

# Half Year Results 2021

6 months ended 30 June 2021

**14th September 2021**

**Presenting:**

Albert Ellis, Chief Executive Officer

Daniel Quint, Chief Financial Officer

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# Strategy and Vision



## **CAPITALISE ON MARKET LEADERSHIP**

position & scale in contingent workforce management



## **BROADEN THE PORTFOLIO**

driving permanent & white-collar recruitment



## **UNLOCK THE POTENTIAL IN TRAINING**

return PeoplePlus to sustainable growth



## **REPUBLIC OF IRELAND**

grow market share in a highly attractive market

## **Our Vision**

“To be a **world class** recruitment and training group, the clear **market leader** and **trusted partner** known for **excellent service** and **integrity**, driven forward by **digital innovation**.”

# Highlights H1 2021

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## Refinancing

- Transformation of the Group's balance sheet through:
  - Equity raise of net £46.2m
  - New working capital facilities £90.0m, term to 2025, lower margin costs

## Trading

- Strong results delivered for H1 2021, exceeding expectations
- Market share growth despite exiting low margin contracts
- All three divisions reporting profitable growth
- Productivity and margin improvements reported

## Operations

- Business turnaround achieved
- Recruitment GB & Ireland: Strong new business wins and ongoing pipeline
- Specialist: Driving, Omega & Datum brands, performing strongly compared to 2020
- PeoplePlus: 3 Restart sub-contracts secured

# H1 2021 Financial Review

Daniel Quint  
Chief Financial Officer

# Financial Results H1 2021

Revenue  
2020: restated £430.3m  
**£450.7m**

Finance costs \*\*  
2020: restated £2.1m  
**£1.4m**

Gross profit  
2020: restated £34.2m  
**£39.0m**

Reported (loss) before tax  
2020: restated £(46.8)m  
**£(0.8)m**

Underlying operating profit \*  
2020: restated £0.1m  
**£4.6m**

Net cash/(debt) (pre-IFRS16)  
2020: restated £(36.2)m  
**£20.9m**

- Gross profit +14.0%
- Gross profit margin +0.8%pts to 8.7%
- Conversion to Underlying operating profit significantly improved to 11.8% (H1 2020: 0.3%)
- Underlying operating profit\* **increased** to £4.6m from £0.1m
- Finance costs reduced by 33% to £1.4m (H1 2020: £2.1m)
- Net cash of £20.9m, **up** £57.1m reflecting equity raise of £46.4m, improved trading cash flow and cash collections, including c.£15m of timing differences

