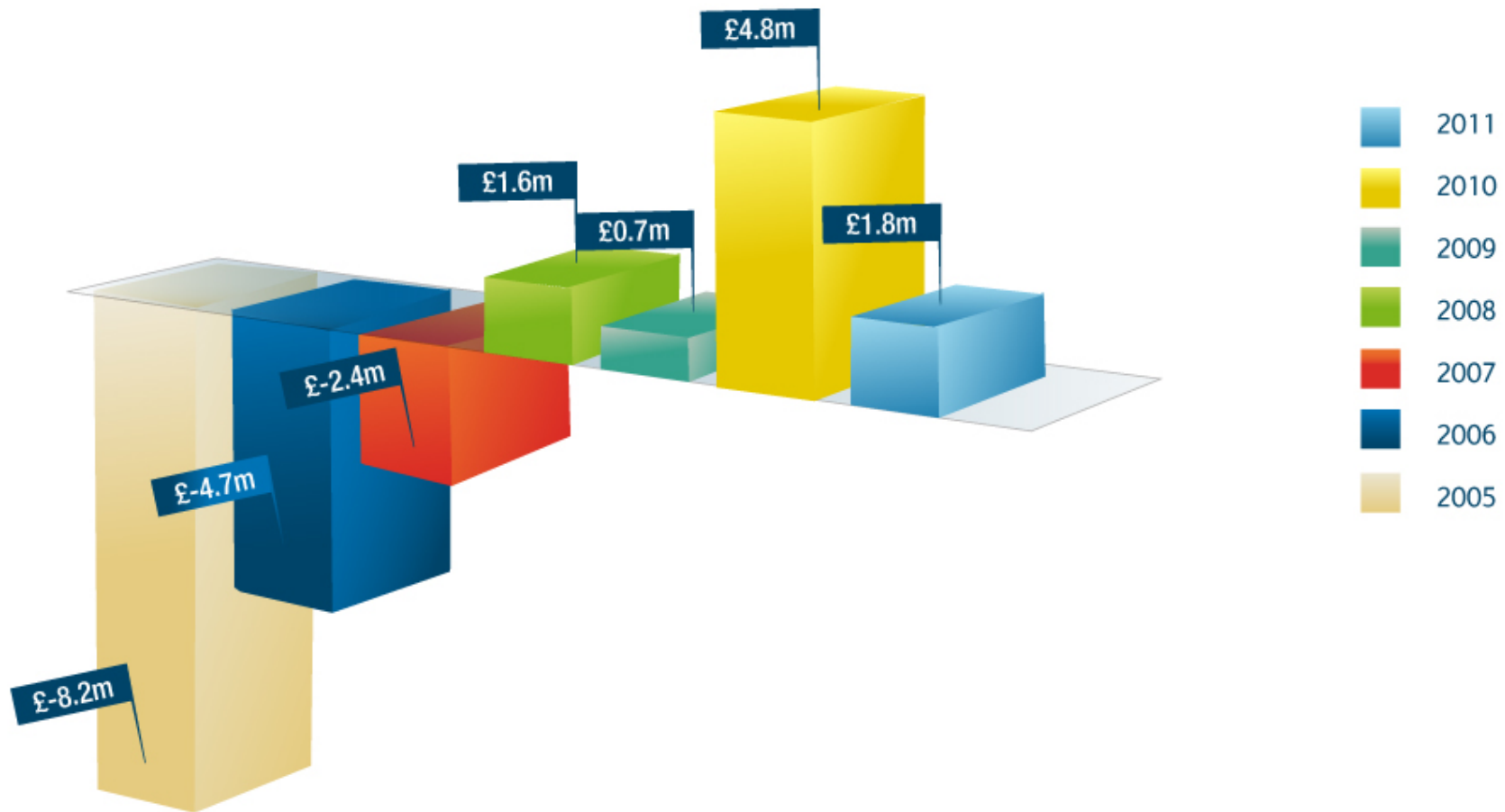


Operating Profit *



* before non recurring & exceptional items

Maintaining net cash position



Financial *Overview*

Income Statement (1)

