



Preliminary Results

4th July 2007

This presentation may make forward looking statements regarding future events and the future financial performance of the Company. These references may be subject to risks and uncertainties that cannot be forecast and therefore must be treated in the appropriate way.

Chris Stone

Chief Executive



Preliminary results 06/07

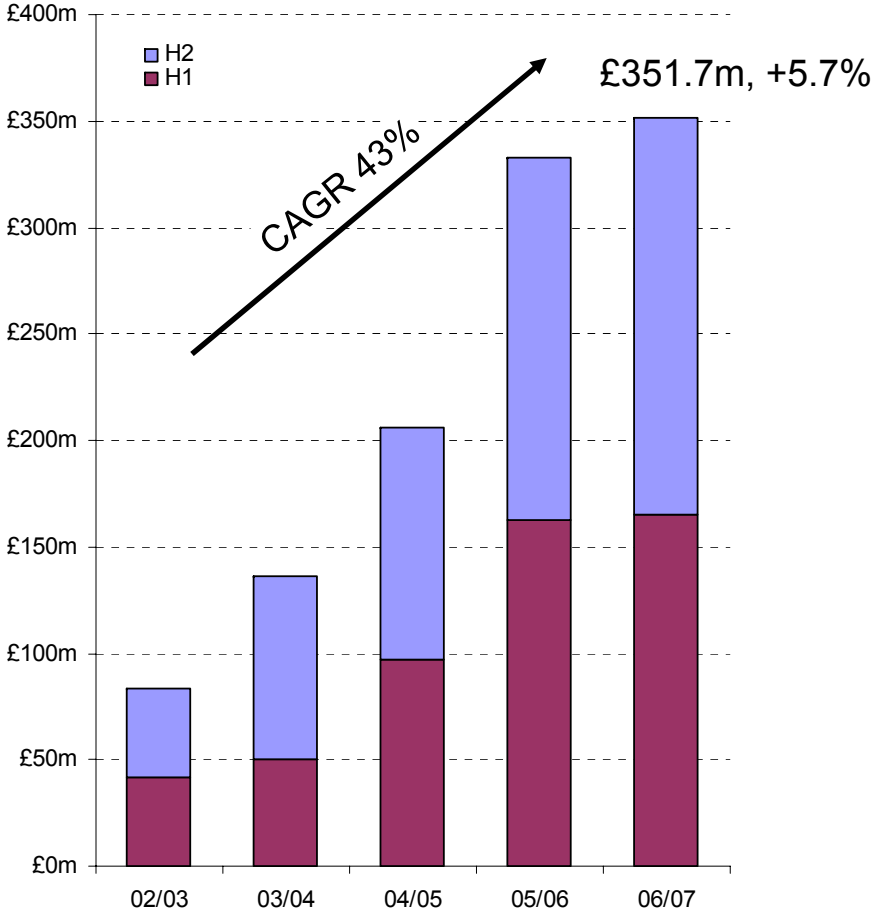
- Highlights
- Financial review
- ARINSO update

Highlights

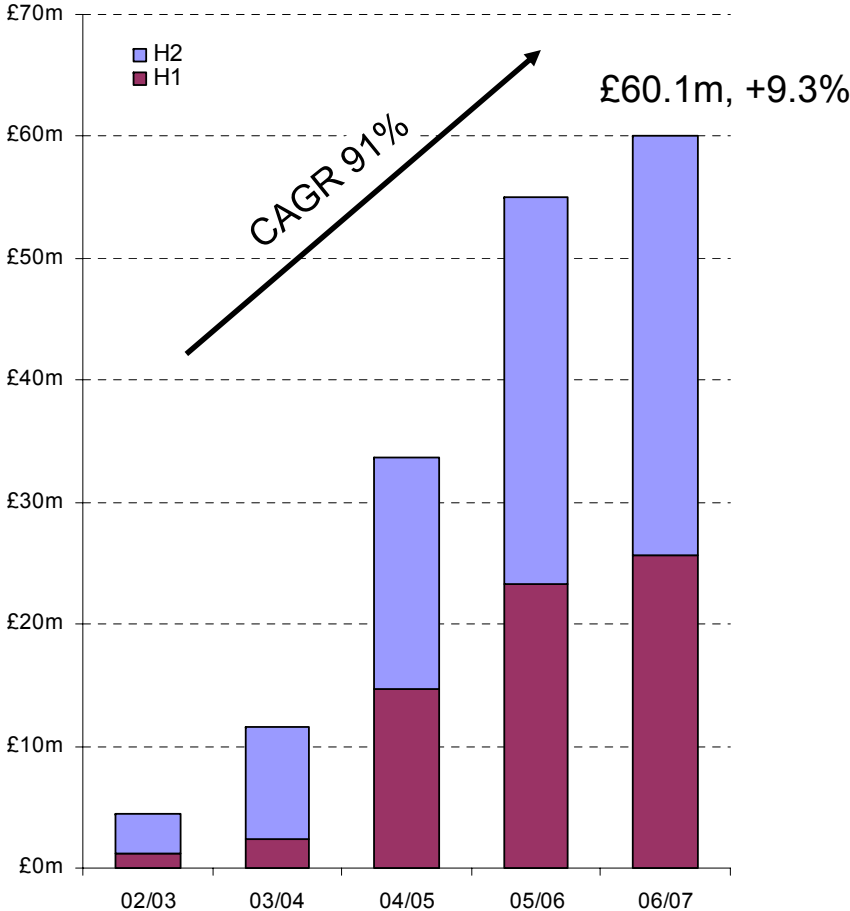
- Strong financial results
- Organic growth accelerating
- Excellent order book growth
- Ground-breaking year of strategic development
 - ▶ Continued success with bolt-on acquisitions
 - ▶ ARINSO acquisition delivers step change and further acceleration of growth

