

FULL YEAR RESULTS

Robert Walters Plc
01 March 2019

AUSTRALIA • BELGIUM • BRAZIL • CANADA • CHILE • CHINA • CZECH REPUBLIC • 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

GROUP MISSION, BRANDS AND SERVICES

**Mission: 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

Financial review

GROUP HIGHLIGHTS

Record Group performance

- Net fee income up 14% (15%*) to £392.0m (2017: £345.2m)
- Operating profit up 19% (21%*) to £49.7m (2017: £41.9m)
- Profit before taxation up 21% (23%*) to £49.1m (2017: £40.6m)
- All regions grew both net fee income and operating profit in constant currency
- 73% of net fee income generated from outside of the UK
- Group headcount now stands at 4,132 (2017: 3,793)

Regional analysis

- **Asia Pacific** – net fee income up 13% (16%*), operating profit up 20% (26%*)
- **UK** – net fee income up 7%, operating profit up 5%
- **Europe** – net fee income up 25% (24%*), operating profit up 33% (32%*)
- **Other International** – net fee income up 10% (14%*), operating profit up 2% (down 3%*)

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

FINANCIAL REVIEW

£	12 months to 31 Dec 2018	12 months to 31 Dec 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 increased by 17% to 50.4p (2017: 42.9p)
- Final dividend increased by 15% to 10.7p per share (2017: 9.3p). Total dividend up 22% to 14.7p per share (2017: 12.05p)
- Strong balance sheet with net cash of £74.3m as at 31 December 2018 (31 December 2017: £31.1m)
- Share buybacks – 0.8m shares have been purchased at an average price of £6.42 for £5.1m through the Group's Employee Benefit Trust

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

CONSOLIDATED GROUP INCOME STATEMENT

£m	12 months to 31 Dec 2018	12 months to 31 Dec 2017
Revenue ¹	1,233.2	1,165.8
Net Fee Income ²	392.0	345.2
Operating Profit	49.7	41.9
Interest and Foreign Exchange	(0.6)	(1.3)
Profit before Taxation	49.1	40.6
Taxation	(13.5)	(11.3)
Profit for the Year	35.6	29.3
Basic EPS	50.4p	42.9p
Total Dividend	14.70p	12.05p

¹Revenue is the total income from the placement of permanent and contract staff 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.

²Net 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

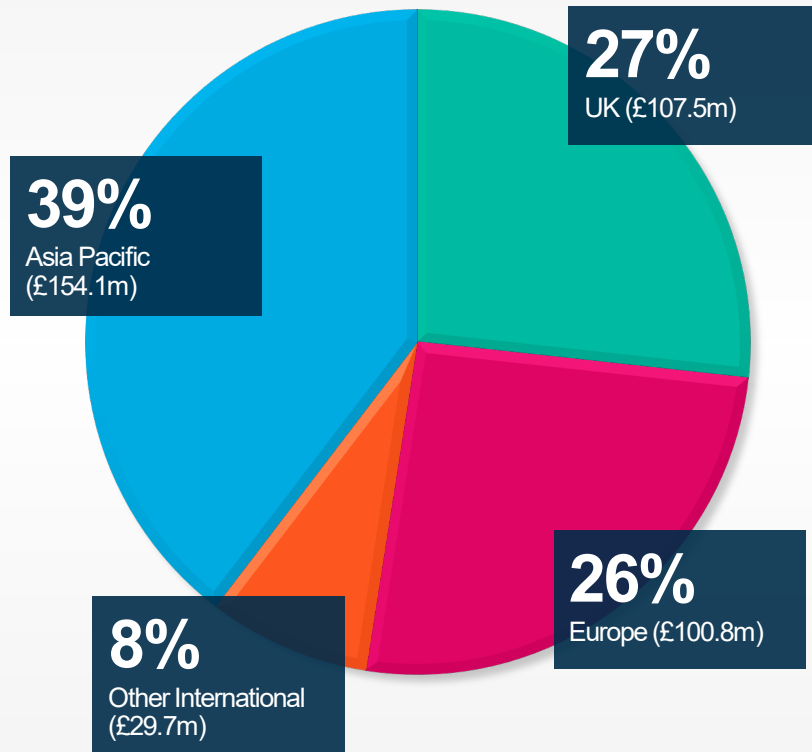
£m	As at 31 Dec 2018	As at 31 Dec 2017
Goodwill	8.1	8.1
Tangible Assets and Computer Software	13.7	12.9
	21.8	21.0
Receivables	231.0	227.6
Payables and Provisions	(179.6)	(164.1)
	51.4	63.5
Current and Deferred Tax	5.3	6.2
Net Cash	74.3	31.1
Net Assets	152.8	121.8