£m	2011	2010	%
Turnover	<u>253.4</u>	<u>198.6</u>	28%
Gross profit	<u>38.6</u>	<u>32.0</u>	21%
Operating profit	4.05	2.9	40%
Net interest paid	(0.25)	(0.2)	26%
Adjusted profit before tax	3.8	2.7	40%

Income Statement (2)

£m	2011	2010	%
Adjusted profit before tax	3.8	2.7	40%
Non recurring items*	-	(0.1)	-
Profit before tax	3.8	2.6	47%
Taxation	(1.2)	(0.8)	51%
Profit after taxation	2.6	1.8	45%

•2010 Acquisition costs

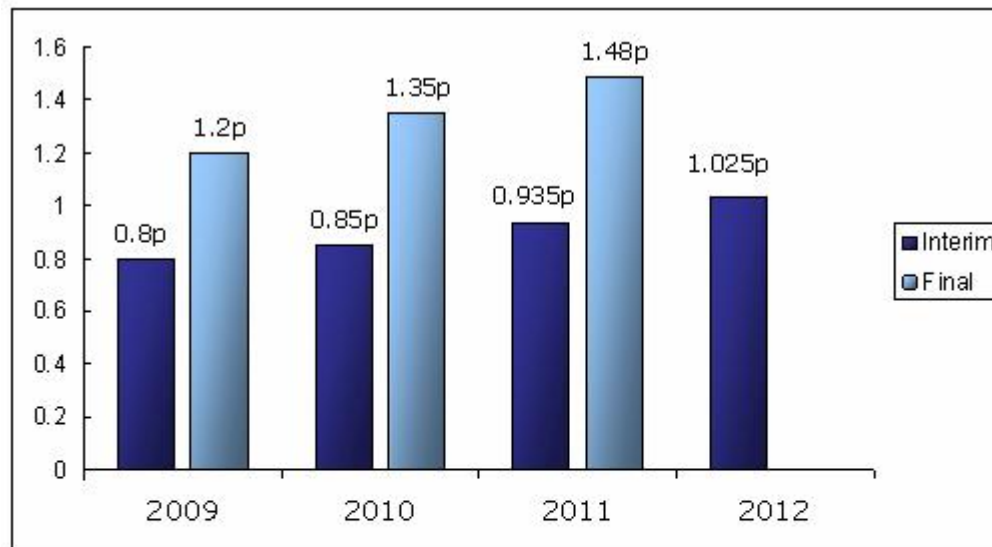
Income Statement (3)

£m	2011	2010	%
Profit after taxation	2.6	1.8	45%
Minority interest	(0.1)	(0.1)	-
Retained earnings	2.5	1.7	47%
Basic earnings per share	3.45p	2.35p	47%
Weighted avg no of shares	72.9m	72.7m	0.3%
Shares in issue	73.5m	73.5m	-

Shareholder returns

Strong returns

TOTAL 2.0p 2.2p 2.42p



Dividend growth through the downturn

Interim dividend approved
Jul 11: 1.025p Jul 10: 0.935p

Increased by 10%

Dividend covered 3.4 times

Taxation

£m	2011	2010
Current year tax	1.05	0.77
Prior year tax	<u>0.15</u>	<u>0.03</u>
Total tax charge	<u>1.20</u>	<u>0.80</u>
Overall tax rate	32%	31%
Current year rate	28%	30%

Sound balance sheet

	31 July 2011	31 July 2010
Fixed assets	3.6	3.8
Intangible assets	48.8	48.0
Debtors	98.0	79.2
Net current liabilities	(93.3)	(82.2)
Deferred taxation	2.2	2.6
Net cash	1.8	4.8
Net assets	61.1	56.2

No defined benefit pension
No off balance sheet financing

Increased trading
Debtor days outstanding
2011: 41.6 2010: 45.4

Cash Flow (1)