5 years of revenue and profit growth

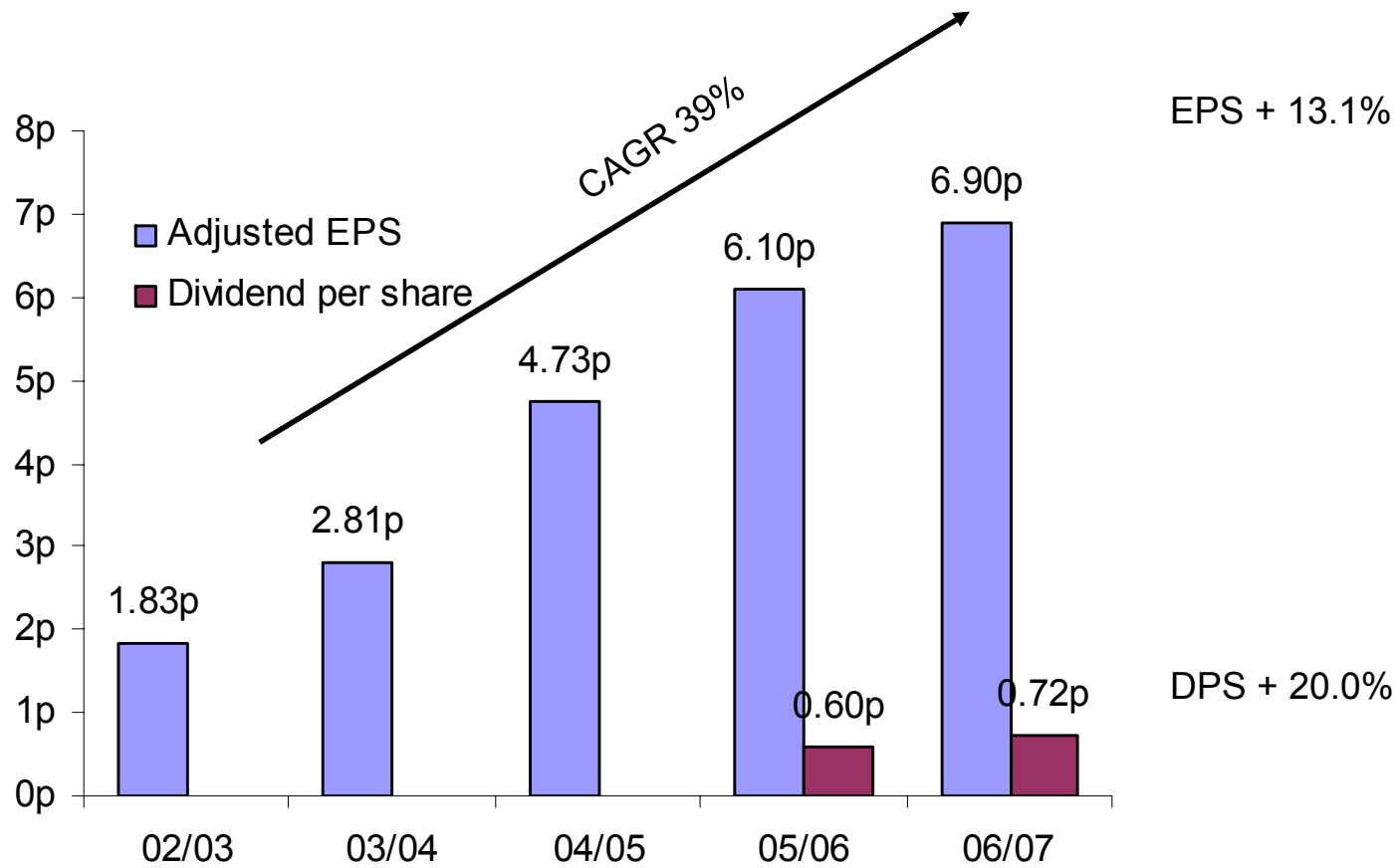
Revenue



EBITA



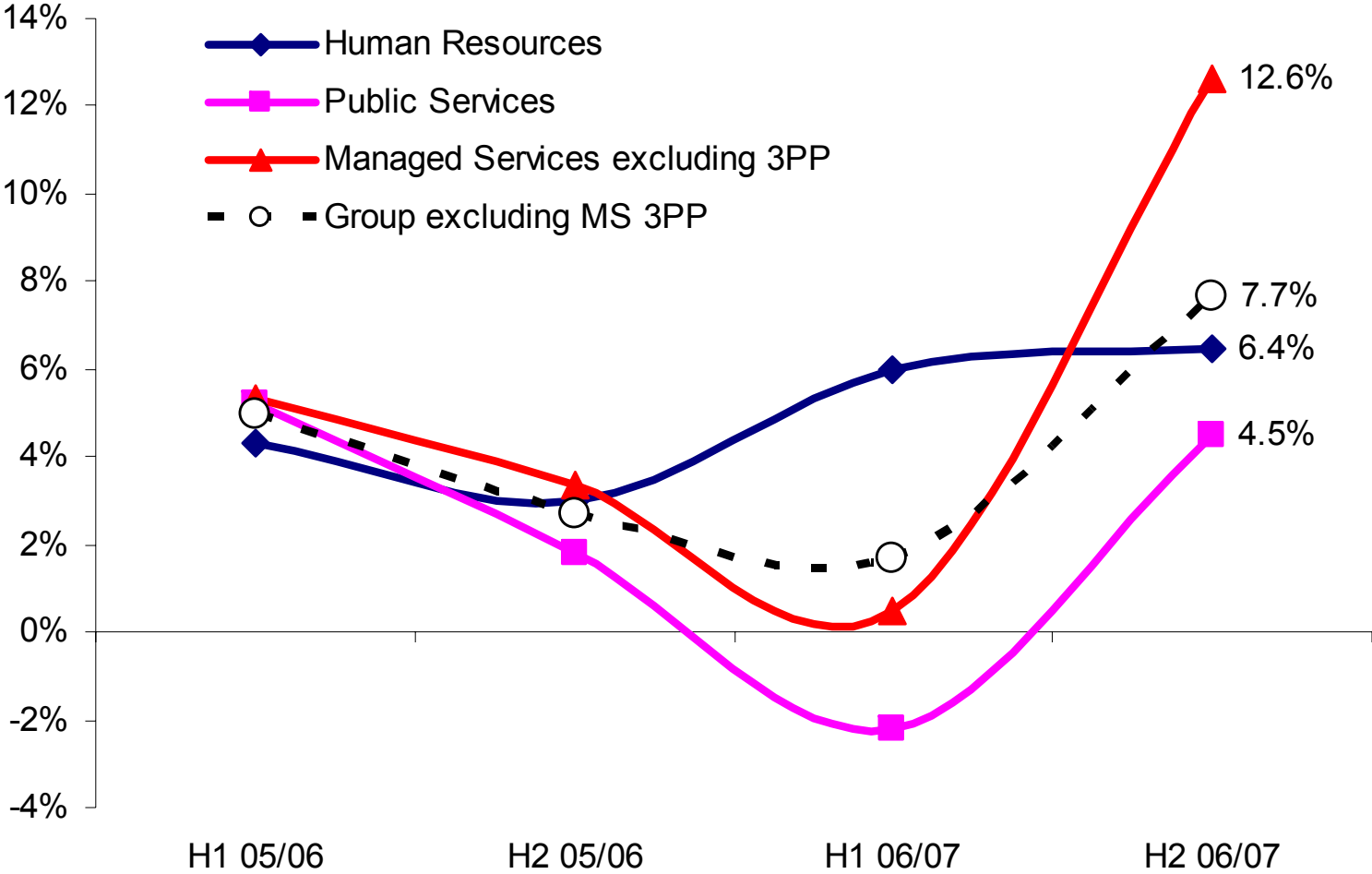
5 years of EPS* growth



