

**Leading.  
Trusted.  
Changing lives.**

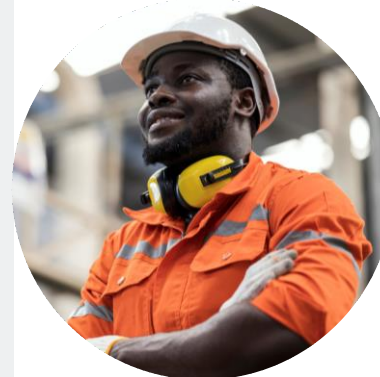
# **FY 2022 Results**

Albert Ellis, CEO

Daniel Quint, CFO

21 March 2023

**Staffline**  
Group PLC



# A leading national recruitment and training provider

**c. 36,000**

Temp  
workers

**c. 400**

On-sites

**c. 45**

Driving  
Onsites

**c. 30**

Branches

**c. 15,000**

Learners

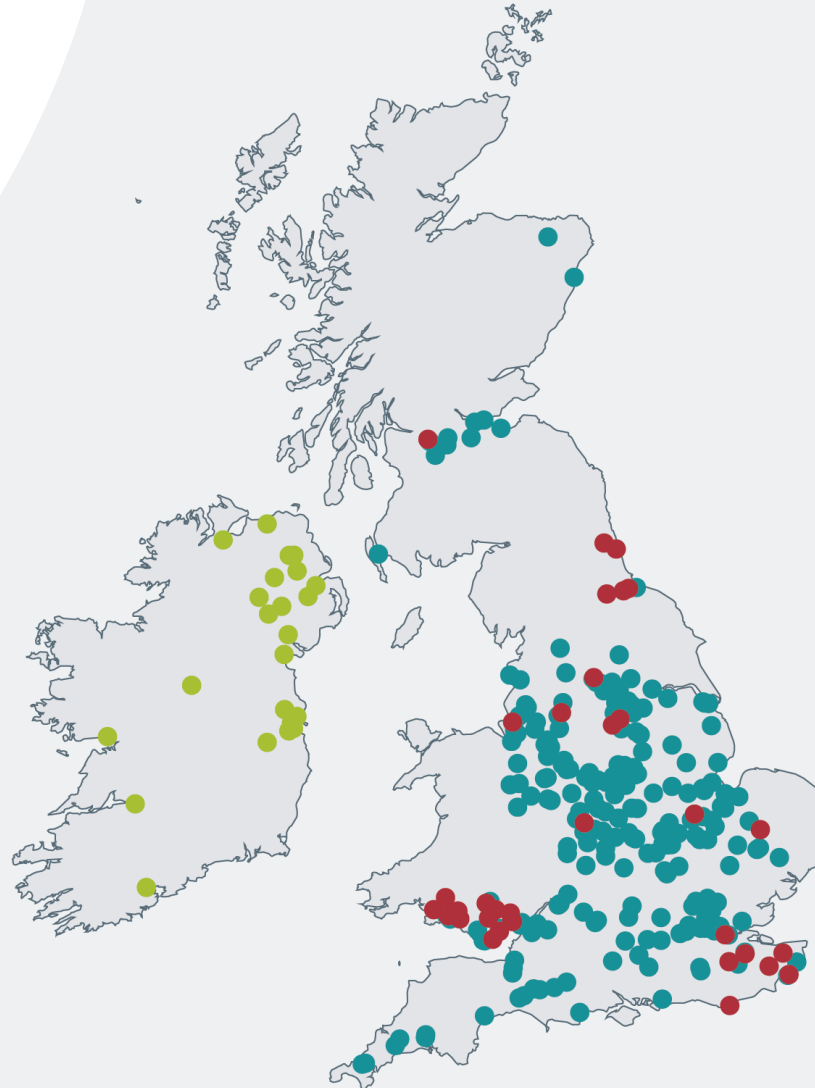
**72**

Prisons

**Staffline**  
(Ireland)

**Locations key:**

- - Recruitment GB
- - PeoplePlus
- - Recruitment Ireland



**Staffline**

DatumRPO

Omega

Brightwork  
Recruitment

 **PeoplePlus**  
skills for growth

# Highlights



Operating  
profit  
**+16.5%**

- **FY2022 profits ahead of market expectations**
  - Revenue growth achieved in H2 2022
  - Gross profit up 0.5%
  - Underlying\* operating profit up 12.6%
  - Permanent fees up 65%
  - Net cash of £5m after all Covid related liabilities settled
- **Successful onboarding of new contracts with BMW & VINCI**
- **Restart contract mobilised and profitable H2**
- **Further expansion in the Republic of Ireland**
- **H2 contract wins**
  - Recruitment: Sainsbury's Argos (managed service)
  - PeoplePlus: £15m education contract (Ministry of Justice)

**Notes:**

\*Underlying results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges

# What we said in H1 2022

## H1 2022

- **Recruitment BMW & VINCI**
  - H1 incurred implementation costs
  - H2 will benefit from full 6 months of operating profit
- **Restart (PeoplePlus)**
  - Operating profit commencing H2
- **H2 standard seasonal peak uplift**
  - Traditional H2 seasonal uplift & World Cup
- **Organic market share growth**
  - Seeing organic growth pipeline of opportunity in existing customers

## Actual H2 outcomes

- **BMW (Recruitment GB)**
  - Onboarded c.1,800 workers during H2
  - £60m revenue per annum, 3 year contract with option for 2 year extension
- **Restart (PeoplePlus)**
  - Successful delivery of first operating profit of £1.2m
- **H2 standard seasonal peak uplift**
  - Achieved excellent delivery KPIs
- **Organic market share growth**
  - Sainsbury's Argos Managed Service