£m	2011	2010
Profit before interest and tax	4.1	2.8
Non cash items added back	1.1	0.9
Taxation	(0.9)	(0.7)
Interest	(0.25)	(0.2)
Capex	(0.65)	(0.3)
- Group	(0.55)	(0.2)
- Client IT Projects	(0.1)	(0.1)
Total: taxes, interest paid and capex	<u>(1.8)</u>	<u>(1.2)</u>
Free cash flow	3.4	2.5

Cash Flow (2)

£m	2011	2010
Free cash flow	3.4	2.5
Working Capital - growth	(8.5)	(0.9)
- capex creditor	-	1.2
Acquisition	-	(1.5)
Dividends Group shareholders	(1.1)	(1.0)
minority interest	<u>(0.2)</u>	<u>(0.4)</u>
	<u>(9.8)</u>	<u>(2.6)</u>
Net cash outflow	<u>(6.4)</u>	<u>(0.1)</u>

Funding growth



Total facility:	£39m
Hedging:	Euros/Sterling/US\$
Purpose:	Working capital funding
Facility:	Invoice discounting & overdraft
Notice period:	Rolling 12 months
Main coverage:	Europe UK & USA
Covenants:	Debtors ageing
Pricing:	Competitive

Operational *review*

UK & Ireland

£m	2011	2010	%
Revenue	83.6	59.6	40%
Net fee income	15.2	13.8	10%
Operating profit	2.2	1.9	13%

Focus on market share gains

Impact of managed services contracts

New niche markets & specialist skills

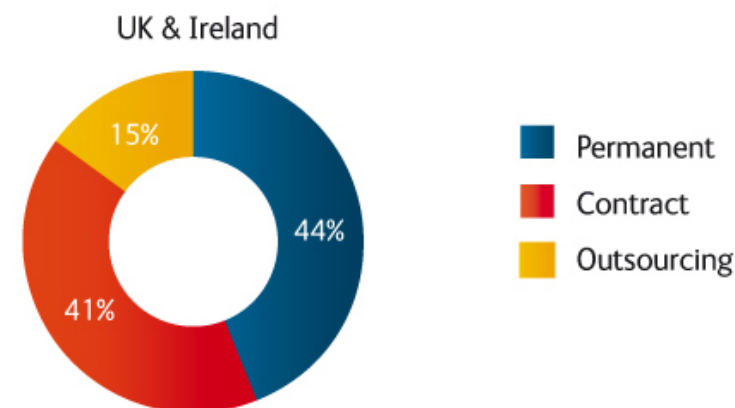
Financial services weaker - compliance & risk

Senior recruitment - Health and Education stable

Technology, Professional Services, Board diversity

Ireland & City of London profitable

New office in Manchester



Europe

£m	2011	2010	%
Revenue	152.3	122.4	24%
Net fee income	18.8	13.9	35%
Operating profit	1.5	0.8	90%

Strongest markets; Nordic region, Germany

Full impact of 2010 contract wins

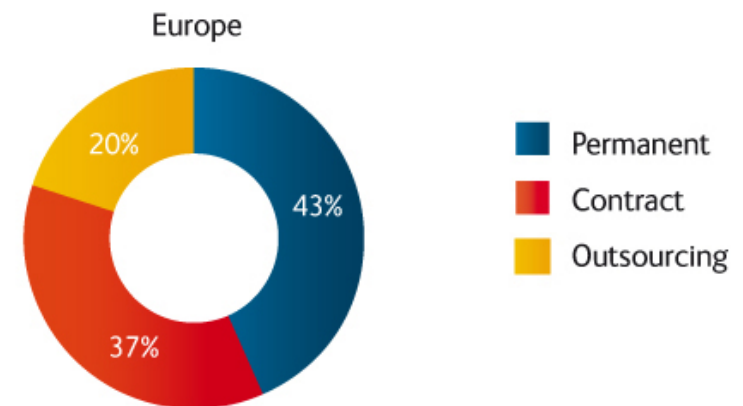
Permanent and executive +61% Outsourcing +16%

