1 March 2019

ROBERT WALTERS

ROBERT WALTERS PLC
(the "Company", or the "Group")

Results for the year ended 31 December 2018

RECORD RESULTS; PROFIT AHEAD OF EXPECTATIONS

Robert Walters plc (LSE: RWA), the leading international recruitment group, today announces its results for the year ended 31 December 2018.

Financial and Operational Highlights

	2018	2017	% change	% change (constant currency*)
Revenue	£1.23bn	£1.17bn	6%	7%
Gross profit (net fee income)	£392.0m	£345.2m	14%	15%
Operating profit	£49.7m	£41.9m	19%	21%
Profit before taxation	£49.1m	£40.6m	21%	23%
Basic earnings per share	50.4p	42.9p	17%	n/a
Final dividend per share	10.7p	9.3p	15%	n/a

* Constant currency is calculated by applying prior year exchange rates to local currency results for the current and prior years.

- Record results with operating profit up by 19% (21%*) to £49.7m (2017: £41.9m) and profit before taxation up by 21% (23%*) to £49.1m (2017: £40.6m).
- 73% (2017: 71%) of the Group's net fee income derived from outside of the UK.
- Opened in two new countries, Chile and the Czech Republic and added four new offices in existing markets - Geneva, Hamburg, Leeds and Los Angeles. Group now has a footprint covering 30 countries.
- Asia Pacific net fee income up 13% (16%*) to £154.1m (£159.1m*) (2017: £136.6m) and operating profit up 20% (26%*) to £21.2m (£22.3m*) (2017: £17.7m).
    - Demand for bilingual professionals continued to be strong across Asia.
    - Another year of record performance in Japan. Hong Kong, Taiwan and Mainland China performed well and there was accelerated growth in our emerging South East Asia markets, with Indonesia, Thailand and the Philippines all increasing operating profit in excess of 50%*.
    - In Australia, growth was strongest across Melbourne, Perth and Adelaide and we continued to benefit from our increased focus on the SME market and higher growth disciplines such as fintech, technology and digital.
- UK net fee income up 7% to £107.5m (2017: £100.9m) delivering a 5% increase in operating profit to £12.4m (2017: £11.8m).
    - Candidate and client confidence increasingly cautious due to Brexit uncertainty.
    - Activity levels strongest outside of London with Manchester, Birmingham and Leeds, in particular, well positioned as regional technology and commerce hubs.
    - Resource Solutions increased net fee income and continued to expand client base.
- Europe net fee income up 25% (24%*) to £100.8m (£100.0m*) (2017: £80.6m) and operating profit increased 33% (32%*) to £15.0m (£14.9m*) (2017: £11.3m).
    - Outstanding performance across the region as markets become increasingly candidate short. Growth was broad-based across permanent, contract and interim recruitment.
    - Net fee income in Germany increased in excess of 70%*. Spain and the Netherlands grew by more than 25%*. France, our largest business in the region, grew net fee income by more than 15%*.
- Other International (the Americas, South Africa and the Middle East) net fee income was up 10% (14%*) to £29.7m (£30.9m*) (2017: £27.1m) and operating profit increased by 2% (decreased 3%*) to £1.1m (£1.1m*) (2017: £1.1m).
- Giles Daubeney will be stepping down from the Board and his role as Deputy CEO at the Group's Annual General Meeting on 17 May 2019.
- Group headcount increased by 9% to 4,132 (2017: 3,793).
- Group purchased 791,336 shares at an average price of £6.42 for £5.1m through the Group's Employee Benefit Trust.
- Strong balance sheet with net cash of £74.3m as at 31 December 2018 (31 December 2017: £31.1m).

Robert Walters, Chief Executive, said:

"The Group has delivered another strong set of results. Our ability to produce a significant increase in profitability whilst also continuing to invest for the future with new country and office openings is testament to the success of our long-term strategy of international expansion and recruitment discipline diversification.

"It's inevitable that the current uncertainty surrounding Brexit will continue to affect client and candidate confidence in the UK. We are a truly global business with 73% of net fee income derived from outside of the UK, a global footprint covering 30 countries and well-established operations in all those locations that might benefit from any potential movement of business and staff from the UK. 2019 has started well, in line with the Board's expectations, and the Group is well positioned to continue to take advantage of market opportunities as they arise."

The Company will be holding a presentation for analysts at 10.30am today at the offices of Robert Walters plc, 11 Slingsby Place, St. Martin's Courtyard, London WC2E 9AB.

The Company will publish a trading update for the first quarter ending 31 March 2019 on 15 April 2019.