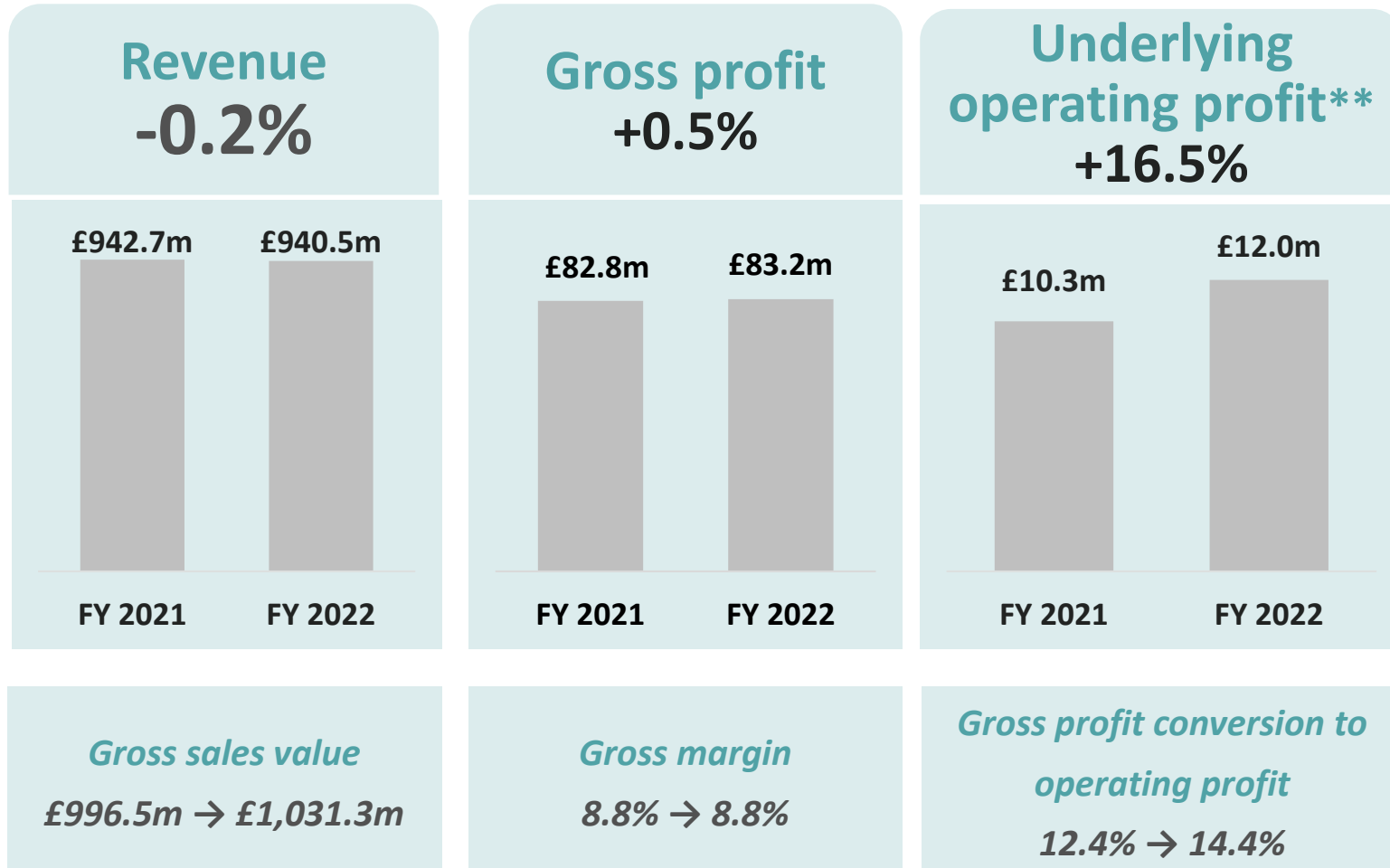


# Financials FY 2022

Daniel Quint, CFO



# Tight cost control delivers improved profits



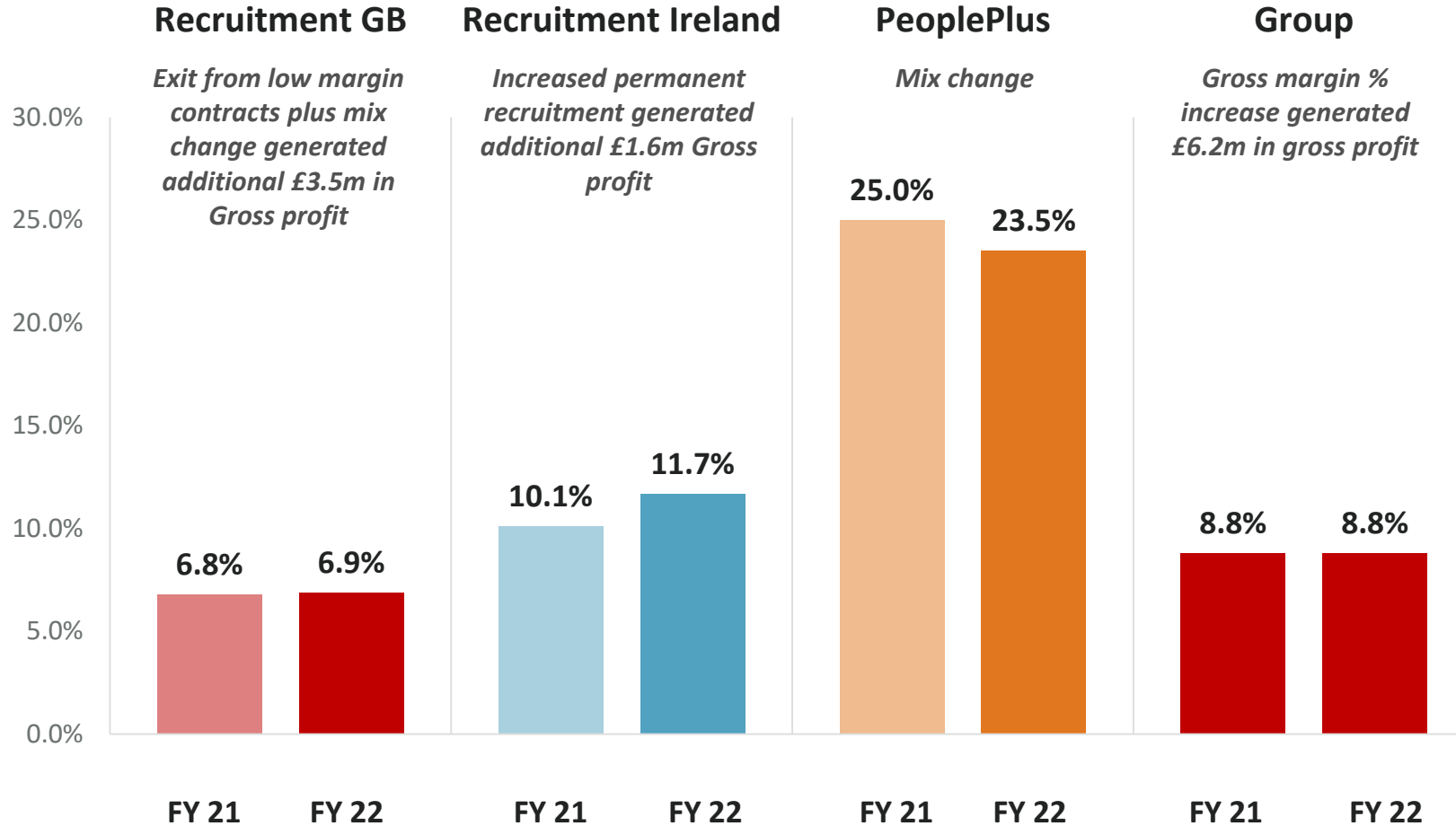
- Gross sales value up 3.5% to £1,031.3m (2021: £996.5m) driven by new MSP wins
- Mix change: New wins offsetting softening demand from clients whose operations benefitted from Covid and weaker average hours
- Recruitment offsetting reduction in PeoplePlus
- Perm fees up 65% v 2021 and 177% v 2020
- Tight control of costs
- Increased conversion ratio
- Underlying operating profit ahead of expectations

