

# HALF YEAR RESULTS

Robert Walters plc

26 July 2018

AUSTRALIA • BELGIUM • BRAZIL • CANADA • CHINA • FRANCE • GERMANY • HONG KONG • INDIA • INDONESIA  
IRELAND • JAPAN • LUXEMBOURG • MALAYSIA • NETHERLANDS • NEW ZEALAND • PHILIPPINES • PORTUGAL • SINGAPORE  
SOUTH AFRICA • SOUTH KOREA • SPAIN • SWITZERLAND • TAIWAN • THAILAND • UAE • UK • USA • VIETNAM

ROBERT WALTERS

# AGENDA

## GROUP OVERVIEW & HIGHLIGHTS

Robert Walters, Chief Executive Officer

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## FINANCIAL REVIEW

Alan Bannatyne, Chief Financial Officer

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## OPERATIONS REVIEW

Giles Daubeney, Deputy Chief Executive Officer

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## OUTLOOK

Robert Walters, Chief Executive Officer

# GROUP VISION, BRANDS AND SERVICES

**Vision:** to be the leading global specialist professional recruitment group

## ROBERT WALTERS GROUP



ROBERT WALTERS

SPECIALIST  
PROFESSIONAL  
RECRUITMENT



CLERICAL  
RECRUITMENT  
EUROPE



RESOURCESOLUTIONS

RECRUITMENT  
PROCESS  
OUTSOURCING

# GROUP STRATEGY

## ROBERT WALTERS GROUP

### PURPOSE

Powering people and organisations to fulfil their unique potential

### PRINCIPLES

Innovation, teamwork, integrity and passion – these principles are the foundation stones of the activity of all staff worldwide

### STRATEGY

The Group's strategy for growth is centred on organic international expansion and discipline diversification; ensuring a balanced footprint covering mature and developing markets:

- **International expansion** – driving growth through expansion into new geographic locations
- **Discipline diversification** – driving growth through the building of scale in existing disciplines and the launch of new disciplines

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# GROUP HIGHLIGHTS

- Net fee income up 15% (17%\*) to £188.6m (2017: £164.5m)
- Operating profit up 28% (30%\*) to £20.7m (2017: £16.2m)
- Profit before taxation up 32% (35%\*) to £20.6m (2017: £15.6m)
- Interim dividend up 45% to 4.0p (2017: 2.75p)
- All of the Group's regions delivered increases in both net fee income and operating profit
- 15 countries delivered record results
- 72% of net fee income generated from outside of the UK
- Group headcount now stands at 3,996 (2017: 3,495)

\* Constant currency is calculated by applying prior period exchange rates to local currency results for the current and prior periods.

# FINANCIAL REVIEW

# FINANCIAL REVIEW

£M	H1 2018	H1 2017	% CHANGE	% CHANGE (CONSTANT CURRENCY*)
REVENUE	625.9	562.7	11%	13%
GROSS PROFIT (NET FEE INCOME)	188.6	164.5	15%	17%
OPERATING PROFIT	20.7	16.2	28%	30%
PROFIT BEFORE TAXATION	20.6	15.6	32%	35%

- Basic earnings per share increased by 30% to 21.2p (2017: 16.3p)
- Interim dividend up 45% to 4.0p (2017: 2.75p)
- Strong cash generation with net cash of £24.8m as at 30 June 2018 (30 June 2017: £18.4m)

\* Constant currency is calculated by applying prior period exchange rates to local currency results for the current and prior periods.

# CONSOLIDATED GROUP INCOME STATEMENT

£M	6 MONTHS TO 30 JUNE 2018	6 MONTHS TO 30 JUNE 2017	12 MONTHS TO 31 DECEMBER 2017
REVENUE <sub>1</sub>	625.9	562.7	1,165.8
NET FEE INCOME <sub>2</sub>	188.6	164.5	345.2
OPERATING PROFIT	20.7	16.2	41.9
INTEREST AND FOREIGN EXCHANGE	(0.1)	(0.6)	(1.3)
PROFIT BEFORE TAXATION	20.6	15.6	40.6
TAXATION	(5.5)	(4.5)	(11.3)
PROFIT FOR THE PERIOD	15.1	11.1	29.3
BASIC EPS	21.2p	16.3p	42.9p
DIVIDEND	4.00p	2.75p	12.05p

1 Revenue is the total income from the placement of permanent and contract candidates and therefore includes the remuneration costs of contract candidates and the total cost of advertising recharged to clients. It also includes outsourcing fees, consultancy fees and the margin derived from payrolling contracts charged by Resource Solutions to its clients.