SUMMARY OF GROUP CASHFLOW

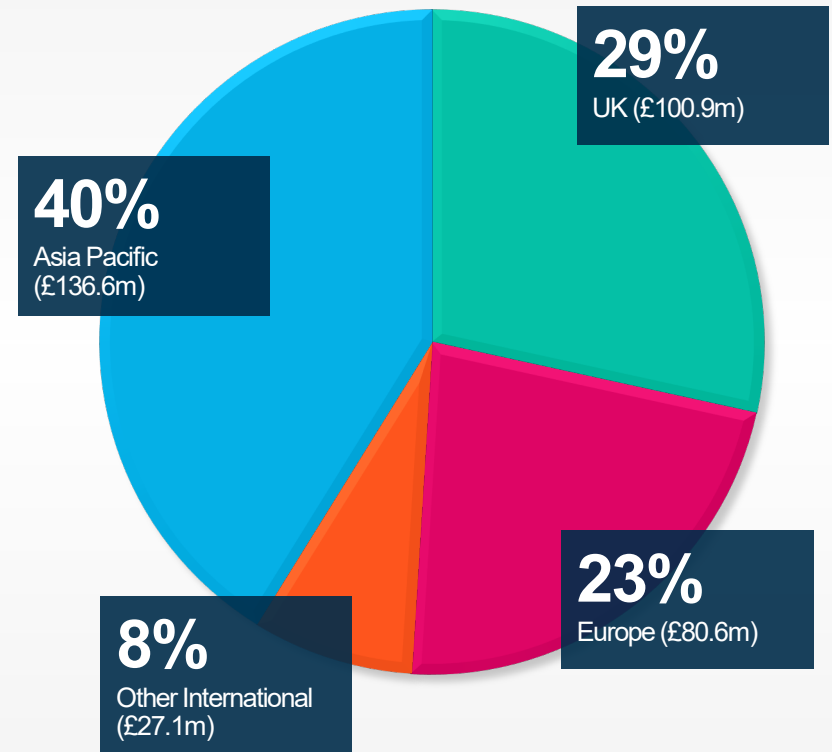
£m	12 months to 31 Dec 2018	12 months to 31 Dec 2017
Operating Profit	49.7	41.9
Depreciation and Amortisation	5.7	4.7
Share-based Payments and Other Non-cash Items	5.7	6.0
Working Capital Movements	12.3	(9.6)
Cash Generated by Operating Activities	73.4	43.0
Taxation Paid	(10.7)	(11.0)
Capital Expenditure	(6.3)	(7.0)
Interest and Foreign Exchange Movements	1.4	(1.7)
Dividends Paid	(9.5)	(6.1)
Purchase of Shares	(5.1)	(8.6)
Movement in Net Cash	43.2	8.6
Net Cash at Year End	74.3	31.1

REGIONAL ANALYSIS (NET FEE INCOME)