**Notes:**

\*Presented on a continuing basis.

\*\*Underlying results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges

# Gross profit margins up across recruitment



## Group

- Stable despite rises to minimum wage and average pay rates of c.10% in 2022

## Recruitment

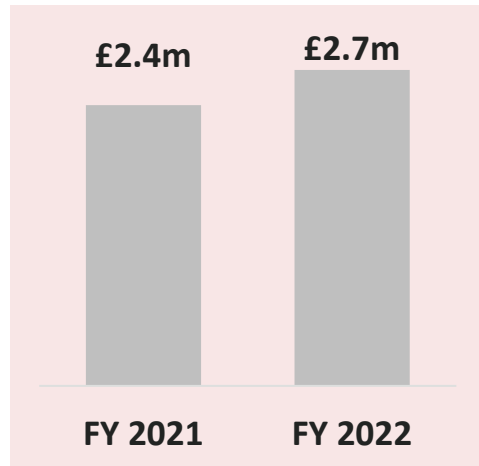
- Exit from some low margin contracts (Q1 2021)
- Strategic focus on margins
- Impact of Perm Fees

## PeoplePlus

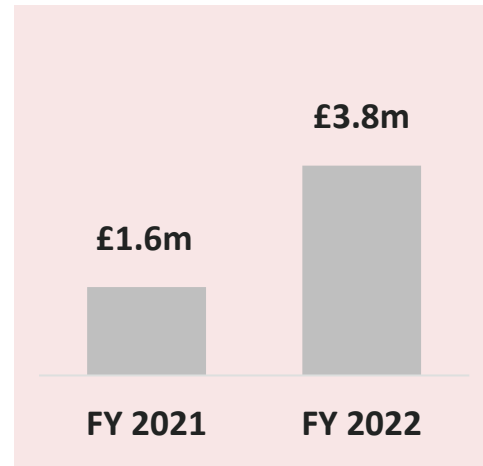
- Change in mix

# Capped net finance charges supported growth in PAT and ongoing net cash position

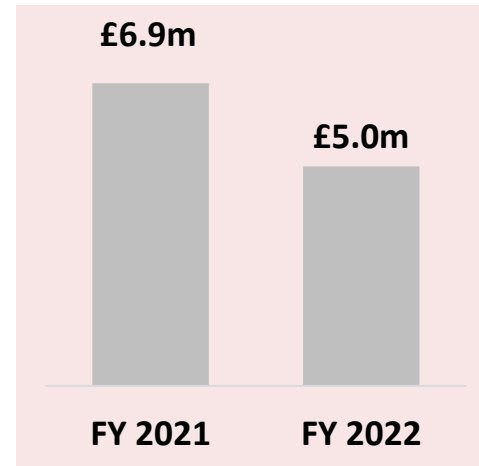
**Net finance charges**  
**+0.3m**



**Profit after tax ('PAT')**  
**+2.6m**



**Net cash (pre-IFRS16)\***  
**-£1.9m**



- Strong trading cashflow
- Net cash up by £10.1m before repayment of c.£12m of COVID support
- Interest rate cap @ 1.00% SONIA protects from high interest rates through to October 2024
- Significant headroom of c£76m working capital facilities
- Leverage covenant @ 0.65x EBITDA