2 Net fee income is the total placement fees of permanent candidates, the margin earned on the placement of contract candidates and the margin from advertising. It also includes the outsourcing, consultancy and payrolling margin earned by Resource Solutions.



# SUMMARY OF GROUP BALANCE SHEET

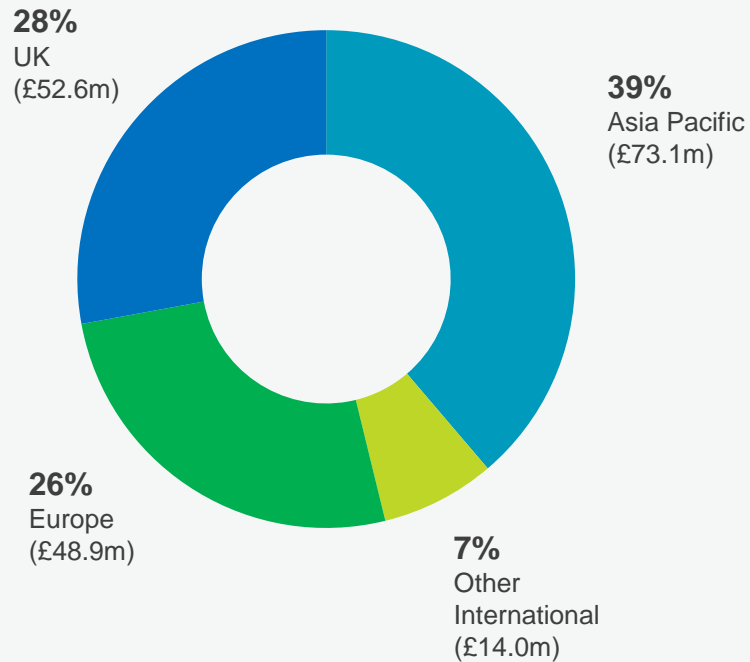
£M	AS AT 30 JUNE 2018	AS AT 30 JUNE 2017	AS AT 31 DECEMBER 2017
GOODWILL	8.1	8.0	8.1
TANGIBLE ASSETS & COMPUTER SOFTWARE	13.0	13.1	12.9
	21.1	21.1	21.0
RECEIVABLES	250.6	251.6	227.6
PAYABLES & PROVISIONS	(169.2)	(192.7)	(164.1)
	81.4	58.9	63.5
CURRENT AND DEFERRED TAX	5.9	4.8	6.2
NET CASH	24.8	18.4	31.1
NET ASSETS	133.2	103.2	121.8

# SUMMARY OF GROUP CASH FLOW

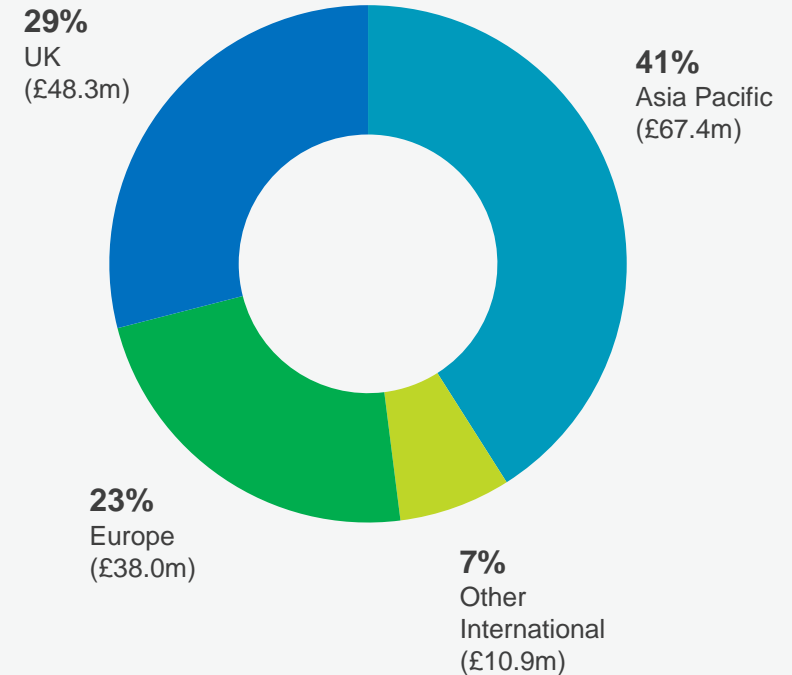
£M	6 MONTHS TO 30 JUNE 2018	6 MONTHS TO 30 JUNE 2017	12 MONTHS TO 31 DECEMBER 2017
OPERATING PROFIT	20.7	16.2	41.9
DEPRECIATION & AMORTISATION	2.5	2.2	4.7
SHARE-BASED PAYMENTS & OTHER NON-CASH ITEMS	2.9	2.8	6.0
WORKING CAPITAL MOVEMENTS	(17.8)	(3.7)	(9.6)
CASH GENERATED BY OPERATING ACTIVITIES	8.3	17.5	43.0
TAXATION PAID	(4.6)	(3.4)	(11.0)
PROCEEDS FROM EXERCISE OF OPTIONS	0.1	0.8	1.2
CAPITAL EXPENDITURE	(2.8)	(4.0)	(7.0)
INTEREST & FOREIGN EXCHANGE MOVEMENTS	(0.7)	(1.0)	(1.7)
DIVIDENDS PAID	(6.6)	(4.2)	(6.1)
PURCHASE OF OWN SHARES	-	(9.8)	(9.8)
MOVEMENT IN NET CASH	(6.3)	(4.1)	8.6
NET CASH	24.8	18.4	31.1