12 months to 31 Dec 2018

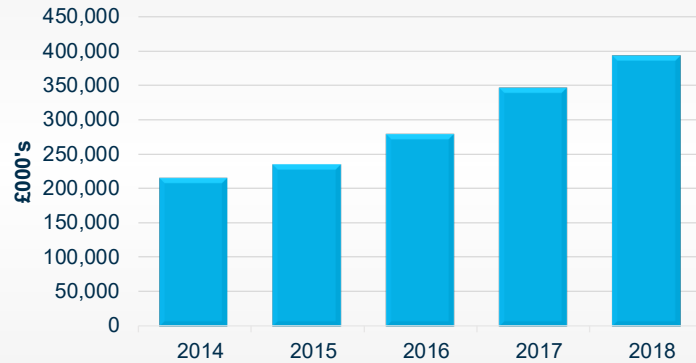


12 months to 31 Dec 2017

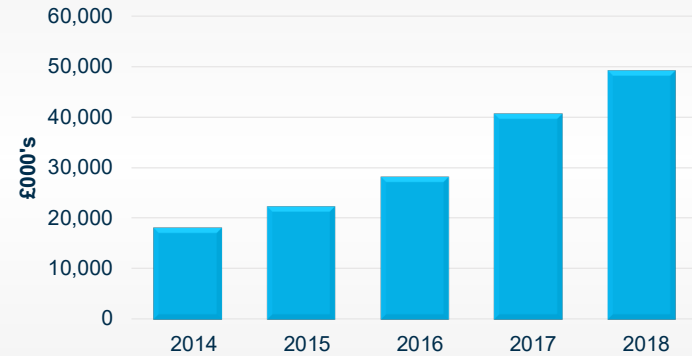


TRACK RECORD OF GROWTH

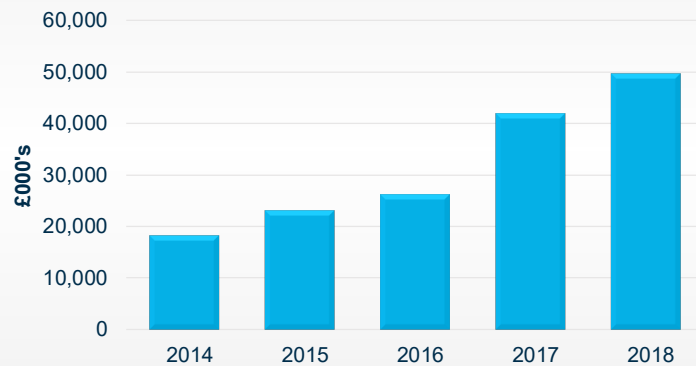
Net Fee Income 2014 - 2018



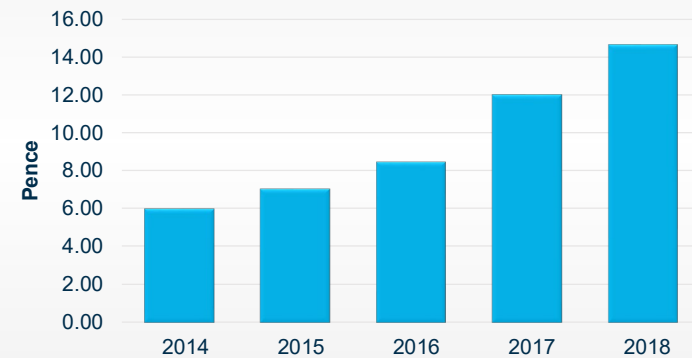
Profit Before Taxation 2014 - 2018



Operating Profit 2014 - 2018

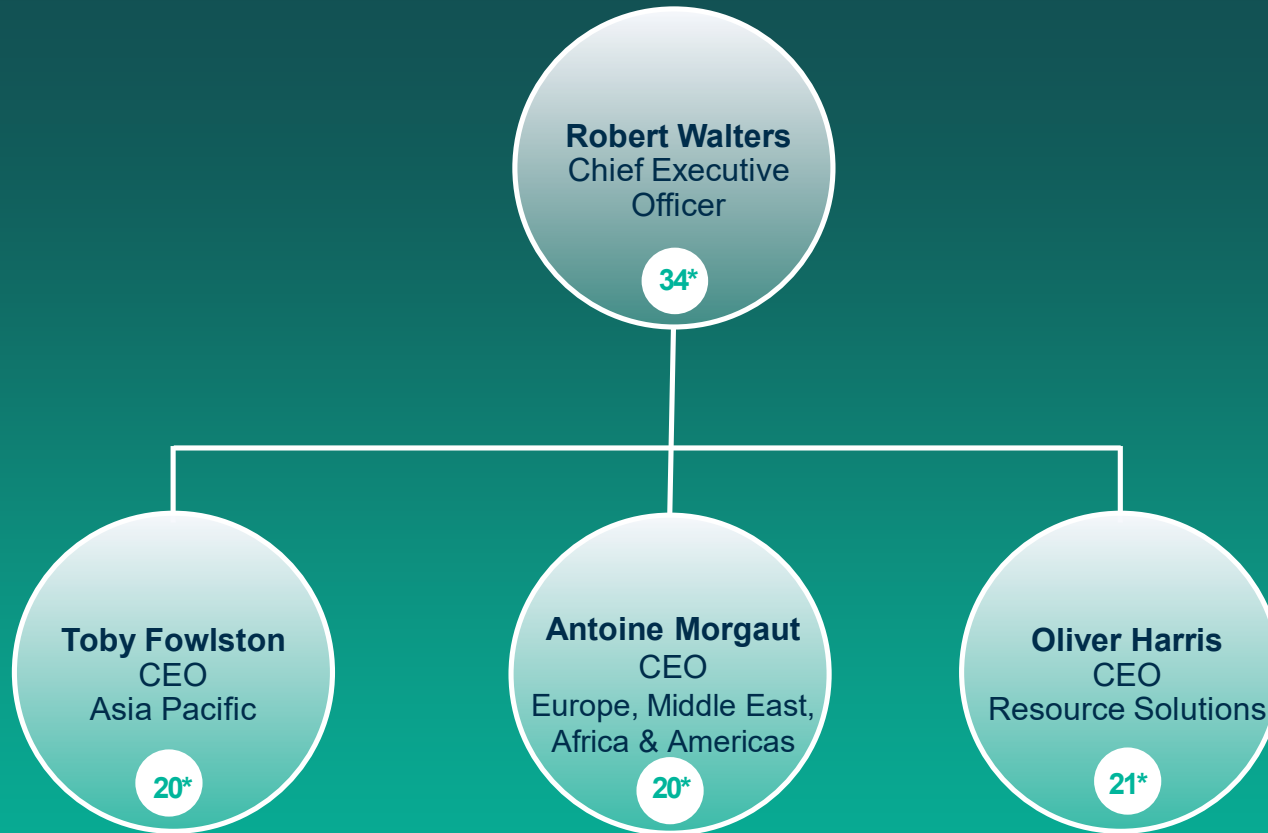


Dividend Payments 2014 - 2018



Operations review

OPERATIONAL MANAGEMENT TEAM



*denotes length of tenure

OUR PEOPLE

- Attraction and retention
 - Incentive programmes for consultants locally, regionally and internationally
 - Diverse and flexible staff benefits scheme
 - Global Explorer programme
 - Long-term share-based incentive schemes for senior management
- International and long-term careers
 - Over 100 staff moved internationally over the last two years
 - International expansion strategy based on opening new businesses with existing staff and replicating Robert Walters Group DNA across the globe

ASIA PACIFIC (39% OF NET FEE INCOME)

Asia Pacific

- Net fee income: £154.1m (2017: £136.6m)
- Operating profit: £21.2m (2017: £17.7m)



Locations:

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

Average Tenure

12 years

Directors

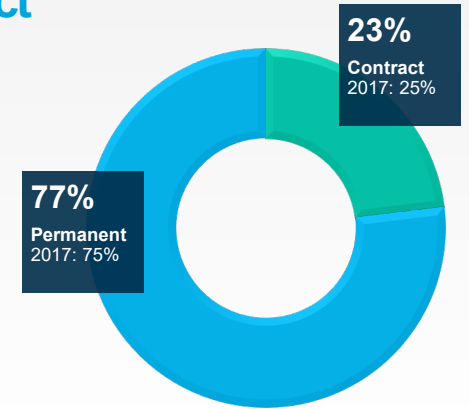
10 years

Associate
Directors

6 years

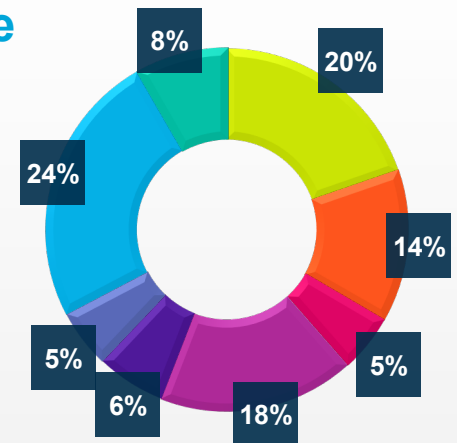
Managers

Permanent/contract recruitment



Recruitment net fee income by discipline

- Commerce Finance 2017: 20%
- Banking Finance 2017: 14%
- HR 2017: 5%
- Sales and Marketing 2017: 16%
- Procurement 2017: 6%
- Engineering 2017: 5%
- IT 2017: 25%
- Other 2017: 9%



ASIA PACIFIC

Japan and Korea

Japan

- Record year – business goes from strength to strength in both Tokyo and Osaka
- Acute bilingual professional talent shortage across all sectors and disciplines
 - Demand strong from both MNCs and increasingly Japanese businesses looking to expand internationally
 - Some softening of visa restrictions to aid inward talent flow
 - 20-25% salary inflation for hard to fill roles commonplace
