

Half Year Results 2021

6 months ended 30 June 2021

14th September 2021

Presenting:

Albert Ellis, Chief Executive Officer

Daniel Quint, Chief Financial Officer

Contents:

- Strategy and vision
- H1 2021 Highlights
- H1 2021 Group Financial Performance
- Brands and services
- Operational Review
- Current Trading and Outlook

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

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:

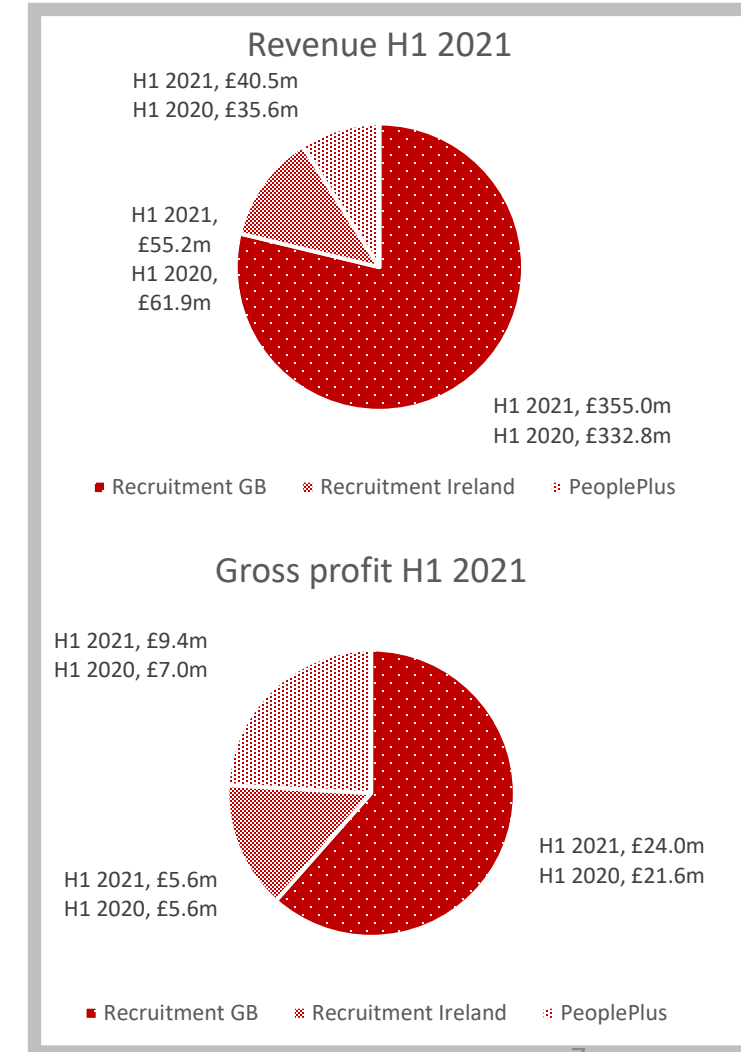
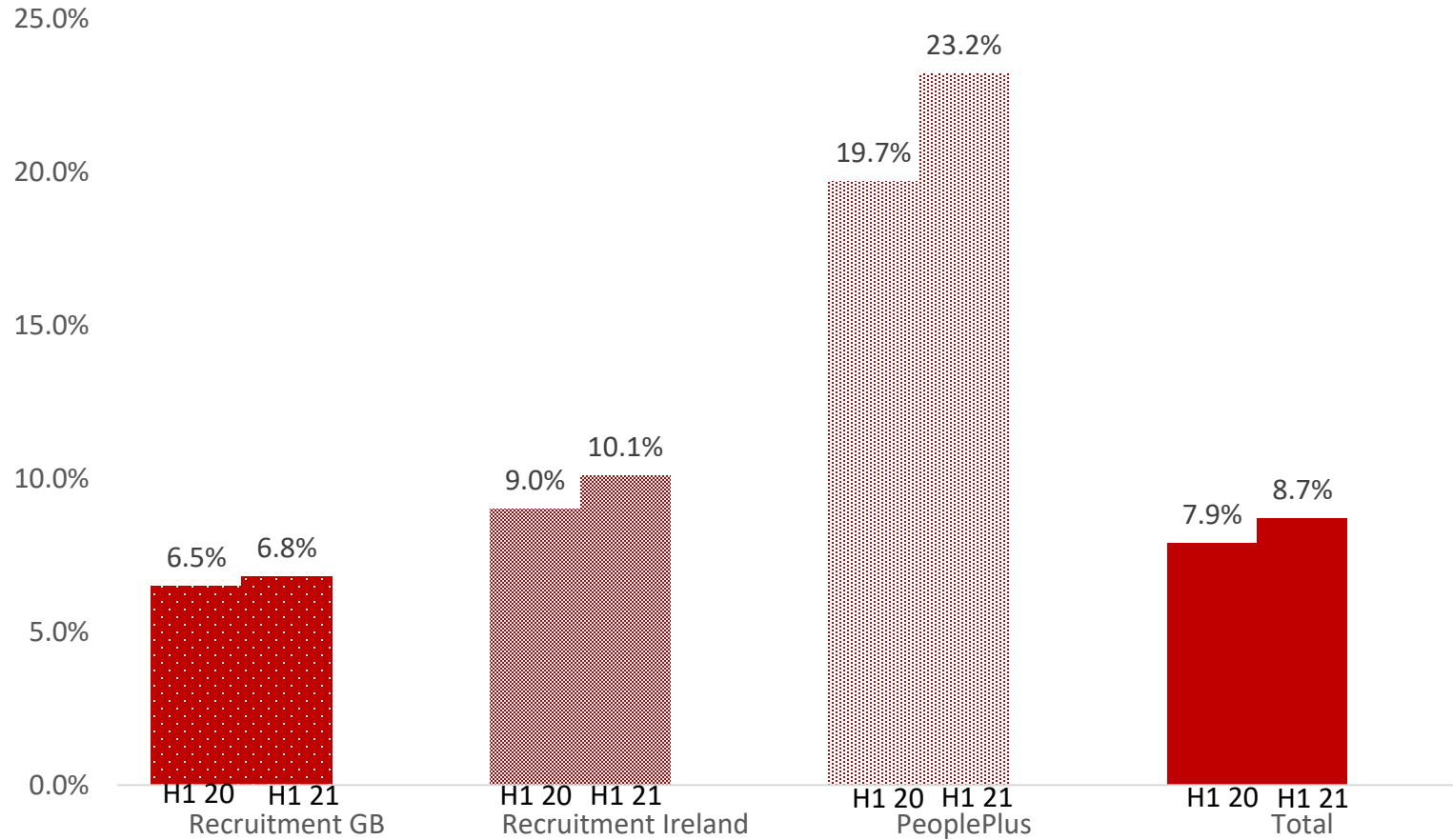
The results shown above relate to continuing activities. The 2020 results are restated to exclude the results of the Apprenticeships business sold in December 2020 and the Poland subsidiaries, which are held for sale.