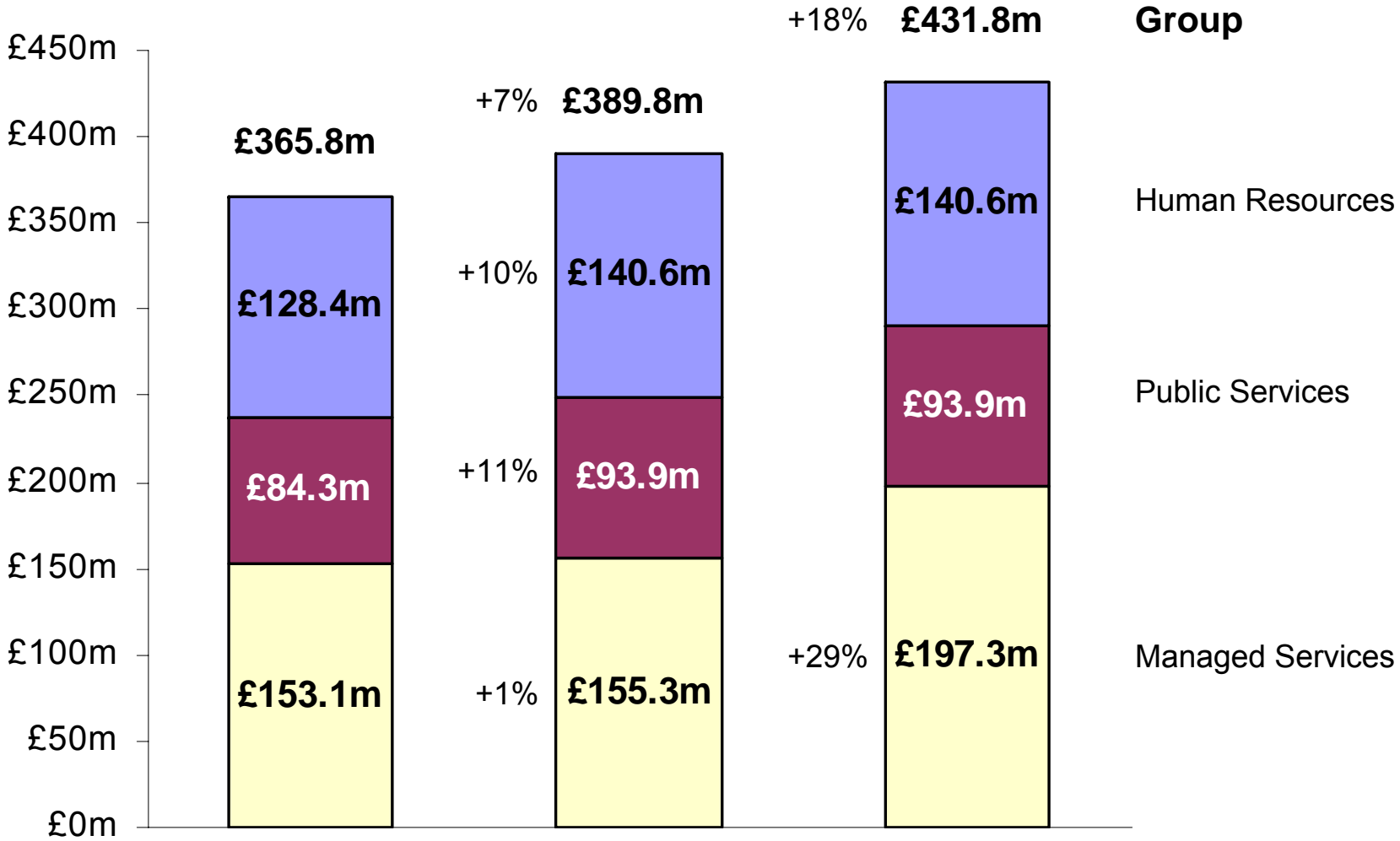
* Adjusted basic EPS, excluding one-off gains/losses, amortisation of acquired intangibles, and stock option charges



