

The logo consists of the text 'ROBERT WALTERS GROUP' in a white, uppercase, sans-serif font, centered within a white square. The background of the entire slide is a dark blue gradient with a pattern of curved, overlapping lines that create a sense of depth and movement.

ROBERT
WALTERS
GROUP

Half-yearly results

Robert Walters plc
30 July 2020

About us

Our 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 new and existing disciplines.

Our mission

To be the world's leading specialist professional recruitment group.

About us

Our brands



ROBERT WALTERS

Specialist professional recruitment

Robert Walters recruits specialists for permanent, contract and interim roles across our core disciplines of accountancy & finance, banking, engineering, HR, IT, legal, sales, marketing, secretarial & support and supply chain & procurement.



Specialist staffing

Walters People specialises in temporary/contract and junior permanent recruitment with a focus on financial and business support positions.



RESOURCESOLUTIONS

Recruitment process outsourcing

Resource Solutions is a market leader in recruitment process outsourcing (RPO) and managed services. Resource Solutions designs and deploys tailored recruitment outsourcing solutions for clients across the world.

Navigating the pandemic safely and profitably

Our pre-Covid investment in technology and innovation coupled with prudent cost management has enabled the Group to remain profitable and increase market share during this unprecedented period

Technology and Innovation

- Pre-pandemic, all front office staff already equipped with tablet devices
 - Immediate and seamless move to safe and productive home-working
- Video CV, interviewing and communication platforms already in place
 - No interruption to client and candidate service levels

Cost management

- The Group has a proven track record of implementing sensible and targeted cost management measures without damaging our ability to quickly benefit from operational gearing when market conditions improve
- Group cost base reduced 19% from pre-Covid levels:
 - Voluntary Executive Director salary reductions of 20%
 - Voluntary reduced working hours schemes globally – our goal has been to protect the fabric of the business and the jobs/livelihoods of our staff as best we can
 - Reductions in all discretionary spend

Brand-building and market share

Providing value added commentary, thought leadership, best practice guides, webinars and digital events to keep key stakeholders informed on market and recruitment trends through this period of crisis:

Getting remote onboarding right in the midst of COVID-19

Paperwork, hardware, and company swag

Immersion into company culture

During the first week, set up video chats between the new hire and each of their new team members. Being able to build rapport is an important way to make your new team members feel comfortable. Your new hire will likely have a lot of questions during their first couple of weeks. Having a buddy system or assigning that same hire a mentor within your company is a great way to ensure no one's left behind.

100

Webinars presented with speakers including Google, PWC and Starbucks

21

Research e-guides created

2783

Social media posts

23,349

Clients attended webinars or watched on demand

1345

PR mentions

41

Virtual Roundtables

ROBERT WALTERS: GETTING REMOTE ONBOARDING RIGHT

CHAPTER 2: IMMERSION INTO COMPANY CULTURE

THE CITY VIEW

A DAILY PODCAST
Christian May, Editor in Chief
15 June 2020
with Robert Walters
CEO, Robert Walters Group
CITYAM

THE FUTURE OF THE WORKPLACE

Robert Walters Australia business responded slowly to COVID-work changes

"All meetings should be cameras on when possible. It's a face mask remotely gone a long way."

ROBERT WALTERS GROUP

Financial review

Group and regional financial summary

Group performance

- Net fee income down 23% (down 23%*) to £158.5m (2019: £204.9m)
- Operating profit down 81% (down 83%*) to £4.2m (2019: £22.5m)
- Profit before taxation down 79% (down 81%*) to £4.3m (2019: £20.9m)
- 77% (2019: 74%) of net fee income generated from international businesses
- Group headcount now stands at 3,734 (2019: 4,323)
 - Includes 440 staff currently on furlough

Regional analysis

- Asia Pacific – net fee income down 21% (down 21%*), operating profit down 71% (down 73%*)
- Europe – net fee income down 18% (down 18%*), operating profit down 81% (down 81%*)
- UK – net fee income down 31%, operating profit of £0.0m
- Other International – net fee income down 21% (down 22%*), operating profit down 137% (down 149%*)

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

Financial review

£	H1 2020	H1 2019	% Change	% Change (constant currency*)
Revenue	496.4m	634.5m	(22%)	(21%)
Gross profit (net fee income)	158.5m	204.9m	(23%)	(23%)
Operating profit	4.2m	22.5m	(81%)	(83%)
Profit before taxation	4.3m	20.9m	(79%)	(81%)

- Basic earnings per share decreased by 82% to 3.9p (2019: 21.7p)
- The Board believes that due to the current level of market uncertainty and volatility it is not prudent to propose an interim dividend
 - We will continue to review and assess dividend policy as the long-term economic impact of the pandemic becomes clearer
- Strong balance sheet with net cash of £119.0m as at 30 June 2020 (30 June 2019: £54.4m)

* 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	6 months to 30 June 2020	6 months to 30 June 2019	12 months to 31 Dec 2019
Revenue ¹	496.4	634.5	1,216.1
Net fee income ²	158.5	204.9	405.5
Operating profit	4.2	22.5	51.2
Interest and foreign exchange	0.1	(1.6)	(3.8)
Profit before taxation	4.3	20.9	47.4
Taxation	(1.5)	(5.7)	(13.4)
Profit for the period	2.8	15.2	34.0
Basic EPS	3.9p	21.7p	48.4p

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 30 June 2020	As at 30 June 2019	As at 31 Dec 2019
Goodwill	8.1	8.1	8.1
Tangible assets and computer software	17.5	15.4	16.7
Right of use asset	69.0	80.3	72.9
	94.6	103.8	97.7
Receivables ¹	172.5	266.9	209.7
Payables and provisions ¹	(154.2)	(199.9)	(164.5)
Lease liabilities	(72.2)	(82.7)	(75.5)
	(53.9)	(15.7)	(30.3)
Current and deferred tax	14.0	5.4	7.4
Net cash	119.0	54.4	85.8
Net assets	173.7	147.9	160.6