- Technology/digital (IoT, AI, data, automation), manufacturing, finance, HR and sales and marketing all areas of strength
- Ever-increasing specialisation within existing disciplines

Korea

- Increase in foreign direct investment
- Skill shortages across specialised roles such as technology, digital, engineering and sales and marketing
- Bilingual, technically strong professionals remain in short supply

ASIA PACIFIC

South East Asia and Greater China

- Unrivalled footprint including some of the world's fastest growing, emerging recruitment markets
- Emerging markets of Indonesia, Thailand and the Philippines continue to grow strongly increasing operating profit in excess of 50%* year-on-year
 - Bilingual talent shortages, particularly at middle management level. War for talent and strong wage inflation for hard-to-source skills – circa 20-30%
 - Booming technology and digital sectors and growing middle class
 - International candidate management programmes continue to be key differentiators
- Record year in Hong Kong – financial services particularly active. Commerce finance, legal, HR and technology also areas of strength
- Good growth in Mainland China
 - Shenzhen fast developing as a major tech hub for Chinese businesses – strong demand for skills in emerging technologies such as machine learning and AI (Internet Plus strategy)
- Strong and stable business in Singapore where market conditions are more muted

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

ASIA PACIFIC

Australia and New Zealand

Australia

- Growth strongest in Victoria, Western Australia and South Australia. Q4 delivered the strongest rate of net fee income growth across Australia in the last two years
- Financial services market was particularly strong
 - Demand for regulatory, compliance and risk professionals
 - Hotspots also within broking, private wealth management and mortgage sectors
- Technology (fintech, cyber-security, data scientists, software engineering/development) professionals continue to be in strong demand. Some recovery in mining sector
- Continued focus on margin enhancement and developing SME market

