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Mastech Holdings Investor
Presentation
(NYSE MKT: MHH)

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Certain statements contained in this presentation are forward-looking statements based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings, and cash flow. These statements are based on information currently available to the Company and it assumes no obligation to update the forward-looking statements as circumstances change. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation, the level of market demand for its services, the highly competitive market for the types of services offered by the company, the impact of competitive factors on profit margins, market conditions that could cause the Company's customers to reduce their spending for its services, and the company's ability to create, acquire and build new lines of business, to attract and retain qualified personnel, reduce costs and conserve cash, and other risks that are described in more detail in the company's filings with the Securities and Exchange Commission including its Form 10-K for the year ended December 31, 2013.




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Company Profile

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Company Profile

- ▶ National provider of **Information Technology** Staffing Services
- ▶ Publicly traded on NYSE MKT under ticker symbol: "**MHH**"
- ▶ 100% of Revenues are derived from IT Staffing Services in the U.S.A.
- ▶ Based in Pittsburgh, Pennsylvania
- ▶ 2013 Revenue: \$107M,  **18%** from 2012

History

- ▶ **27 years** of Staffing Industry Experience
- ▶ Spun-off from iGATE (Nasdaq:IGTE) in October 2008; certified MBE

Employees/ Consultants

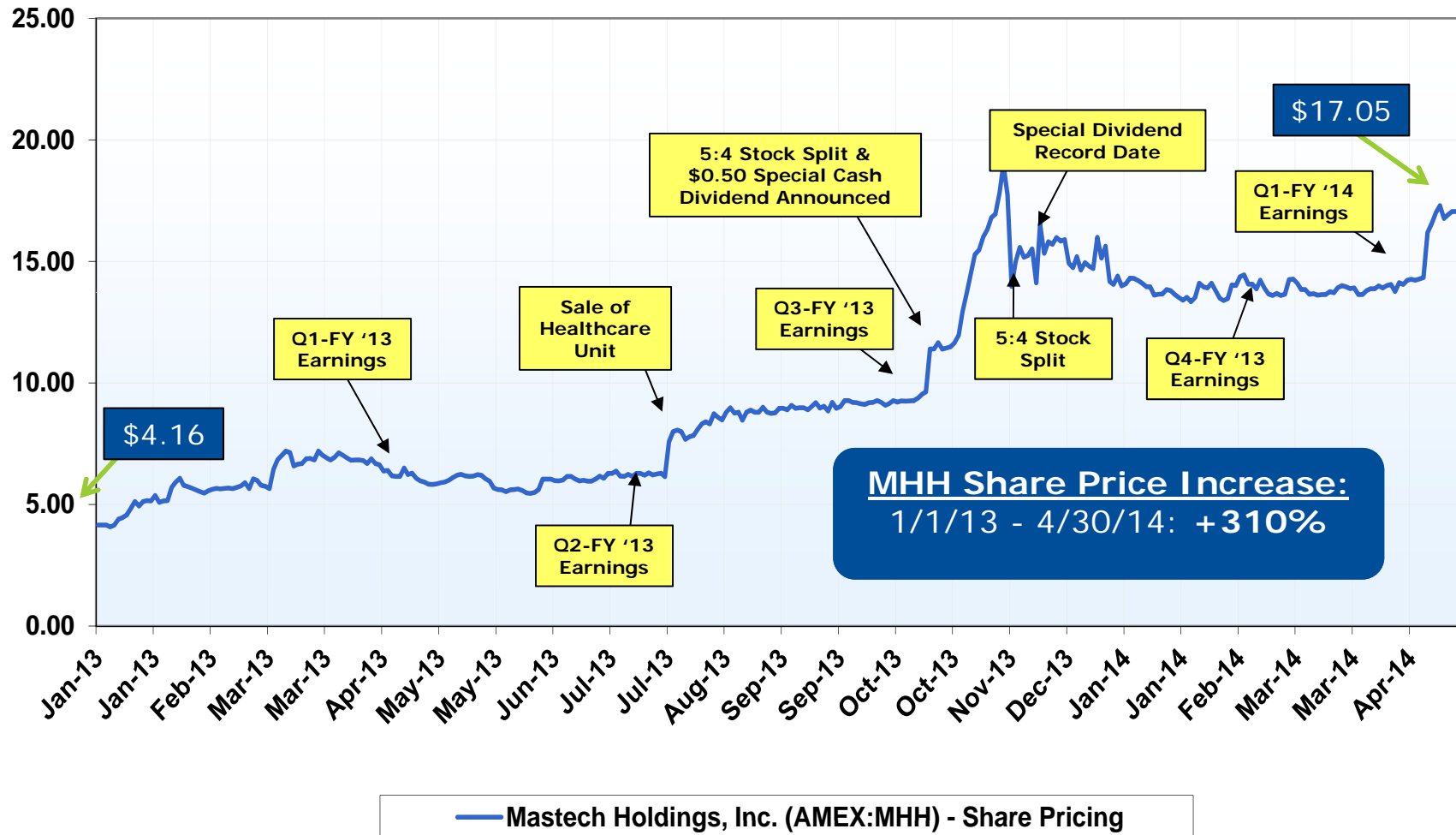
- ▶ **750** full-time **IT Consultants** in the **USA**
- ▶ 200 Staff Employees (Sales / Recruitment / Support / Management)
 - ▶ **70% of Staff India-Based**
- ▶ **Centralized** Recruiting Model