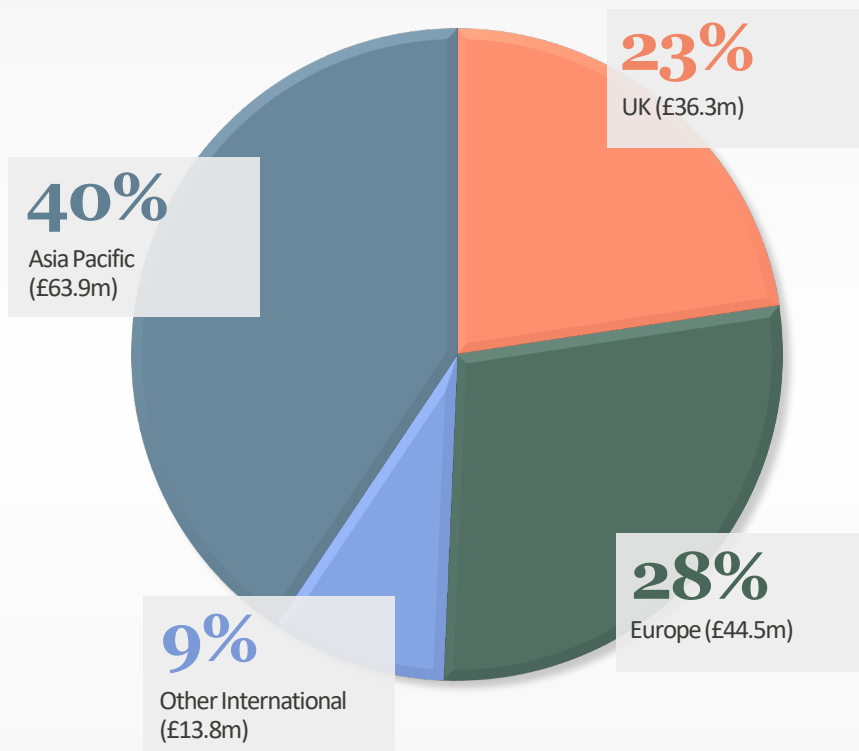
¹ A material adjustment of £30.0m has been made to increase the Trade and other receivables and Trade and other payables for June 2019, in order to recognise the gross asset and liability values in relations to the temporary revenue accrual for the timesheets received after the period ending 30 June 2019. Previously, the liability had been offset with the accrued income. There is no impact to the Consolidated Income Statement in relation to this correction.

Summary of cash flow

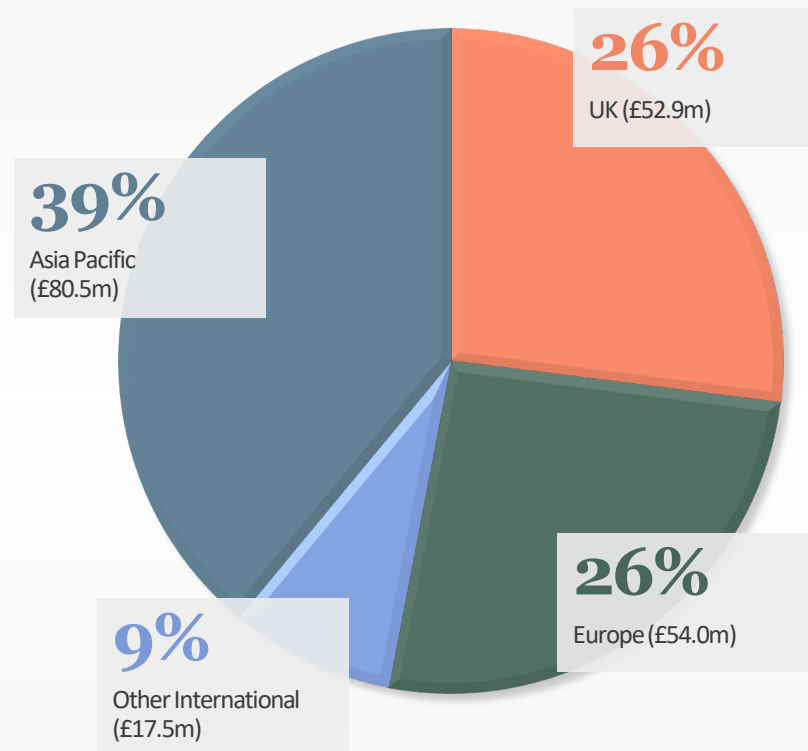
£m	6 months to 30 June 2020	6 months to 30 June 2019	12 months to 31 Dec 2019
Operating profit	4.2	22.5	51.2
Depreciation and amortisation	11.4	10.7	21.8
Share-based payments and other non-cash items	2.9	2.7	5.6
Unrealised foreign exchange gains/(losses)	3.5	(0.4)	(1.3)
Working capital movements	27.3	(13.7)	5.1
Cash generated by operating activities	49.3	21.8	82.4
Principal paid on lease liabilities	(9.0)	(6.9)	(16.4)
Taxation paid	(9.0)	(7.1)	(12.6)
Capital expenditure	(3.7)	(4.7)	(9.5)
Interest and foreign exchange movements	5.6	(0.9)	(7.1)
Dividends paid	0.0	(7.5)	(10.6)
Proceeds from exercise of share options	0.0	0.4	0.3
Purchase of shares	0.0	(15.0)	(15.0)
Movement in net cash	33.2	(19.9)	11.5
Net cash at end of the period	119.0	54.4	85.8

Regional analysis (net fee income)

6 months to 30 June 2020



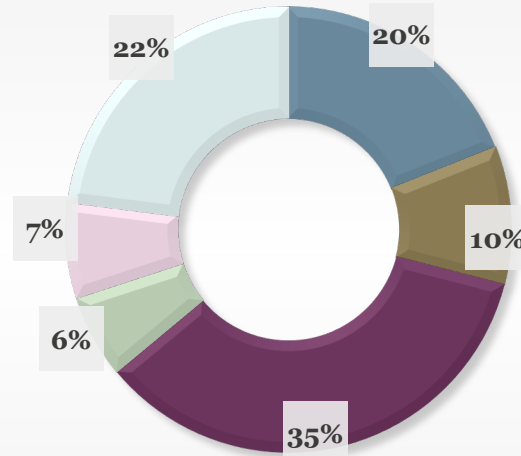
6 months to 30 June 2019



Net fee income by geography (H1 2020 v H1 2016)

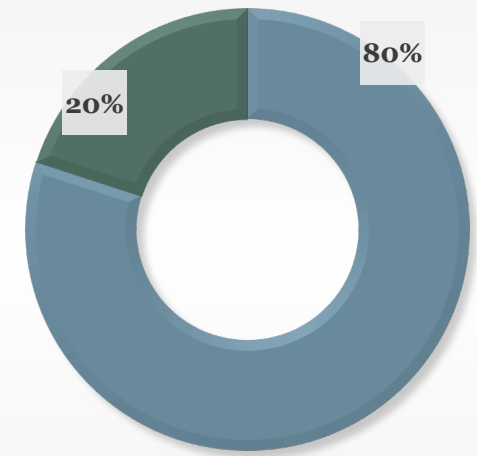
Asia Pacific (40% of Group NFI)