Organic growth accelerating



Order book



Apr 07 including Leicester BSF and additional Lot 6

Year of strategic development

- Organisation recovered from Buncefield disruption
- UK organic growth approaching target levels
- Five bolt-on acquisitions completed, all earnings accretive
- ARINSO deal completed post year-end giving step change
 - ▶ World-wide footprint for organic growth
 - ▶ Access to higher growth international markets

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John Stier

Finance Director



Financial highlights

£m	<u>06/07</u>	<u>05/06</u>	Growth
Revenue	351.7	332.7	5.7%
EBITDA	80.9	73.4	10.2%
EBITA	60.1	55.0	9.3%
Adjusted EPS	6.90p	6.10p	13.1%
Dividend per share	0.72p	0.60p	20.0%

Divisional performance

£m	06/07			05/06			Growth	
	Revenue	EBITA	Margin	Revenue	EBITA	Margin	Revenue	EBITA
Human Resources	126.1	35.3	28.0%	113.8	31.2	27.5%	10.8%	12.8%
Public Services	103.4	20.0	19.3%	102.1	19.5	19.1%	1.3%	2.4%
Managed Services excluding 3PP	104.1	9.2	8.8%	94.6	7.5	7.9%	10.1%	22.9%
Managed Services 3PP	18.0	0.9	4.7%	22.2	0.8	3.8%	-19.0%	1.3%
Group costs		(5.2)			(4.1)			26.2%
Total	351.7	60.1	17.1%	332.7	55.0	16.5%	5.7%	9.3%

- All divisions have driven margin growth

Organic growth

£m	06/07	05/06 Pro-forma	Growth
Human Resources	126.1	118.7	6.2%
Public Services	103.4	102.1	1.3%
Managed Services	104.1	97.6	6.7%
Managed Services 3PP	18.0	22.2	-19.0%
Total	<u>351.7</u>	<u>340.6</u>	<u>3.3%</u>
Group excl MS 3PP	333.6	318.3	4.8%

- All divisions have performed well organically for the year
- Growth has accelerated in H2 to 7.7% for the Group

Profit and loss

£m	06/07	05/06	Growth
Revenue	<u>351.7</u>	<u>332.7</u>	5.7%
EBITDA	<u>80.9</u>	<u>73.4</u>	10.2%
EBITA	60.1	55.0	9.3%
Amortisation of intangibles	(8.1)	(7.3)	
Exceptional items	(3.3)	0.0	
Share option costs	<u>(2.9)</u>	<u>(3.0)</u>	
Operating profit	45.8	44.7	2.5%
Financing costs	(14.0)	(14.5)	
Income from associate	0.1	0.3	
Profit before tax	<u>31.9</u>	<u>30.6</u>	4.4%
Tax	<u>(6.8)</u>	<u>(9.3)</u>	
Profit after tax	<u><u>25.1</u></u>	<u><u>21.3</u></u>	17.6%
Earnings per share (p)			
Basic	4.69p	4.01p	17.0%
Adjusted basic	6.90p	6.10p	13.1%

Exceptional items

£m	06/07
Net gain arising on Buncefield land and buildings	3.0
Restructuring: redundancies	(2.7)
Restructuring: asset impairment and property closure	(2.0)
Integration cost of acquisitions	(1.6)
Total exceptional items	<u><u>(3.3)</u></u>

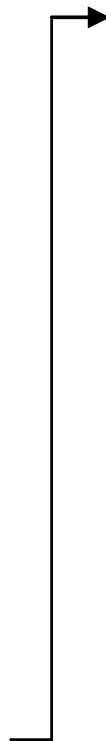
Balance sheet summary

£m	Apr-07	Oct-06	Apr-06
Goodwill	389.5	365.1	348.2
Intangible fixed assets	95.3	84.0	77.5
Non-current assets	54.7	54.3	54.7
Net current liabilities	(67.2)	(56.6)	(51.4)
Pension deficit	(49.4)	(57.8)	(54.5)
Provisions	(15.1)	(12.1)	(14.8)
Net debt	(184.0)	(171.6)	(158.9)
Net assets	<u>223.8</u>	<u>205.3</u>	<u>200.8</u>

Cash-flow and financing

£m	<u>06/07</u>	<u>05/06</u>
<u>Operating activities</u>		
Operating profit	45.8	44.7
Share based payments	2.7	2.6
Depreciation & amortisation	25.8	29.4
Working capital movements	1.9	(8.2)
Provisions	(0.6)	(6.3)
Operating cash-flow	75.6	<u>62.2</u>
<i>% of EBITDA</i>	94%	85%
<u>Financing activities</u>		
Pension deficit payment	(6.6)	(2.1)
Finance charges	(14.4)	(13.6)
Tax paid	(3.7)	(9.0)
Dividends paid	(4.5)	0.0
Financing cash-flow	(29.2)	<u>(24.7)</u>

		<u>06/07</u>	<u>05/06</u>
Cash-flow before investing activities	+24%	46.4	37.5
<u>Investing activities</u>			
Capex		(32.5)	(15.5)
Acquisitions		(39.0)	(7.4)
Investing cash-flow	+212%	(71.5)	<u>(22.9)</u>
<u>Net debt movement</u>			
Opening net debt		(158.9)	(173.5)
Movement in net debt		(25.1)	14.6
Closing net debt	+16%	(184.0)	<u>(158.9)</u>



Summary

- All businesses have performed well
 - ▶ Particularly strong recovery in H2 has established growth momentum for 2007/08
- Cash-flow remains strong, allowing funds for development, investment, and dividend growth
- A successful year for M&A, with stated strategic objectives being achieved
- Prudent management of balance sheet structure will continue to enhance equity returns

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ARINSO process and timetable

- Prior to completion Northgate had bought 21.0% of ARINSO for €78.8m
- On 15th June Northgate completed the acquisition of Jos Sluys' 60.4% for €228.4m, giving 81.4% control
- An unconditional Mandatory Offer has been launched for the remaining 18.6% at €25 per share, or €69.8m
- The purchase of the remaining shares is expected to be completed during H1