Core Values

- ▶ **Integrity, Accountability, Quality, Dignity & Respect**

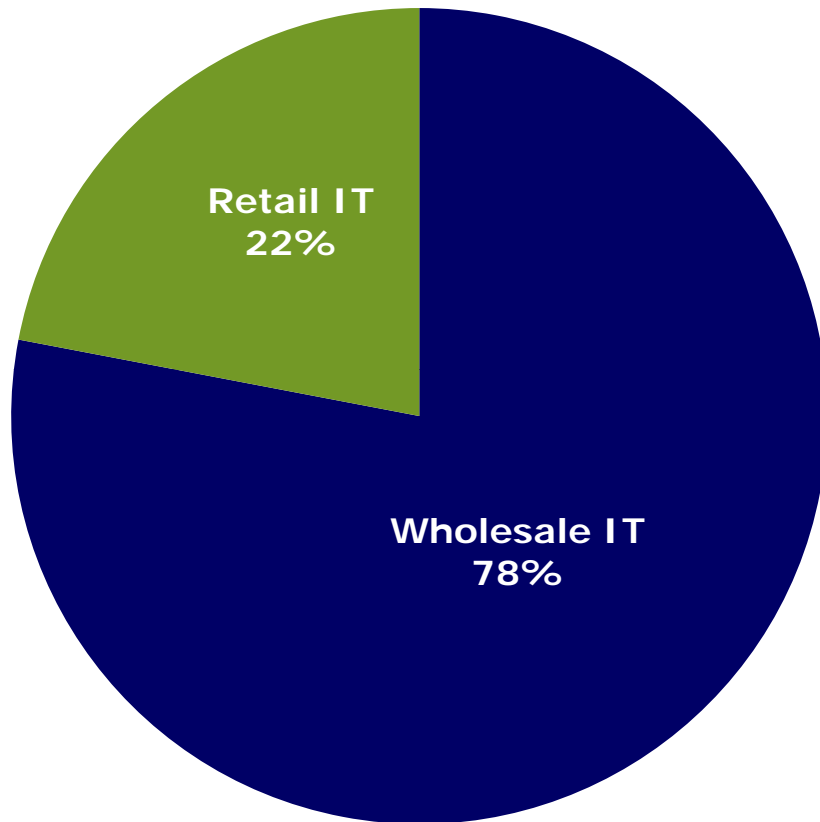
Service Offerings

- ▶ e-Business Solutions; Service Oriented Architecture & Web Services
- ▶ Business Intelligence & Data Warehousing
- ▶ ERP / CRM Implementation

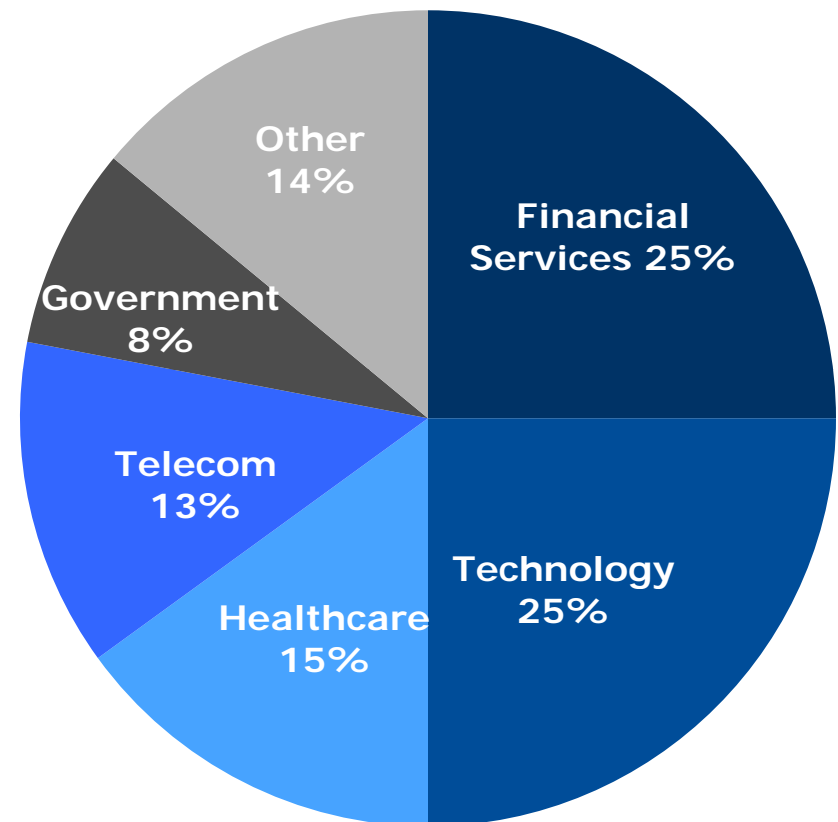


*Share pricing data from S&P Capital IQ and excludes dividend returns.