New Zealand

- Market leader and dominant player
- Investment in public sector has driven both permanent and contract hiring activity in Wellington
- Booming technology and transformation market – business transformation, project management and data specialists all in strong demand

UK (27% OF NET FEE INCOME)

UK

- Net fee income: £107.5m (2017: £100.9m)
- Operating profit: £12.4m (2017: £11.8m)

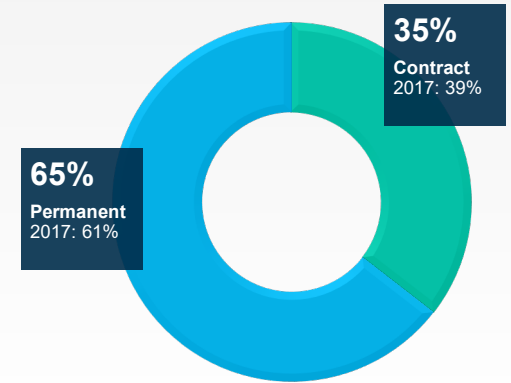


Locations:
 Birmingham
 Bracknell
 London
 Leeds
 Manchester
 Milton Keynes
 St Albans

Average Tenure

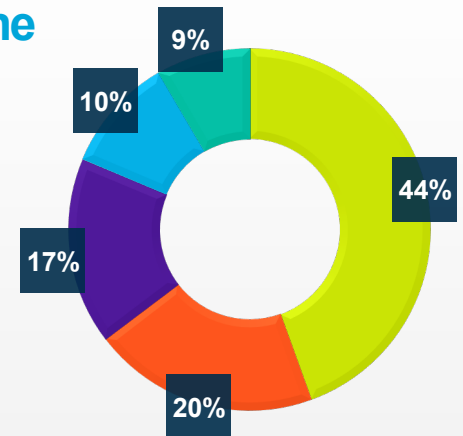


Permanent/contract recruitment



Recruitment net fee income by discipline

- Commerce Finance 2017: 40%
- Banking Finance 2017: 21%
- Legal 2017: 14%
- IT 2017: 10%
- Other 2017: 15%



UK

UK

- Candidate and client confidence increasingly cautious as the year progressed and Brexit concerns became ever more acute
- Two speed economy:

London and South East

- London-based financial services activity largely confined to specialist roles in risk, compliance and audit
- Competitive legal market with many leading firms willing to pay premiums for experienced lawyers in the 2-4yrs' PQE bracket

UK Regions

- Non-financial services companies outside London experienced positive growth mostly in regional hubs
- Manchester, Birmingham and Leeds have been particularly successful in positioning themselves as tech hubs. New office in Leeds opened during the year
- Hubs increasingly attracting talent that would historically have migrated to London

EUROPE (26% OF NET FEE INCOME)

Europe

- Net fee income: £100.8m (2017: £80.6m)
- Operating profit: £15.0m (2016: £11.3m)

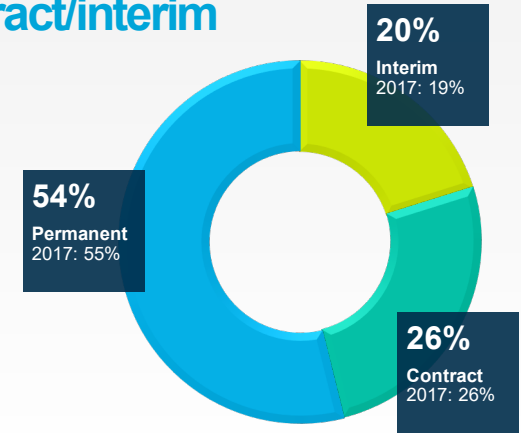


Locations:
 Benelux
 France
 Germany
 Ireland
 Portugal
 Spain
 Switzerland

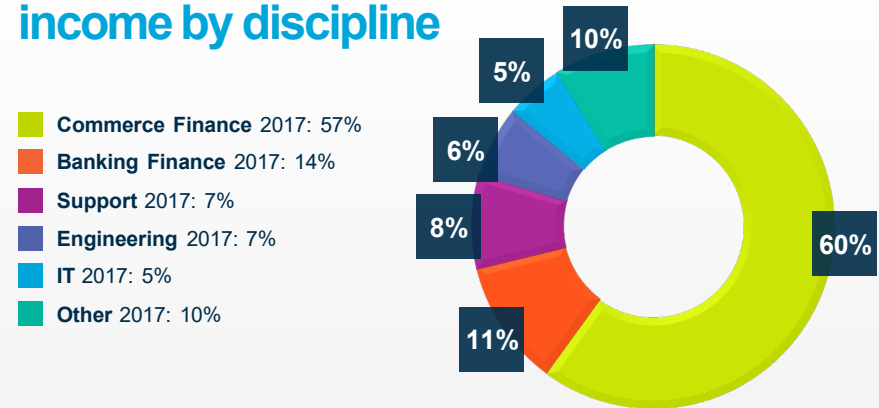
Average Tenure

10 years Directors	6 years Associate Directors	6 years Managers
------------------------------	---------------------------------------	----------------------------