- Australia 2016: 24%
- Hong Kong 2016: 11%
- Japan 2016: 28%
- New Zealand 2016: 6%
- Singapore 2016: 10%
- Other 2016: 21%



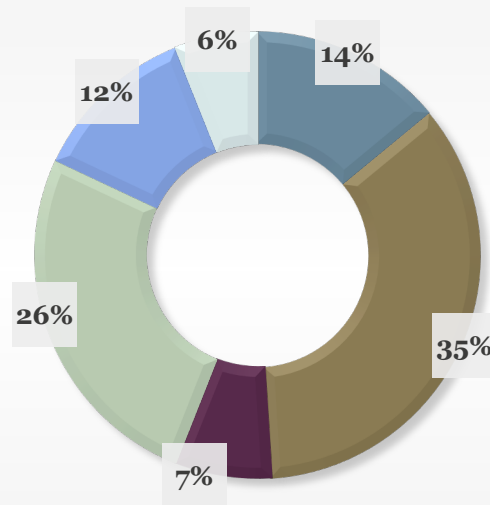
UK (23% of Group NFI)

- London 2016: 86%
- Regions 2016: 14%



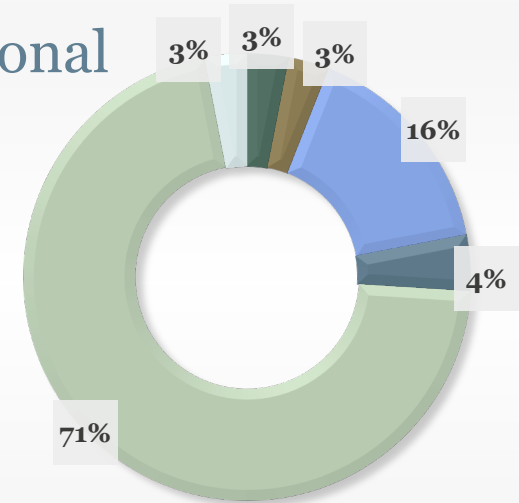
Europe (28% of Group NFI)

- Belgium 2016: 15%
- France 2016: 44%
- Germany 2016: 3%
- Netherlands 2016: 22%
- Spain 2016: 7%
- Other 2016: 9%

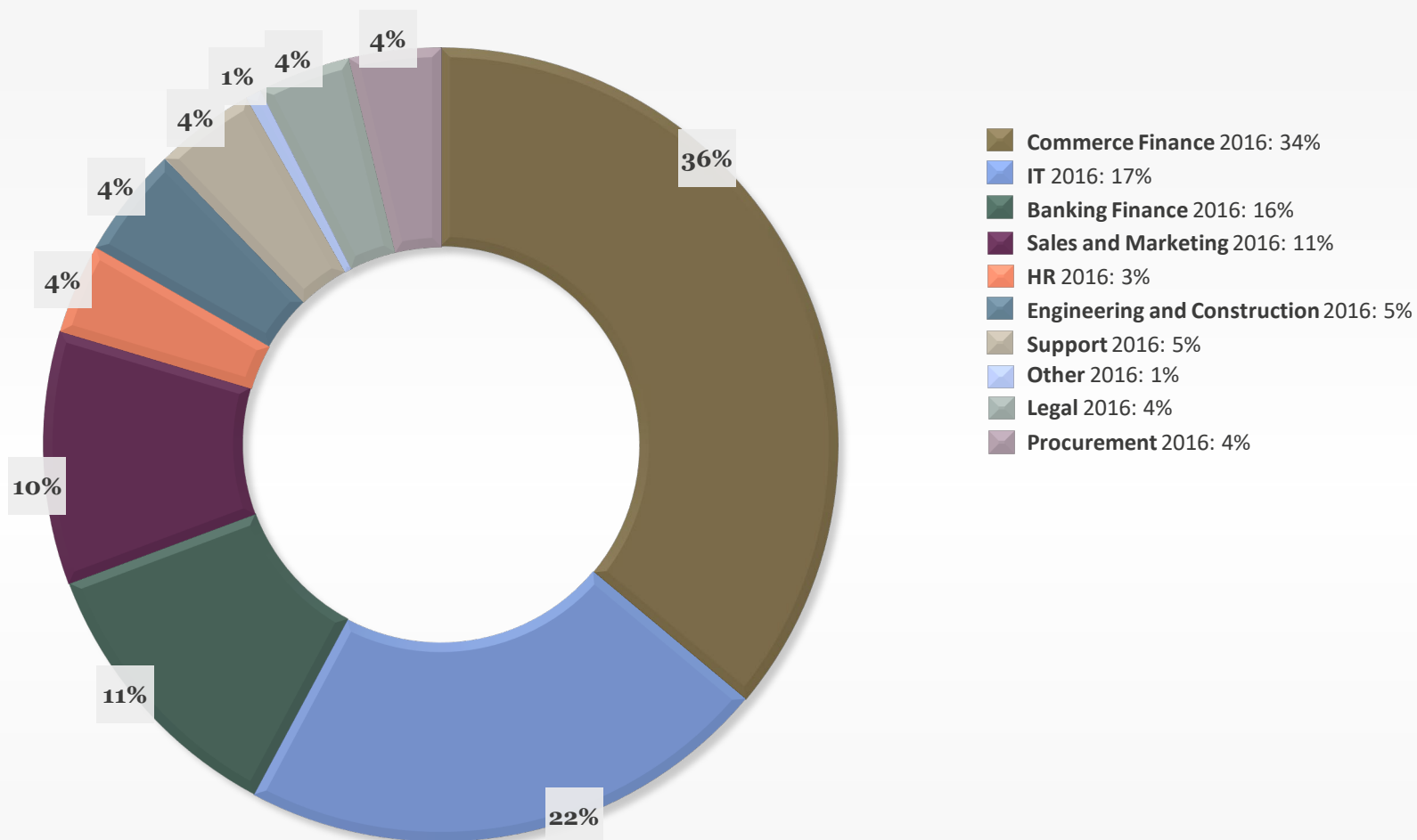


Other International (9% of Group NFI)