Sales Channels

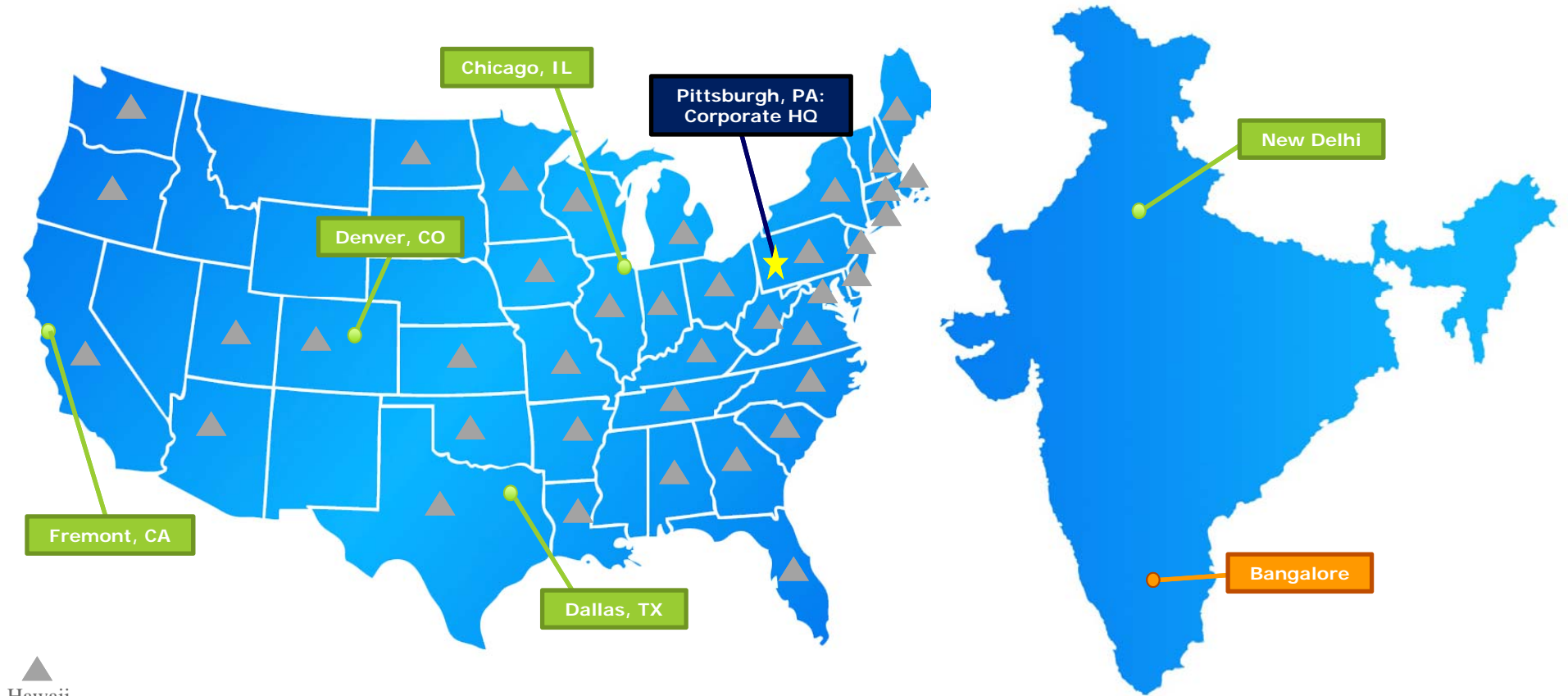


End Markets



Recruiting / Talent Management

- 100+ Recruiters
- Two Large Facilities in India
- Four Smaller Facilities in the U.S.
- Attractive to H1-B and W-2 employees



- ★ Corporate Headquarters
- Sales/Recruiting Office
- Recruiting Office
- ▲ States with 2014 Consultants on Billing

