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MPS Group, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator instructions) We will take our first question from Kevin McVeigh at Credit Suisse.

Kevin McVeigh – Credit Suisse

Hey, Tim, Bob, and Tyra, nice show in the quarter.

Tim Payne

Thank you.

Kevin McVeigh – Credit Suisse

I wonder if you can give us a sense of trends within North American IT. I know that declined modestly. If you could tell us how Modis trended relative to Beeline on a year-over-year basis and then your outlook over the next quarter or so, specifically within IT.

Tim Payne

I would like to make – Kevin, this is Tim – I will make one comment there, and then Bob can provide you with you some backing on the trending. One of the things we have been trying to do in Modis in North America is sometimes you get into a situation where you will have a client and that – the business you are doing with them builds over time and as it builds sometimes the margin starts to erode a little bit. And we – so gotten ourselves into that situation a few times. So we are in the process right now of sort of weaning ourselves off some of those low margin clients and trying to focus a little bit more on the better margin stuff. So, part of what you are going to see in trending is really a kind of the result of that. And Bob you want to comment further?

Bob Crouch

Yes, I think if you kind of breakdown that unit you are going to see Idea and Modis their trend – they were down year-over-year in that 4% to 5% range from a revenue standpoint. And obviously that's from some of the client events that Tim talked about, but Beeline was up organically about 40% and year-over-year from a GAAP standpoint up about 65%. So, Beeline really has experienced a lot of growth.

Kevin McVeigh – Credit Suisse

Okay, and, Bob, in terms of round numbers what percentage of North American IT do those – each one represent right now?

Bob Crouch

Obviously Modis represents substantially a majority of it, but I – Modis represents 75% of it and – 80% of it, Idea is going to be – Idea and Beeline about split the remainder.

Kevin McVeigh – Credit Suisse

Great, that's helpful. And then just, if you could comment, Badenoch & Clark obviously a very strong growth in the U.K. and just given a lot of the market headlines you think things were slowing there. Could you just comment on where you are seeing the strength within Badenoch itself?

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