Permanent/contract/interim recruitment



Recruitment net fee income by discipline



EUROPE

Europe

- Outstanding performance across the whole region
 - Blend of permanent, contract and interim recruitment solutions is a key driver of growth and competitive advantage
 - Candidate shortages across all markets but particularly acute across Benelux countries
- Net fee income increased in Germany by over 70%*. A significant potential long-term growth market for the Group. Frankfurt performed particularly strongly driven by increased hiring in financial services
 - New office opened in Hamburg to further expand regional footprint
- Belgium, the Netherlands and Spain all delivered record performances
- France, the region's largest business increased net fee income in excess of 15%*
 - Permanent, interim and contract all performed well
- Increased Swiss market coverage with the opening of a new office in Geneva to complement existing Zurich business
- Well positioned to benefit from any pre or post Brexit relocations

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

OTHER INTERNATIONAL (8% OF NET FEE INCOME)

Other International

- Net fee income: £29.7m (2017: £27.1m)
- Operating profit: £1.1m (2017: £1.1m)

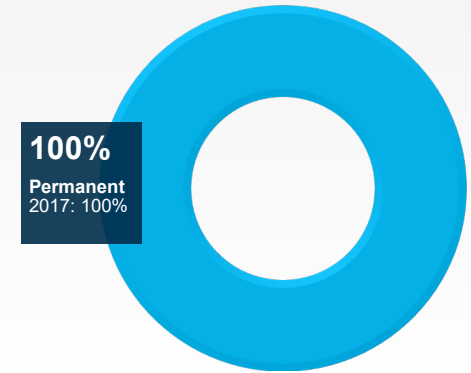


Locations:
 Brazil
 Chile
 Canada
 Middle East
 South Africa
 USA

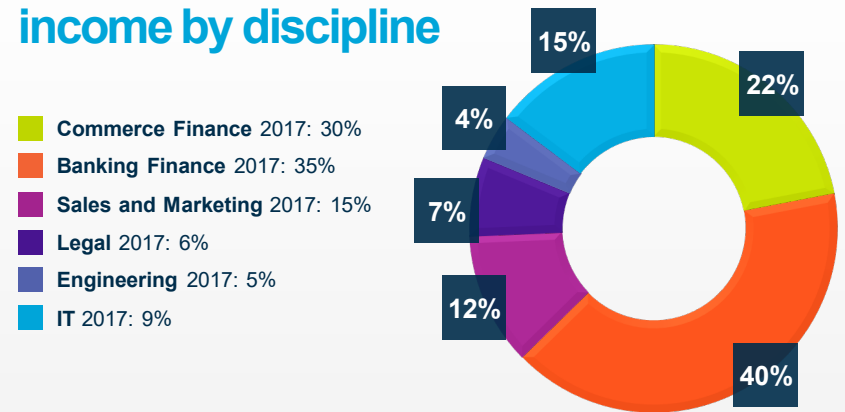
Average Tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



OTHER INTERNATIONAL

Americas

- Investment in continuing to expand footprint across the Americas
 - Opened in Chile – our second business in South America
 - Second West Coast USA office opened in Los Angeles
- Silicon Valley related jobs boom shows no sign of slowing
 - VC market a particular area of strength. Hotspots include product design, software engineering, machine learning, AI and fintech
- Good growth in New York across financial services, legal, compliance and sales and marketing
- Canada continues to perform well. Strong positioning in commerce finance market
- Brazil remains generally subdued

South Africa

- Challenging market conditions against backdrop of continued political and economic volatility