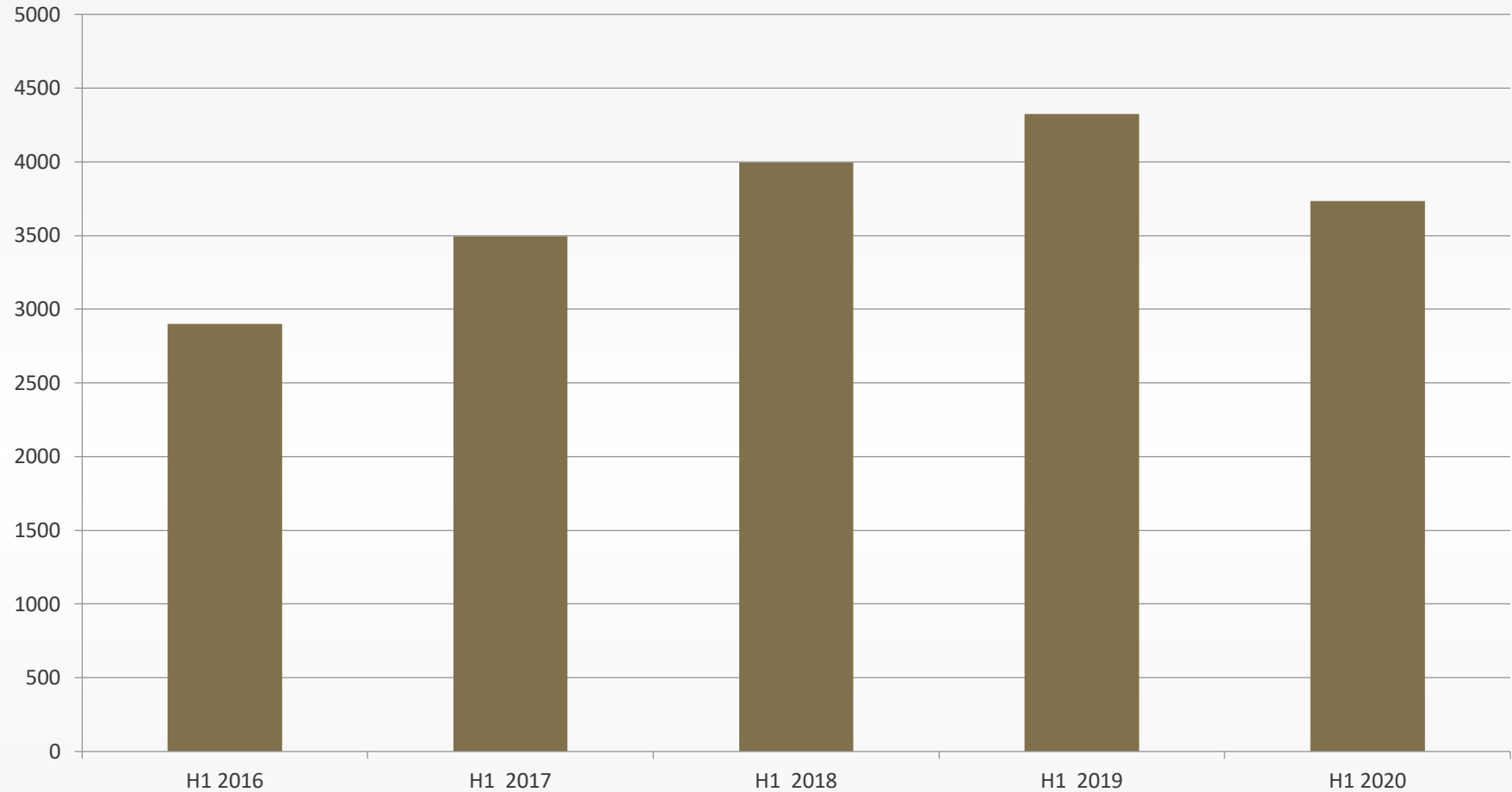
- Canada 2016: 0%
- Chile 2016: 0%
- Middle East 2016: 16%
- South Africa 2016: 12%
- USA 2016: 69%
- Other 2016: 3%



Net fee income by discipline (H1 2020 v H1 2016)