# REGIONAL ANALYSIS NET FEE INCOME

6 months to 30 June 2018

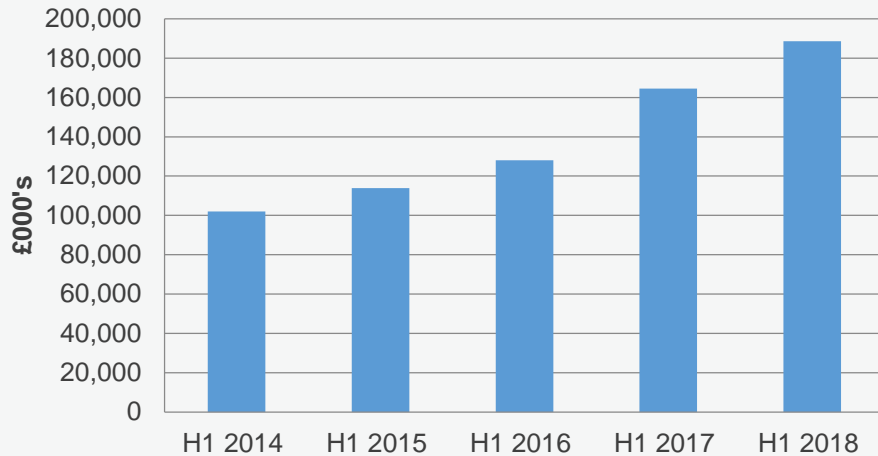


6 months to 30 June 2017

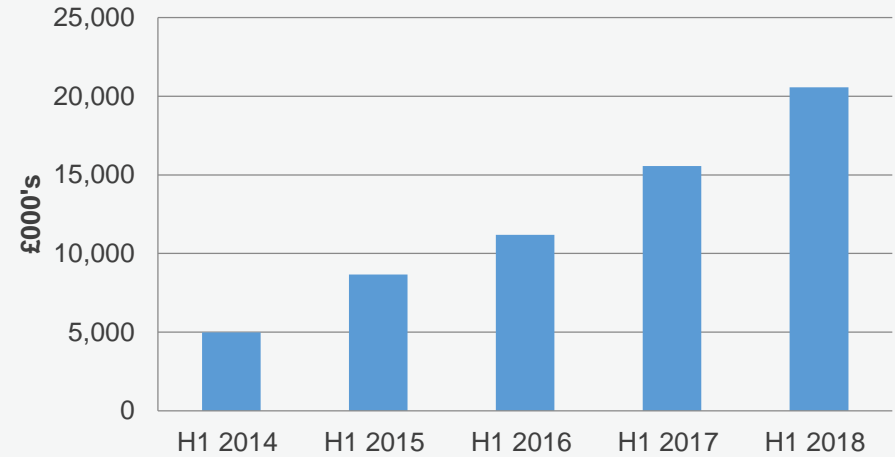


# TRACK RECORD OF GROWTH

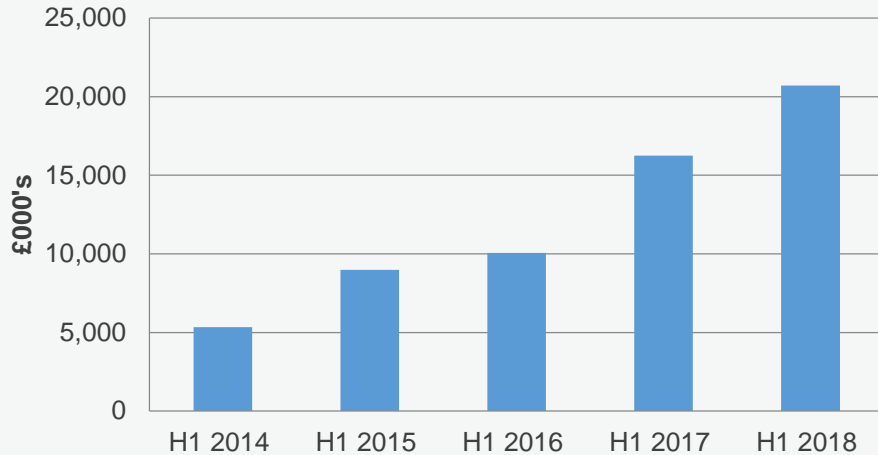
### Net Fee Income H1 2014 - 2018



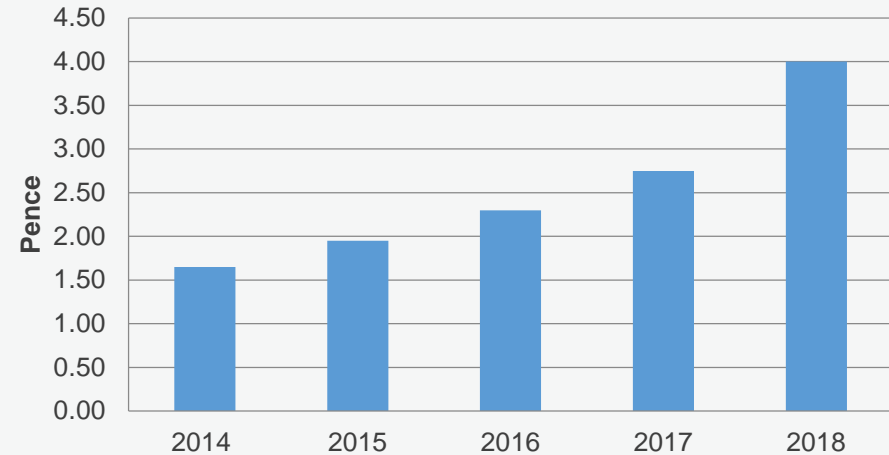
### Profit Before Taxation H1 2014 - 2018



### Operating Profit