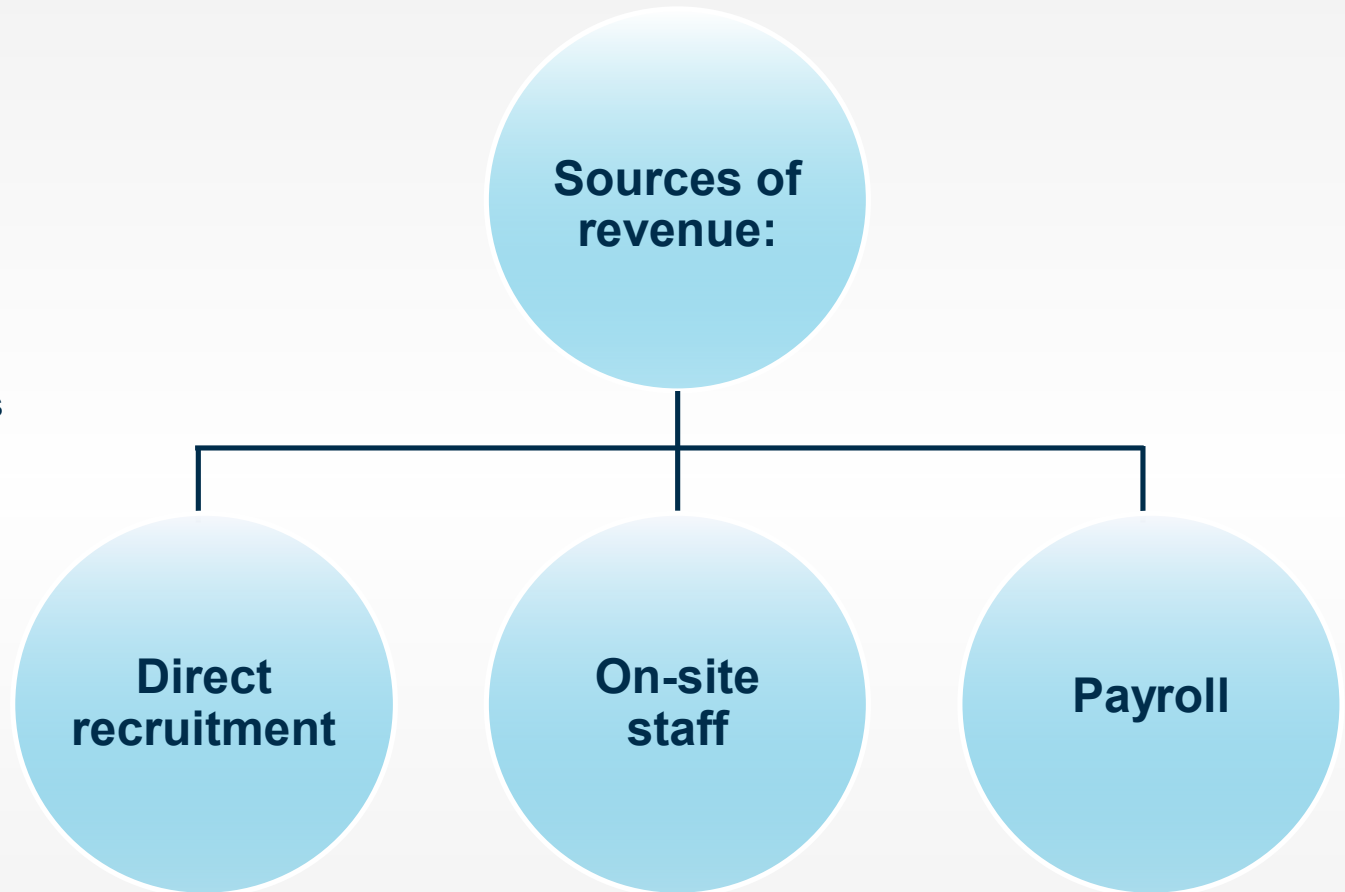
Middle East

- Positive performance underpinned by increased oil price and infrastructure spending
- Local talent in highest demand in response to continued nationalisation programmes across the region

RESOURCE SOLUTIONS – THE MODEL

RESOURCESOLUTIONS

Market-leading recruitment
process outsourcing business



*The Recruitment Process Outsourcing (RPO) market is forecast to grow by 11.8% per annum through to 2021 (Source: Nelson Hall).