Increased gross margins in high tech engineering

New offices Stuttgart & Helsinki on budget

Acquisition in Norway on track

Market leadership



USA

£m	2011	2010	%
Revenue	17.5	16.6	6%
Net fee income	4.6	4.3	8%
Operating profit	0.34	0.15	127%

Remaining profitable through 2009 downturn

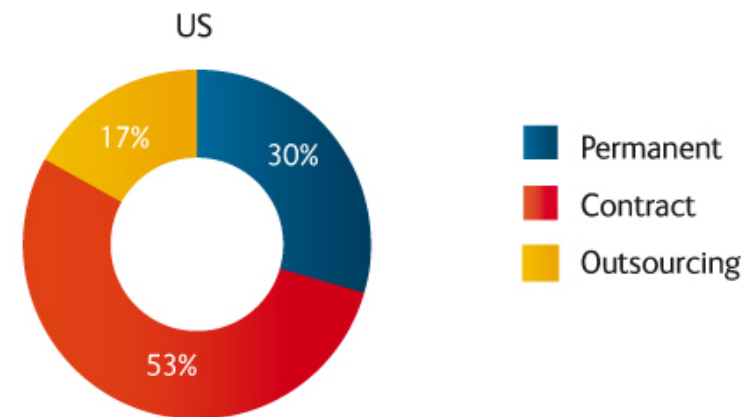
Increased levels of permanent recruitment

Gross margins improving, mix change (skills)

Technology, Telco & Media robust

Capitalising on recovery increased headcount

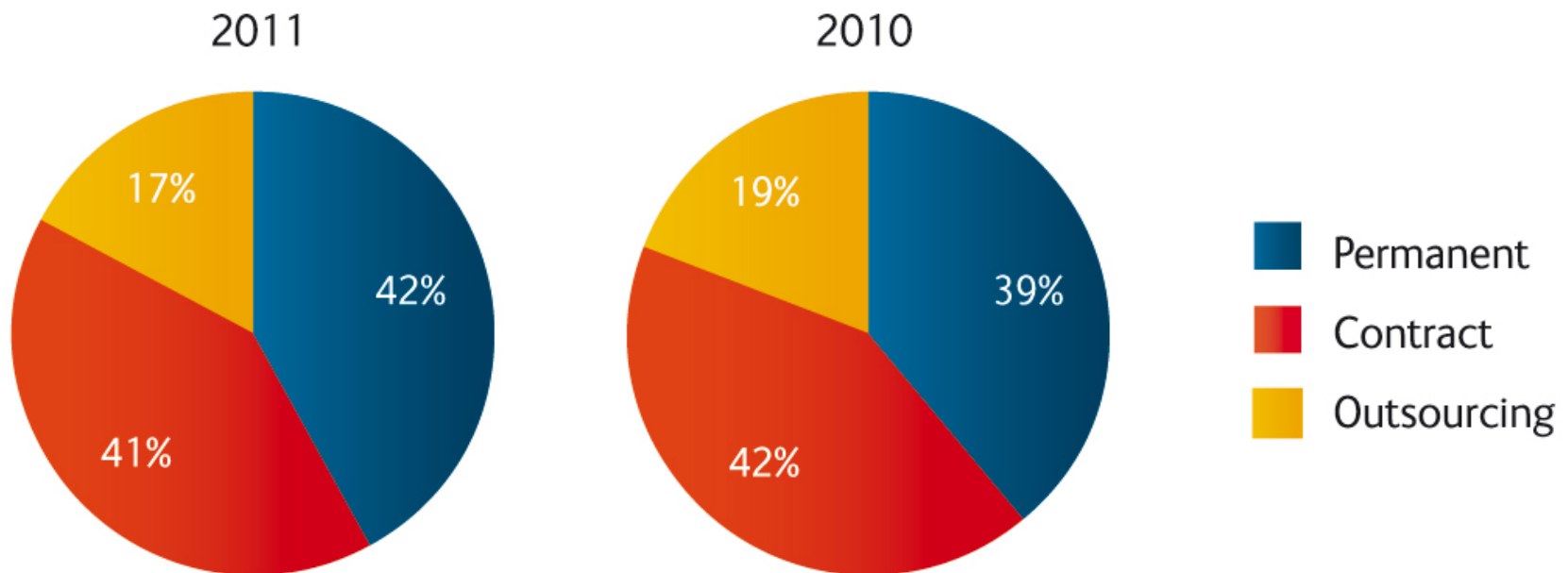
Demand for off shoring (+49%)