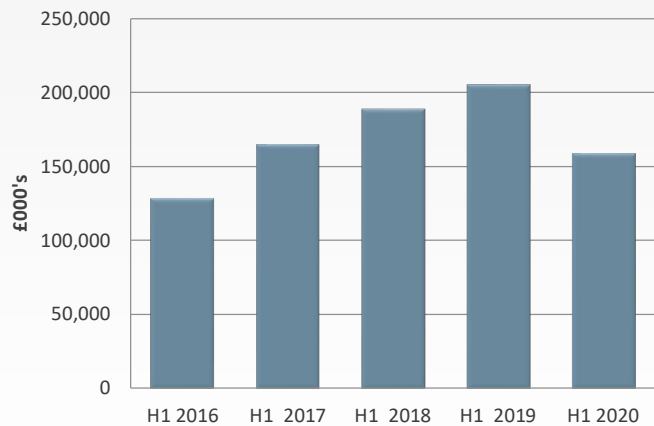


Headcount H1 2020 – H1 2016

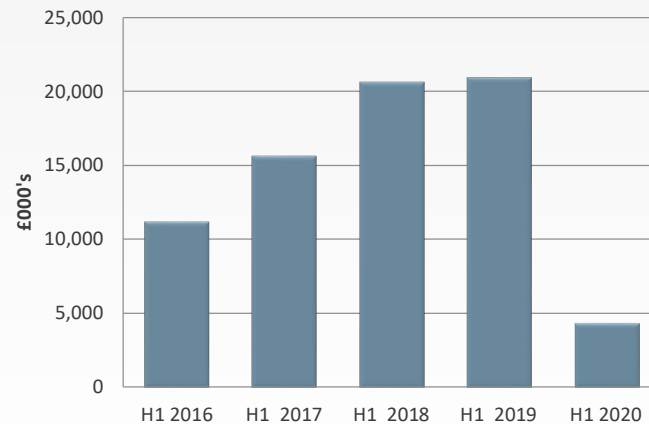


Track record of growth

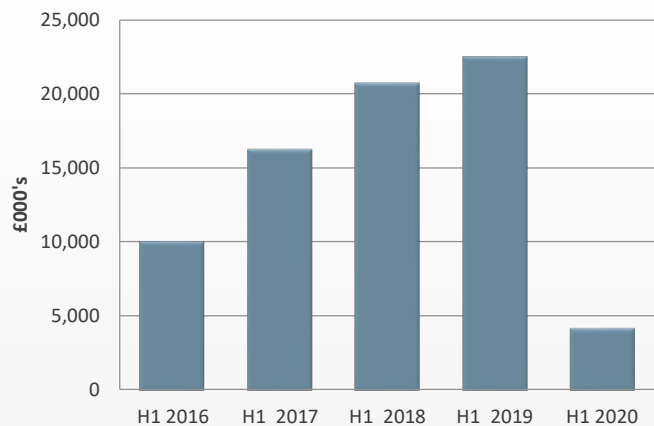
Net Fee Income H1 2016 - 2020



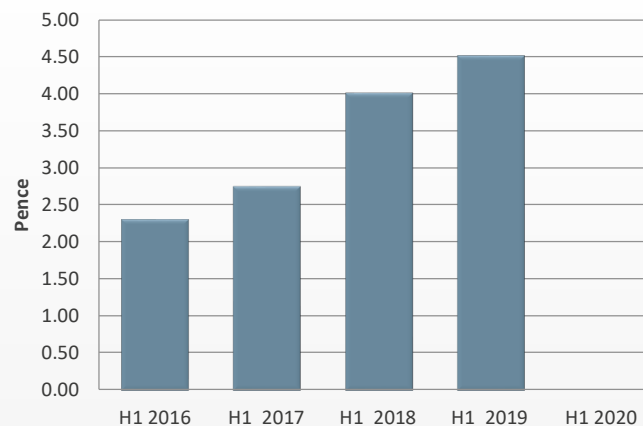
Profit Before Taxation H1 2016 - 2020



Operating Profit H1 2016 - 2020

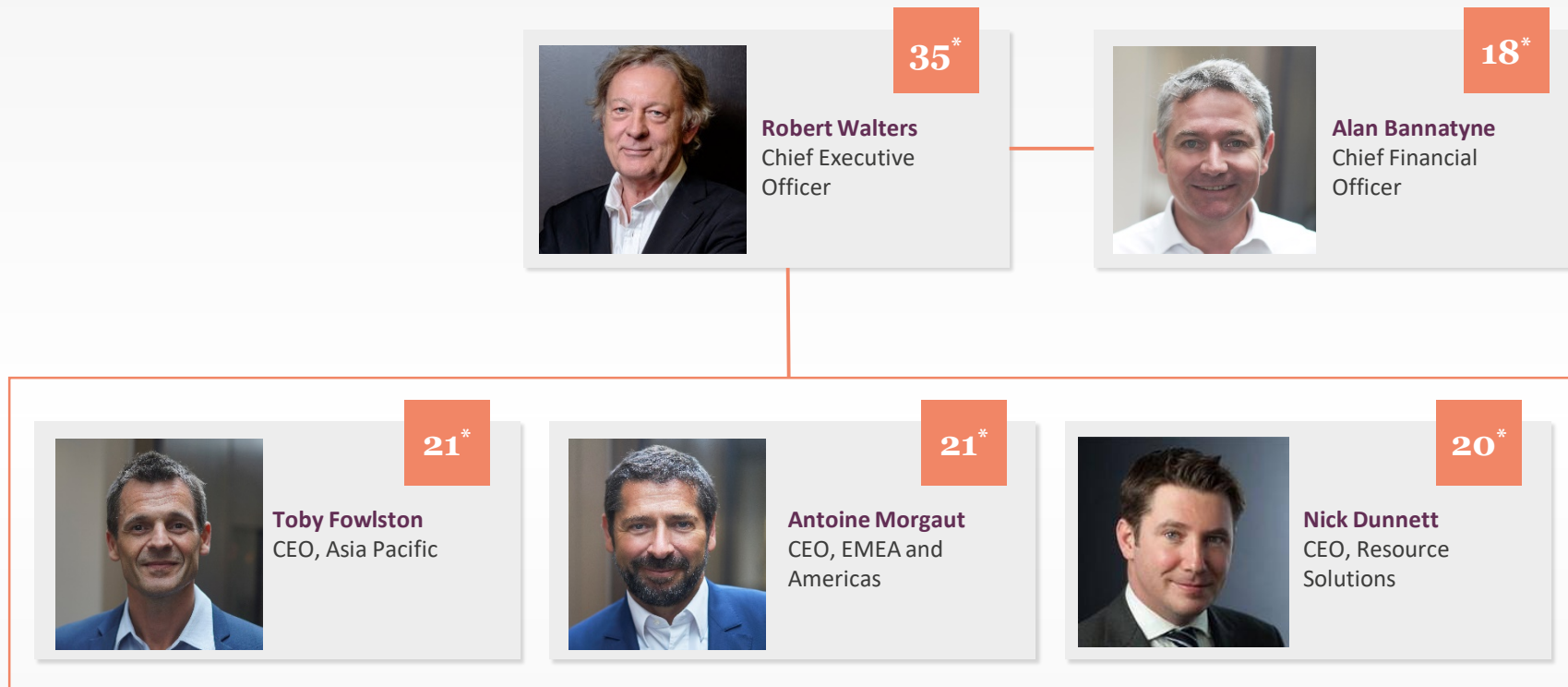


Dividend Payments H1 2016 - 2020



Operations review

Operational management team



*Denotes length of tenure in years

Our philosophy

Philosophy

- Specialist professional recruitment is a relationship business #StopTappingStartTalking
- Technology as an enabler to free up consultants to focus on relationship building
- Drive candidate and client referrals based on quality of service

Staff attraction and retention

- Specialists to recruit specialists
- 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

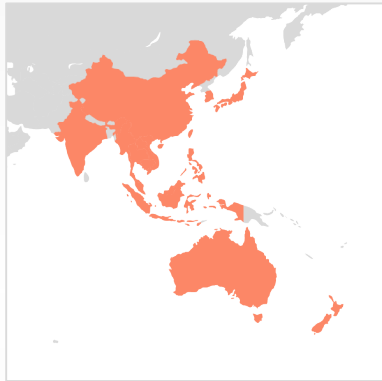
International and long-term careers

- Over 160 staff moved internationally over the last five years
- International expansion strategy based on opening new businesses with existing staff and replicating Robert Walters Group DNA across the globe

Asia Pacific (40% of net fee income)

Asia Pacific

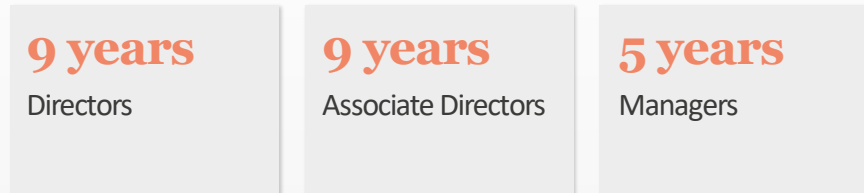
- Net fee income: £63.9m (2019: £80.5m)
- Operating profit: £2.9m (2019: £10.0m)