Further information

Robert Walters plc +44 (0) 20 7379 3333
Robert Walters, Chief Executive
Alan Bannatyne, Chief Financial Officer

Portland Communications +44 (0) 20 7554 1660
Steffan Williams
Lauren Gallagher

About Robert Walters

Robert Walters is a market-leading international specialist professional recruitment group with over 4,100 staff spanning 30 countries. We specialise in the placement of the highest calibre professionals across the disciplines of accountancy and finance, banking, engineering, HR, IT, legal, sales, marketing, secretarial and support and supply chain and procurement. Our client base ranges from the world's leading blue-chip corporates and financial services organisations through to SMEs and start-ups. The Group's outsourcing division, Resource Solutions, is a market leader in recruitment process outsourcing and managed services.

www.robertwalters.com

Forward looking statements

This announcement contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them at the time of their approval of this announcement and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Robert Walters plc
Results for the year ended 31 December 2018

Chairman's Statement

The Group delivered a strong performance in 2018, increasing profit before taxation by 21% (23%*) to a record £49.1m (2017: £40.6m). Standout performances were delivered by our Asia Pacific and European regions, with 73% (2017: 71%) of the Group's net fee income now derived from our overseas businesses.

Revenue was up 6% (7%*) to £1.23bn (2017: £1.17bn) and net fee income increased by 14% (15%*) to £392.0m (2017: £345.2m). Operating profit was up 19% (21%*) to £49.7m (2017: £41.9m) and earnings per share increased by 17% to 50.4p per share (2017: 42.9p per share). The Group further strengthened its balance sheet with net cash of £74.3m as at 31 December 2018 (31 December 2017: £31.1m). Both permanent and contract recruitment grew strongly during the year, with the Group's ratio of permanent and contract recruitment net fee income currently 69% permanent to 31% contract (2017: 68%:32%).

During the year, headcount increased by 9% to 4,132 (2017: 3,793) with investment most concentrated in those markets and disciplines delivering the strongest rates of growth.

The Board will be recommending a 15% increase in the final dividend to 10.7p per share which combined with the interim dividend of 4.0p per share would result in a 22% increase in the total dividend to 14.7p per share (2017: 12.05p).

In 2018, the Group purchased 791,336 shares at an average price of £6.42 for £5.1m through the Group's Employee Benefit Trust. The Board is authorised to re-purchase up to 10% of the Group's issued share capital and will be seeking approval for the renewal of this authority at the Annual General Meeting on 17 May 2019.

I would also like to take this opportunity to welcome Steven Cooper to the Board. Steven joined the Board in October 2018, having latterly held a number of senior management positions at Barclays. His experience in digital innovation and transformation has already proved valuable in his short time on the Board and I look forward to working with him moving forward.

On behalf of the Board, I would like to extend our thanks to all of our staff across the globe for their ongoing commitment to delivering the highest quality service to our candidates and clients.

Carol Hui
Chairman
28 February 2019

Chief Executive's Statement

Review of Operations
The Group's long-term strategy for growth is founded on the two pillars of organic international expansion and discipline diversification. It's a testament to this strategy and underlying strength of the Group's brand and management team that we have delivered a significant increase in profitability whilst continuing to invest for the future with entry into two new international markets, Chile and the Czech Republic, and the opening of an additional four new offices (Geneva, Hamburg, Leeds and Los Angeles) in existing markets.

The Group's international footprint now covers 30 countries and is an exciting blend of fast growing and emerging recruitment markets with significant long-term growth potential and well-established markets that continue to offer progressive opportunities for growth. This, coupled with the breadth of solutions we provide; from permanent, contract and interim recruitment through to recruitment process outsourcing, presents a powerful and compelling offering to both clients and candidates alike.

In addition, through our innovation and technology and transformation teams, we continue to identify, trial and adopt new technology to both enhance and augment the service our consultants can provide and to drive efficiencies across our business.

Asia Pacific (39% of Group net fee income)
Revenue was £394.1m (2017: £370.2m) and net fee income increased by 13% (16%*) to £154.1m (£159.1m*) (2017: £136.6m) and operating profit increased by 20% (26%*) to £21.2m (£22.3m*) (2017: £17.7m). The Group has an unrivalled footprint across the region covering 13 markets including some of the world's most exciting recruitment markets.

In Asia, our business in Japan delivered another record performance increasing both net fee income and operating profit in excess of 20%*, further cementing its position as Japan's leading international professional recruitment business. The demand for bilingual candidates from both multinationals and increasingly, local Japanese businesses on a drive to globalise, continues to be very strong. Across Greater China, performance was also strong with our businesses in Hong Kong, Taiwan and Mainland China all delivering increases in both net fee income and operating profit. In South East Asia, our emerging market businesses in Indonesia, Thailand and the Philippines delivered record performances all increasing operating profit in excess of 50%*, with bilingual talent shortages and digitisation and technology transformation the common drivers of growth. Singapore delivered a robust performance with market conditions remaining relatively challenging.

In Australia, growth was strongest across Melbourne, Perth and Adelaide and we continued to benefit from our increased focus on the SME market and higher growth disciplines such as fintech, technology and digital. Financial services was also active with demand high for compliance, risk and regulatory professionals. In New Zealand, where we have a market-leading position, our Wellington business in particular had a strong year with public sector investment benefiting both permanent and contract hiring particularly within the technology and transformation disciplines.