## Notes:

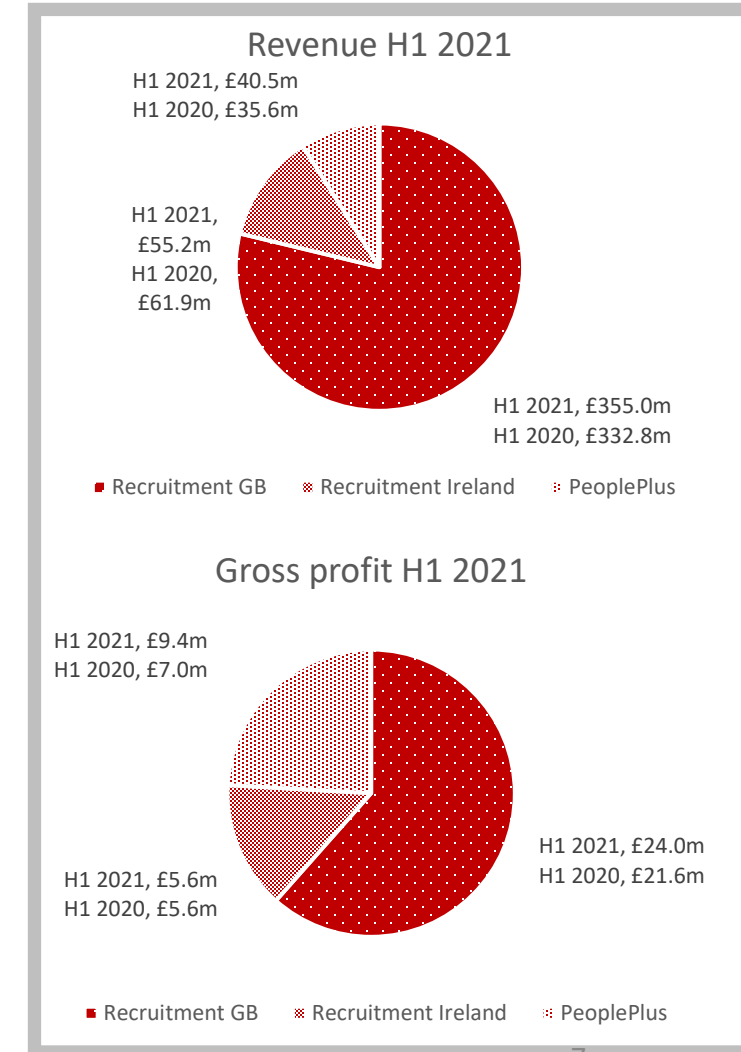
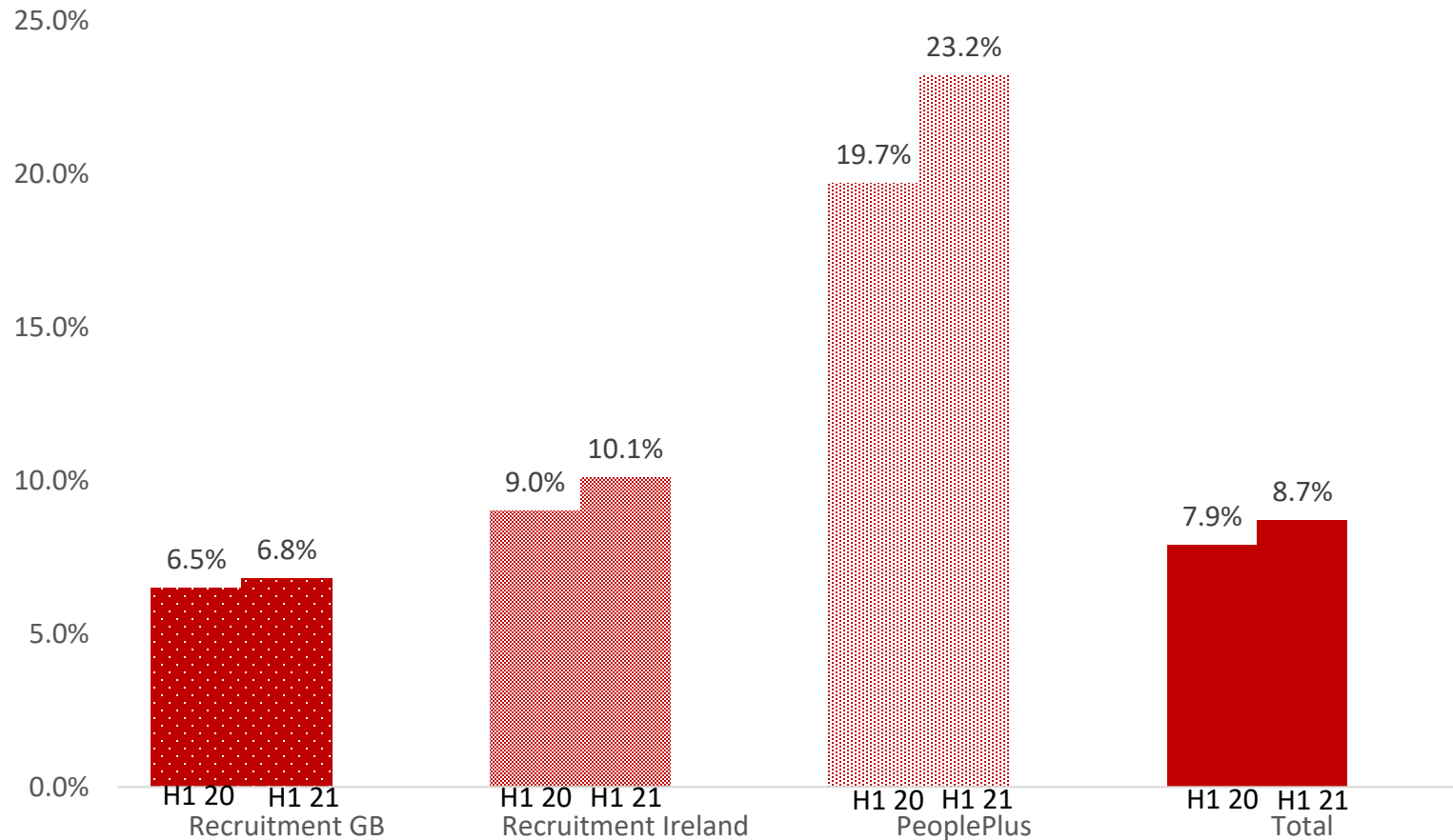
The results shown above relate to continuing activities. The 2020 results are restated to exclude the results of the Apprenticeships business sold in December 2020 and the Poland subsidiaries, which are held for sale.

