

**Leading.  
Trusted.  
Changing lives.**

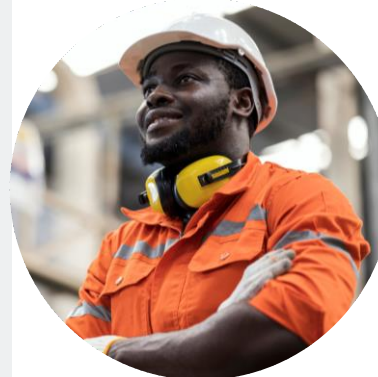
# **FY 2023 Trading update**

Albert Ellis, CEO

Daniel Quint, CFO

23 January 2024

**Staffline**  
Group PLC



# A leading national recruitment and training provider

**c. 35,000\***

Temp workers

**c. 400**

On-sites

**c. 69**

Driving On-sites

**c. 25**

Branches

**c. 15,000**

Learners

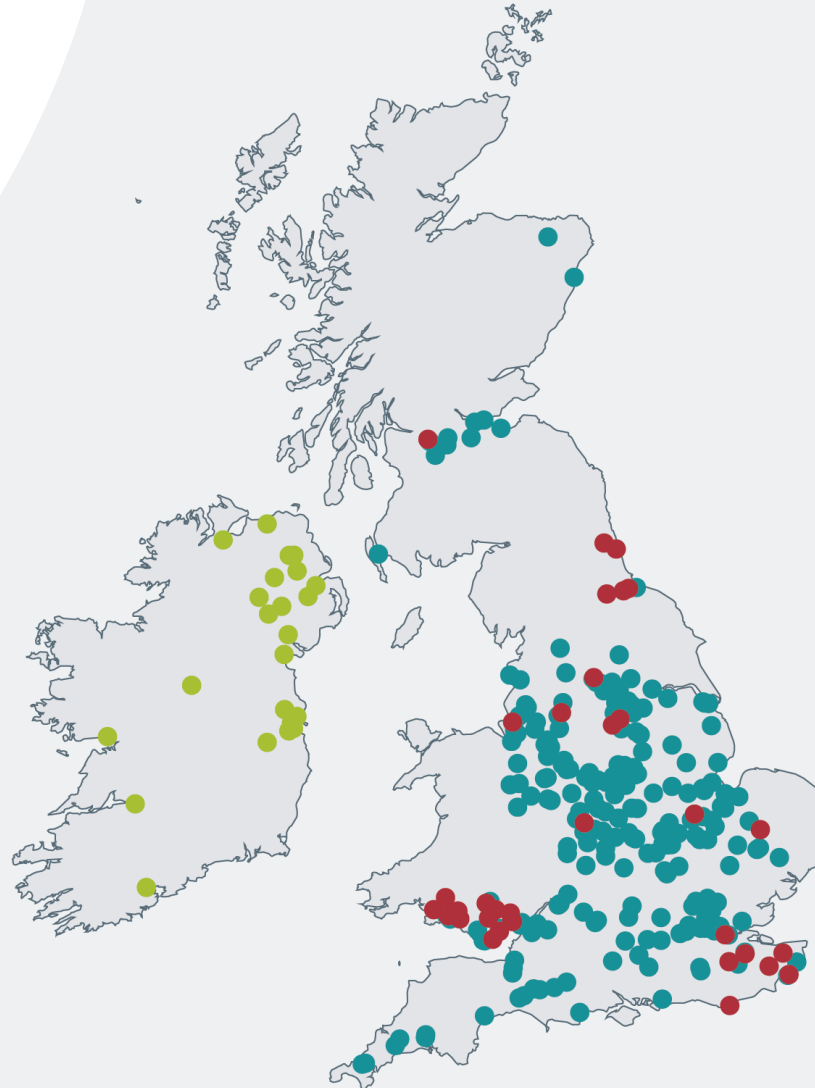
**72**

Prisons

**Staffline**  
(Ireland)

**Locations key:**

- - Recruitment GB
- - PeoplePlus
- - Recruitment Ireland



**Staffline**

DatumRPO

Omega

Brightwork  
Recruitment

**PeoplePlus**  
skills for growth