Resource Solutions grew net fee income across the region, won a number of new client deals in sectors including manufacturing and payments and continued to expand our service offering into existing clients.

UK (27% of Group net fee income)
Revenue was £571.9m (2017: £569.6m), net fee income increased by 7% to £107.5m (2017: £100.9m) and operating profit increased by 5% to £12.4m (2017: £11.8m).

The UK recruitment market as a whole has been impacted by the uncertainty surrounding Brexit with clients and candidates becoming increasingly cautious.

However notable regional and sector variations existed. The London-based financial services market was generally slow however there was demand for specialists in risk, compliance, audit and also across fintech and cyber-security. Legal recruitment also proved to be active with firms paying premiums for experienced lawyers. Outside of London, activity levels were higher with Manchester, Birmingham and Leeds, where we opened a new office during the year, particularly successful in positioning themselves as regional technology hubs and attracting talent that historically would have migrated to London.

Resource Solutions continued to grow net fee income and won several clients in new sectors including data services and financial payments and messaging. The business also successfully increased margins and sold additional services across our existing client base.

Europe (26% of Group net fee income)
Revenue was £237.1m (2017: £189.1m), net fee income increased by 25% (24%*) to £100.8m (£100.0m*) (2017: £80.6m) and operating profit increased by 33% (32%*) to £15.0m (£14.9m*) (2017: £11.3m). In Europe, the Group has a geographic footprint that spans nine countries, with candidate shortages becoming ever more acute right across the region.

Performance continued to be outstanding across the region with both net fee income and operating profit increasing significantly year-on-year. Growth was broad-based with our focus on permanent, contract and interim recruitment providing a strong competitive positioning as candidates increasingly seek more flexibility in their working practices.

Our market-leading businesses in Spain and the Netherlands continued to go from strength to strength, both increasing net fee income in excess of 25%* whilst, in France, the region's largest business, net fee income increased by more than 15%*. Our business in Belgium had a record year and in Switzerland, we opened a new office in Geneva to complement our existing office in Zurich.

Our growing business in Germany delivered a strong performance increasing net fee income in excess of 70%* with Frankfurt in particular benefiting from an increase in financial services hiring. The opportunity for long-term growth in Germany is significant and during the year we opened a new office in Hamburg to further grow our office footprint across this important market for the Group. Our businesses in Ireland and Portugal both performed well. During the year, Resource Solutions opened a new Global Service Centre in the Czech Republic.

Other International (8% of Group net fee income)
Other International encompasses the Americas, South Africa and the Middle East. Revenue was £30.2m (2017: £36.9m), net fee income increased by 10% (14%*) to £29.7m (£30.9m*) (2017: £27.1m) and operating profit increased by 2% (down 3%*) to £1.1m (£1.1m*) (2017: £1.1m).

During the year, we continued to invest in growing the Group's presence across the Americas. We opened a new office in Los Angeles to expand our West Coast footprint and complement our successful business in San Francisco. We also entered our second South American market with the opening of an office in Santiago, Chile. Our well-established business in New York performed well as did our office in Canada, which is now in its second year of operation. Market conditions in South Africa remain generally challenging whilst positivity returned to the Middle East with increased oil prices and investment leading to an uplift in hiring activity in both multinational and local businesses.

Board Change
As announced, Giles Daubeney will be stepping down from the Board and his role as Deputy CEO at the Group's Annual General Meeting on 17 May 2019.

Outlook
It's inevitable that the current uncertainty surrounding Brexit will continue to affect client and candidate confidence in the UK. We are a truly global business with 73% of net fee income derived from outside of the UK, a global footprint covering 30 countries and well-established businesses in all those locations that might benefit from any potential movement of businesses and key staff from the UK. 2019 has started well, in line with the Board's expectations and the Group is well positioned to continue to take advantage of market opportunities as they arise.

Robert Walters
Chief Executive
28 February 2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROBERT WALTERS PLC ON THE PRELIMINARY ANNOUNCEMENT OF ROBERT WALTERS PLC

As the independent auditor of Robert Walters plc we are required by UK Listing Rule LR 9.7A.1(2)R to agree to the publication of Robert Walters plc's preliminary announcement statement of annual results for the year ended 31 December 2018.

The preliminary statement of annual results for the year ended 31 December 2018 includes financial and operational highlights, the Chief Executive's Statement, the Chairman's Statement and summarised financial statements. We are not required to agree to the publication of the presentation to analysts.

The directors of Robert Walters plc are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules.

We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council's Bulletin "The Auditor's Association with Preliminary Announcements made in accordance with UK Listing Rules".

Status of our audit of the financial statements

Our audit of the annual financial statements of Robert Walters plc is complete and we signed our audit report on 28 February 2019. Our audit report is not modified and contains no emphasis of matter paragraph.