ARINSO's recent performance

€m	<u>Q1 07</u>	<u>Q1 06</u>	Growth	<u>FY 06</u>	Growth
Revenue	56.7	47.3	20.0%	203.8	15.7%
EBITDA	6.1	4.9	24.4%	20.6	17.6%
EBITA	5.2	4.1	25.4%	17.4	18.5%
EBITA margin %	9.1%	8.7%		8.5%	
Headcount	2,635	2,173	21.3%	2,562	24.1%

- Momentum strong, with new clients including;
 - ▶ Agilent Technologies
 - ▶ Philip Morris International
 - ▶ Finnair
 - ▶ Fiat
 - ▶ Alcatel

Source: ARINSO announcements on Euronext



Impact on Northgate

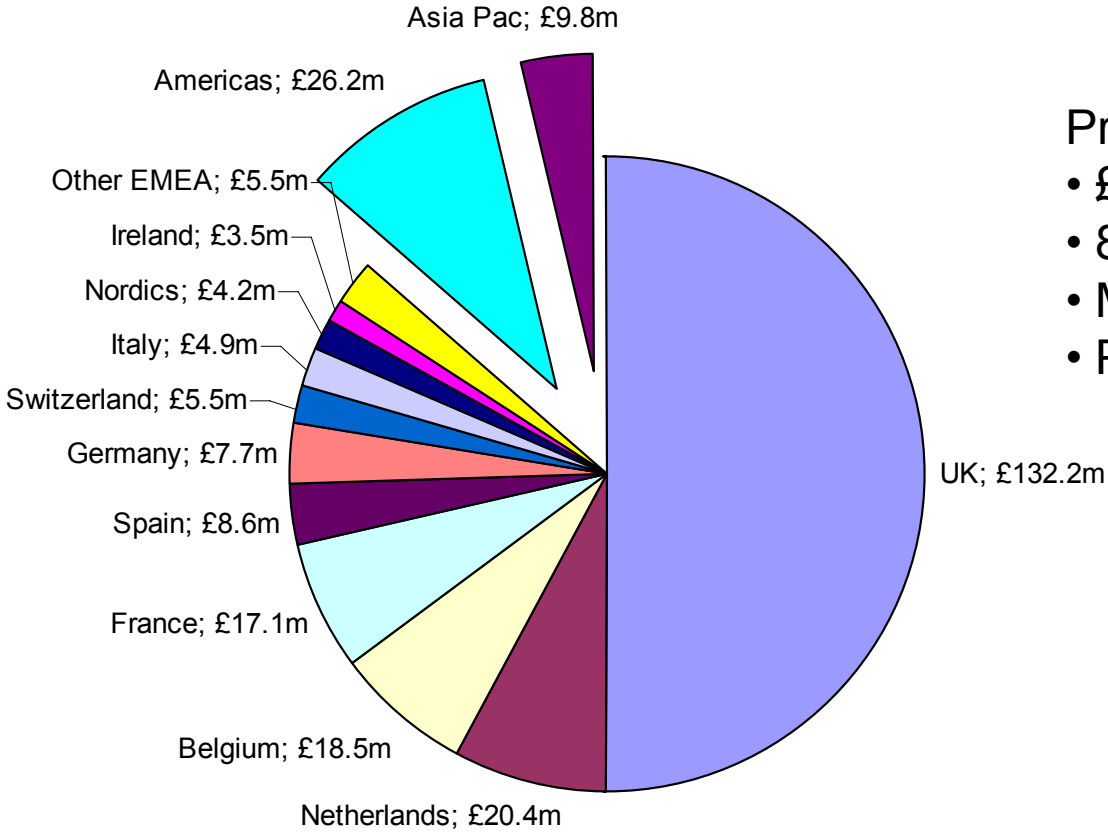
- Accelerates strategic development in one transaction
 - ▶ Provides international platform
 - ▶ Allows services to be widened to all parts of the HR market
 - ▶ Broadens skills and capabilities
 - ▶ Enhances off-shore capacity
 - ▶ Accelerates international growth of ResourceLink
 - ▶ Improves group's top line growth
 - ▶ Opportunity to improve ARINSO margin
- Earnings accretive in first full year of ownership
- Initial increase in gearing, planned to de-leverage swiftly
- £6m of funding costs and £4m of integration costs are expected to be written off in 2007/08

Global fit ARINSO - Northgate



- ARINSO Hub
- ARINSO Countries/Offices
- Other countries where ARINSO has delivered SAP Payroll
- Other countries where ARINSO has localized SAP Payroll