# Market share growth against challenging backdrop



Revenue  
growth of  
1.1%

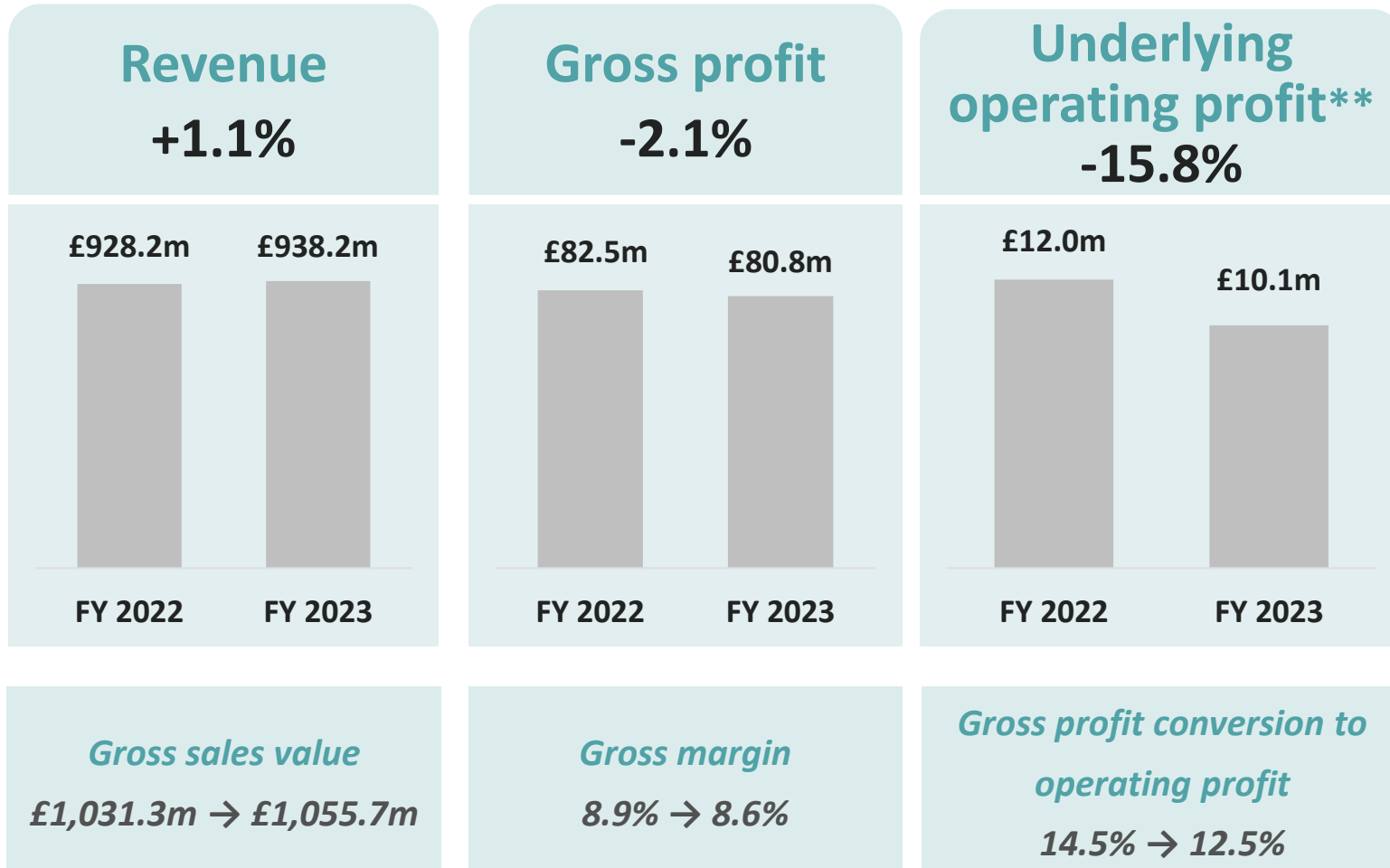
- FY 2023 underlying operating profit\* of £10.1m in line\*\*
- Revenue +1.1% at £938.2m (2022: £928.2m), due to market share gains. H2 2023 revenue +3.7%
- Recruitment gross profit -1.1% £64.2m (2022: £64.9m)
- Expansion of strategic partnerships through GXO Logistics, Sainsburys Argos, Morrisons, AM Fresh Group and key customer renewals with Tesco and M&S
- Key new contract win in Republic of Ireland
- Net cash (pre-IFRS 16) of £3.8m significantly ahead, of market expectations, underpinning £5m share buy back programme
- Banking facility headroom +£60m