**Notes:**

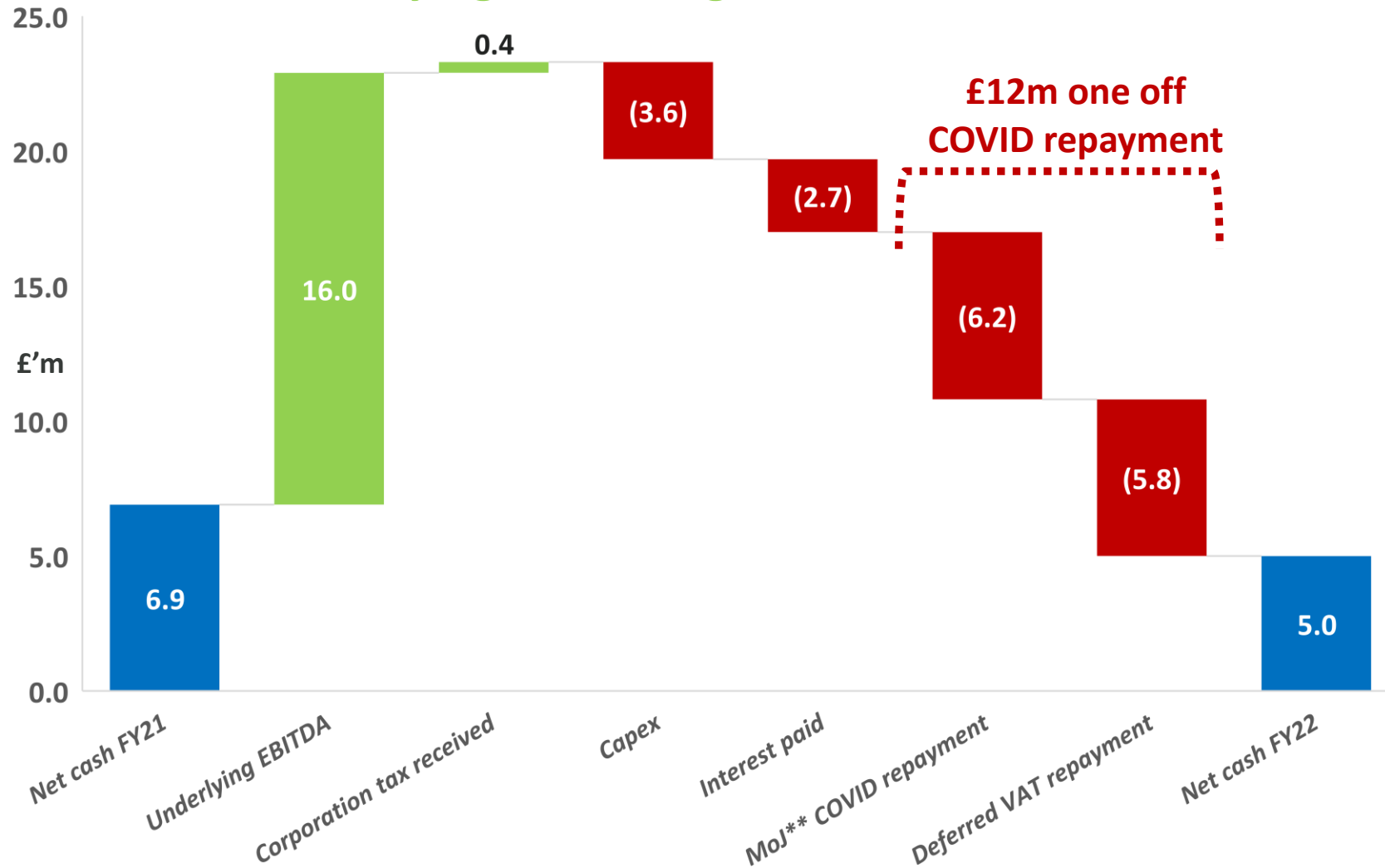
These results relate to continuing activities.

\*Presented on a pre-IFRS16 basis, which excludes lease liabilities, and also excludes refinancing costs.



# Net debt (pre-IFRS16\*) bridge FY 21 – FY 22

.....> **Underlying net cash generation of +£10.1m** <.....>



- Strong trading cash flow of £16.0m
- Tight control of working capital
- Underlying net cash generation of £10.1m after adjusting for £12.0m COVID repayments
- Sheltered from interest rate with benefit of Interest rate cap @1.00% SONIA
- Sustained good cash collections

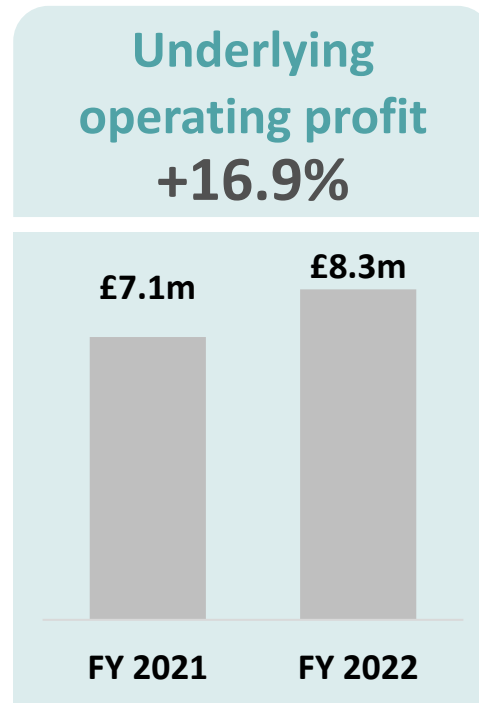
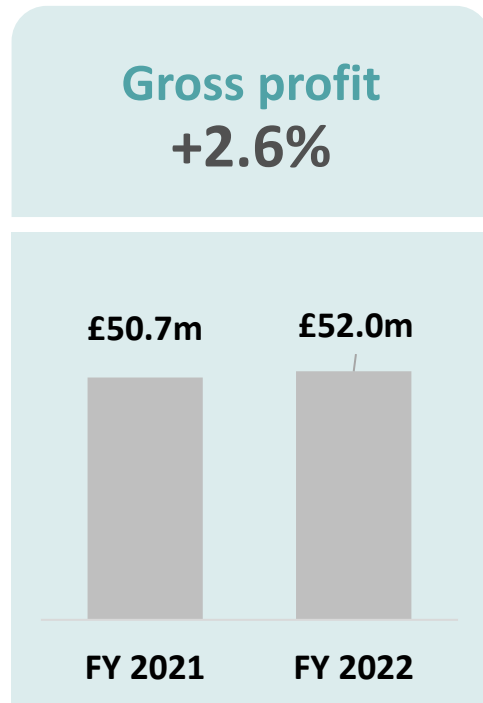
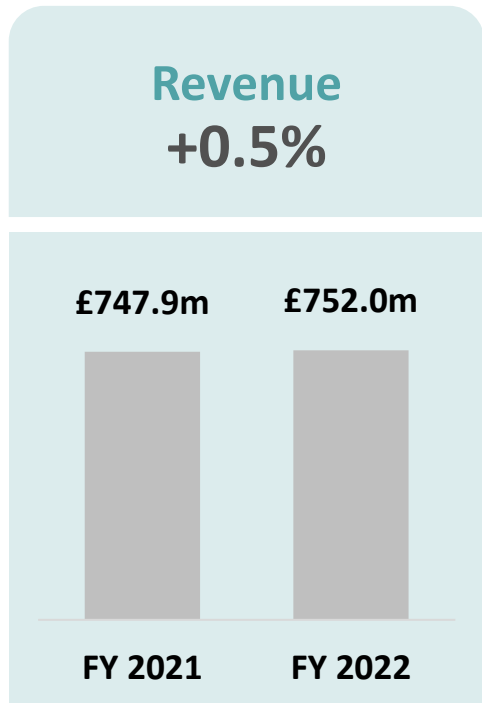
# Divisional review