H1 2014 - 2018



### Interim Dividend 2014 - 2018

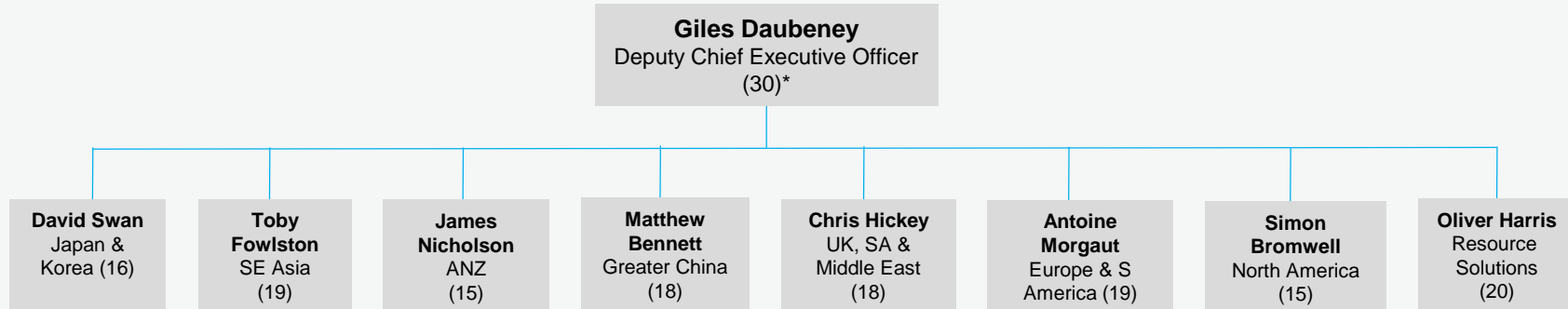


# OPERATIONS REVIEW

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# MANAGEMENT TEAM

- Established and experienced senior management team
- On-going commitment to grow management from within
- Well-established approach to succession planning
- International career opportunities