**Notes:**

\*Presented on a continuing basis. The figures are unaudited and provisional. Underlying operating profit results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges

\*\*Company-compiled consensus for FY 2023 underlying operating profit and Net debt (pre-IFRS 16), based on the mean average of two analyst estimates, stands at £10.15m and £3.0m, respectively

# Revenue and profits\*



- Gross sales value up 2.4% to £1,055.7m (2022: £1,031.3m)
- Revenue up by 1.1% highlighting market share gains in H2, offsetting underlying hours decline in H1
- Gross profit down 2.1% impacted by softer permanent recruitment and higher margin employability contracts ending.
- Performance is resilient compared to larger recruiters due to Staffline being 90+% temporary recruitment

**Notes:**

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# Net cash, strong balance sheet underpinning £5m share buy back programme

“Strong trading cashflow supported by interest rate protection”

**Net cash (pre-IFRS16)\***  
**-£1.2m**

£5.0m



FY 2022

£3.8m



FY 2023

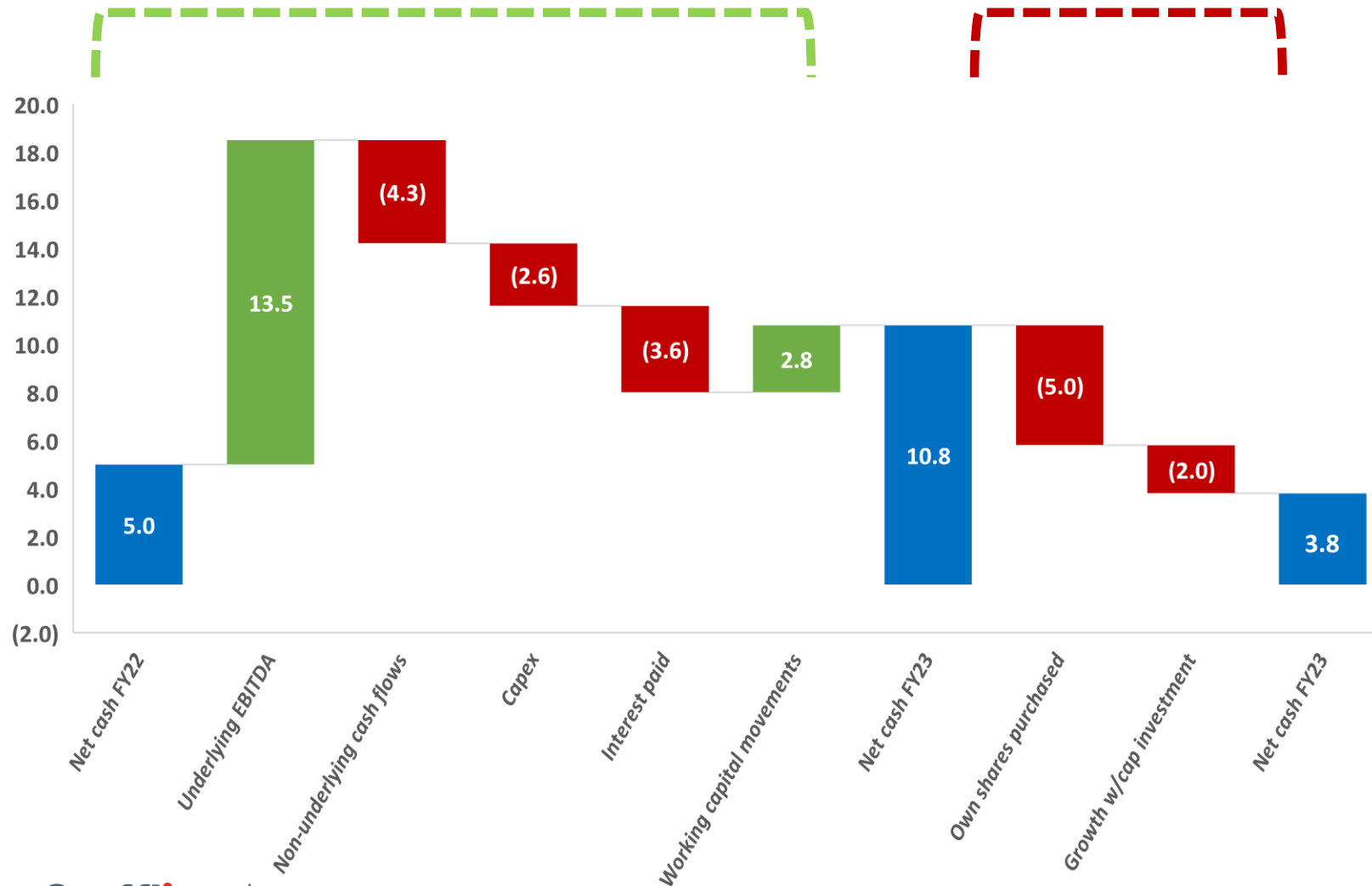
**Facilities and covenant strength with interest rate protection**