Albert Ellis, CFO





# Recruitment GB 2022 results

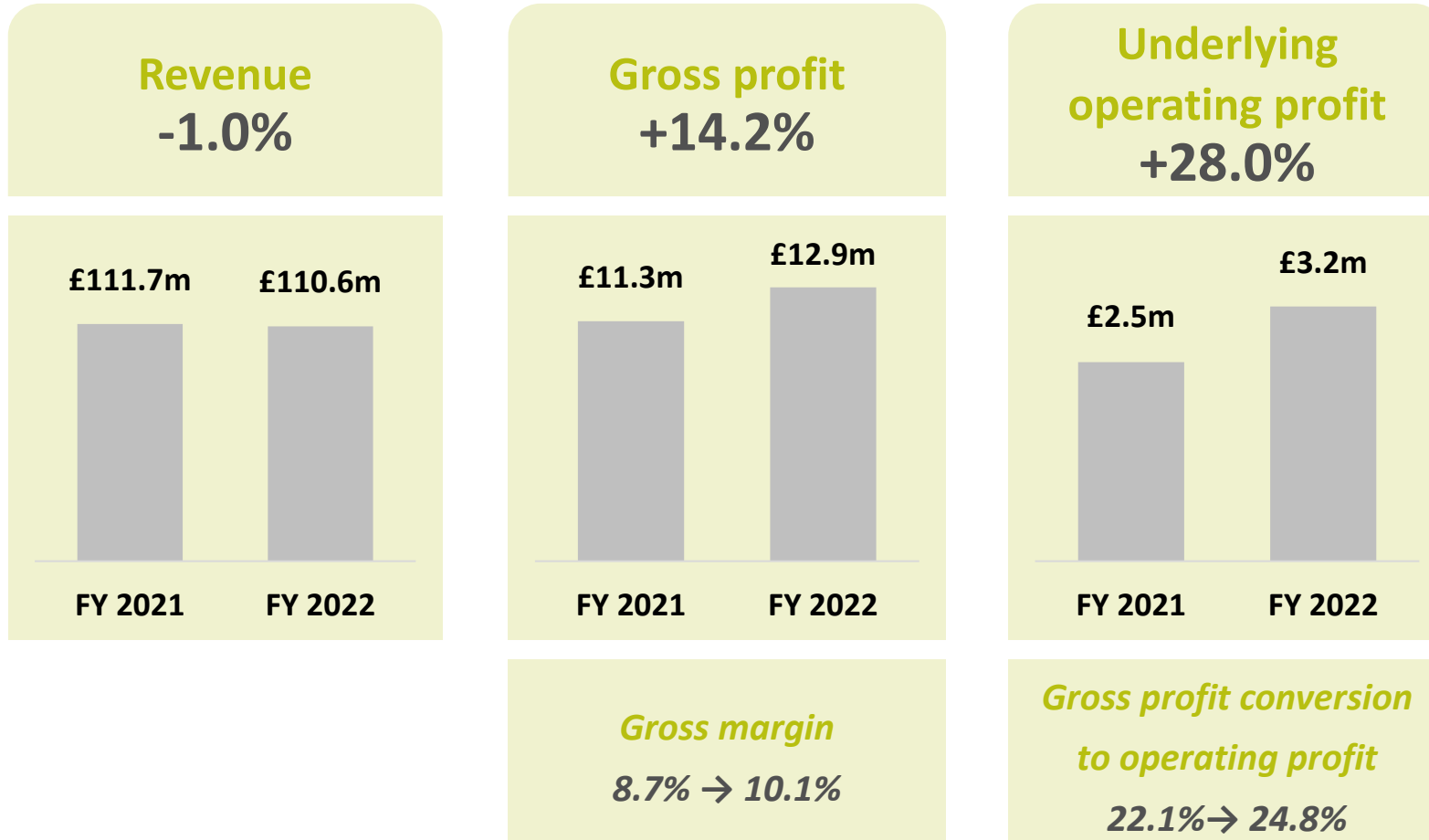


*Gross margin*  
6.8% → 6.9%

*Gross profit conversion to operating profit*  
14.0% → 16.0%

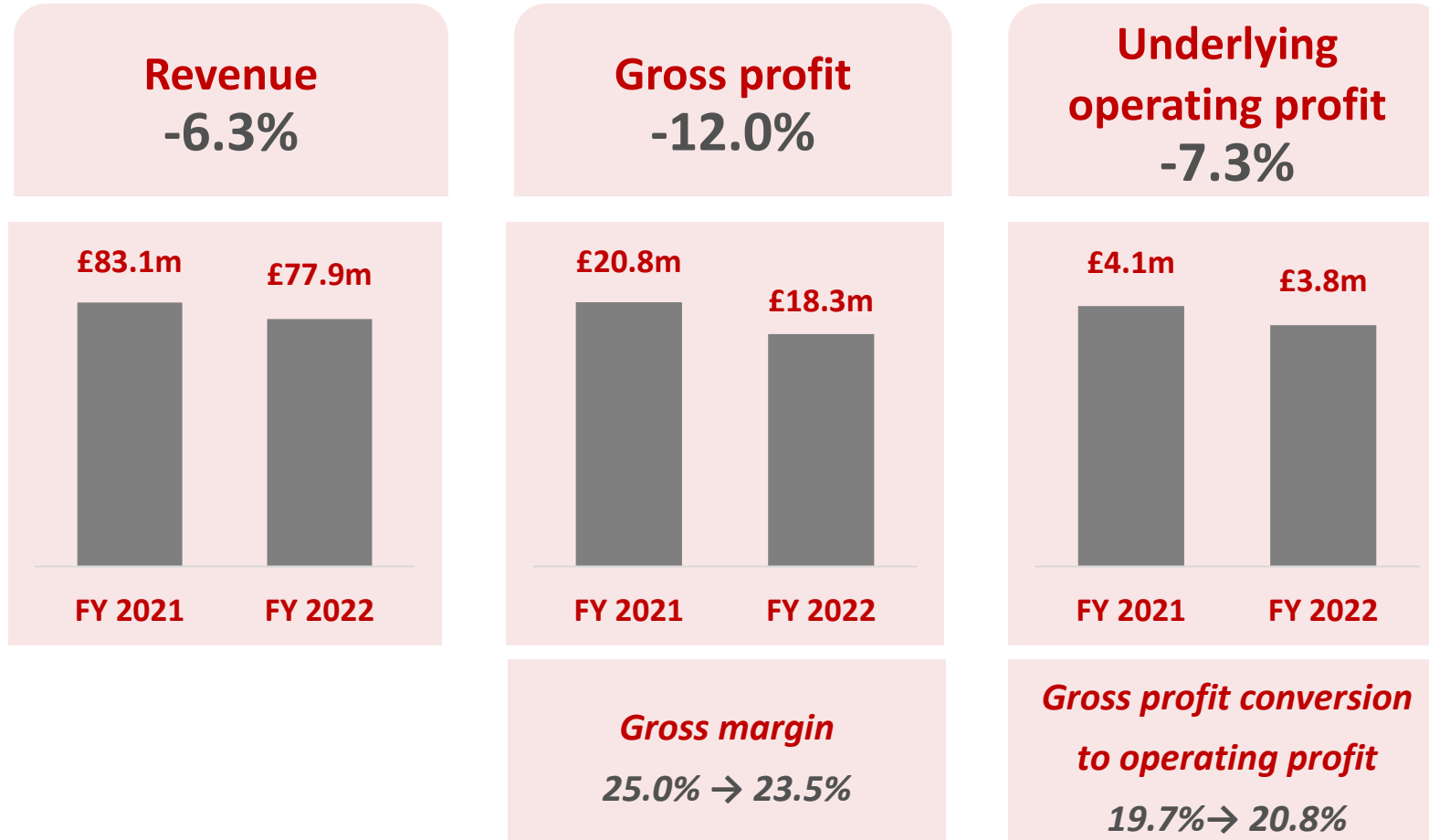
- Lower average hours across the temp business and customer churn Q1 2022
- New client wins
- Perm Fees up 80.1%
- Tight labour market - driver shortages, challenges in aviation and automotive
- Managed Services (VINCI and Sainsbury's Argos)
- Tight control of costs and efficiency savings

# Recruitment Ireland 2022 results



- Pivot to white-collar Perm up % but temps down
- Focus on gross margins lifting conversion rates
- Secured new 5 year contract extension with Causeway Coast & Glen's Council
- Excellent results in Republic of Ireland (contribution up 19.2%)
- New office opened in Limerick, Republic of Ireland

# PeoplePlus 2022 results



- Headwinds in Skills and training
- Strong results from Employability & Prison Education
- Slower period for new material contracts
- Tight control of the cost base mitigating revenue decline
- Restart mobilised successfully with first operating profit £1.2m



# Market trends

Albert Ellis, CEO



# Resilient UK labour market



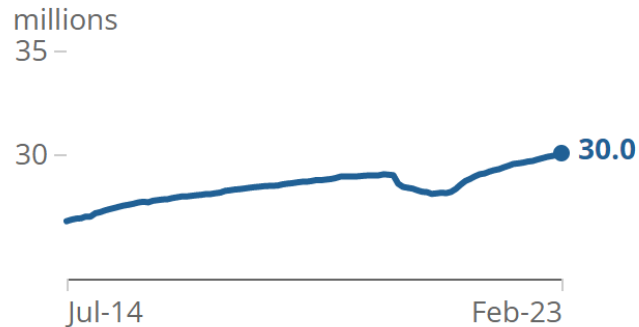
Payroll employees