\* ( ) denotes length of tenure

ASIA PACIFIC

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# ASIA PACIFIC (39% of net fee income)

- **Net fee income: £73.1m (2017: £67.4m)**
- **Operating profit: £9.2m (2017: £7.7m)**

## Locations:

Australia	Philippines
China	Singapore
Hong Kong	South Korea
India	Taiwan
Indonesia	Thailand
Japan	Vietnam
Malaysia	
New Zealand	



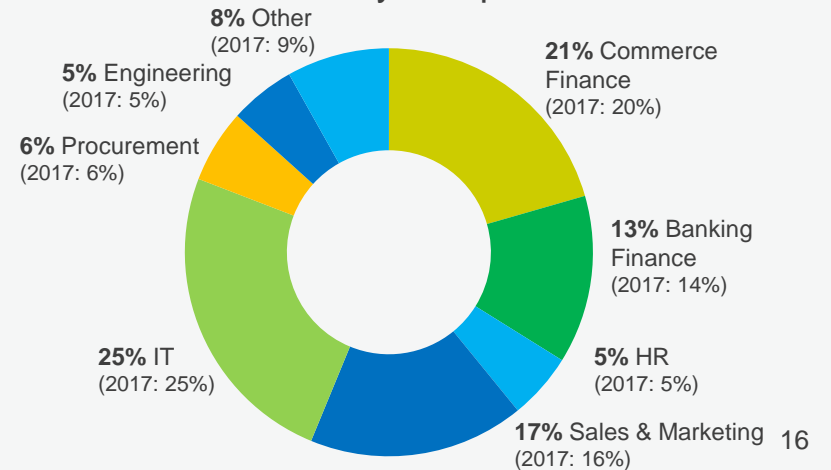
## Average tenure

<b>Directors</b>	<b>11 years</b>
Associate Directors	9 years
Managers	5 years

## Permanent/contract recruitment split



## Recruitment net fee income by discipline





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# ASIA PACIFIC

## Japan & Korea

### Japan

- Record first half performance
- Pace of internationalisation of Japanese businesses and globalisation of the Japan market shows no sign of slowing
- Ongoing professional and bilingual skill shortage across all sectors and disciplines
- Technology (fintech, AI, IoT, blockchain, software engineering), HR, legal, risk, compliance, finance and supply chain are all areas of particularly strong demand
  - Salary uplifts for 'hard to find' skillsets can run at circa 25%

### Korea

- Activity levels highest across sales and marketing, technology, finance and engineering sectors
- Flow of foreign direct investment strong

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# ASIA PACIFIC

## South East Asia & Greater China

- Strong performance across both emerging recruitment markets, where we have first mover advantage and well-established markets with opportunity for further growth
- Hong Kong, Korea, Indonesia, Thailand, the Philippines and Vietnam delivered record first half performances
  - Bilingual professionals remain in short supply and strong demand across our emerging markets, particularly in Indonesia and Vietnam where operating profit has doubled year-on-year and wage inflation is increasing
  - Technology, supply chain, sales, infrastructure, healthcare and engineering/construction are all strong growth areas
  - Balik Kampung and related campaigns remain a key differentiator across South East Asia where we have an unrivalled geographic footprint
- Singapore delivered a more positive performance despite challenging market conditions and increased competition
  - Areas of strong demand include technology (cyber, data analytics, IoT) and sales

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# ASIA PACIFIC

## Australia & New Zealand

### Australia

- First half growth strongest in Victoria, Queensland and South Australia
- Spike in hiring activity in risk and compliance within banking – across permanent and contract recruitment
- Technology (fintech, cyber-security, data analytics) professionals continue to be in strong demand
- Driving margins and growing SME client base

### New Zealand

- Strong growth in net fee income and operating profit
- Broad-based demand from private and public sector. Hot spots of growth include IT projects/services, IT applications, regulatory, compliance and engineering/construction
- International candidate flow a competitive advantage particularly within legal and professional services

UK

# UK (28% of net fee income)

- **Net fee income: £52.6m (2017: £48.3m)**
- **Operating profit: £4.2m (2017: £4.0m)**