- Facilities headroom of +£60m
- Leverage @ 0.5x EBITDA
- Interest rate cover 3.5x
- Interest rate cap hedging 80% exposure over 1.00% SONIA\*
- Refinanced banking facilities on improved terms

# Net cash\* bridge 31/12/22 – 31/12/23

Net cash generation of +£5.8m before share buy backs and growth receivables

Supported £5m share buy backs, working capital investment in organic growth



- Strong trading cash flow of £13.5m over last 12 months
- Tight control of capital expenditure
- Protected from interest rate increases with benefit of Interest rate cap @1.00% SONIA
- Sustained focus on cash collections
- Net cash generation of £5.8m before share buy backs and growth working capital investment

# Key 2023 progress

## H2 2023 objectives

### **A. Organic market share growth**

- Win new business and onboard workers
- Grow market share in existing accounts

### **B. Traditional seasonal peak uplift**

- Christmas seasonal trading peak
- Benefits from global sporting events

### **C. PeoplePlus restructuring**

- Align costs with revenues

### **D. Consumer sentiment improves**

- Inflation expected to fall in H2

## Actual H2 2023 outcomes

### **A. Organic market share growth**

- GXO Logistics & Garda in Republic of Ireland
- Morrisons, AMFresh, Tesco, M&S

### **B. Second half increase in chargeable hours in line**

- Robust peak, Q4 hours +5% on Q4 2022
- Compares to like for like -12% on H1 2022

### **C. Exited in-person skills training market**

- Skills closed and overheads reduced

### **D. Consumer sentiment indicators**

- Inflation 7.9% (June) vs 4.0% (December)
- Retail sales -0.9% (Q4 vs Q3)