Strategy

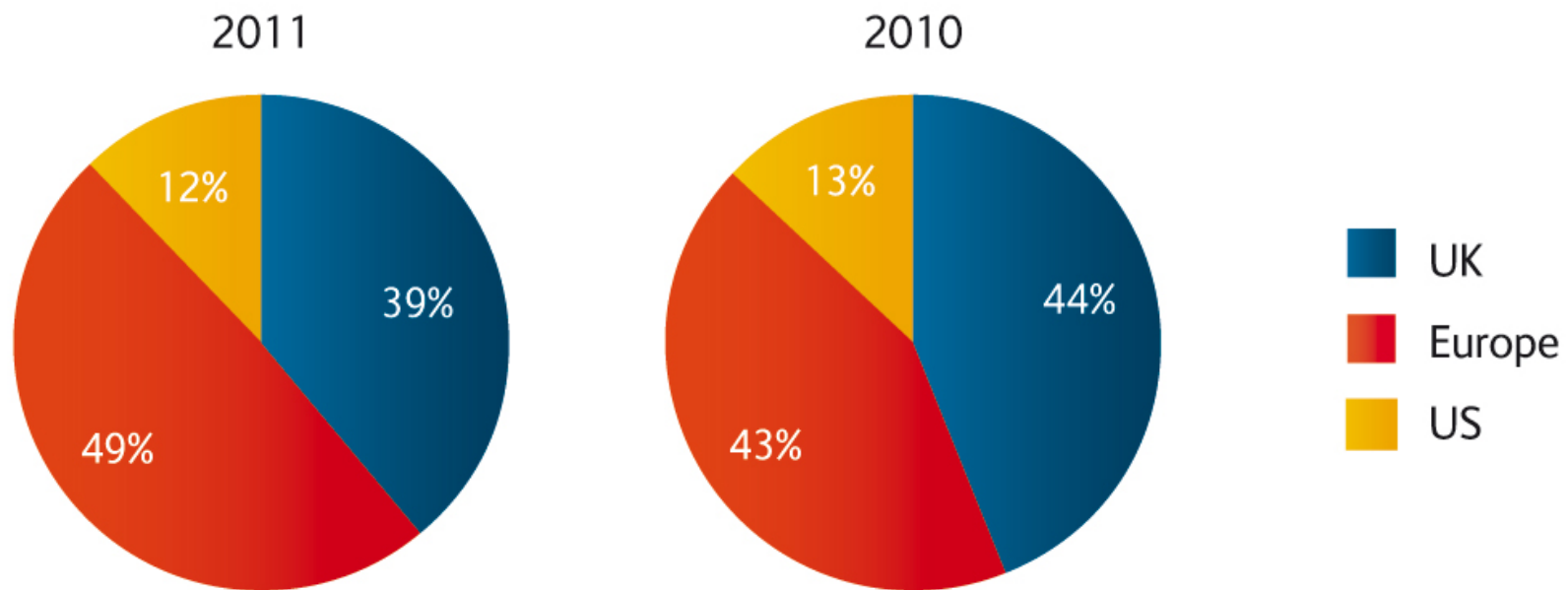
1. Portfolio of services
2. Geographic spread
3. Sector diversification
4. Strategic challenges
5. The “big thing”