**Locations:**

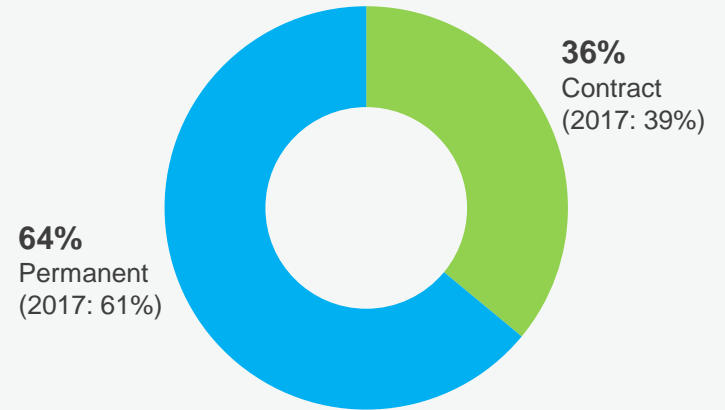
Birmingham  
 Bracknell  
 Leeds  
 London  
 Manchester  
 Milton Keynes  
 St Albans



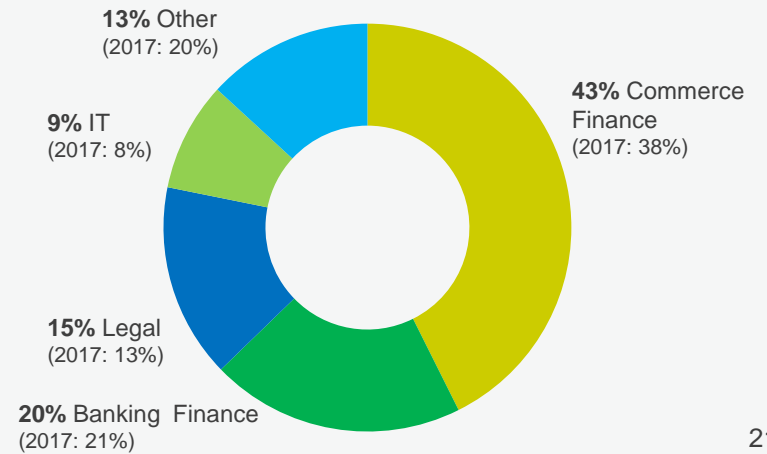
## Average tenure

<b>Directors</b>	<b>17 years</b>
Associate Directors	5 years
Managers	4 years

## Permanent/contract recruitment split



## Recruitment net fee income by discipline



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# UK

- Two speed job market – areas exposed to financial services versus non-financial services
  - Financial Services relatively subdued after more buoyant 2017
    - Pockets of growth do remain – risk, compliance, audit, fintech
  - Growth stronger in areas not aligned to financial services and UK regions
- Hiring activity strongest across technology, commerce finance (qualified and part-qualified) and legal
  - Demand also high in our newer supply chain and procurement discipline
- Ongoing investment in building regional UK footprint to take advantage of clear opportunities for growth
  - New office opened in Leeds
  - Headcount growth across the regional office network (Manchester, Bracknell, Birmingham, Milton Keynes and St. Albans)
  - Organisations continuing to shift some operations to regional hubs/locations
  - Slowing of the ‘talent drain’ to London

EUROPE

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# EUROPE (26% of net fee income)

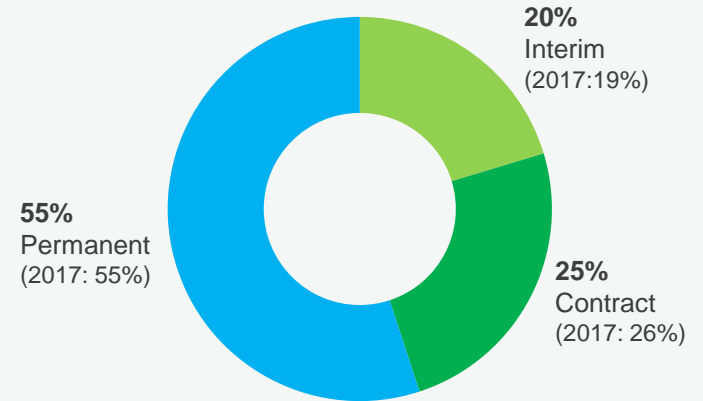
- Net fee income: £48.9m (2017: £38.0m)
- Operating profit: £7.1m (2017: £4.4m)