\*Operating profit before amortisation of intangible assets arising on business combinations and, in the six months ended 30 June 2020, goodwill impairments and other non-underlying charges

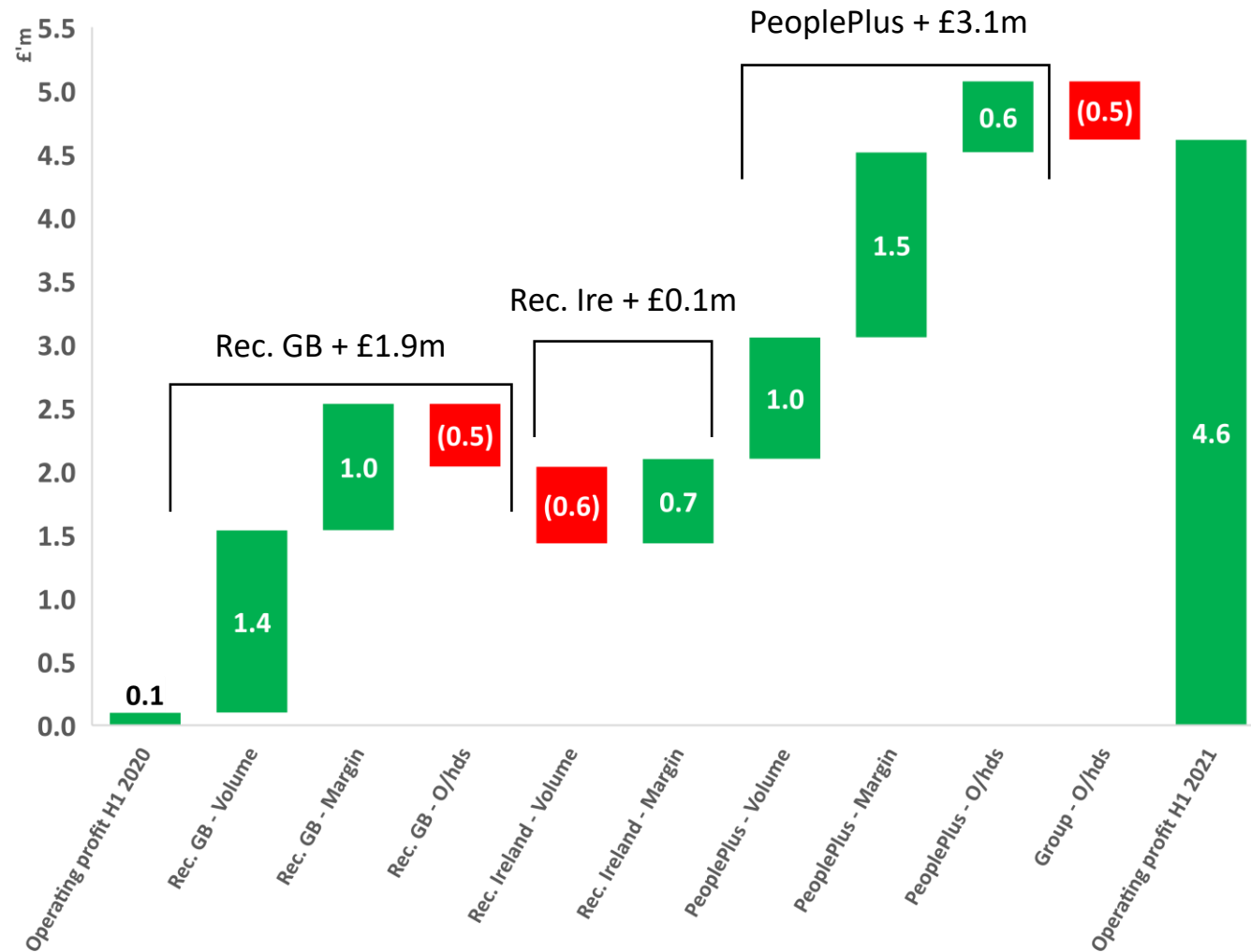
\*\*Excludes non-underlying refinancing costs relating to 2020 only