*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

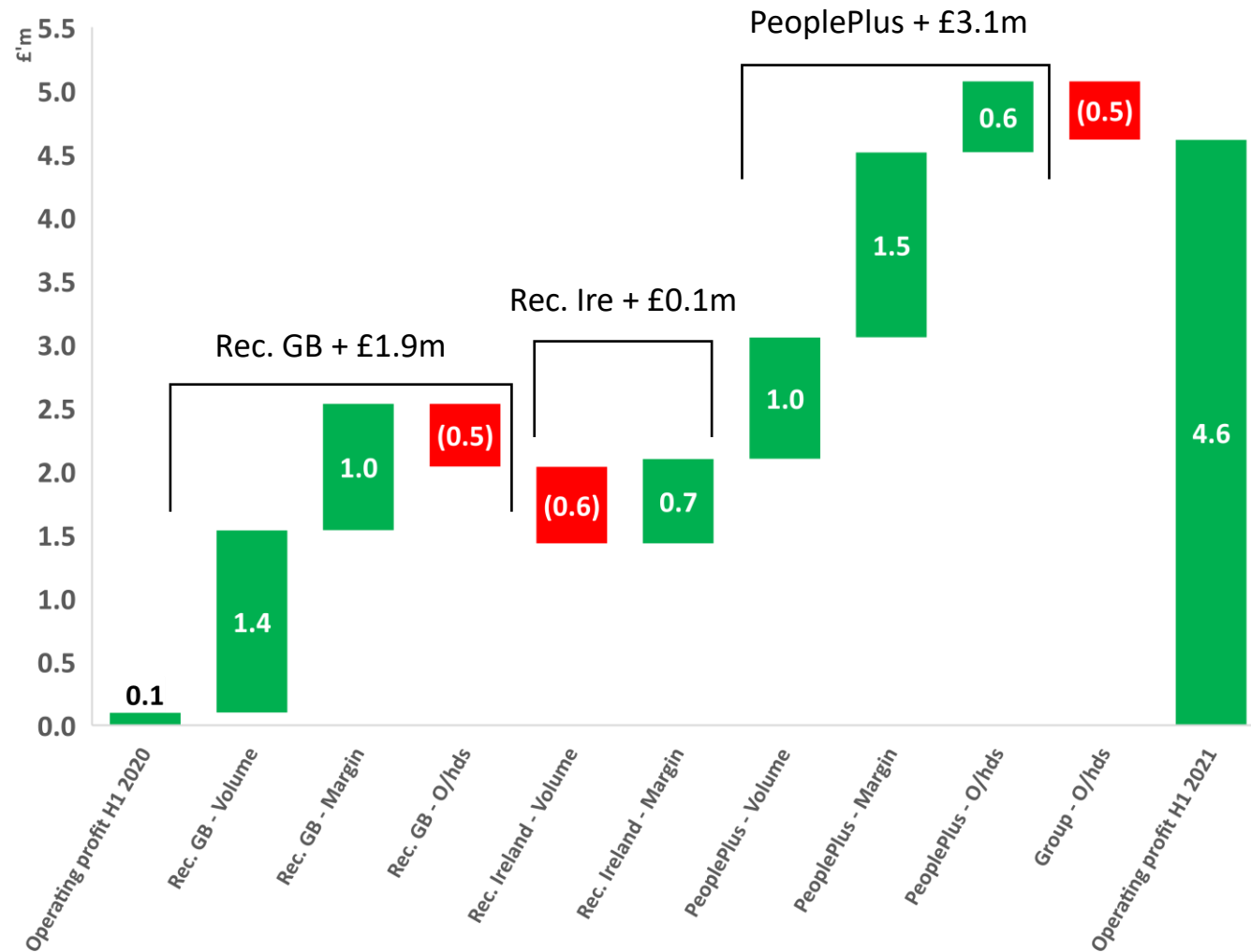
**Excludes non-underlying refinancing costs relating to 2020 only