Platform for international HR expansion

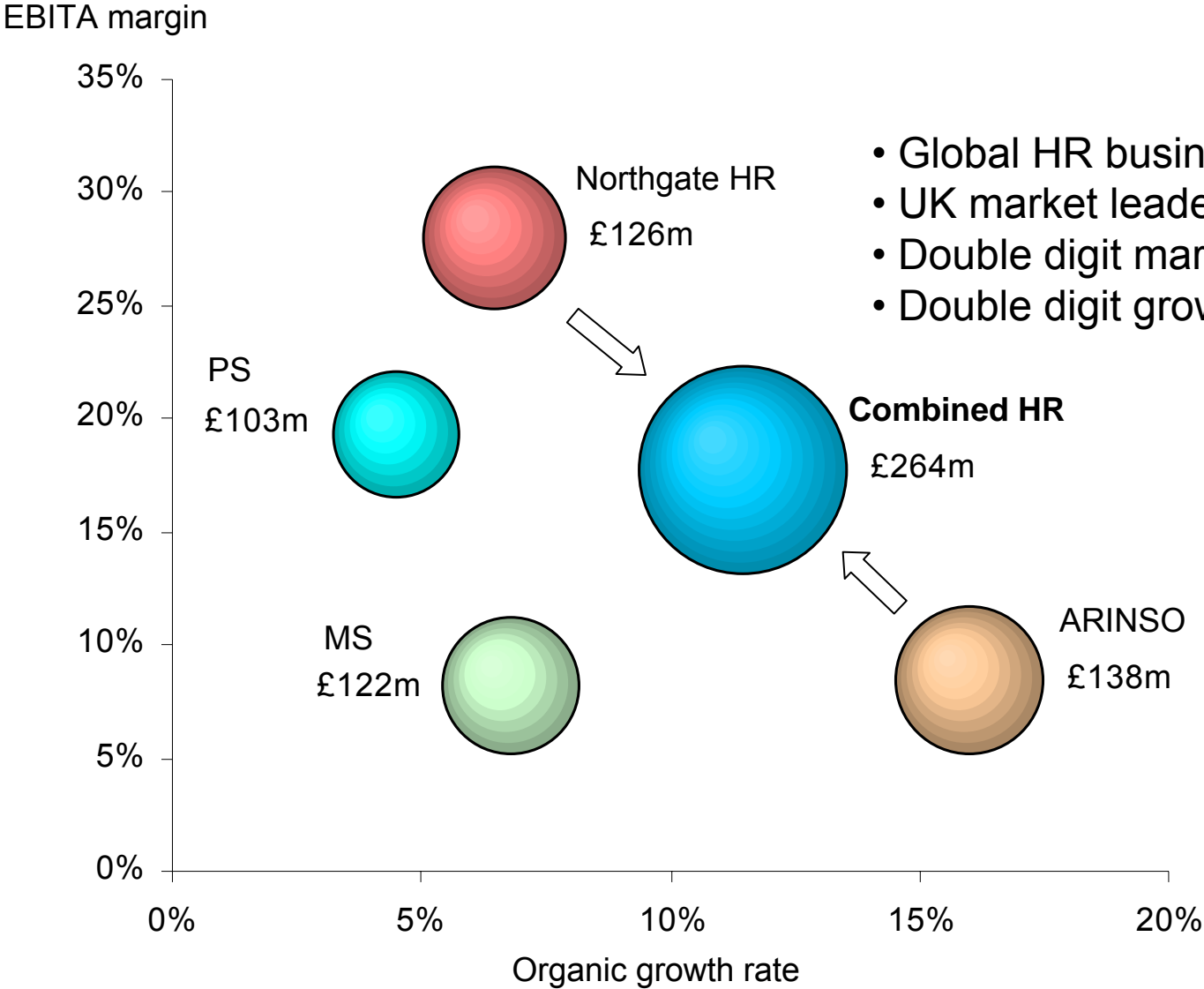


- Pro-forma HR business;
- £264m revenue
 - 86% of revenues from Europe
 - Market leader in UK
 - Presence in 29 countries

Figures used are;
06/07 Northgate
2006 ARINSO



The enlarged Northgate



- Global HR business
 - UK market leader
 - Double digit margin
 - Double digit growth rate
- } Potential to increase

Figures used are;
06/07 Northgate
2006 ARINSO



Client engagement

- Able to offer technology choice to businesses with global ERP strategies, and those with best of breed
 - ▶ Rest of business model is identical for Northgate and ARINSO
- Margin improvement opportunities
 - ▶ Cross-sell and up-sell ResourceLink
 - ▶ Outsource around existing technology
 - ▶ Leverage offshore opportunities
 - ▶ Migration to SAP service centres

2006/07 summary

- All businesses performed well
- Strong organic growth, accelerating in H2
- Excellent order book growth
- Organic performance complemented by M&A
- Huge opportunity to take forward HR business in high growth international markets



Appendices

Northgate's strategy

- Build our business around IPR to create market leading positions
- Broaden our range of products and services using our technical skills to respond to client needs
- Supplement organic growth with appropriate acquisitions that complement our existing business and product portfolio
- Expand overseas judiciously where we can build leading businesses

Human Resources

- Excellent contract wins
 - ▶ 5 year pensions administration for AllianceBoots
 - ▶ Outsource shared service for Thistle Hotels
 - ▶ Payroll and pensions at University of Southampton
 - ▶ Strong growth experienced in outsourcing
- Record number of new name clients: 105 (2005/06 : 73)
- Organic growth 6.2%, order book up 10%
- Accelerated rate of offshore growth
- Good international progress. Deals signed in Hong Kong, Australia & South Africa
- Services widened with bolt-on deals
 - ▶ Edis, Engage, Link, BIM & FBS*

* Completed post year-end

Public Services

- Strong performance given market conditions, particularly in H2
 - ▶ Multi-applications solution with LB of Croydon
 - ▶ Identity Hub project with LB of Brent
 - ▶ CRM system with Warrington
 - ▶ MIS with Office for Criminal Justice Reform
- Criminal Justice market remains challenging
- Organic growth 1.3% (4.5% in H2), order book up 11.4%
- Good progress with widening services offering to help transform clients. Boosted by the acquisition of Kendric Ash.

Managed Services

- Good progress in core markets
 - ▶ Started work on Bristol BSF and Lot 6 Education contracts
 - ▶ Preferred bidder for Leicester BSF, short-listed on 7 further
 - ▶ Contract extension for mobile technology in Northern Ireland
 - ▶ E-mail system for N Tyneside & Newcastle CC
 - ▶ 5 year IT outsource with Sandwell MBC
 - ▶ Significant new contracts with DVTA, Solihull MBC, Waterways Ireland, Scottish Criminal Records, Strathclyde Police & Seagate Technologies
- Organic growth 6.7%* (12.6% in H2), order book up 1.4%

* Excluding 3PP

Organic growth - half by half

	H1 05/06	H2 05/06	H1 06/07	H2 06/07
Human Resources	4.3%	3.0%	6.0%	6.4%
Public Services	5.2%	1.8%	-2.2%	4.5%
Managed Services excluding 3PP	5.3%	3.4%	0.5%	12.6%
Managed Services 3PP	-23.1%	-39.8%	-17.9%	-19.8%
Group	2.4%	-1.9%	0.3%	6.0%
Managed Services	-1.7%	-9.5%	-3.0%	6.8%
Group excluding MS 3PP	5.0%	2.7%	1.7%	7.7%

