



# INVESTOR FACT SHEET



**Q1 | 2003**



## CORPORATE PROFILE

### PRG-Schultz: Industry Leader, Industry Innovator

Headquartered in Atlanta, PRG-Schultz International, Inc. (PRG-Schultz) is the world's leading provider of recovery audit services. PRG-Schultz employs approximately 3,500 employees, providing clients in over 40 countries with insightful value to optimize and expertly manage their business transactions. Using proprietary software and expert audit methodologies, PRG-Schultz industry specialists review client invoices, purchase orders, receiving documents, databases, and correspondence files to recover lost profits due to over-payments or under-deductions. PRG-Schultz is retained on a pay-for-performance basis, receiving a percentage of each dollar recovered.



## INVESTMENT RATIONALE

### Industry Leader

On January 24, 2002, the world's two largest recovery audit firms, the Profit Recovery Group (PRG) and Howard Schultz & Associates (HS&A), combined to form the definitive industry leader, PRG-Schultz. The combination marks a significant milestone in the evolution of the recovery audit industry and creates the only provider with the scale and scope to lead in quality service and innovation.

### Attractive Business Model

PRG-Schultz is dedicated to achieving sustained and profitable corporate growth from its accounts payable operations, a business model with attractive characteristics, including strong operating cash flow generation and a significant portion of recurring revenues.

### Large Market Potential

While PRG-Schultz has a prominent position in today's accounts payable recovery audit market, increased complexity in today's purchasing environment, including global consolidations, greater price volatility, larger transaction volumes, multiple sourcing options, and continuing migration to electronic data formats, significantly expands our market potential. With a strong client base, PRG-Schultz is well-positioned to capitalize on additional business opportunities, from both new and existing clients. Internationally, audit recovery services are still in their infancy, and the market potential is sizeable.

### FIRST QUARTER 2003 RESULTS FROM CONTINUING OPERATIONS

Three Months Ended March 31

	2003	2002
(in \$MM, except EPS)		
Revenues	\$100.6	\$110.3
Operating Income	9.2	10.9
Net Income*	4.3	5.4
Diluted EPS	\$0.07	\$0.08
Cash from Operations	\$12.7	\$8.2

\* Before discontinued operations and cumulative effect of accounting change.

## Proven Services Offering

PRG-Schultz's experienced and highly-trained audit professionals use sophisticated proprietary technologies and advanced methodologies to recover unrealized profits. We have developed proven audit techniques that allow for increased identification of transaction errors and recommendations for process improvements. In addition to our core accounts payable recovery audit services, PRG-Schultz's unique capabilities in specialty services such as direct store delivery, vendor compliance, media, and imaging further differentiates us from our competitors, allowing us to build stronger relationships with our clients.

## Leveraging Technology

As the world of technology continues to rapidly evolve, our clients are continuously increasing the use of technology to manage complex accounting systems and realize greater operating efficiencies. Our digital assets - our proprietary software, supreme information capacity, significant processing power, and skilled professionals - are fundamental to best serving our clients' needs. Our success in investing in and developing the most sophisticated technology tools and most powerful databases has been, and will continue to be, an important competitive advantage of PRG-Schultz.

## STRATEGIC GROWTH PLAN

**In order to realize the full potential of our market opportunity, PRG-Schultz has identified the following key strategic growth initiatives:**

- **Employ client-centered business approaches, such as aligning service levels to individual client needs, to drive profitable growth in both new and existing clients.**
- **Maximize audit effectiveness by deploying best practices and focused business analysis across the organization.**
- **Increase investment in our highest-potential global markets.**
- **Focus technology development to enable the most effective and profitable service delivery.**

John Cook, chairman and chief executive officer of PRG-Schultz stated, "We are pleased that we met our earnings objectives despite weakness in our US Accounts Payable Services revenues. Our international Accounts Payable Services business performed substantially in line with our expectations, and we continue to expect strong international growth for the remainder of 2003 and beyond. We are also pleased that we generated strong cash flow from operations of \$12.7 million for the quarter, representing an increase of 55% over the same period last year and that we further executed on our share repurchase program."