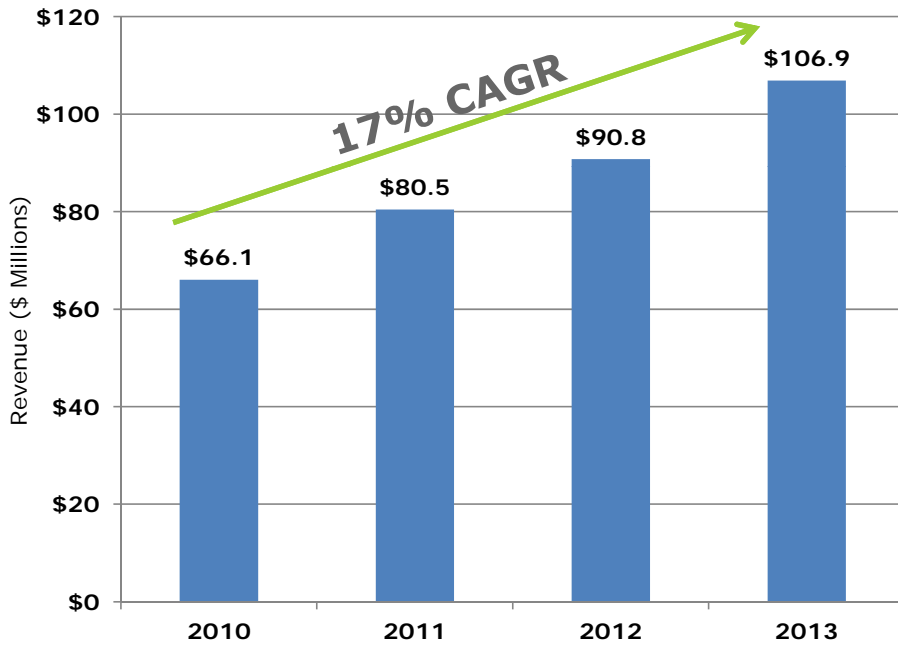
▲ Hawaii



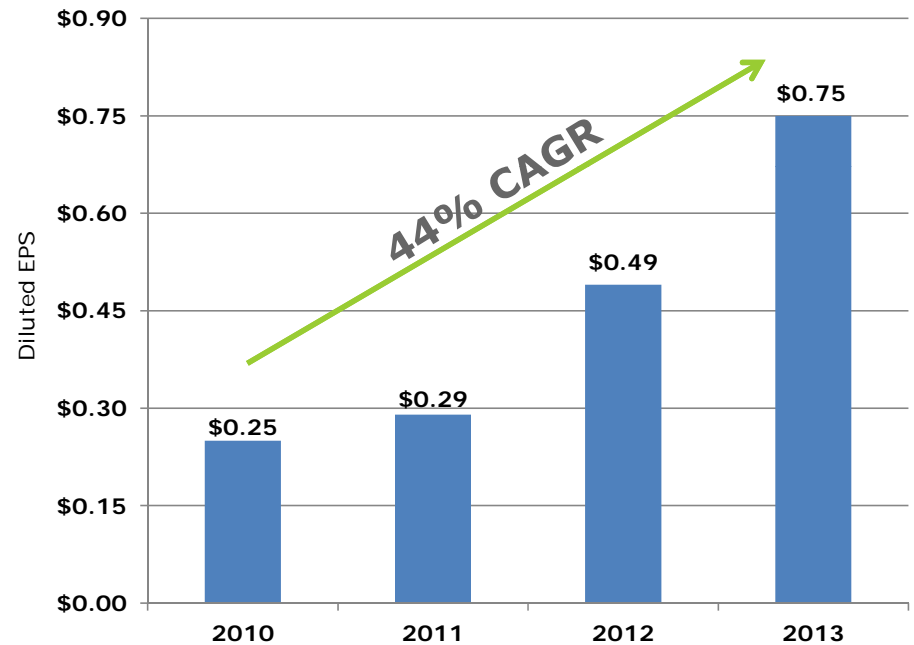
Strong Organic Growth

17% CAGR – Revenue; 44% CAGR - EPS

Revenue



Diluted EPS

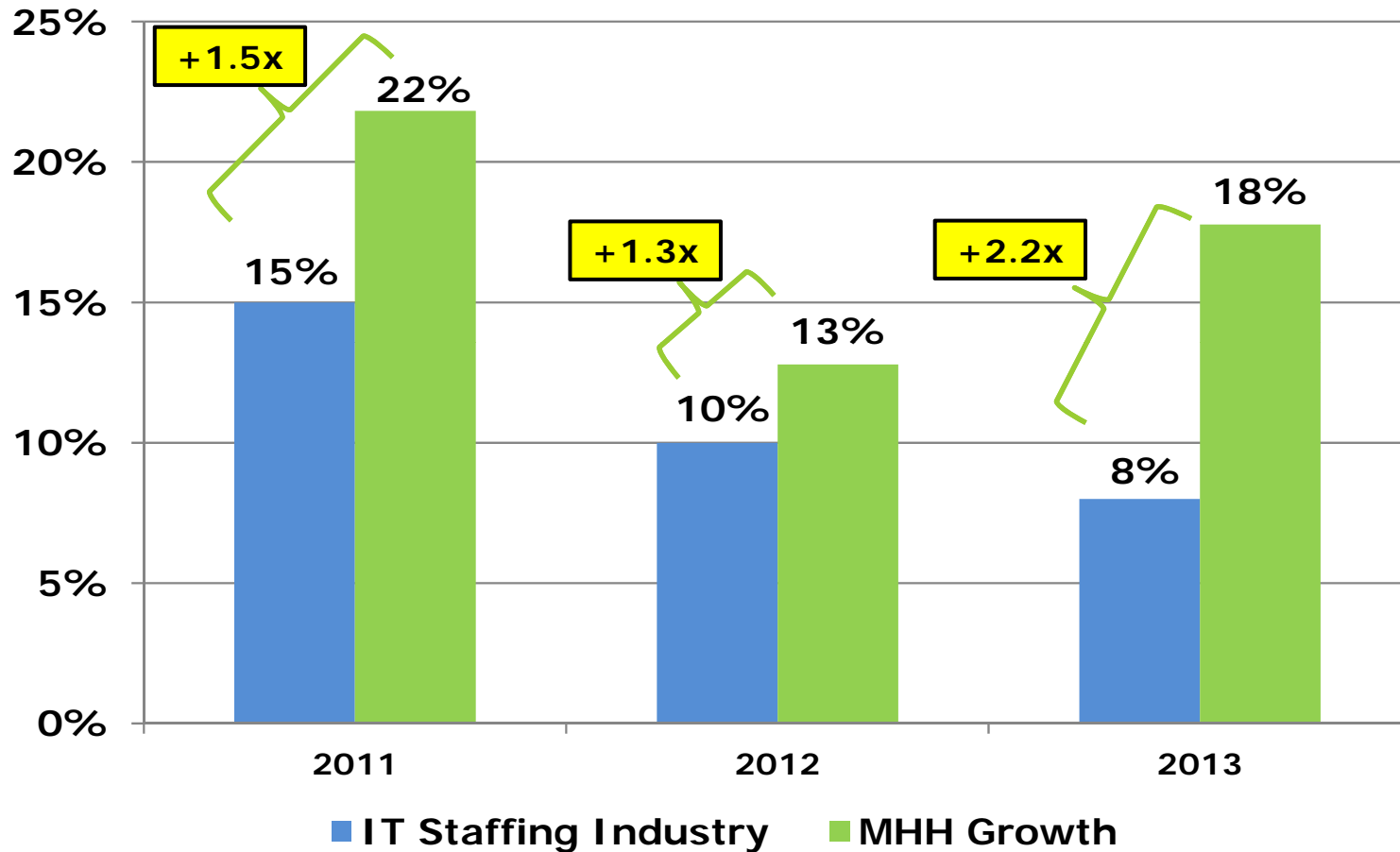




MHH Outpacing Industry Growth

1.7X the Industry Growth over past 3 years (internal target = 1.5X)

MHH Revenue Growth Vs. Temp. IT Staffing Industry*



Mastech has outpaced the IT staffing industry growth rate by an average of 1.7x over the last three years.