EPS calculations

Appendix 6

£m	06/07	05/06	Growth
Retained profit	25.1	21.3	17.6%
Amortisation of intangibles	8.1	7.3	
Share option costs	2.9	3.0	
Exceptional items, post tax	(0.4)	0.0	
Deferred tax	1.2	0.9	
Adjusted profit	<u>36.9</u>	<u>32.5</u>	13.5%
Weighted shares (m)	534.2	532.2	0.4%
<i>Diluted weighted shares (m)</i>	560.6	556.4	0.7%
Basic EPS	4.69p	4.01p	17.0%
Adjusted EPS	6.90p	6.10p	13.1%
<i>Diluted adjusted EPS</i>	6.58p	5.84p	12.7%

Strategic development - acquisitions

Appendix 7

£m	EV	Historic revenue	Historic growth rate	Historic revenue multiple
Edis Partnerships	10.3	5.5	12%	1.9x
Link HR	12.0	6.0	6%	2.0x
BIM	2.5	1.5	6%	1.7x
First Business Support * **	11.2	8.5	8%	1.3x
ARINSO *	€ 356.4	€ 203.8	20%	1.7x
Kendric Ash **	13.9	5.0	30%	2.8x
Rave Technologies	8.8	4.9	36%	1.8x

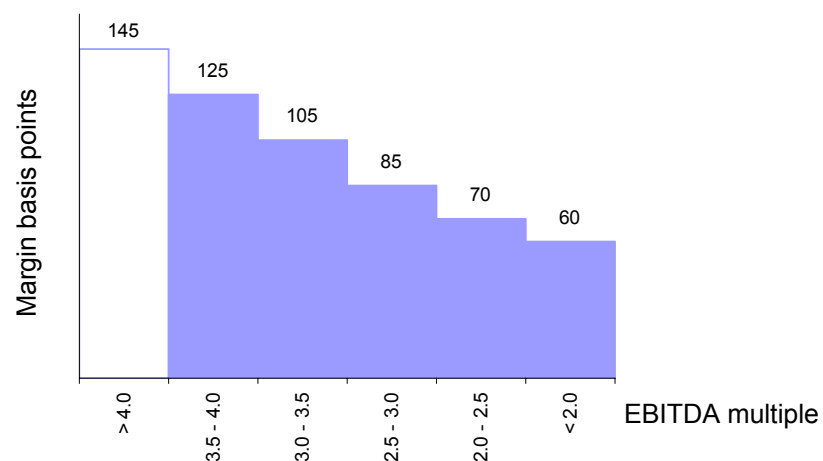
* Completed post year-end

** Includes an element of performance-linked earn-out



Debt facility (1) - overview

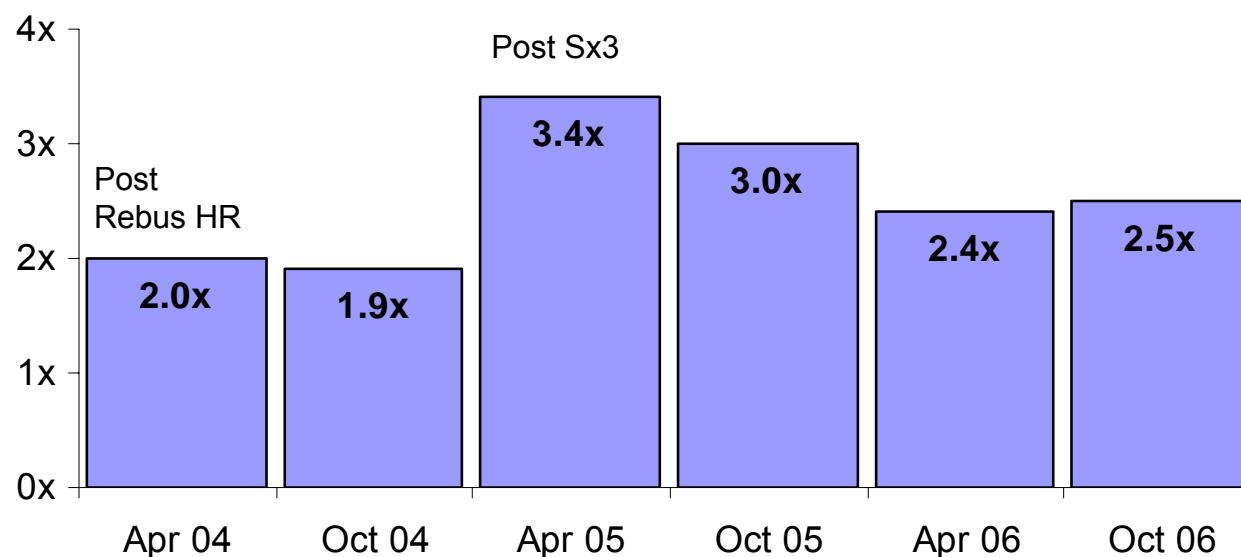
- New £500m, five year facility
 - ▶ £275m revolving facility
 - ▶ €332.5m term loan, repayments start in 2009/10
 - ▶ 93% of facility is available for term
- Covenants allow flexibility for future development activities
 - ▶ Gearing covenant steps down from 4.75x to 3.5x from July 09
 - ▶ Interest cover covenant constant at 3x throughout
- Attractive pricing reflects high quality of business