# Gross profit margins increase across all divisions

Exit from low margin top 10 customer plus lockdown release leading to recovery in higher margin customers



# Underlying operating profit\* bridge H1 2020 – H1 2021



- Recruitment GB
  - Margin delivery from both revenue growth and higher margin contracts
  - £0.5m overhead increase from investment in governance and infrastructure
- Recruitment Ireland
  - Volume impact on margin after tough Q1 2020 comparative more than offset by strong margin control
- PeoplePlus
  - Government support along with tight overhead control
- Group
  - Higher costs from Group bonuses being accrued for first time in three years

**Notes:**  
The results shown above relate to continuing activities. The 2020 results are restated to exclude the results of the Apprenticeships business sold in December 2020 and the Poland subsidiaries, which are held for sale.

\*Operating profit before amortisation of intangible assets arising on business combinations and, in the six months ended 30 June 2020, goodwill impairments and other non-underlying charges



# Non-underlying charges: Continuing operations

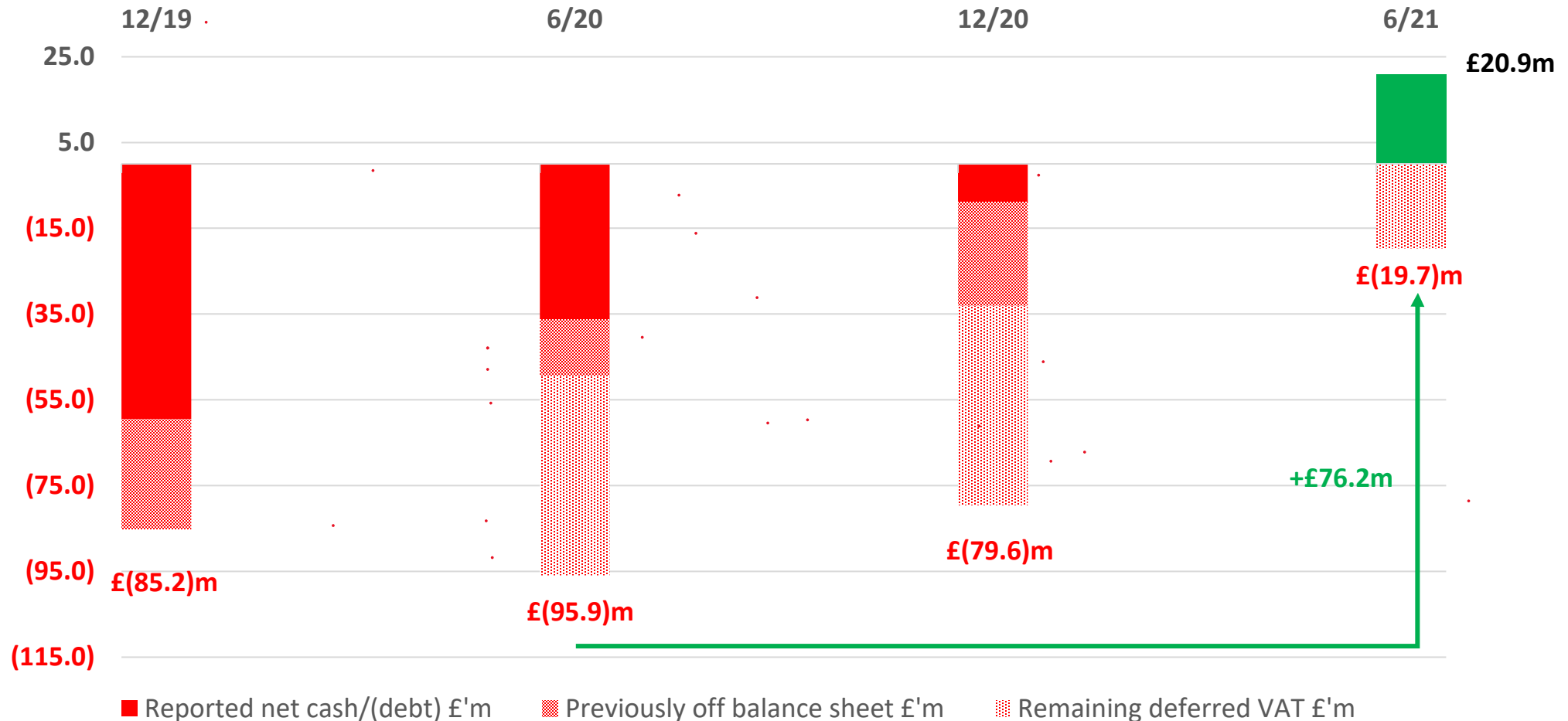
## Removal of all non-underlying CASH costs



	Six- months ended 30 June <b>2021</b> <b>£'m</b>	Six- months ended 30 June <b>2020</b> <b>£'m</b>	Six- months ended 30 June Restated <b>2019</b> <b>£'m</b>
Reorganisation, rationalisation and restructuring costs	-	1.9	2.2
Legal investigation professional fees	-	-	0.7
Employee dispute settlement	-	-	1.4
Legal claim	-	-	1.0
Transaction costs – business acquisitions and strategic options	-	0.6	-
Finance costs – refinancing arrangement fees and exit fees	-	2.1	3.2
Share-based payment charges (equity and cash-settled)	-	0.1	(0.2)
Goodwill impairment	-	35.3	-
Amortisation of intangible assets arising on business combinations	4.0	4.8	6.2
<b>Total non-underlying charges before tax</b>	<b>4.0</b>	<b>44.8</b>	<b>14.5</b>