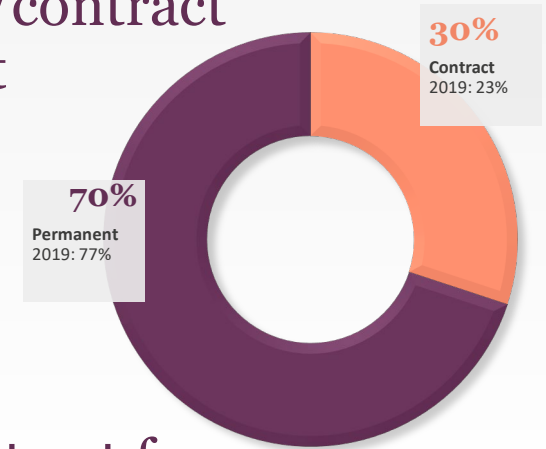
Locations:

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

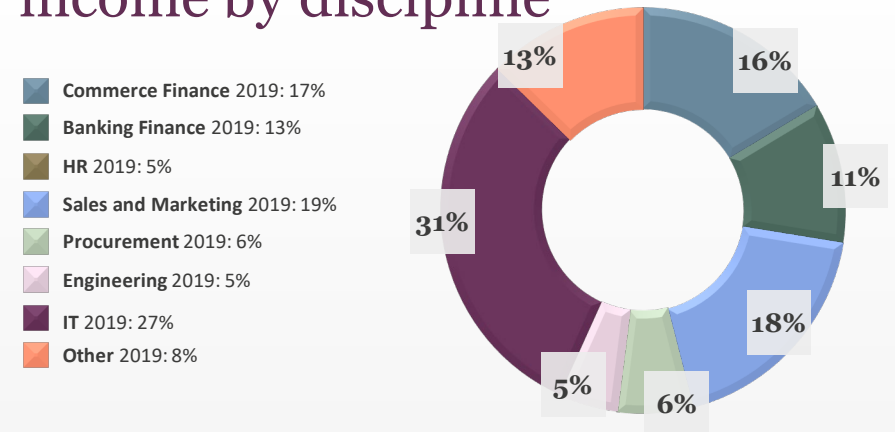
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



Asia Pacific

Japan and South Korea

Japan

- The Group's most profitable business
- Resilient performance with net fee income declining 13%* year-on-year
- Despite a number of 'stay-at-home' Government directives during the period many organisations continued to hire key talent digitally
- Acute shortage of bilingual professionals across all sectors and both perm and temp
 - Still seeing salary uplifts of 10%+ for hard to find talent
- Technology and transformation, digital, HR business partners (to aid with transition to remote working) and finance and accounting professionals were areas of strong demand

South Korea

- Bilingual professionals remain in short supply and high demand
- Demand strong for technology, e-commerce, healthcare (R&D) and accounting professionals
- Strong trading in June as lockdown eased at end of May – pent up demand released

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

Asia Pacific

South East Asia and Greater China

- Unrivalled footprint – including some of the world’s fastest growing, emerging recruitment markets

Greater China

- Hong Kong significantly impacted by both Covid-19 and ongoing political and social unrest. Net fee income declined by 47%* year-on-year
 - Contract rather than permanent hiring but contract length truncated
 - Bright spots included roles related to digital transformation, fintech and virtual banking
- Mainland China net fee income down 28%* - all non-essential recruitment paused during the first quarter at the height of the pandemic. More positive signs in the second quarter particularly in technology, healthcare, engineering and supply chain

South East Asia

- Malaysia and Thailand proved most robust in terms of net fee income and operating profit
- Singapore and Indonesia more significantly impacted with net fee income down 34%* and 47%* respectively
 - Indonesia has the largest number of confirmed cases and death toll in the region
 - Temp holding up relatively well in Singapore
- Nationalism becoming more prevalent across the region particularly in Singapore

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Asia Pacific

Australia and New Zealand

Strong and early Government action to contain Covid-19 spread helped stabilise market confidence across both markets, although second lockdown currently in place in Victoria

Australia

- Resilient performance with net fee income declining 19%* year-on-year
- Activity levels hit across both permanent and temporary recruitment with client and candidate sentiment very cautious
- Positive job flow and activity across technology and transformation, insurance, data security, compliance and regulatory but time to hire increased
- Public sector recruitment held up better than private sector particularly with Government measures to stimulate demand at federal and state level

New Zealand

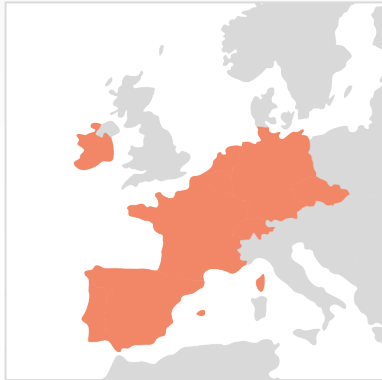
- Robust performance with net fee income declining 16%*
- Clear market leader and increasing market share as competitors exit the market. Blend of private and public sector recruitment offering a competitive advantage

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

Europe (28% of net fee income)

Europe

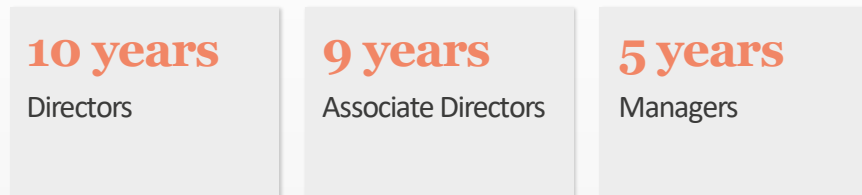
- Net fee income: £44.5m (2019: £54.0m)
- Operating profit: £1.5m (2019: £7.7m)



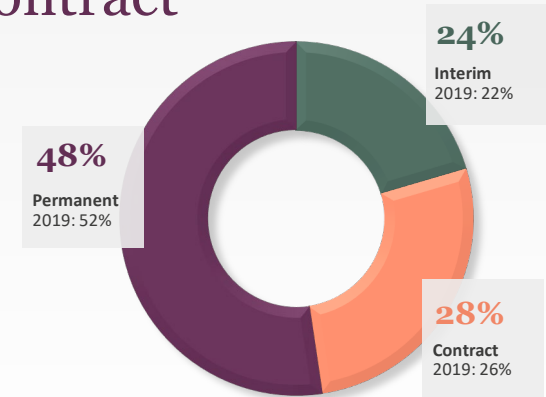
Locations:

- Benelux
- Czech Republic
- France
- Germany
- Ireland
- Portugal
- Spain
- Switzerland