*Temporary IT Staffing industry revenue growth rate from Staffing Industry Analysts.



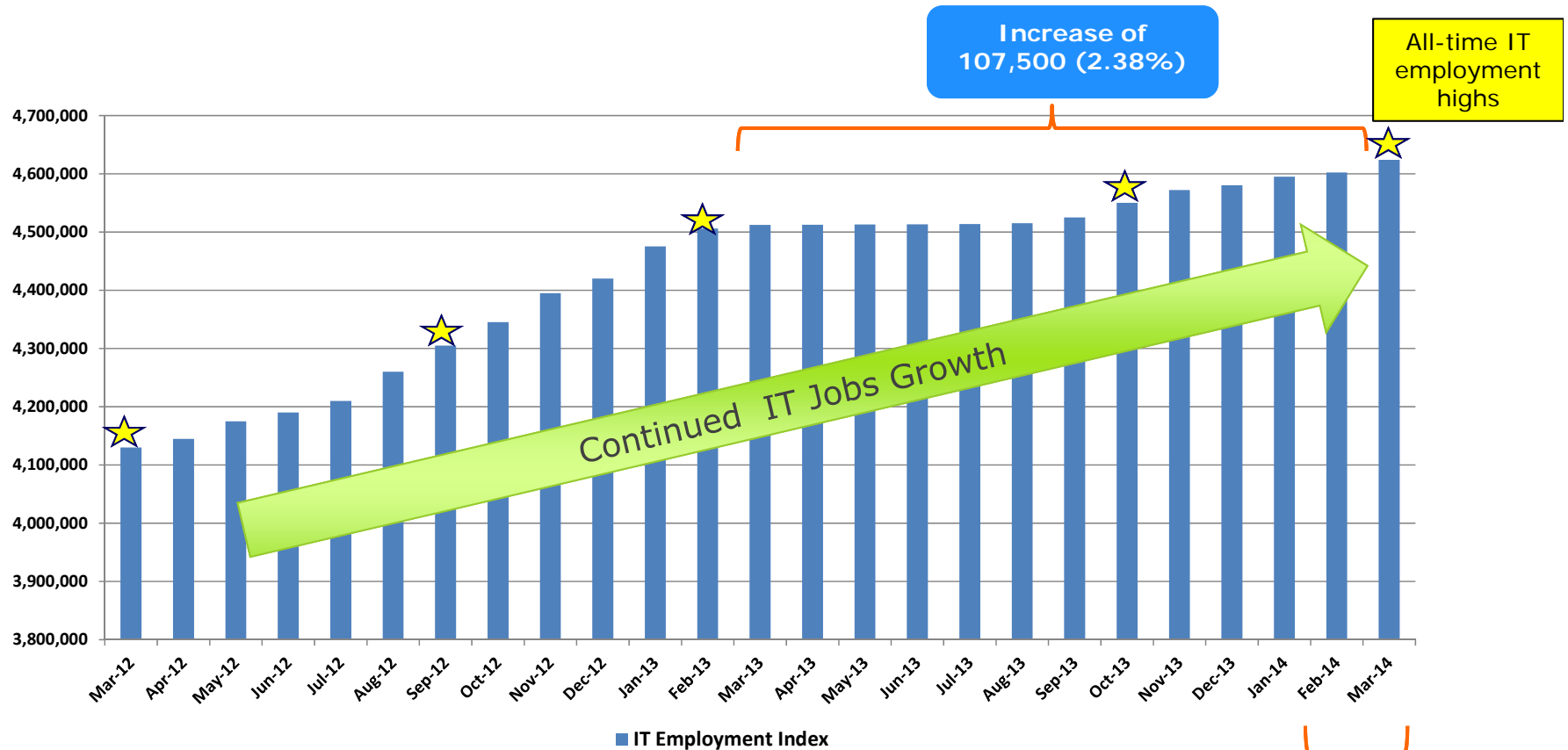
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IT Staffing Industry Update

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IT Employment Growth is 3X USA jobs growth