# Major account wins, renewals and growth



Major new contract win in Republic of Ireland



Additional 14 sites won, will be their largest single supplier



Awarded sole supply based on excellence in delivery

# M&S



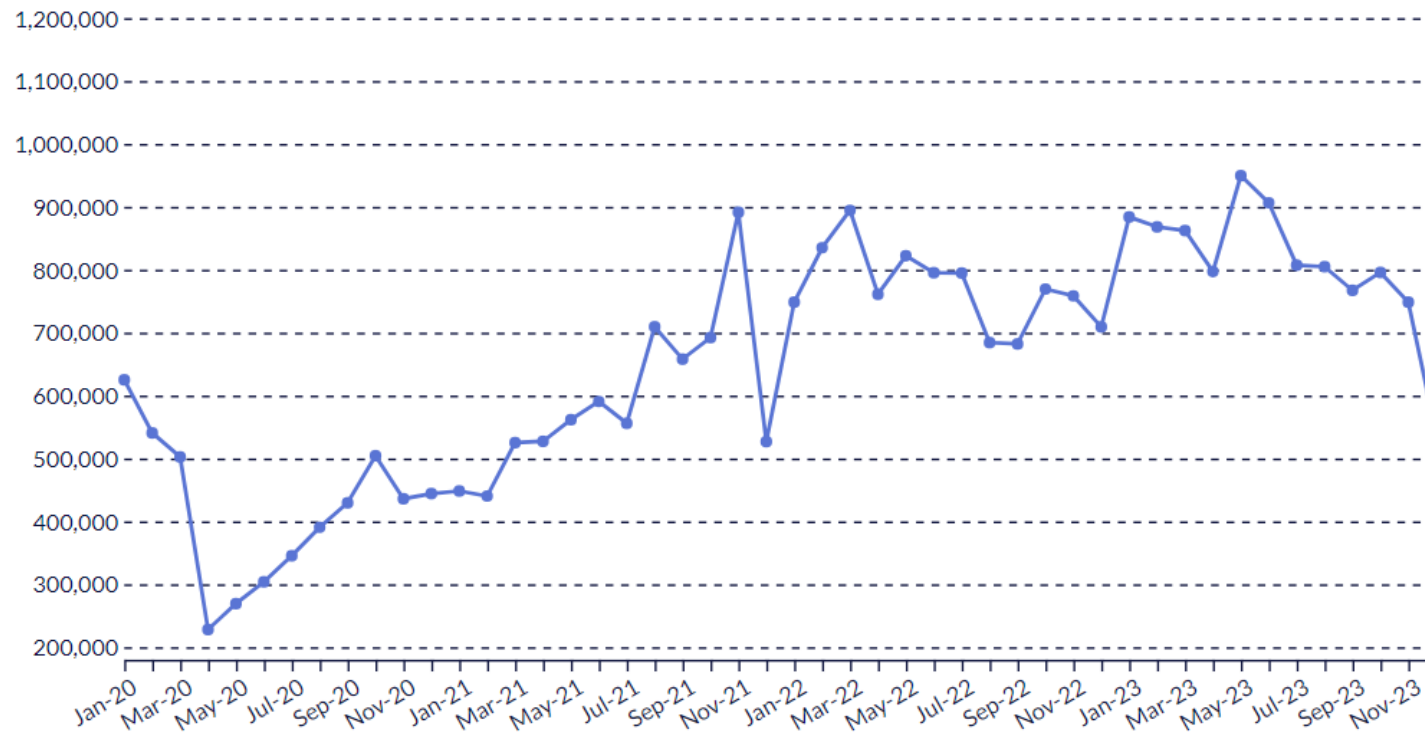
3 year contract extension



# New advertised vacancies declined in December 2023 from elevated levels in 2023

## Monthly new job postings

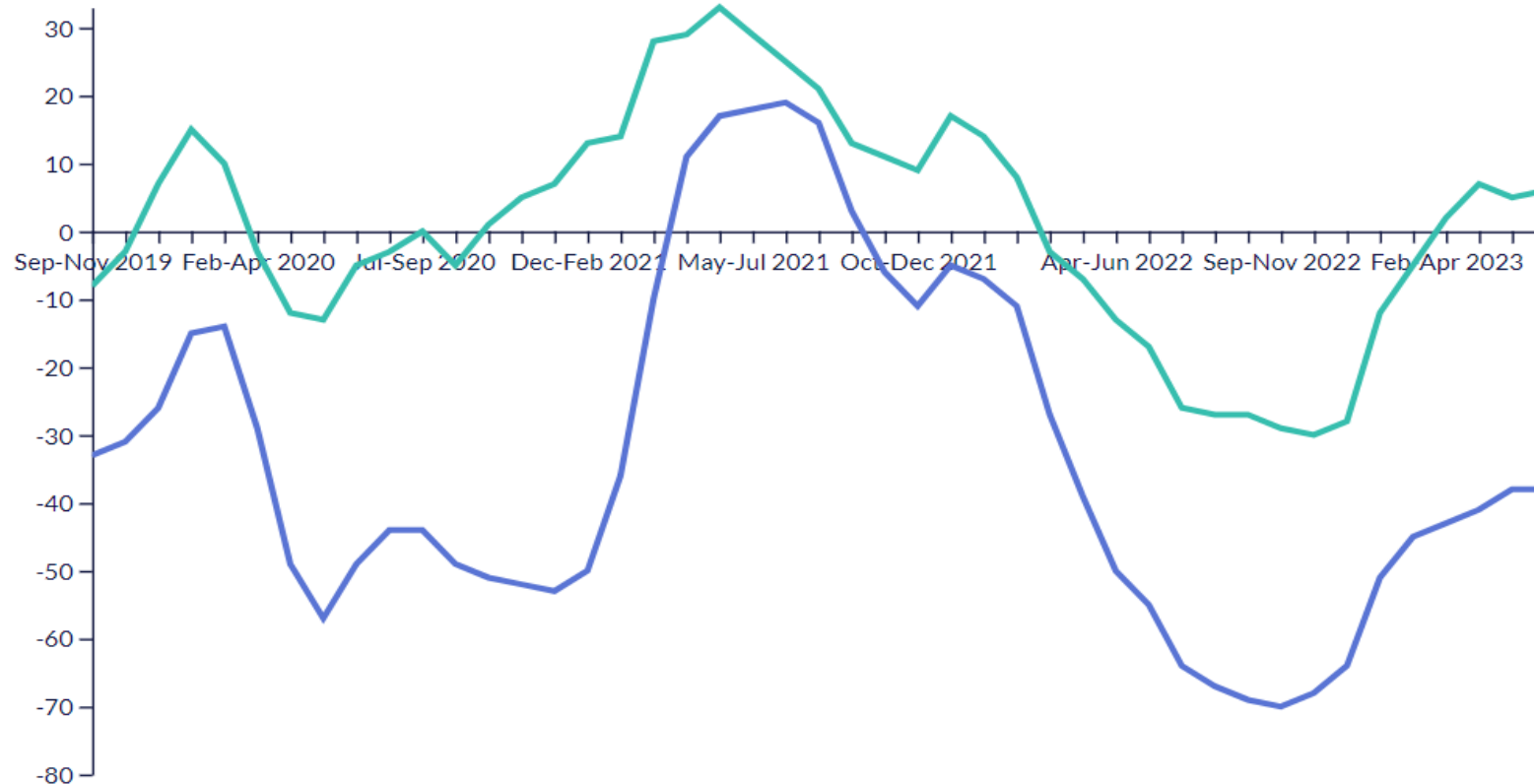
This chart shows how the number of new job adverts being posted in the UK each month has changed since the beginning of 2020.



# ...but companies' view of their own prospects are slightly improving although remaining more pessimistic about the overall economy

## Employer confidence trends

■ Confidence in the UK economy ■ Confidence in making hiring and investment decisions



# Outlook

Macroeconomic: headwinds to continue in FY 24

PeoplePlus: Maintained investment in bid and operational capacity with most significant pipeline in years, benefitting 2025/6 but reducing 2024 profit by 2/3rds, versus original expectations

Recruitment:

- Customers are facing demand headwinds
- Perm recruitment not expected to improve
- Efficiency programme delivering savings
- Garda contract win in Republic of Ireland
- Blue collar temps in demand: H2 2023 growth supporting 2024



# Staffline

Group PLC

# Appendices

# Top 10 shareholders at 9 January 2024 represent 86.6 of shares in issue

	<b>%</b>
Henry Spain Investment Services	<b>24.0</b>
HRnet Group	<b>17.0</b>
Schroder Investment Management	<b>12.8</b>
Gresham House Asset Management	<b>11.4</b>
Aberdeen Standard Investments	<b>7.1</b>
Hargreaves Lansdown Stockbrokers	<b>4.6</b>
Interactive Investor	<b>3.3</b>
Fidelity International	<b>3.2</b>
AJ Bell	<b>1.9</b>
HDSL	<b>1.3</b>

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