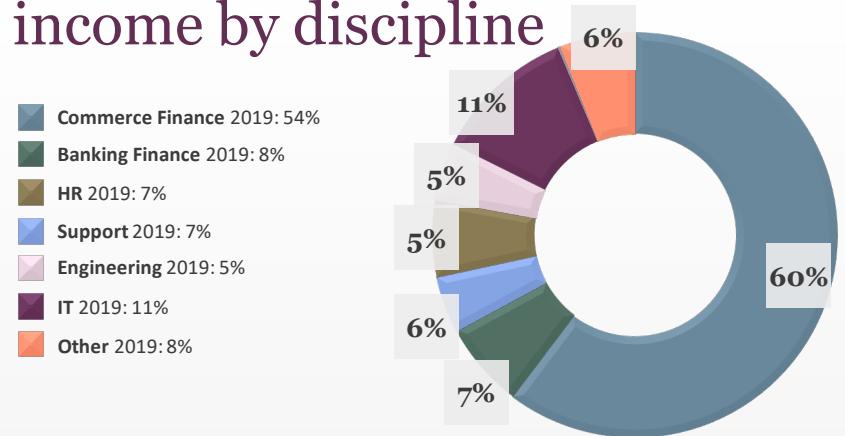
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



Europe

Europe

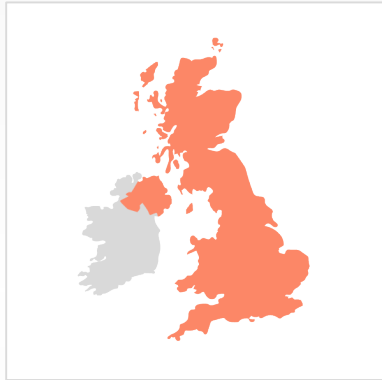
- Breadth of permanent, contract and interim recruitment solutions continues to be a competitive advantage and has enabled us to service the full range of client requirements
- The Netherlands and Belgium proved extremely resilient with net fee income declining just 3%* and 8%* respectively
 - Netherlands – strong regional office footprint. Interim and contract remains particularly active. Technology, finance (BI and data), risk and regulatory professionals in demand
 - Belgium – demand for trilingual professionals. Commerce finance, engineering and financial services most active. Experienced and stable management team
- France, the region's largest business, net fee income down 26%*
 - Two-month lockdown had a significant impact on all hiring processes. Many projects postponed to 2021
 - Early positive indications in June of a post-lockdown improvement in sentiment – demand for finance (cash management and control functions), legal & HR (restructuring) and risk professionals
- Prolonged and strict lockdown in Spain with net fee income declining by 24%* year-on-year
 - Breadth of discipline coverage and regional footprint continues to be a strength – activity strongest across all areas of digital transformation, cyber-security, software development, HR and employment law
- Interim in Germany remains active but general client and candidate confidence is very cautious
- Switzerland and Portugal both delivered increases in net fee income of 19%* and 3%* respectively albeit from a low base

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UK (23% of net fee income)

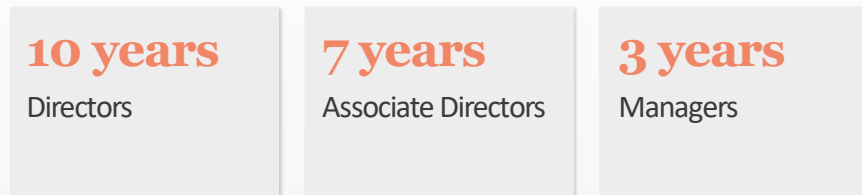
UK

- Net fee income: £36.3m (2019: £52.9m)
- Operating profit: £0.0m (2019: £4.2m)

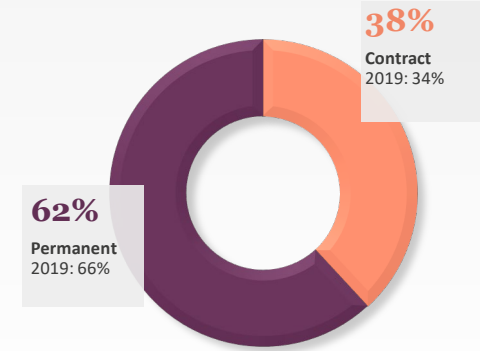


Locations:
Birmingham
Bracknell
London
Manchester
Milton Keynes
St Albans

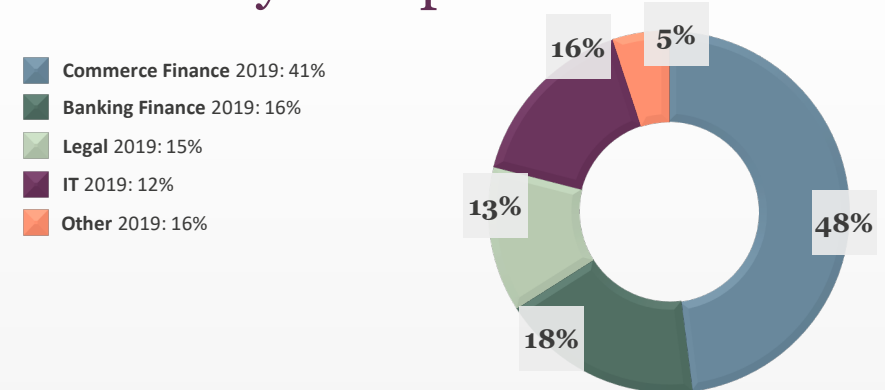
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



UK

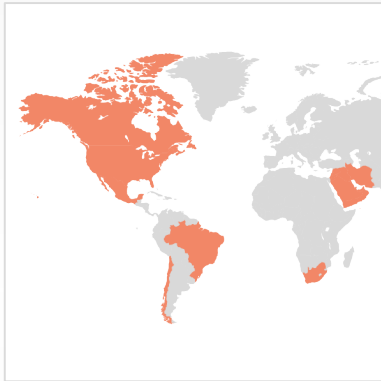
UK

- Candidate and client confidence was generally positive during first two months of the year following the General Election and formal EU exit
- Confidence levels fell with lockdown triggering hiring freezes as organisations implemented pandemic contingency plans
- Healthcare, digital/technology, niche financial services/fintech and logistics sectors proved most resilient
 - Technology recruitment across the UK (software engineering, development and cyber-security) a particular hotspot as organisations accelerated digital transformation programmes
- Limited salary inflation outside of hard-to-fill specialist roles
- End of furlough scheme in October may trigger a second wave of organisational restructuring and flood the market with candidates
 - Anticipated that technology, tax and treasury, cash management, insolvency and audit and compliance professionals will be in strong demand through the second half of the year

Other International (9% of net fee income)