There are more IT jobs in the US today than at any point in history



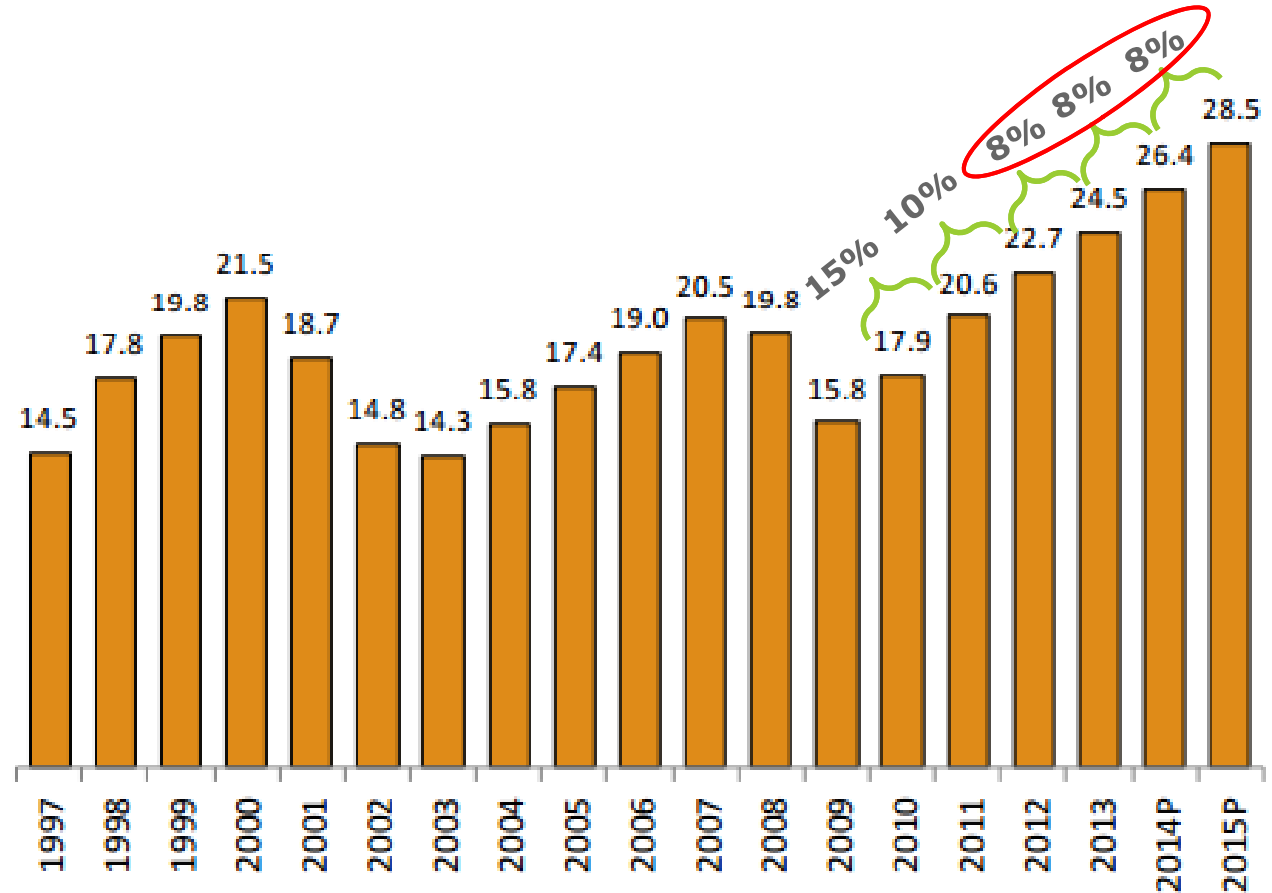
- IT employment rose 17,700 to a new all-time high of 4,623,800 in March of 2014, a 0.38% increase from February
- On a year-over-year basis, IT employment has grown by 2.38% since March 2013 adding 107,500 IT workers

Increase of
17,700 (0.38%)

Source: TechServe Alliance

- U.S. economic growth and increased demand for corporate IT projects causing temporary IT staffing industry to reach all-time highs.
- IT Staffing Industry projected to grow 8% per year in 2014 and 2015.
- Industry experienced strong growth in 2011 +15%, 2012 +10% and 2013 +8%.
- Severe shortage of qualified IT workers in U.S. causing wage inflation.

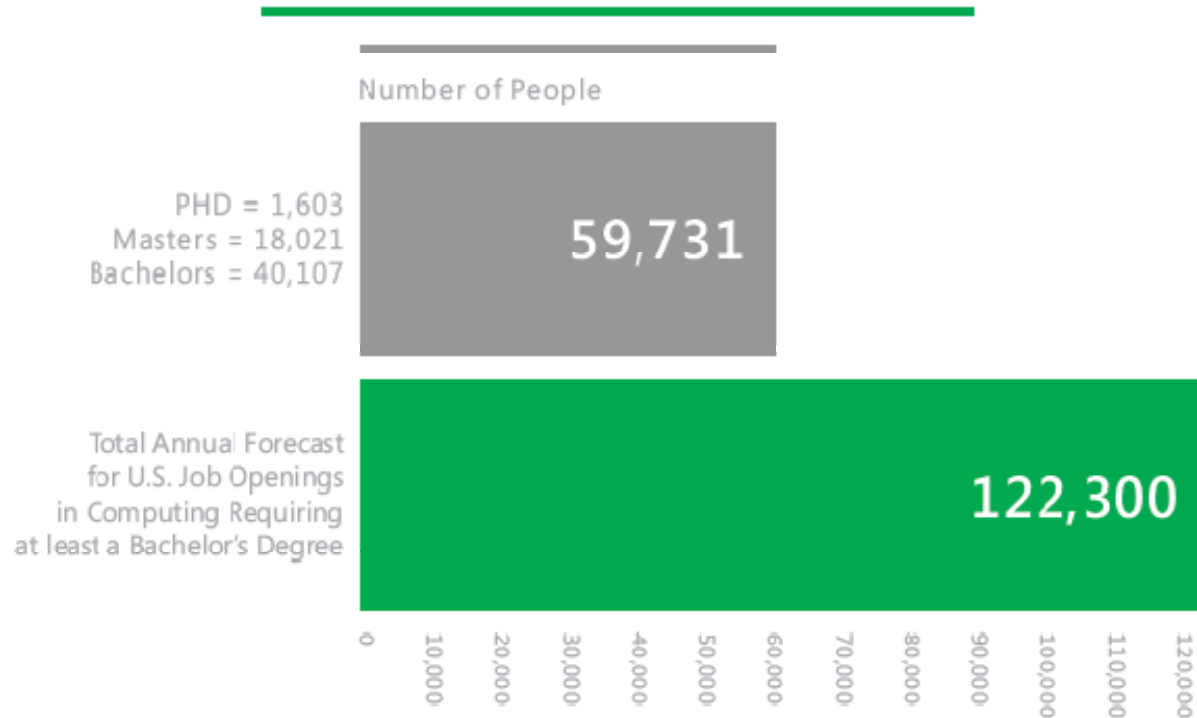
U.S. Temp. IT Staffing Revenue (\$B) (1997-2015P)