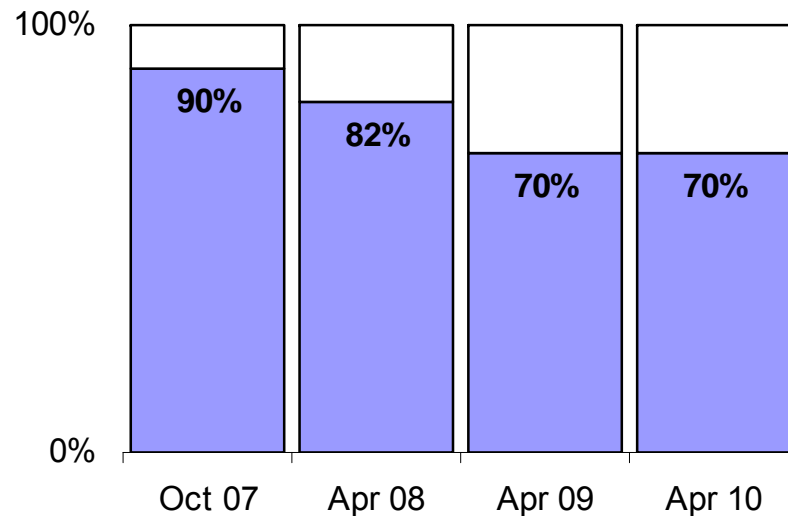
- ▶ Margin 145 bp fixed until May 2008

Debt facility (2) - leverage

- Track record of debt financing acquisitions and reducing leverage through strong cash flow generation
- Net debt / EBITDA expected to quickly fall below c. 4x post acquisition of ARINSO

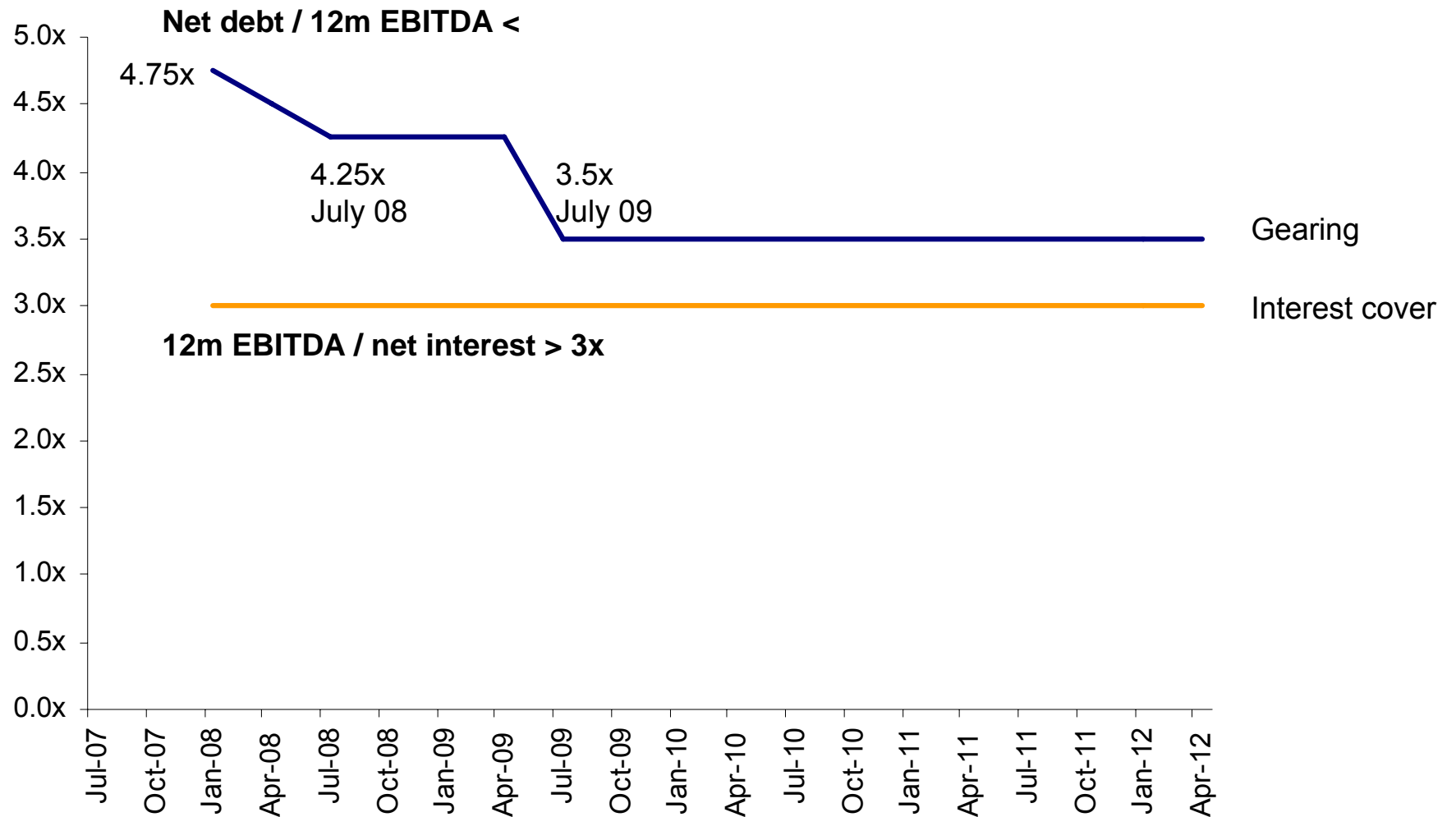


Debt facility (3) - hedging



- Interest rates: 80% of the facility is currently hedged against interest rate movements
 - ▶ £: maximum 5.8%
 - ▶ €: maximum 4.3%
- Currency hedging
 - ▶ The facility structure provides a natural operating hedge

Debt facility (4) - covenants



Pension update

Appendix 12

- Higher additional contributions of £6.5m pa being paid
- Benefits restructuring concluded
- A one-off payment of £15m is planned as part of the ARINSO acquisition, which will increase asset cover to 87%
- Asset mix changed
 - ▶ Reflects scheme member profile
 - ▶ Natural hedge for discount rate
- Remaining deficit can be managed over medium term

£m	Apr-07	Apr-06	
Assets	207.4	191.6	+8%
Liabilities	<u>256.8</u>	<u>246.1</u>	<u>+4%</u>
Deficit	49.4	54.5	-9%
Asset cover	81%	78%	