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

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Non-underlying charges: Continuing operations

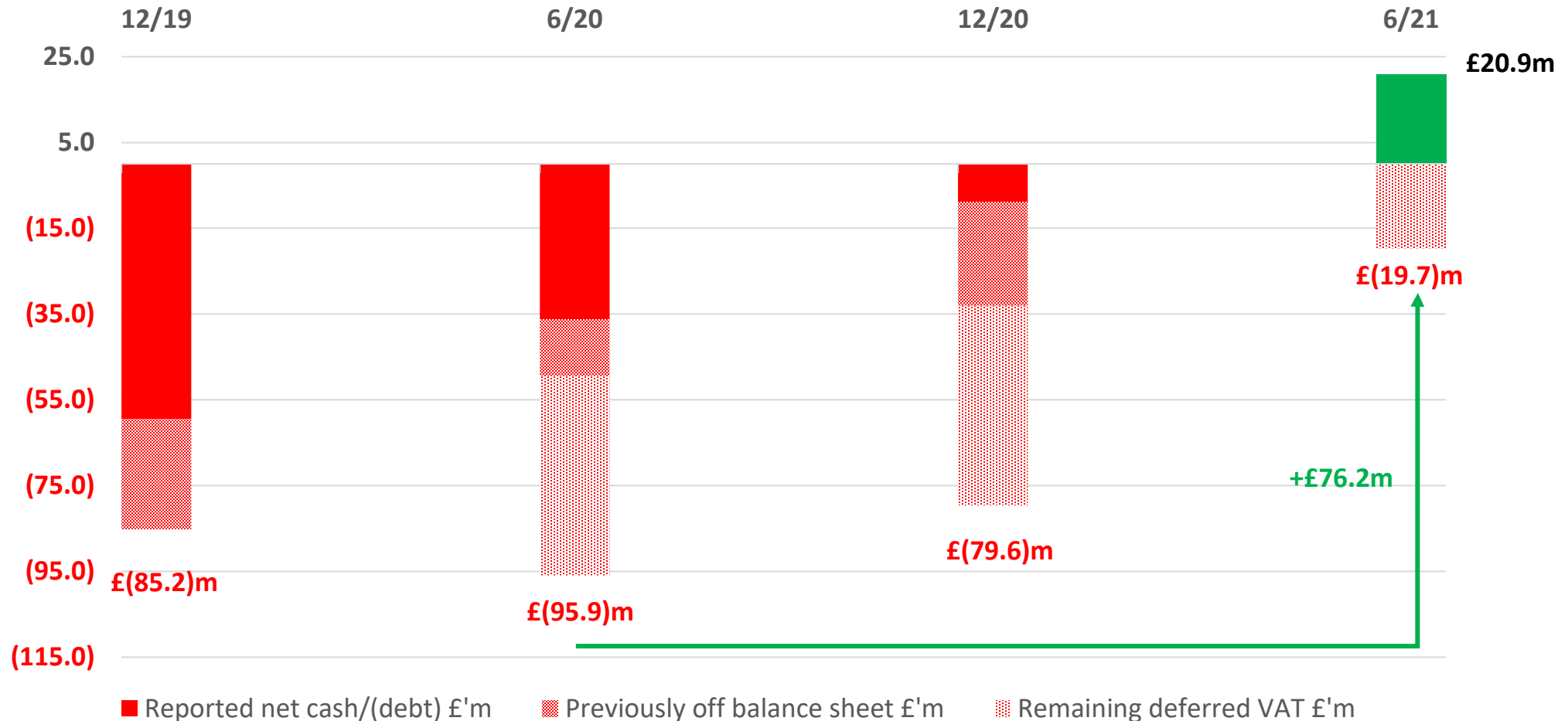
Removal of all non-underlying CASH costs