Our audit report on the full financial statements sets out the following key audit matters which had the greatest effect on our overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those key audit matters and the key observations arising from our work:

Revenue recognition	
Key audit matter description	<u>Permanent revenue – accuracy and completeness of the provision for back-outs</u> For permanent placements, which accounted for 69% of the Net Fee Income (gross profit) of the Group's recruitment business in 2018 (2017: 68%), the Group's policy (as detailed in the Accounting Policies note) is to record revenue when specific recognition criteria have been met. For permanent placements on non-retained assignments, this is where a candidate accepts a position in writing and a start date is agreed. Accordingly, revenue is accrued in respect of permanent placements meeting the above criteria but which remain unbilled. A provision is made for placements expected to be cancelled prior to the start date ('back-outs') on the basis of past experience. The provision is maintained at a consistent percentage of accrued revenue from permanent placements. Determining the level of provision required for back-outs involves a significant degree of management judgement, and is an area where there is potential for fraudulent manipulation of the financial results. <u>Temporary revenue – changes in temporary worker rates in the Resource Solutions business</u> The Group's policy is to recognise revenue relating to temporary workers as the service is provided, at contractually agreed rates (as detailed in the Accounting Policies note). For temporary income, the risk identified is that changes in temporary worker rates in the Resource Solutions business may not be recorded accurately. The Resource Solutions business represents 43.1% of Group revenue (2017: 44.8%). The contracts, which govern the rates at which revenue should be recognised for temporary workers within the Resource Solutions business, are complex. The margin earned varies with role, length of tenure and the entity that originally sourced the temporary worker. These rates are also subject to change when contracts are renegotiated. The process for updating the temporary worker rates is manual, as are the controls which management has put in place to mitigate the risk. A systematic error in the recording of these rates could lead to a material misstatement, and is most likely to occur when a contract renegotiation takes place, as this is when there is scope for systematic error.

How the scope of our audit responded to the key audit matter	Permanent revenue In all full scope locations, we evaluated the design and implementation of the internal controls in place to ensure that all permanent placements are recorded in the correct period. In Australia, China, Hong Kong, Japan and the UK, we performed additional testing to confirm that the internal controls for permanent placements were operating effectively. Our substantive testing involved agreeing a sample of permanent placement fees earned but not invoiced to written evidence of candidate acceptance, including confirmation of start date. We have challenged Management's judgement regarding whether it is appropriate to maintain the back-out provision at a consistent rate. We assessed the level of provision held at the year-end against a range of data points, which were determined based on the mean average monthly back-out rate and the mean average highest monthly back-out rate across the significant components. We also evaluated the back-outs following the year end. Temporary revenue For the full scope location within the Resource Solutions business, we evaluated the design and implementation and tested the operating effectiveness of the internal controls in place to ensure that any changes in the rate at which revenue is recognised were recorded appropriately. We selected a sample of temporary workers in the Resource Solutions business where there had been a change in rates during the year. The change in rates was then agreed to contract, and the associated revenue recalculated. To test for completeness of contract rate changes, we reviewed a sample of contracts with clients of the Resource Solutions business for evidence of any change in the underlying rates that should be reflected in the revenue recognised. A sample of temporary workers in the Resource Solutions business where there was no change in the underlying rates was also selected for testing. We confirmed that it was appropriate that the revenue recognised in respect of these temporary workers did not change through agreeing to the contract.
Key observations	We did not identify any reportable misstatements or significant deficiencies in internal control as a result of our audit work. We have concluded that the provision for back outs for permanent placements remains conservative but within an acceptable range. We concluded that the revenue for temporary placements during the period was recognised appropriately.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

Procedures performed to agree to the preliminary announcement of annual results

In order to agree to the publication of the preliminary announcement of annual results of Robert Walters plc we carried out the following procedures:

(a) checked that the figures in the preliminary announcement covering the full year have been accurately extracted from the audited financial statements and reflect the presentation to be adopted in the audited financial statements;
(b) considered whether the information (including the management commentary) is consistent with other expected contents of the annual report;
(c) considered whether the financial information in the preliminary announcement is misstated;
(d) considered whether the preliminary announcement includes a statement by directors as required by section 435 of CA 2006 and whether the preliminary announcement includes the minimum information required by UKLA Listing Rule 9.7A.1;
(e) where the preliminary announcement includes alternative performance measures ("APMs"), considered whether appropriate prominence is given to statutory financial information and whether:
    - the use, relevance and reliability of APMs has been explained;
    - the APMs used have been clearly defined, and have been given meaningful labels reflecting their content and basis of calculation;

- the APMs have been reconciled to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period; and
- comparatives have been included, and where the basis of calculation has changed over time this is explained.

(f) read the management commentary and any other narrative disclosures and considered whether they are fair, balanced and understandable.