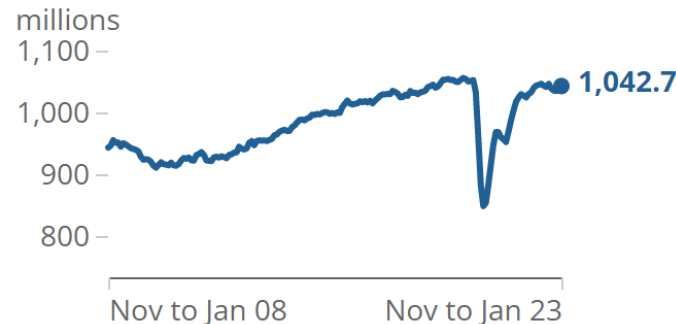
Hours worked



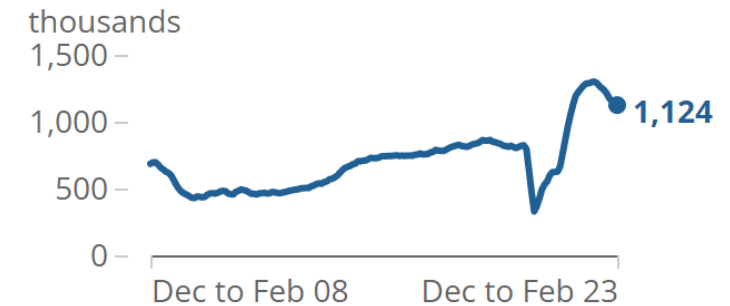
Job vacancies



**Good payroll figures £30m+**  
Above pre-pandemic levels  
Growing employment



**Productivity remains flat**  
Below pre-pandemic levels,  
Demand and inflation headwinds



**Job vacancies declining**  
Above pre-pandemic levels  
Candidate confidence



**“Our focus is to make a positive difference to people’s lives and deliver social value to the communities in which we operate”**

**Making a positive difference to society**

Through skills and employability training we help unlock potential to improve prospects and get people into jobs

**Supporting and developing our people**

We aim to improve the working lives of our people every day, investing in all stages of the employee journey, effectively engaging our people, whilst creating a sense of belonging

**Reducing our environmental impact**

We place great importance on seeking to minimize our environmental impact, and recognise that our environmental responsibilities are integral to our business

**Doing business in a responsible way**

Sound governance and doing business in a responsible way supported by our policies and values are fundamental to the way we operate.