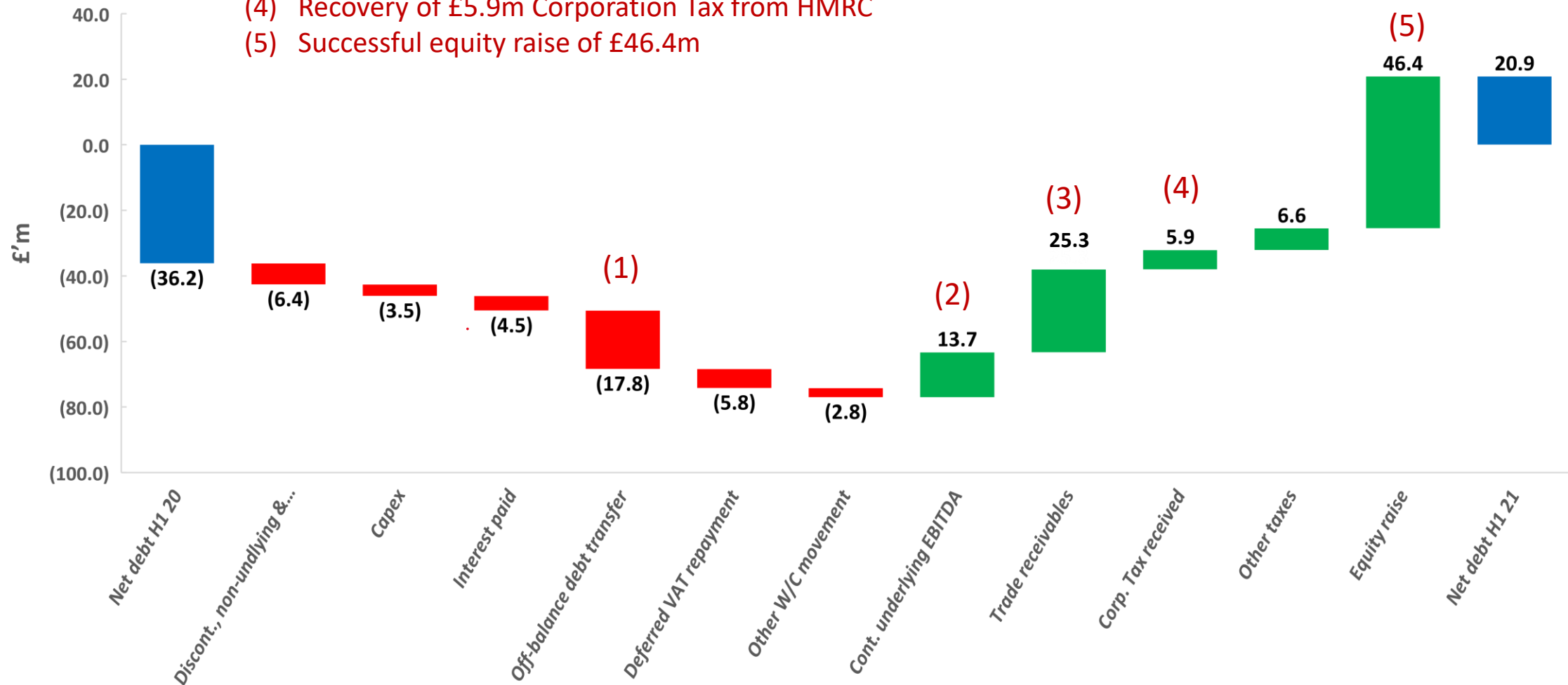
# Equity raise has transformational impact on normalised net debt

**£76.2m net debt reduction, normalised for deferred VAT + previously off-balance sheet debt**



# Net debt (pre-IFRS16) bridge H1 2020 – H1 2021

- (1) £17.8m of formerly off-balance sheet, non-recourse debt transferred onto the balance sheet
- (2) Strong Underlying EBITDA of £13.7m
- (3) Excellent cash collection improvements generating £25.3m, including timing differences of c.£15m
- (4) Recovery of £5.9m Corporation Tax from HMRC
- (5) Successful equity raise of £46.4m