Use of our report

Our liability for this report, and for our full audit report on the financial statements is to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for our audit report or this report, or for the opinions we have formed.

John Charlton FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 February 2019

Consolidated Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Revenue	1	**1,233,171**	**1,165,776**
Cost of sales		(841,153)	(820,528)
Gross profit		**392,018**	**345,248**
Administrative expenses		(342,360)	(303,350)
Operating profit		**49,658**	**41,898**
Finance income		527	531
Finance costs	2	(997)	(981)
Loss on foreign exchange		(76)	(874)
Profit before taxation		**49,112**	**40,574**
Taxation	3	(13,550)	(11,239)
Profit for the year		**35,562**	**29,335**
Attributable to:			
Owners of the Company		**35,562**	**29,335**
Earnings per share (pence):	5		
Basic		50.4	42.9
Diluted		45.8	38.9

The amounts above relate to continuing operations.

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
Profit for the year	35,562	29,335
Items that may be reclassified subsequently to profit and loss net of tax:		
Exchange differences on translation of overseas operations	2,382	(1,686)
Total comprehensive income and expense for the year	**37,944**	**27,649**
Attributable to:		
Owners of the Company	**37,944**	**27,649**

Consolidated Balance Sheet
AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	6	11,150	11,909
Property, plant and equipment	7	10,603	9,135
Deferred tax assets		12,380	10,163
		34,133	**31,207**
Current assets			
Trade and other receivables	8	230,976	227,585
Corporation tax receivables		4,708	3,016
Cash and cash equivalents		79,949	61,872
		315,633	292,473
Total assets		**349,766**	**323,680**
Current liabilities			
Trade and other payables	9	(176,194)	(161,270)
Corporation tax liabilities		(11,785)	(6,986)
Bank overdrafts and loans	10	(5,680)	(30,784)
Provisions		(1,669)	(1,198)
		(195,328)	(200,238)
Net current assets		**120,305**	**92,235**
Non-current liabilities			
Provisions		(1,680)	(1,634)
		(1,680)	**(1,634)**
Total liabilities		(197,008)	(201,872)
Net assets		**152,758**	**121,808**
Equity			
Share capital		15,930	15,875
Share premium		21,959	21,936
Other reserves		(71,818)	(71,818)
Own shares held		(18,292)	(18,193)
Treasury shares held		(9,095)	(9,095)
Foreign exchange reserves		14,734	12,352
Retained earnings		199,340	170,751
Equity attributable to owners of the Company		**152,758**	**121,808**

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Cash generated from operating activities	11	**73,442**	**43,025**
Income taxes paid		(10,747)	(11,032)
Net cash from operating activities		**62,695**	**31,993**
Investing activities			
Interest received		527	531
Purchases of computer software		(634)	(1,912)
Purchases of property, plant and equipment		(5,681)	(5,079)
Net cash used in investing activities		**(5,788)**	**(6,460)**
Financing activities			
Equity dividends paid		(9,450)	(6,074)
Proceeds from issue of equity		78	279
Interest paid		(997)	(981)
Proceeds from bank loans and overdrafts		500	-
Repayment of bank loans		(25,676)	(9,188)
Share buy-back and cancellation		-	(8,033)
Purchase of own shares		(5,120)	(1,784)
Proceeds from exercise of share options		12	846
Net cash used in financing activities		(40,653)	(24,935)
Net increase in cash and cash equivalents		**16,254**	**598**
Cash and cash equivalents at beginning of year		61,872	62,601
Effect of foreign exchange rate changes		1,823	(1,327)
Cash and cash equivalents at end of year		**79,949**	**61,872**

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Share capital £'000	Share premium £'000	Other reserves £'000	Own shares held £'000	Treasury shares held £'000	Foreign exchange reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	16,101	21,854	(72,241)	(19,906)	(9,095)	14,038	151,192	101,943
Profit for the year	-	-	-	-	-	-	29,335	29,335
Foreign currency translation differences	-	-	-	-	-	(1,686)	-	(1,686)
Total comprehensive income and expense for the year	-	-	-	-	-	(1,686)	29,335	27,649
Dividends paid (note 4)	-	-	-	-	-	-	(6,074)	(6,074)
Shares repurchased for cancellation	(423)	-	423	-	-	-	(8,033)	(8,033)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	5,324	5,324
Deferred tax on share-based payment transactions	-	-	-	-	-	-	1,659	1,659
Transfer to own shares held on exercise of equity incentives	-	-	-	2,652	-	-	(2,652)	-
New shares issued and own shares purchased	197	82	-	(939)	-	-	-	(660)
Balance at 31 December 2017	**15,875**	**21,936**	**(71,818)**	**(18,193)**	**(9,095)**	**12,352**	**170,751**	**121,808**
Profit for the year	-	-	-	-	-	-	35,562	35,562
Foreign currency translation differences	-	-	-	-	-	2,382	-	2,382
Total comprehensive income and expense for the year	-	-	-	-	-	2,382	35,562	37,944
Dividends paid (note 4)	-	-	-	-	-	-	(9,450)	(9,450)
Shares repurchased for cancellation	-	-	-	-	-	-	-	-
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	5,654	5,654
Deferred tax on share-based payment transactions	-	-	-	-	-	-	1,832	1,832
Transfer to own shares held on exercise of equity incentives	-	-	-	5,009	-	-	(5,009)	-
New shares issued and own shares purchased	55	23	-	(5,108)	-	-	-	(5,030)
Balance at 31 December 2018	**15,930**	**21,959**	**(71,818)**	**(18,292)**	**(9,095)**	**14,734**	**199,340**	**152,758**