	Six- months ended 30 June 2021 £'m	Six- months ended 30 June 2020 £'m	Six- months ended 30 June Restated 2019 £'m
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
Total non-underlying charges before tax	4.0	44.8	14.5

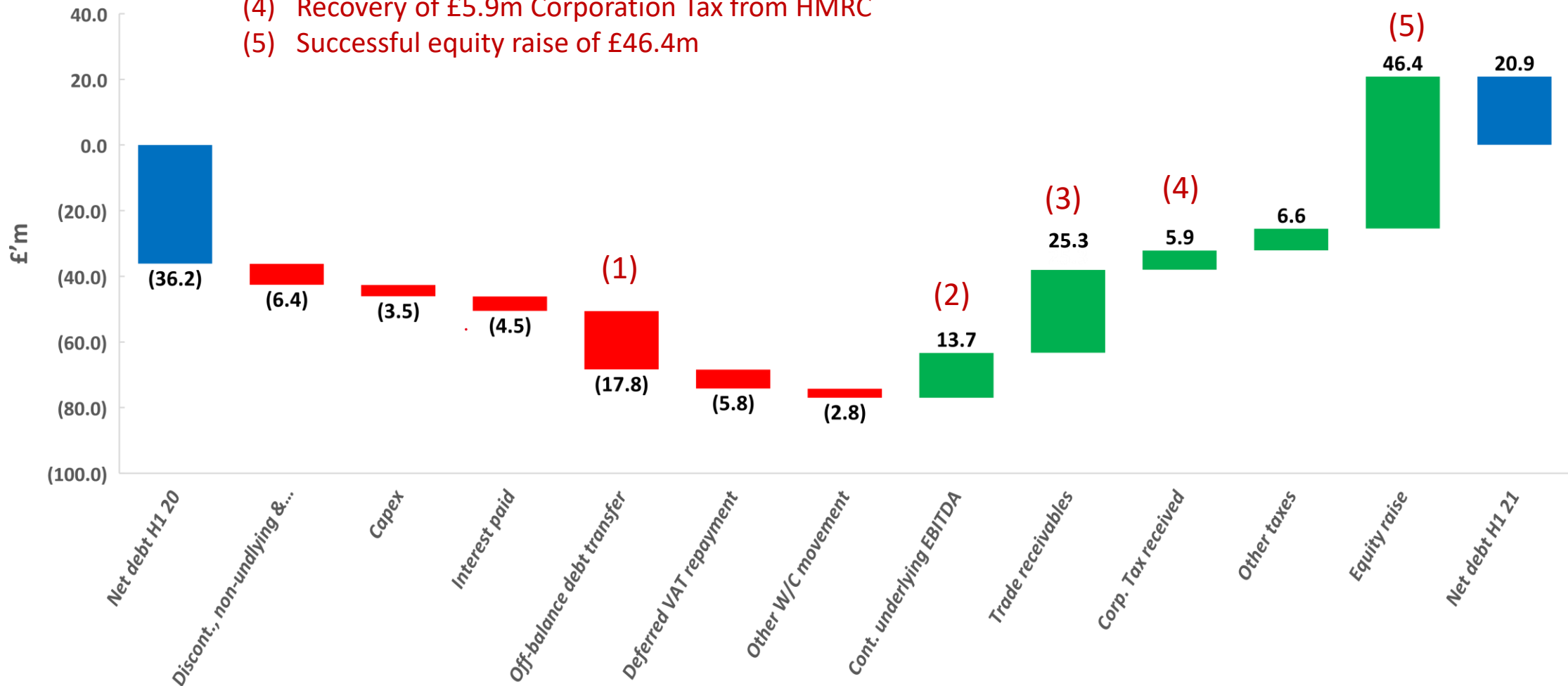
Equity raise has transformational impact on normalised net debt