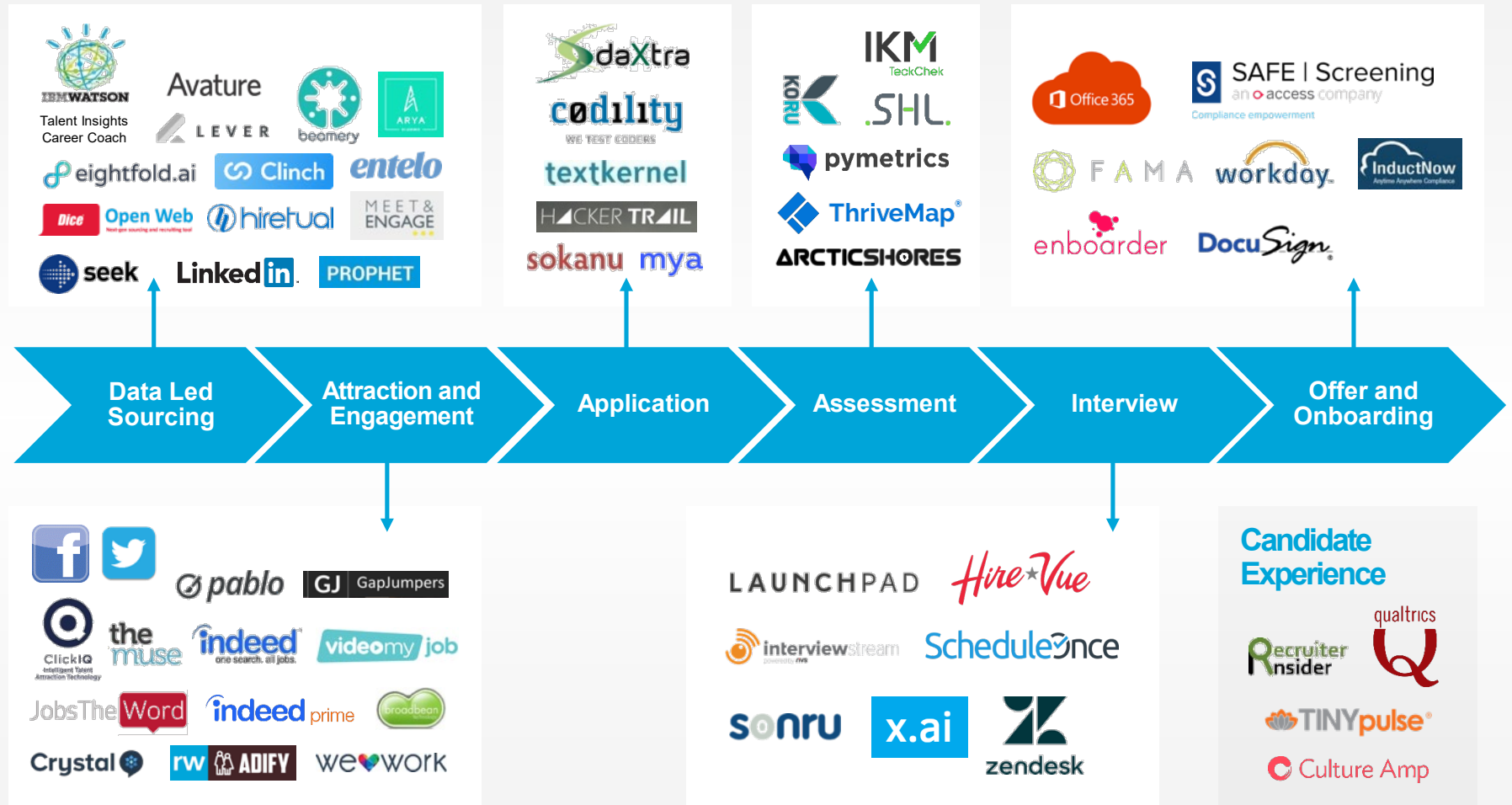
RESOURCE SOLUTIONS

Resource Solutions

- Good net fee income growth across UK and Asia
 - Activity levels across a number of financial services clients more muted due to Brexit and wider macro economic concerns such as US/China trade war
- Demand for multi-country solutions continued to increase. Now have clients covering over 60 countries
- Continued convergence of RPO and MSP into Total Talent Acquisition
- New client wins in financial telecoms, chemicals/engineering, media and entertainment and payments
- New global service centre opened in Czech Republic (six now in total)

The future

INNOVATION – TEST AND TRIAL METHODOLOGY



SOME INNOVATION HIGHLIGHTS

Microsoft

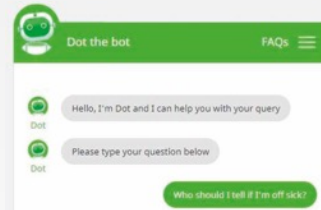


Global roll out of fully integrated mobile working solution for all front office staff worldwide



Dot the Bot

The Group has built its first Chatbot 'Dot' to manage contractor queries. Multiple other potential use cases internally and externally



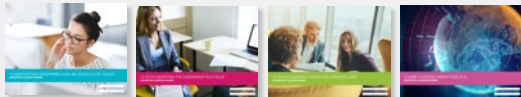
Video my Job

Utilising video to bring roles/JDs to life for candidates. Deployed across UK, Europe, Asia and ANZ



Roadshow and Thought Leadership

Roadshow of innovation trends to over 450 clients across UK, Europe and Asia. Launch of innovation lookbook series covering talent search, AI, robotics and assessment



Diversity and Adify

Thousands of jobs across both RW and RS analysed through our bespoke Adify tool, leading to more gender balanced long and short lists



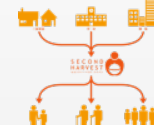
Workplace by Facebook

Rolled out globally as the Group's new internal communications and best practice sharing platform.

Named Best Launch Strategy by Facebook in 2018



AWARDS AND CSR



OUTLOOK



The Group is 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.