Statement of Accounting Policies
FOR THE YEAR ENDED 31 DECEMBER 2018

Accounting Policies
Basis of preparation
Robert Walters plc is a public Company limited by shares incorporated and domiciled in the UK under the Companies Act. The financial report for the year ended 31 December 2018 has been prepared in accordance with the historic cost convention and with International Financial Reporting Standards (IFRSs), including International Accounting Standards and Interpretations as adopted for use by the European Union, though this announcement does not itself contain sufficient information to comply with IFRSs.

The Group had net cash of £74.3m at 31 December 2018. Despite the volatile and uncertain global economic conditions, the Group remains confident of its long-term growth prospects. The Group has a strong balance sheet and considerable financial resources, together with a diverse range of clients and suppliers across different geographic locations and sectors. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

The financial information in this announcement, which was approved by the Board of Directors on 28 February 2019, does not constitute the Company's statutory accounts for the year ended 31 December 2018 but is derived from these accounts. Statutory accounts for 2017 have been delivered to the Registrar of Companies and those for 2018 will be delivered following the Company's Annual General Meeting. The auditors have reported on these accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The Annual General Meeting of Robert Walters plc will be held on 17 May 2019 at 11 Slingsby Place, St Martin’s Courtyard, London WC2E 9AB.

1. Segmental information

		2018	2017
		£'000	£'000
i)	**Revenue:**		
	Asia Pacific	394,059	370,248
	UK	571,864	569,610
	Europe	237,075	189,056
	Other International	30,173	36,862
		1,233,171	**1,165,776**
ii)	**Gross profit:**		
	Asia Pacific	154,073	136,641
	UK	107,502	100,881
	Europe	100,766	80,649
	Other International	29,677	27,077
		392,018	**345,248**

1. Segmental information (continued)

	2018	2017
	£'000	£'000
iii) Profit before taxation:		
Asia Pacific	21,182	17,719
UK	12,357	11,802
Europe	14,993	11,279
Other International	1,126	1,098
Operating profit	**49,658**	**41,898**
Net finance costs	(546)	(1,324)
Profit before taxation	**49,112**	**40,574**
iv) Net assets:		
Asia Pacific	31,640	27,905
UK	11,469	33,927
Europe	24,046	18,001
Other International	6,032	4,693
Unallocated corporate assets and liabilities*	79,571	37,282
	152,758	**121,808**

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank loans, corporation and deferred tax balances.

The analysis of revenue by destination is not materially different to the analysis by origin and the analysis of finance income and costs are not significant.

All transactions between reportable segments were undertaken on an arms-length basis.

The Group is divided into geographical areas for management purposes, and it is on this basis that the segmental information has been prepared.

v) **Other information - 2018**	P,P&E and software additions	Depreciation and amortisation	Non-current assets	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000
Asia Pacific	1,777	1,361	11,189	70,827	(39,187)
UK	2,524	2,928	6,727	110,459	(98,991)
Europe	1,707	665	2,464	59,465	(35,419)
Other International	307	330	1,373	11,978	(5,946)
Unallocated corporate assets and liabilities*	-	-	12,380	97,037	(17,465)
	6,315	**5,284**	**34,133**	**349,766**	**(197,008)**

1. Segmental information (continued)

v) Other information - 2017

	P,P&E and software additions	Depreciation and amortisation	Non-current assets	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000
Asia Pacific	1,387	1,223	10,747	62,312	(34,407)
UK	3,550	2,640	7,131	125,923	(91,996)
Europe	1,227	584	1,818	49,677	(31,676)
Other International	827	291	1,348	10,717	(6,024)
Unallocated corporate assets and liabilities*	-	-	10,163	75,051	(37,769)
	6,991	**4,738**	**31,207**	**323,680**	**(201,872)**

*For the purposes of segmental information, unallocated corporate assets and liabilities include cash, bank loans, corporation and deferred tax balances.