### Locations:

Benelux  
 France  
 Germany  
 Ireland  
 Portugal  
 Spain  
 Switzerland



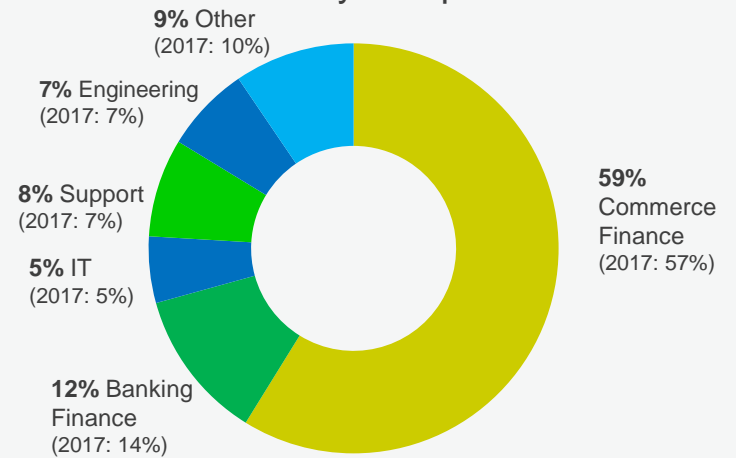
### Permanent/contract/interim recruitment split



### Average tenure

Directors	11 years
Associate Directors	6 years
Managers	5 years

### Recruitment net fee income by discipline





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# EUROPE

- Strong blend of revenue streams covering permanent, contract and interim recruitment
  - All growing well but notable acceleration in permanent recruitment activity as market confidence has increased
- Seven out of eight markets delivered record performances with France, the region's largest business, Germany, Spain and Switzerland all delivering operating profit increases in excess of 40% in constant currency
  - Broad-based and strong demand for specialists across compliance, risk, cyber-security, digital, construction/engineering and finance
- France and Benelux
  - Interim market is very active. Permanent and contract also strong
  - Increased candidate flexibility around short-term assignments/freelancing boosting contract activity
- Huge opportunity to build a scale business in Germany
  - Third German office opened in Hamburg during the period. Interim business also launched
  - No shortage of opportunity to open additional offices in country when the time is right
- Ireland delivered good net fee income and operating profit growth
- Group very well positioned to benefit from any Brexit relocations
  - Offices in all potential destinations

# OTHER INTERNATIONAL

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# OTHER INTERNATIONAL (7% of net fee income)

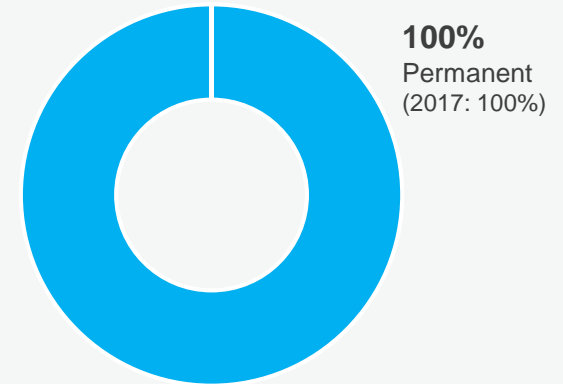
- Net fee income: £14.0m (2017: £10.9m)
- Operating profit: £0.2m (2017: £0.1m)