Source: Staffing Industry Analysts, © Crain Communications 2014

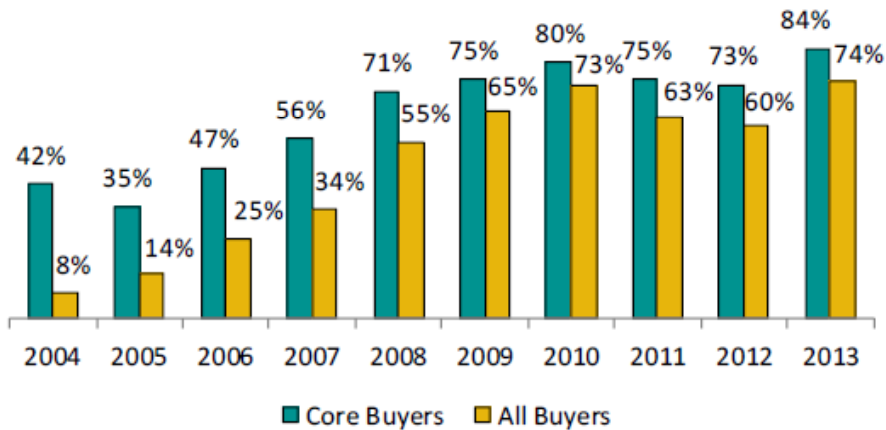
Graduation Rates Not Keeping Up With Job Creation

Number of graduates in computer science versus projected job openings in computing requiring at least a bachelor's.



Source: Graduation numbers from IPEDS 2010 Computer Science Degrees. Forecast job openings based on U.S. Bureau of Labor Statistics forecast of 1.22 million for 2010 -2020.

Trends in VMS use



VMS (vendor management system)

- 9 yr **penetration–All Buyers:** 8% to **74%**
- 9 yr **penetration- Core Buyers:** 42% to **84%**
- **Technology / Telecomm Industry:** **86%** in use; 10% planned use (**96%**) vs. 75% in use in 2012
- All Large Scale (>20,000 employees): 91% or more currently use a VMS

Core buyers' use of VMS

Industry	In use	Plans	No plans
Finance/insurance	84%	16%	0%
Manufacturing	100%	0%	0%
Mining, extraction and utilities	79%	21%	0%
Transport/warehousing	83%	17%	0%
Pharma/biotech/med	100%	0%	0%
Tech/telecom	86%	10%	5%
Majority skill			
Engineering/design	80%	0%	20%
Industrial	75%	25%	0%
IT	87%	13%	0%
Number of employees			
1,000-4,999 employees	81%	19%	0%
5,000-9,999 employees	73%	27%	0%
10,000-19,999 employees	44%	44%	11%
20,000-49,999 employees	91%	4%	4%
50,000-99,999 employees	89%	5%	5%
100,000+ employees	100%	0%	0%
Primary model			
Master supplier	33%	67%	0%
MSP	97%	3%	0%
Internally, VMS	100%	0%	0%
Internally, no VMS	0%	67%	33%
All respondents	84%	13%	3%

n=165

Source: Staffing Industry Analysts



- Create Transparency & Level the Playing Field...
 - Comparisons become easier
 - Price & Delivery Matters
 - Relationships less important
- Exert Pressure on Gross Margins
 - Low Cost Players will be advantaged
 - Forces Thinking to Move from Gross Margin to Operating Profit
- MHH Loves 'em...and the Branch Guys Don't...
 - MHH Operating Profit Increase.... Leverage on the Cost Structure
 - 2013 over 2012: 57%; 2012 over 2011: 52%
- Here to Stay ...
 - Argue Penetration Levels & Timing



Branch Services Model

- Branches Target Local Customers
- Decentralized Management
- Relationship Sales Model
- Larger S,G&A Expense Base

Centralized Model

- Current MHH Operating Model
- Customers Drive Geography
- Centralized Infrastructure and Support
- Low Cost Location Opportunity
- Value Pricing Ability

Sample Income Statement

Gross Margin	24 – 30%
S,G&A (Expense)	(20 – 25%)
Operating Margin	4 – 8%

Sample Income Statement

Gross Margin	18 – 21%
S,G&A (Expense)	(12 – 17%)
Operating Margin	4 – 8%



Lower gross margin associated with centralized model offset by centralized infrastructure and lower operating expense base.