# Productivity KPIs show year-over-year improvement

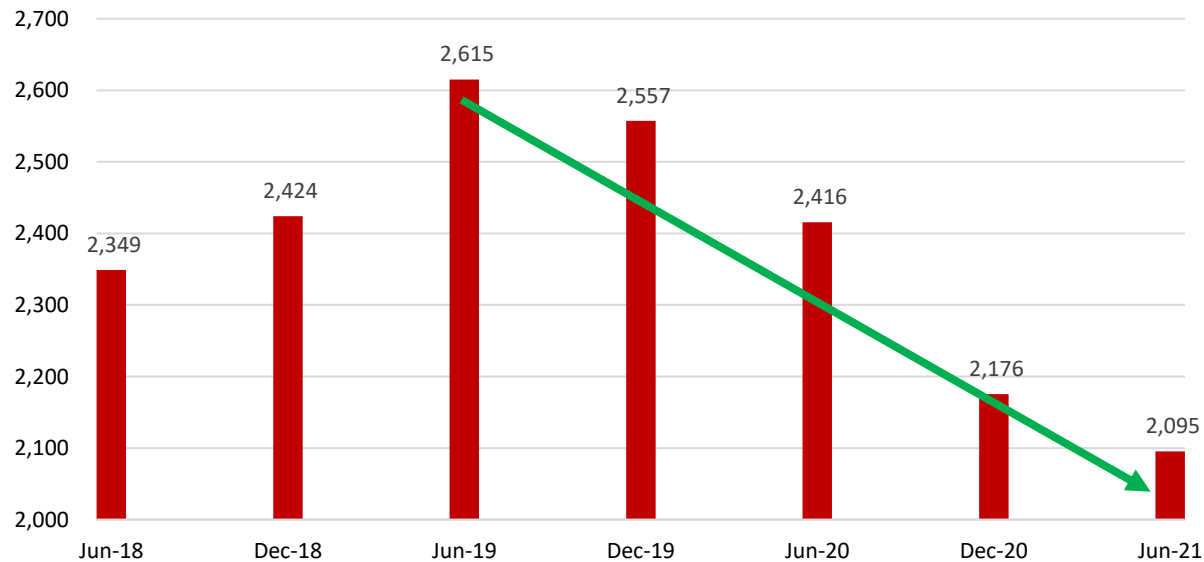
- **Recruitment - Gross profit per fee earner**

- ↑ 25.4% on H1 2020 to £37.5k (H1 2020: £29.9k)

- **PeoplePlus – Revenue per employee**

- ↑ 30.6% on H1 2020 to £30.7k (H1 2020: £23.5k)

## **Group Headcount 20% below H1 2019**



## **Headcount reduction of 520**

- Recruitment GB headcount decrease from 975 to 766 has driven increased operating efficiency
- Recruitment Ireland 161 to 136 reduction as a result of impact of pandemic
- PeoplePlus 1,479, to 1,193 mainly from lower tutor numbers

# Brands and Services

Albert Ellis  
Chief Executive Officer

# Our brands and services



**Staffline**

Largest blue collar recruiter in England and Wales



**DatumRPO**  
powerful partnerships

Recruitment Procurement  
Outsourcing and professional  
recruitment



**Brightwork**  
Recruitment

Scotland's leading recruiter



**Omega**

Recruits engineering and  
technical roles



**Techsearch+**  
People Skills Jobs



**Staffline**  
(Ireland)

Leading recruitment agency through the island of Ireland across blue  
collar and professional specialisms



**PeoplePlus**  
skills for growth

Leading provider of employability programmes and skills training,  
providing back-to-work education and support for the unemployed,  
combined with business start-up support throughout the UK. This is  
complimented by educational programmes to support prisoners  
services for people with disabilities and long term illnesses

# H1 2021 Operational Review

Albert Ellis  
Chief Executive Officer

# Recruitment GB: H1 2021 Headlines

## Financial Highlights

### Revenue

(2020 restated: £332.8m)

**£355.0m**

### Gross profit

(2020 restated: £21.6m)

**£24.0m**

### Underlying operating profit

(2020 restated: £1.3m)

**£3.2m**

### Gross profit conversion ratio

(2020 restated: 6.0%)

**13.3%**

## Operational Highlights

- Growth in food, online, meal kit delivery, logistics  
Travel and hospitality sectors subdued
- Candidate shortages – drivers and specialist engineering
- Exit of low margin contract March 2021
- Digital & Technology implementation on track
- Restructuring dividend with improved conversion to operating profit





# Recruitment Ireland: H1 2021 Headlines

## Financial Highlights

Revenue  
(2020 £61.9m)

**£55.2m**

Gross profit  
(2020 £5.6m)

**£5.6m**

Underlying operating profit  
(2020 £1.1m)

**£1.2m**

Gross profit conversion ratio  
(2020 19.6%)