## SHAREHOLDER INFORMATION

Industry Sector: Business Services

Exchange/Symbol: (Nasdaq National Market: PRGX)

Price 4/30/03: \$6.39

52-Week Price Range: \$5.93 - \$16.25

Market Capitalization: \$395.5 million

Shares Outstanding: 61.9 million

Daily Volume (3-month average): 456,295

(All share data as of 4/30/03)

## ANALYST COVERAGE

Avondale Partners - Jenny Hubbard

Barrington Research - Alexander Paris, Jr.

CIBC World Markets - Thatcher Thompson

Jefferies & Co. - Joseph Vafi

Robert W. Baird - Randall Mehl

## Contact Information:

**PRG-Schultz International, Inc.**

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## FINANCIAL SUMMARY CONTINUING OPERATIONS

(\$MM, except per share data)

### Income Statement Summary

	2002	2001	2000
Revenues	\$463.3	\$314.0	\$302.1
Operating Income	53.1	14.6	18.3
Net Income/(Loss)	27.6	2.3	4.9
Diluted Earnings per Share	\$0.40	\$0.05	\$0.10
Cash from Operations	\$42.82	\$29.18	\$18.80

Notes: Results from continuing operations before discontinued operations and cumulative effect of accounting change.

### Balance Sheet Highlights

	March 31, 2003	December 31, 2002
Cash & Equivalents	\$19.2	\$14.9
Working Capital:	36.0	35.6
Long-Term Debt (incl. Current):	31.4	31.9
Convertible Notes:	121.7	121.5
Shareholders Equity:	338.1	337.9
Book Value per Share:	\$5.46	\$5.36

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Statements made in this document which look forward in time involve risks and uncertainties and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such risks and uncertainties include the following: (i) if the current economic slowdown worsens, our clients may not make sufficient levels of purchases from which to deduct our claim findings and we therefore may be unable to recognize anticipated revenues, (ii) we may experience revenue losses or delays as a result of our clients' potential revision of claim approval and claim processing guidelines, (iii) the bankruptcy of any of our larger clients, or of any such clients' larger customers or suppliers, could impair then-existing accounts receivable and reduce expected future revenues from such clients, (iv) a portion of \$5.5 million in payments on account from a bankrupt client of the Company received during the quarter ended March 31, 2003 might be recoverable as "preference payments" under United States bankruptcy laws and, if so, would result in the recording of an expense provision in the Company's financial statements, (v) modifications to auditor compensation models may negatively impact employee retention, and therefore, our ability to generate revenues, (vi) the businesses comprising the Other Ancillary Services segment may require additional time and effort of Company executives and additional Company resources to help them achieve desired profitability and may distract management from its focus on the Company's core Accounts Payable Services business, and there is no guarantee that the Company can operate these businesses efficiently and profitably, (vii) we may not achieve anticipated expense savings, (viii) we have violated our debt covenants in the past and may inadvertently do so in the future, (ix) our past and future investments in technology and e-commerce may not benefit our business, (x) our Accounts Payable Services businesses may not grow as expected, and we may not be able to increase the number of clients, particularly commercial clients, utilizing broad-scope audits, (xi) our international expansion may prove unprofitable, and (xii) the integration of our US Accounts Payable Services operations may adversely affect our ability to generate anticipated revenues and profits and may not be successful or may require more time, management attention or expense than we currently anticipate. Other risks and uncertainties that may affect our business include (i) the possibility of an adverse judgment in pending securities litigation, (ii) potential timing issues that could delay revenue recognition, (iii) future weakness in the currencies of countries in which we transact business, (iv) changes in economic cycles, (v) competition from other companies, (vi) changes in governmental regulations applicable to us, and other risk factors discussed in our Securities and Exchange Commission filings, including the Company's Form 10-K as filed with the Securities and Exchange Commission on March 17, 2003. The Company disclaims any obligation or duty to update or modify these forward-looking statements.