	2018	2017
	£'000	£'000
vi) Revenue by business grouping:		
Robert Walters	702,066	643,626
Resource Solutions (recruitment process outsourcing)	531,105	522,150
	1,233,171	**1,165,776**

2. Finance costs

	2018	2017
	£'000	£'000
Interest on bank overdrafts	948	939
Interest on bank loans	49	42
Total borrowing costs	**997**	**981**

3. Taxation

	2018 £'000	2017 £'000
Current tax charge		
Corporation tax - UK	2,339	3,618
Corporation tax - Overseas	12,150	8,297
Adjustments in respect of prior years		
Corporation tax - UK	-	-
Corporation tax - Overseas	77	(230)
	14,566	**11,685**
Deferred tax		
Deferred tax - UK	129	(437)
Deferred tax - Overseas	(1,761)	(832)
Adjustments in respect of prior years		
Deferred tax - UK	363	250
Deferred tax - Overseas	253	573
	(1,016)	**(446)**
Total tax charge for year	**13,550**	**11,239**
Profit before taxation	49,112	40,574
Tax at standard UK corporation tax rate of 19.00%* (2017: 19.25%)	9,331	7,811
Effects of:		
(Relieved) unrelieved losses	(252)	451
Tax exempt income and other expenses not deductible for tax purposes	423	(482)
Overseas earnings taxed at different rates	3,325	2,866
Adjustments to tax charges in previous years	693	593
Impact of tax rate change	30	-
Total tax charge for year	**13,550**	**11,239**

*The UK Government reduced the rate of corporation tax by 1% from 20% to 19% on 1 April 2017.

	2018 £'000	2017 £'000
Tax recognised directly in equity		
Tax on share-based payment transactions	**(1,832)**	**(1,659)**

In November 2017, the European Commission published a preliminary decision to open a formal investigation in relation to the "Group Financing Exemption" ('GFE') in the UK's controlled foreign company rules. The investigation remains ongoing. In common with other UK-based international companies, the Group, whose arrangements are in line with current UK CFC legislation, may be affected by the outcome of this investigation and is therefore monitoring developments. Based on the current status of the investigation, the Group have concluded that there is no material exposure to the uncertain tax position and no provision is required in relation to this matter.

4. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend paid of 4.00p per share (2017: 2.75p)	2,843	1,879
Final dividend for 2017 of 9.30p per share (2016: 6.20p)	6,607	4,195
	9,450	**6,074**
Proposed final dividend for 2018 of 10.70p per share (2017: 9.30p)	**7,088**	**6,429**

The proposed final dividend of £7,088,000 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The final dividend, if approved, will be paid on 3 June 2019 to those shareholders on the register as at 10 May 2019.

5. Earnings per share

The calculation of earnings per share is based on the profit for the year attributable to equity holders of the Parent and the weighted average number of shares of the Company.

	2018 £'000	2017 £'000
Profit for the year attributable to equity holders of the Parent	**35,562**	**29,335**

	2018 Number of shares	2017 Number of shares
Weighted average number of shares:		
Shares in issue throughout the year	79,374,520	80,507,284
Shares issued in the year	196,213	317,504
Shares cancelled in the year	-	(1,893,733)
Treasury and own shares held	(9,043,151)	(10,558,159)
For basic earnings per share	**70,527,582**	**68,372,896**
Outstanding share options and equity	7,054,450	7,086,415
For diluted earnings per share	**77,582,032**	**75,459,311**

6. Intangible assets

	Goodwill	Computer software	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2017	8,088	11,195	19,283
Additions	-	1,912	1,912
Disposals	-	(8)	(8)
Foreign currency translation differences	(30)	(47)	(77)
At 31 December 2017	**8,058**	**13,052**	**21,110**
Additions	-	634	634
Disposals	-	(2)	(2)
Foreign currency translation differences	3	49	52
At 31 December 2018	**8,061**	**13,733**	**21,794**
Accumulated amortisation and impairment:			
At 1 January 2017	-	7,881	7,881
Charge for the year	-	1,364	1,364
Disposals	-	-	-
Foreign currency translation differences	-	(44)	(44)
At 31 December 2017	**-**	9,201	9,201
Charge for the year	-	1,416	1,416
Disposals	-	(1)	(1)
Foreign currency translation differences	-	28	28
At 31 December 2018	**-**	**10,644**	**10,644**
Carrying value:			
At 1 January 2017	8,088	3,314	11,402
At 31 December 2017	8,058	3,851	11,909
At 31 December 2018	**8,061**	**3,089**	**11,150**

The carrying value of goodwill primarily relates to the acquisition of Talent Spotter in China (£1,202,000) and the historic acquisition of the Dunhill Group in Australia (£6,847,000). The historical acquisition cost of Talent Spotter was £768,000, with the movement to the current carrying value a result of foreign currency translation differences. Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the goodwill is based on value in use in perpetuity. The key assumptions in the value in use are those regarding expected changes to cash flow during the period, growth rates and the discount rates.