# Leading. Trusted. Changing lives.

ESG is a competitive  
advantage.....

**Staffline**  
Group PLC



Got work for  
c.93,000 people  
during 2022

Supported 16,850  
unemployed  
people through  
the Restart  
scheme

Made a  
difference to  
the lives of  
1,001,147  
people  
between  
2018-2022



Trained c.8,500  
for vacancies  
available via our  
Social  
Recruitment  
partners in 2022



Helped 5,562  
unemployed  
people to get a job  
since July 2021

Support  
c.10,000 carers  
every year with  
Direct payments



10,506 learners in  
72 prison started  
26,233 courses in  
2022 with 91%  
success rate

**Staffline**  
Group PLC



# Strategy

Albert Ellis, CEO





# Capitalising on market leading position



- Leveraging competitive advantage –the quality supplier in the sector
- Investment in transparency, compliance and governance
- Focused on exceptional delivery despite labour shortages
- Technology –bringing world class data and insight to customers
- Building relationships with outsourcing market leaders

# Expanding market share and winning new accounts



Samworth Brothers

QUALITY FOODS



**RESTART**  
SCHEME



# Permanent Recruitment



Perm Gross  
profit over 2  
years  
**+178%**

Perm  
recruitment  
**9.4%**  
of recruitment  
gross profit  
(2020: 3.9%)

- Hired new perm placement teams
- Increased fee-earning capacity in the branch network
- Broadened contracts to include both perm and temporary labour
- Focused on niche sectors with high demand, technical, engineering, automotive supply chain, defence
- Leveraged perm delivery expertise into existing major accounts

# Getting the most out of PeoplePlus



Employability and skills are at the heart of everything we do at PeoplePlus. We achieved our mission to make a direct difference to the lives of 1 million people by 2022

1,001,147

Number of people supported since 2018

3,019

Number of people supported last week

9,374

Number of people supported in December

- Implementing deep changes in culture, operations and reward structure through new leadership
- Focus on core Employability & Education markets
- Investing in digital services
- Continued review of costs
- Unlocking the new contract pipeline



# Ireland



Operating  
profit  
**+28%**

- A strong platform for growth
- Investing in Medical / Healthcare
- Expanding branch presence
- Focus on increasing Republic of Ireland's fee-earning capacity
- Considering small bolt-on acquisitions from trading cash flow





## 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**. ”

## Strategy



### 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

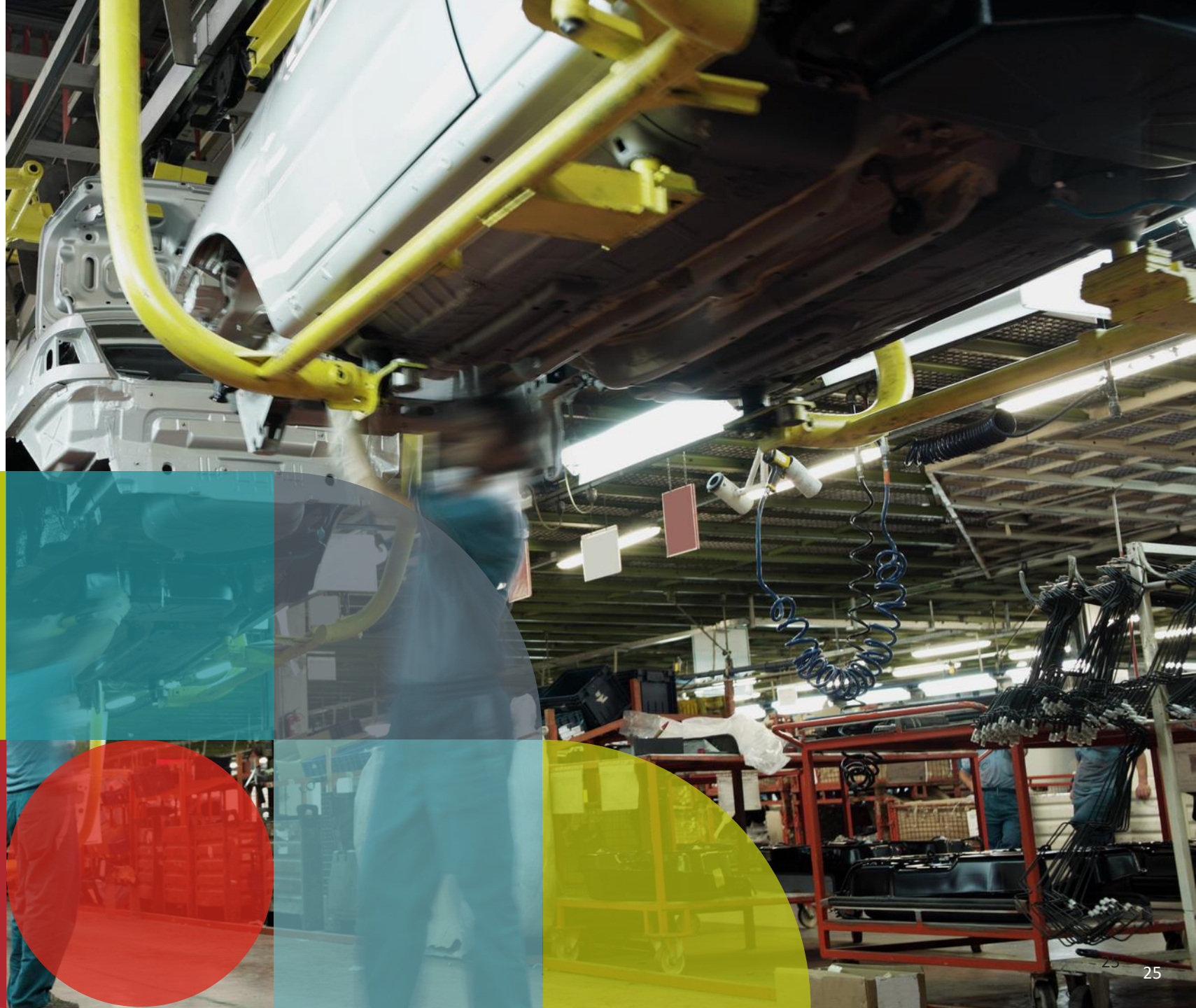


### REPUBLIC OF IRELAND

grow market share in a highly attractive market

# Investment summary and Outlook

Albert Ellis, CEO





# Outlook



- Staffline's competitive strengths increasingly recognised by customers and wider recruitment market
- Currently pursuing a healthy pipeline of new opportunities in both Recruitment & PeoplePlus
- Tight cost control and continued cash generation
- Macroeconomic challenges to continue in FY 23  
Productivity (lower hours) & Training (Skills/Restart)
- Positioning Staffline to take advantage of challenging market and grow
- In line with revised expectations in January 2023