**21.4%**

## Operational Highlights

- Impact of a longer lockdown
- Largest customer renewed until 2022
- Strong demand for white collar recruitment in Ireland, candidate shortages
- Cost base under tight control with excellent conversion ratio



# PeoplePlus: H1 2021 Headlines

## Financial Highlights

Revenue  
(2020 £35.6m)

**£40.5m**

Gross profit  
(2020 £7.0m)

**£9.4m**

Underlying operating profit/(loss)  
(2020 £(1.1)m)

**£1.9m**

Gross profit/(loss) conversion ratio  
(2020 restated: (15.7)%)

**20.2%**

## Operational Highlights

- Solid organic growth in revenues (+13.7%) mainly driven by Employability services
- Skills and in-person training remains challenging - social distancing in H1 2021
- Restructuring successfully completed including the disposal of Apprenticeships
- £3.0m turnaround from H1 2020 to H1 2021



# July 2021 Jobs Market UK - latest

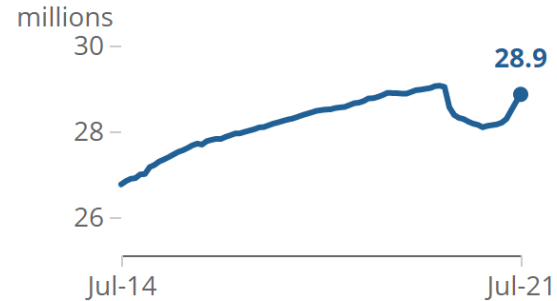
## Payrolled employees

The number of payrolled employees

Monthly change: ▲182,000

Since Feb 2020: ▼-201,000

The number of payroll employees has increased for the eighth consecutive month



No of payroll employees increased up 182k  
*(but remains 201k below pre-pandemic levels)*

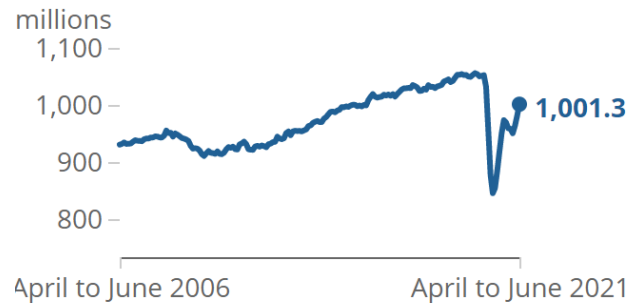
**Tight labour market is beneficial to recruitment**

**Source: HMRC PAYE RTI**

## Hours worked

Total actual weekly hours worked

Total actual weekly hours worked increased on the quarter, reflecting the decreased coronavirus restrictions but are still below pre-pandemic levels



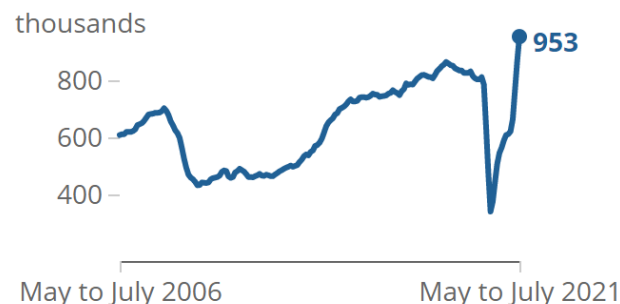
Following lockdown, total hours worked increased  
*(but still below pre-pandemic levels)*

**Future upside from expected increase in hours**

## Job vacancies

Number of job vacancies

Vacancies increased on the quarter and are now at record levels



953,000 job vacancies July, **a record high**

**Unprecedented demand for labour**

# Current trading and outlook

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## **Recruitment well positioned to take advantage of demand for labour**

- Demand outstripping supply in key sectors
- Candidate shortages in blue and white collar sectors
- Ireland released from lockdown

## **Training gearing up for end of Furlough & Re-skilling the labour force**

- Employability strong, in-person training centres impacted by Covid
- 3 Restart sub-contracts won

*“....the Group is trading in line with the revised, increased market expectations for the full year 2021 ....”*

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