## Locations:

Brazil  
Canada  
Middle East  
South Africa  
USA



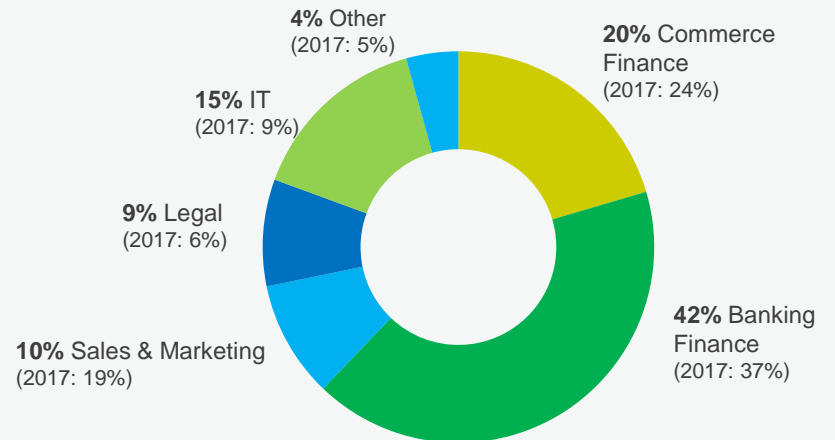
## Permanent/contract recruitment split



## Average tenure

<b>Directors</b>	<b>9 years</b>
Associate Directors	8 years
Managers	4 years

## Recruitment net fee income by discipline



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# OTHER INTERNATIONAL

- North & South America
  - Ongoing investment in headcount to take advantage of growth opportunities
  - New York (legal, compliance, sales & marketing) performed well and newer business in Canada continues to grow strongly
  - West coast market remains active with demand highest in software engineering, product management, marketing and design. New office in LA before year-end
  - Good net fee income growth in Brazil despite challenging economic backdrop
- South Africa
  - Flat year-on-year against volatile economic/political backdrop
- Middle East
  - Client and candidate confidence buoyed by oil price recovery and resumption in infrastructure investment

# RESOURCE SOLUTIONS

# RESOURCE SOLUTIONS – THE MODEL

RESOURCESOLUTIONS

Market-leading recruitment process  
outsourcing business

Sources of Fee Income

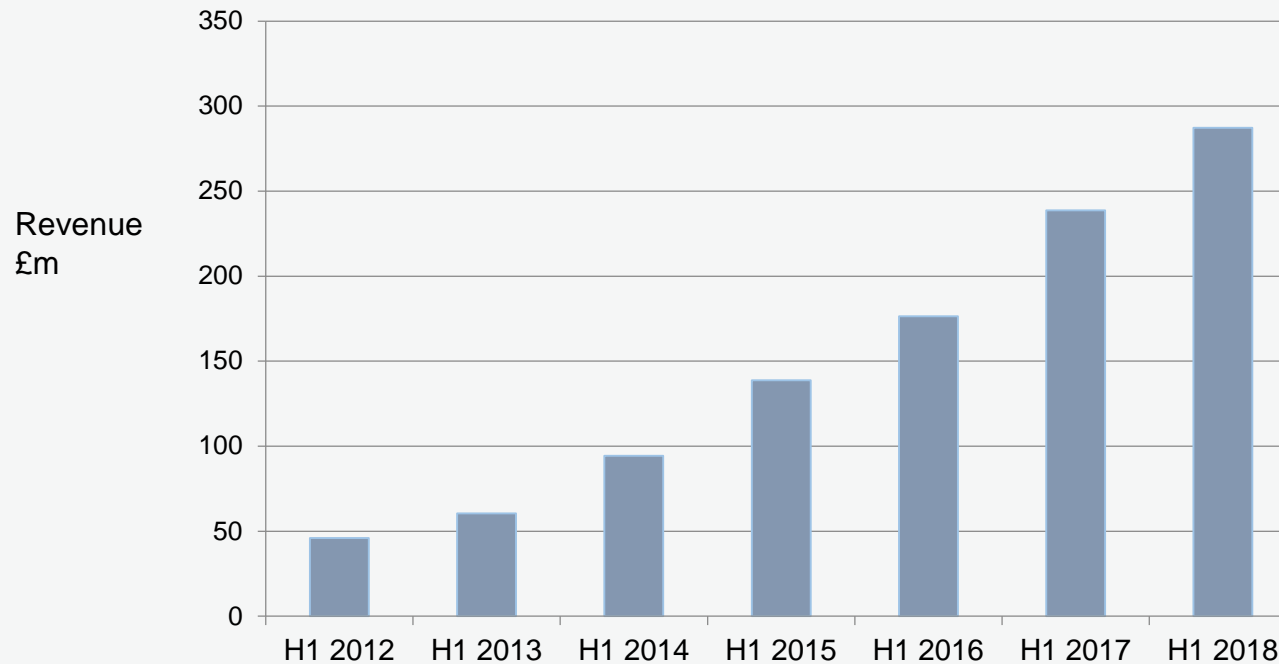
Direct Recruitment

On-Site Staff

Payroll

# RESOURCE SOLUTIONS

- Net fee income continued to grow well across UK, US and Asia
- Multi-country RPO and Total Talent Acquisition services in high demand
- Clients across over 60 countries
- Five client service centres – Hyderabad, Jacksonville, Johannesburg, Manchester and Manilla
  - Additional service centre planned for Prague in H2





# OUTLOOK



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# OUTLOOK

***“We enter the second half of the year with confidence that the Group’s platform for growth continues to be strong, across both emerging and well-established markets and disciplines, and that we are well positioned to further capitalise on market opportunities as they arise.”***