Other International

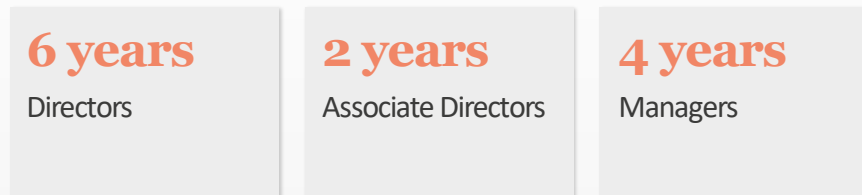
- Net fee income: £13.8m (2019: £17.5m)
- Operating loss: £0.2m (2019: operating profit of £0.6m)



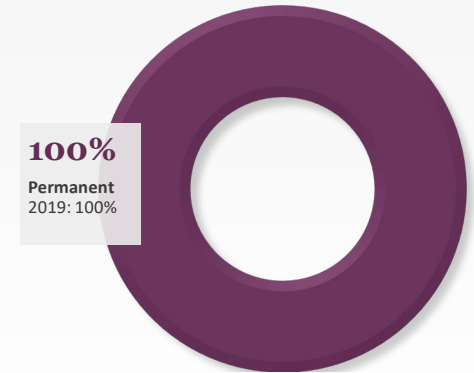
Locations:

- Brazil
- Canada
- Chile
- Mexico
- Middle East
- South Africa
- USA

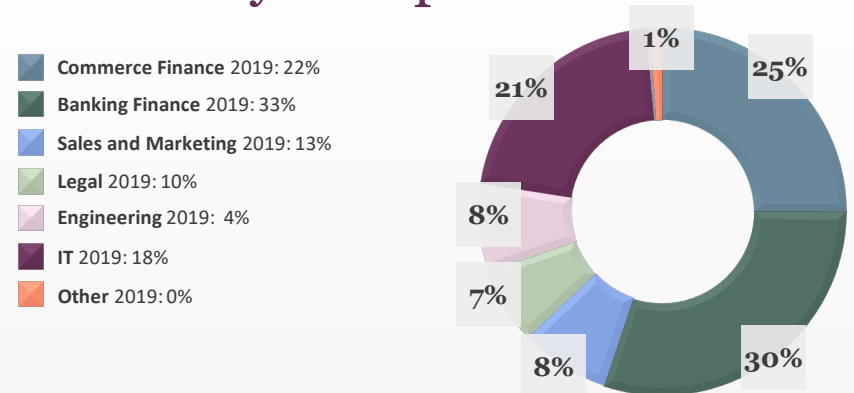
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



Other International

Americas

- US market bucked the trend during the first half growing net fee income by 3%*
 - Our highly specialised approach particularly across technology (engineering, product management, design, data science) and boutique financial services (investment management, PE, hedge funds) underpinned the performance
 - Technology clients quickly adapted/ transitioned to 'Work From Home' with remote interviewing, hiring and on-boarding the norm
- South America was largely untouched by Covid-19 during Q1 with our newer businesses in Chile and Mexico performing well
 - Region is now the epicentre of the pandemic and conditions are more challenging

South Africa

- Market conditions remain challenging

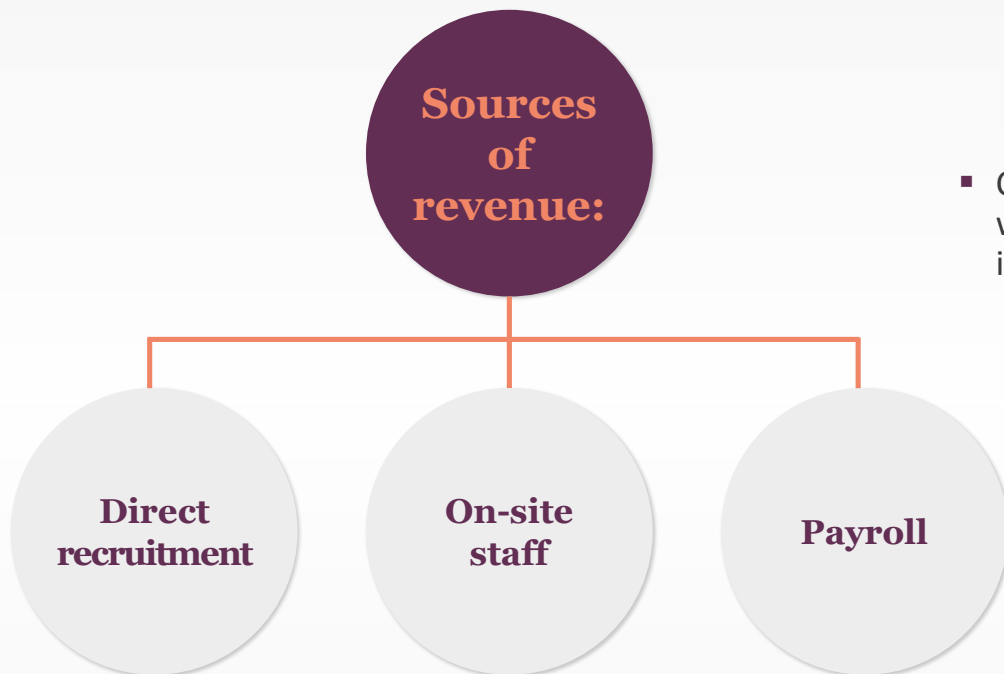
Middle East

- Activity levels relatively resilient
- New office opened in Abu Dhabi

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Resource Solutions

Resource Solutions



- Net fee income negatively impacted across our international footprint
 - Hiring freezes across a number of large global and regional clients due to Covid-19
 - Headcount reduced in line with client demand
- Continued to diversify client base outside of financial services with new clients won and deals extended in the online retail, insurance and pharmaceuticals sectors
 - A Group team, led by Resource Solutions, also successfully completed a project for the NHS to onboard healthcare professionals to fight the Covid-19 pandemic



The future

Outlook

“The Group has a strong brand, balance sheet and cash position and is led by an experienced management team that has steered the business successfully through a number of previous international crises.

“We remain confident that we will emerge from this unprecedented period with increased market share and well placed to benefit from operational gearing as markets normalise and recover.”

The logo for Robert Walters Group, consisting of the company name in a white, sans-serif font on a dark blue rectangular background.

ROBERT
WALTERS
GROUP

Australia • Belgium • Brazil • Canada • Chile • Czech Republic • France • Germany • Hong Kong • India • Indonesia • Ireland
Japan • Luxembourg • Mainland China • Malaysia • Mexico • Netherlands • New Zealand • Philippines • Portugal • Singapore
South Africa • South Korea • Spain • Switzerland • Taiwan • Thailand • UAE • UK • USA • Vietnam