Competitive advantage - resilience



Gross Profit

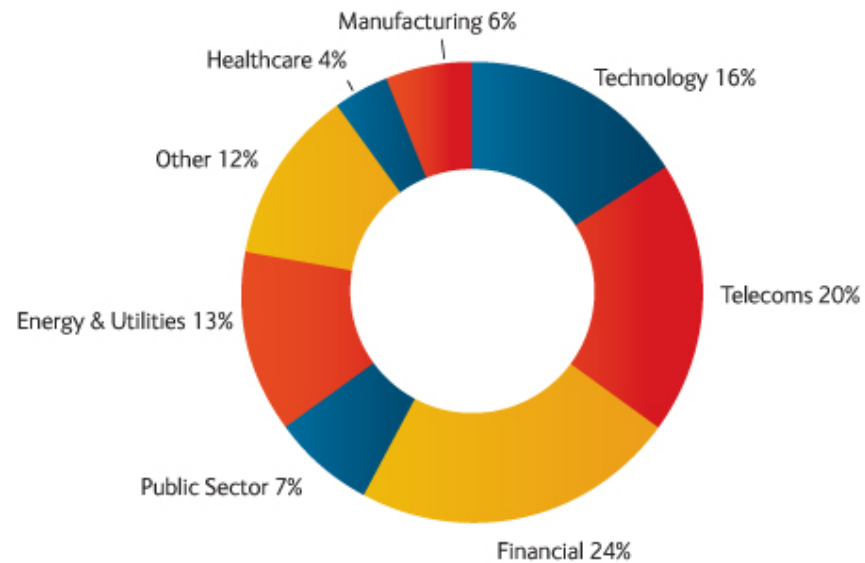
Geographical spread - diversification



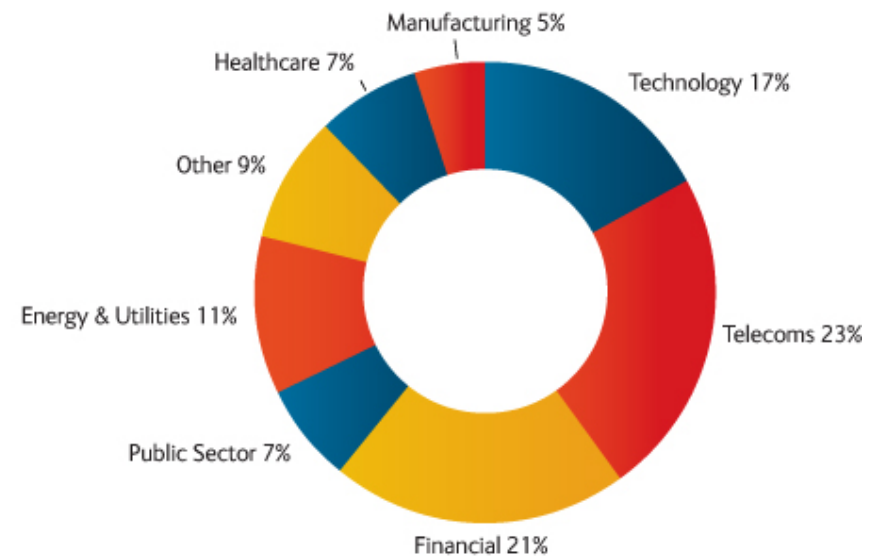
Gross Profit

Diversification –sector exposure

H1 2011



H1 2010



Turnover

The challenge is the “new normal”



Microsoft

CEO

Sep 09



#1
the
convergence
of
mobile
&
social
networks

Conclusion

Outlook & current trading

Impact from current volatility not yet clear and visibility on permanent recruitment is limited

BUT larger companies continue selectively hiring AND niche new technology skills still in strong demand

We expect a migration of demand to temporary/freelance recruitment and increased interest in offshoring

Momentum from H1 carrying through into Q3, dividend +10%

“...outturn for the year is on track..”

Thank You

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Appendix

Foreign Exchange

Rate vs GBP	2011	2010	%
Euro	1.14	1.16	-1%
US Dollar	1.62	1.51	7%
Swiss Franc	1.44	1.64	-13%
Swedish Kronor	10.25	11.22	-9%
Norwegian Krone	8.94	9.27	-4%
Polish Zloty	4.53	4.65	-3%

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