# Investment summary

**Staffline**  
Group PLC

**Staffline**  **PeoplePlus**  
skills for growth

- **Market leader:** scale and geographic coverage, perceived as *the* quality supplier in the sector
- **Blue-chip customers:** Envidable relationships with large brands and strong position in niche markets
- **Growth:** turnaround complete, pursuing attractive organic growth opportunities
- **Experienced management:** aligned with shareholders
- **Resilient:** Strongly cash generative, healthy balance sheet and defensive sectors such as food and logistics
- **Upside into the recovery** when it comes

# Staffline

Group PLC



# Appendices

# Divisional performance FY22

	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group
	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	752.0	110.6	77.9	-	<b>940.5</b>	747.9	111.7	83.1	-	<b>942.7</b>
<b>Gross sales</b>	842.8	110.6	77.9	-	<b>1,031.3</b>	801.7	111.7	83.1	-	<b>996.5</b>
<b>Gross profit</b>	52.0	12.9	18.3		<b>83.2</b>	50.7	11.3	20.8		<b>82.8</b>
<b>Gross profit margin</b>	6.9%	11.7%	23.5%	-	<b>8.8%</b>	6.8%	10.1%	25.0%	-	<b>8.8%</b>
<b>Underlying operating profit</b>	8.3	3.2	3.8	(3.3)	<b>12.0</b>	7.1	2.5	4.1	(3.4)	<b>10.3</b>
<b>Operating profit margin</b>	1.1%	2.9%	4.9%	-	<b>1.3%</b>	0.9%	2.2%	4.9%	-	<b>1.1%</b>
<b>Operating profit as % of gross profit</b>	16.0%	24.8%	20.8%	-	<b>14.4%</b>	14.0%	22.1%	19.7%	-	<b>12.4%</b>

# Balance sheet

## @ 31 December 2022

	FY 2022 £'m	FY 2021 Restated £'m
<b>Assets: Non-current</b>		
Goodwill, intangibles, PPE	76.8	84.1
Deferred tax asset	5.0	4.9
	<b>81.8</b>	<b>89.0</b>
<b>Assets: Current</b>		
Trade and other receivables	119.8	113.6
Current tax asset	0.3	0.6
Derivative financial instrument	3.0	0.5
Cash	31.0	29.8
Restricted cash	0.0	0.0
	<b>154.1</b>	<b>144.5</b>
<b>Total assets</b>	<b>235.9</b>	<b>233.5</b>
<b>Liabilities: Current</b>		
Trade and other payables	130.3	134.3
Borrowings	26.0	22.9
Other liabilities and provisions	2.4	2.7
	<b>158.7</b>	<b>159.9</b>
<b>Liabilities: Non-current</b>		
Borrowings	-	-
Other liabilities and provisions	5.5	7.7
	<b>5.5</b>	<b>7.7</b>
<b>Total liabilities</b>	<b>164.2</b>	<b>167.6</b>
<b>Equity</b>		
Share capital, premium, own shares	126.2	124.1
Profit and loss account	(54.5)	(58.2)
<b>Total equity</b>	<b>71.7</b>	<b>65.9</b>
<b>Total equity and liabilities</b>	<b>235.9</b>	<b>233.5</b>

# Cash flow for FY 2022

	FY 2022 £'m	FY 2021 £'m
<b>Profit/(loss) before taxation</b>	<b>1.9</b>	<b>(0.5)</b>
Add back: Finance costs, depreciation, amortisation	16.1	17.1
<b>Cash generated before movements in working capital</b>	<b>18.0</b>	<b>16.6</b>
Change in receivables	(3.8)	(12.2)
Change in payables and provisions	(8.7)	(33.1)
<b>Cash generated from operations</b>	<b>5.5</b>	<b>(28.7)</b>
Tax	0.4	5.8
Capex	(3.3)	(4.5)
Acquisitions	-	-
New loans, reduction in Receivables Finance Facility, loan repayments	3.1	(10.1)
Principal repayment of lease liabilities	(1.6)	(1.7)
Interest paid	(2.5)	(1.9)
Own shares purchased	(0.4)	-
Proceeds from the issue of share capital	-	46.4
<b>Cash flows from financing activities</b>	<b>1.2</b>	<b>5.3</b>
Cash at beginning of the year	29.8	24.5
<b>Cash at end of the year</b>	<b>31.0</b>	<b>29.8</b>



# Top 10 shareholders at 8 March 2023 represent 87.9% of shares in issue

Top 10 shareholders as at 8 March 2023	%
Henry Spain Investment Services	17.8
HRNetGroup	15.5
Schroder Investment Management	11.1
Gresham House Asset Management	10.4
Fidelity International	10.0
Aberdeen Standard Investments	7.6
Lombard Odier Investment Managers	5.4
Hargreaves Lansdown Stockbrokers	4.3
Interactive Investor	3.6
Teviot Partners	2.2

# Financing: margin and covenants

- **Interest margin accruing at 2.00% over SONIA**
  - ✓ margin of 2.0%, with the Group's leverage below 3.00 x Underlying EBITDA
  - ✓ A non-utilisation fee of 35% of the margin
- **Maximum leverage covenant – average net debt over rolling 3 months to Underlying EBITDA**
  - ✓ Commencing at 5.95x Underlying EBITDA
  - ✓ Followed by a gradual reduction to 4.0x Underlying EBITDA by October 2023
- **Minimum interest cover covenant**
  - ✓ 2.25x the last twelve months Underlying EBITDA to finance charges

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