Industry Trends & Outlook

U.S. Job Market Recovery Positive for Industry

Fundamental Shift Towards Greater Utilization of Staffing Services

Large Consumers of Staffing Services Employing VMS / MSP Model

Client Focus more about Consultant Quality, Speed to Market and Value Pricing

What Differentiates Mastech

Centralized Business Model; Scalable Cost Structure; Low-Cost Recruitment Engine

Strong Brand Recognition with both U.S. Citizens and H1-B Visa Professionals

Established Client-Base of High-Volume Consumers of Staffing Services

Favorable Pricing / Value Proposition for Clients

Motivated and Capable Management Team

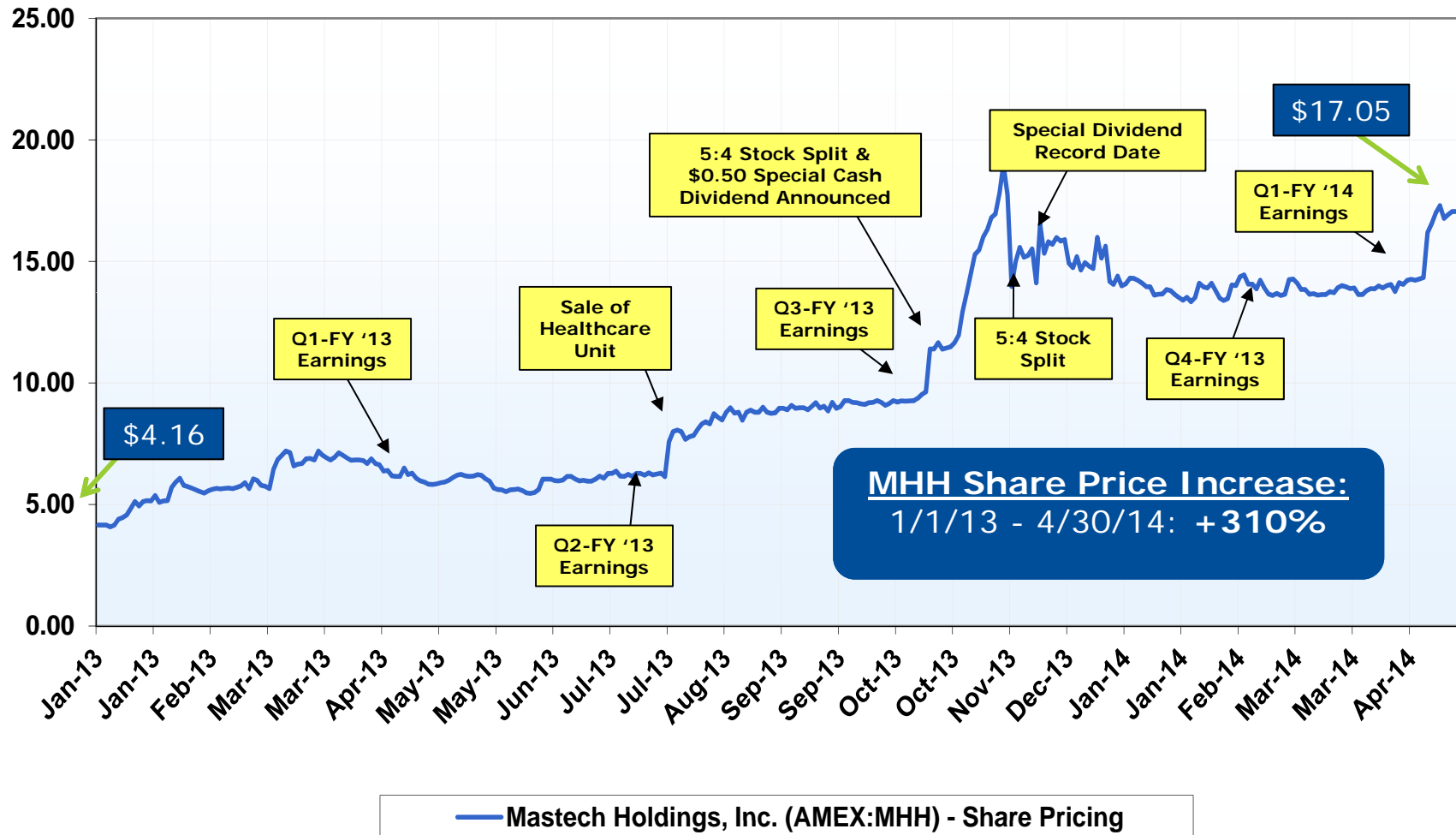


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MHH Goals

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- **Organically Grow Revenues at +1.5X Industry Average**
- **Maintain Gross Margins @ 19%**
- **Capitalize on Leverage-able Cost Structure; Operating Expenses @ 12-14% of Revenue**
- **Deliver Operating Margins of 7%+ of Revenue**
- **Be Smart with Capital...**
 - **Pursue Strategic Acquisitions to Enhance Growth**
 - **Continue to Return Capital to our Shareholders**



*Share pricing data from S&P Capital IQ and excludes dividend returns.

25.00

Mastech is the only publicly traded IT Staffing company that employs the centralized business model.

Said Differently, if you want to **invest in IT staffing...** and you like the **advantages of the centralized model... We are it!**

— Mastech Holdings, Inc. (AMEX:MHH) - Share Pricing

*Share pricing data from S&P Capital IQ and excludes dividend returns.



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