£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

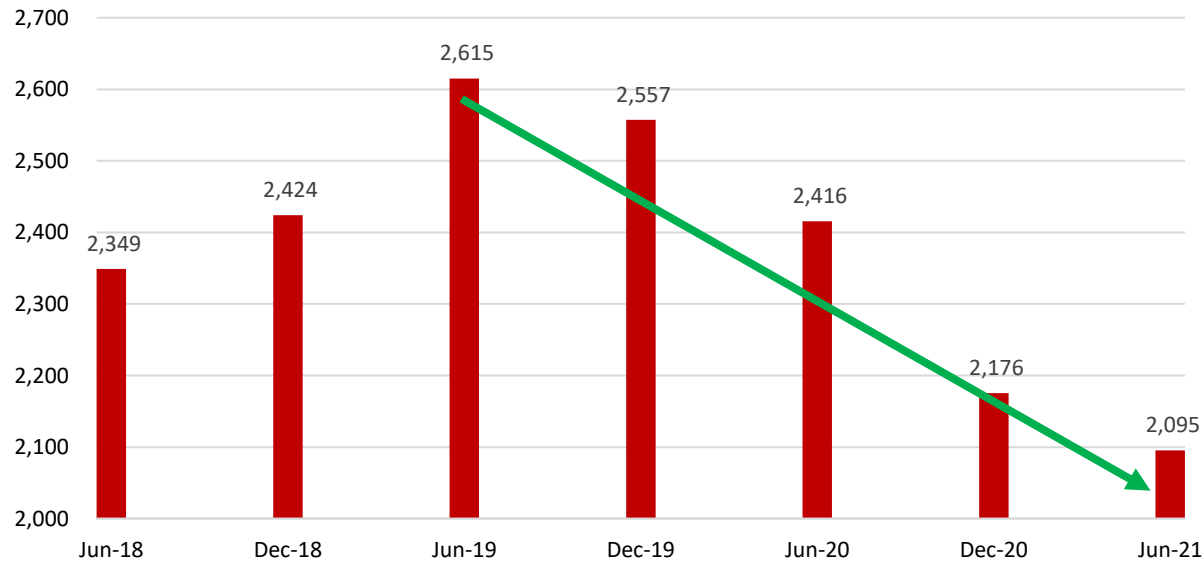
- **Recruitment - Gross profit per fee earner**

- ↑ 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

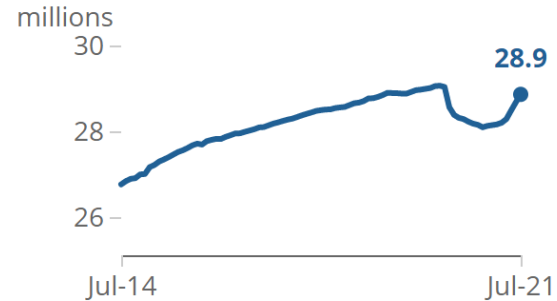
Payrolled employees

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)

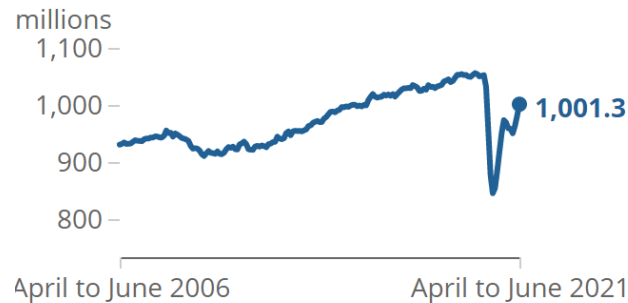
Tight labour market is beneficial to recruitment

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



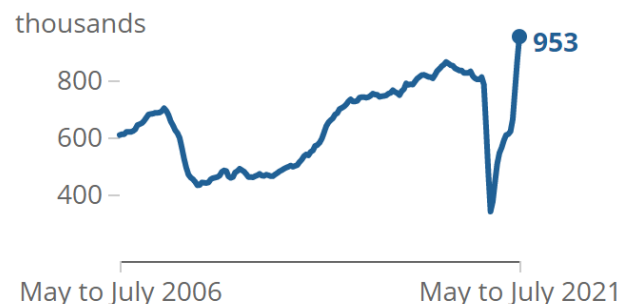
Following lockdown, total hours worked increased
(but still below pre-pandemic levels)

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

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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