Estimated cash flow forecasts are derived from the most recent financial budgets and an assumed average growth rate of 3% for years two and three, which does not exceed the long-term average potential growth rate of the respective operations. The forecast for revenue and costs as approved by the Board reflect the latest industry forecasts and management expectations based on past experience and the expected impact of the UK leaving the EU.

The value of the cash flows is then discounted at a post-tax rate of 17.5% (pre-tax rate of 23.9%), based on the Group's estimated weighted average cost of capital and risk adjusted depending on the location of goodwill. The weighted average cost of capital has also been adjusted for a terminal growth rate, between 2-3% depending on location, for year four onwards.

Management has undertaken sensitivity analysis taking into consideration the impact in key assumptions. This included reducing the cash flow from year two onwards by 0%, 10% and 20% in absolute terms. The sensitivity analysis shows no impairment charge would arise under each scenario.

7. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 2017	7,411	12,577	7,142	18	27,148
Additions	1,617	2,155	1,307	-	5,079
Disposals	(479)	(434)	(105)	-	(1,018)
Foreign currency translation differences	(186)	(46)	(106)	-	(338)
At 31 December 2017	8,363	14,252	8,238	18	30,871
Additions	96	2,845	2,740	-	5,681
Disposals	(47)	(846)	(151)	-	(1,044)
Foreign currency translation differences	217	(25)	111	-	303
At 31 December 2018	8,629	16,226	10,938	18	35,811
Accumulated depreciation and impairment:					
At 1 January 2017	5,197	7,927	5,826	15	18,965
Charge for the year	739	1,446	1,188	1	3,374
Disposals	(139)	(147)	(59)	-	(345)
Foreign currency translation differences	(138)	(29)	(91)	-	(258)
At 31 December 2017	5,659	9,197	6,864	16	21,736
Charge for the year	691	1,602	1,575	-	3,868
Disposals	(42)	(416)	(150)	-	(608)
Foreign currency translation differences	183	(46)	75	-	212
At 31 December 2018	6,491	10,337	8,364	16	25,208
Carrying value:					
At 1 January 2017	2,214	4,650	1,316	3	8,183
At 31 December 2017	2,704	5,055	1,374	2	9,135
At 31 December 2018	**2,138**	**5,889**	**2,574**	**2**	**10,603**

8. Trade and other receivables

	2018	2017
	£'000	£'000
Receivables due within one year:		
Trade receivables	148,780	163,284
Other receivables	18,509	10,892
Prepayments	6,455	7,179
Accrued income	57,232	46,230
	230,976	**227,585**

Included within accrued income is a provision against the cancellation of placements where a candidate may reverse their acceptance prior to the start date. The value of this provision as of 31 December 2018 is £2,324,000 (31 December 2017: £1,892,000). The movement in this provision during the year is a charge to administrative expenses in the income statement of £432,000 (2017: £176,000).

9. Trade payables and other payables: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade payables	7,112	8,712
Other taxation and social security	25,939	20,689
Other payables	24,255	24,020
Accruals and deferred income	118,888	107,849
	176,194	**161,270**

There is no material difference between the fair value and the carrying value of the Group's trade and other payables.

10. Bank overdrafts and loans

	2018	2017
	£'000	£'000
Bank overdrafts and loans: current	5,680	30,784
	5,680	**30,784**
The borrowings are repayable as follows:		
Within one year	5,680	30,784
	5,680	**30,784**

In February 2019, the Group renewed and extended to four years its committed financing facility from £45.0m to £60.0m which expires in March 2023. At 31 December 2018, £4.5m (2017: £30.2m) was drawn down under this facility. The Group also has a non-recourse £15.0m facility.

The Group has a short-term facility of Renminbi 25m (£2.9m) of which Renminbi 10m (£1.1m) was drawn down as at 31 December 2018. The loan is secured against cash deposits in Hong Kong.

The Directors estimate that the fair value of all borrowings is not materially different from the amounts stated in the Consolidated Balance Sheet of £5,680,000 (2017: £30,784,000).

11. Note to the cash flow statement

	2018 £'000	2017 £'000
Operating profit	**49,658**	**41,898**
Adjustments for:		
Depreciation and amortisation charges	5,284	4,738
Loss on disposal of property, plant and equipment and computer software	437	681
Charge in respect of share-based payment transactions	5,654	5,324
Operating cash flows before movements in working capital	**61,033**	**52,641**
(Increase) decrease in receivables	(1,045)	7,733
Increase (decrease) in payables	13,454	(17,349)
Cash generated from operating activities	**73,442**	**43,025**

12. Reconciliation of net cash flow to movement in net funds

	2018 £'000	2017 £'000
Increase in cash and cash equivalents in the year	**16,254**	**598**
Movement in bank loans	25,176	9,188
Foreign currency translation differences	1,751	(1,230)
Movement in net cash in the year	**43,181**	**8,556**
Net cash at beginning of year	31,088	22,532
Net cash at end of year	**74,269**	**31,088**

Net cash is defined as cash and cash equivalents less bank loans.