



ROBERT
WALTERS
GROUP

Full-year results

Robert Walters Plc
03 March 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.

Financial review

Group highlights

Group performance

- Net fee income up 3% (2%*) to £405.5m (2018: £392.0m)
- Operating profit up 2%** (0%*) to £50.5m (2018: £49.7m)
- Profit before taxation up 1%** (down 2%*) to £49.5m (2018: £49.1m)
- 76% (2018: 73%) of net fee income generated from international businesses
- Group headcount now stands at 4,027 (2018: 4,132)
 - Headcount reductions focused in Resource Solutions in response to clients' hiring freezes

Regional analysis

- All international regions increased both net fee income and operating profit:
 - Asia Pacific – net fee income up 7% (4%*), operating profit up 7%** (2%*)
 - Europe – net fee income up 8% (9%*), operating profit up 1%** (1%*)
 - UK – net fee income down 9%, operating profit down 7%**
 - Other International – net fee income up 14% (11%*), operating profit up 7%** (1%*)

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

** Adjusted figures exclude the impact of IFRS 16 Lease adjustments which only impact 2019.

Financial review

| £ | 12 months to 31 Dec 2019 | 12 months to 31 Dec 2018 | % Change | % Change (constant currency*) |
|-------------------------------|-----------------------------|-----------------------------|----------|----------------------------------|
| Revenue | 1.22bn | 1.23bn | (1%) | (2%) |
| Gross profit (net fee income) | 405.5m | 392.0m | 3% | 2% |
| Operating profit | 50.5m** | 49.7m | 2% | 0% |
| Profit before taxation | 49.5m** | 49.1m | 1% | (2%) |

- Basic earnings per share increased to 50.6p** (2018: 50.4p)
- Proposed final dividend to be increased by 3% to 11.0p per share (2018: 10.7p). Total dividend up 5% to 15.5p per share (2018: 14.7p)
- Strong balance sheet with net cash of £85.8m as at 31 December 2019 (31 December 2018: £74.3m)
- Share buybacks – 2,486,300 shares have been purchased at an average price of £6.03 for £15.0m 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.

** Adjusted figures exclude the impact of IFRS16 Lease adjustments which only impact 2019.

Consolidated Group income statement

| £m | 12 months to 31 Dec 2019 | 12 months to 31 Dec 2018 |
|---------------------------------|-----------------------------|-----------------------------|
| Revenue ¹ | 1,216.1 | 1,233.2 |
| Net Fee income ² | 405.5 | 392.0 |
| Operating profit | 51.2 | 49.7 |
| Interest and foreign exchange | (3.8) | (0.6) |
| Profit before taxation | 47.4 | 49.1 |
| Taxation | (13.4) | (13.5) |
| Profit for the year | 34.0 | 35.6 |
| Basic EPS | 48.4p | 50.4p |
| Adjusted operating profit | 50.5 | 49.7 |
| Adjusted profit before taxation | 49.5 | 49.1 |
| Adjusted basic EPS | 50.6p | 50.4p |
| Total dividend | 15.5p | 14.7p |

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 2019 | As at 31 Dec 2018 |
|---------------------------------------|----------------------|----------------------|
| Goodwill | 8.0 | 8.1 |
| Tangible assets and computer software | 16.8 | 13.7 |
| Right of use asset | 72.9 | - |
| | 97.7 | 21.8 |
| Receivables ¹ | 209.7 | 242.0 |
| Payables and provisions ¹ | (164.5) | (190.7) |
| Lease liabilities | (75.5) | - |
| | 67.4 | 73.1 |
| Current and deferred tax | 7.4 | 5.3 |
| Net cash | 85.8 | 74.3 |
| Net assets | 160.6 | 152.7 |

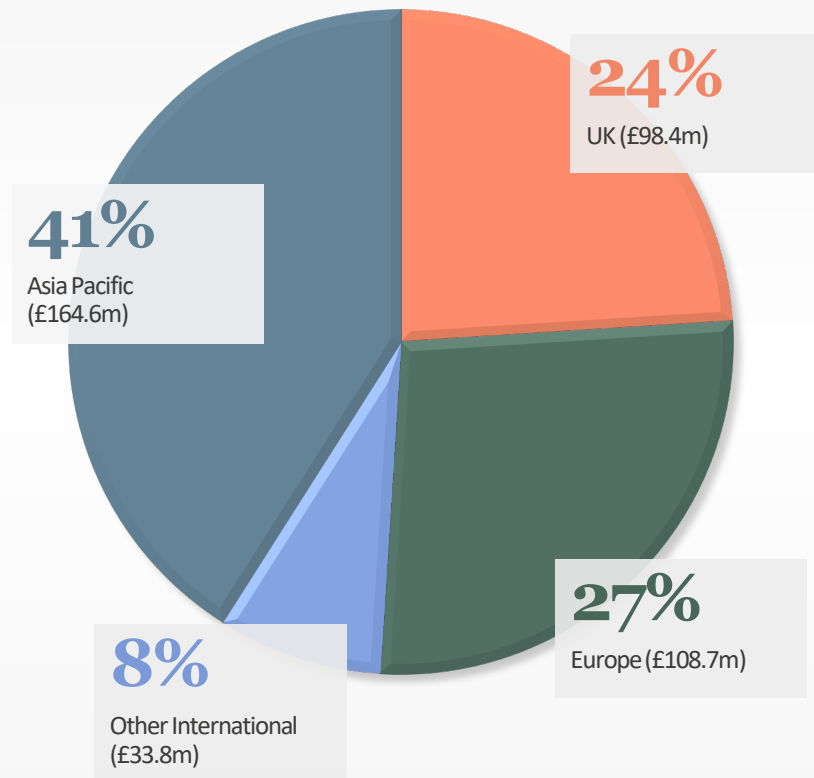
¹A material adjustment of £11.0m has been made to increase the Trade and other receivables and Trade and other payables for 2018, in order to recognise the gross asset and liability values in relation to the temporary revenue accrual for the timesheets received after the year-end date. Previously, the 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

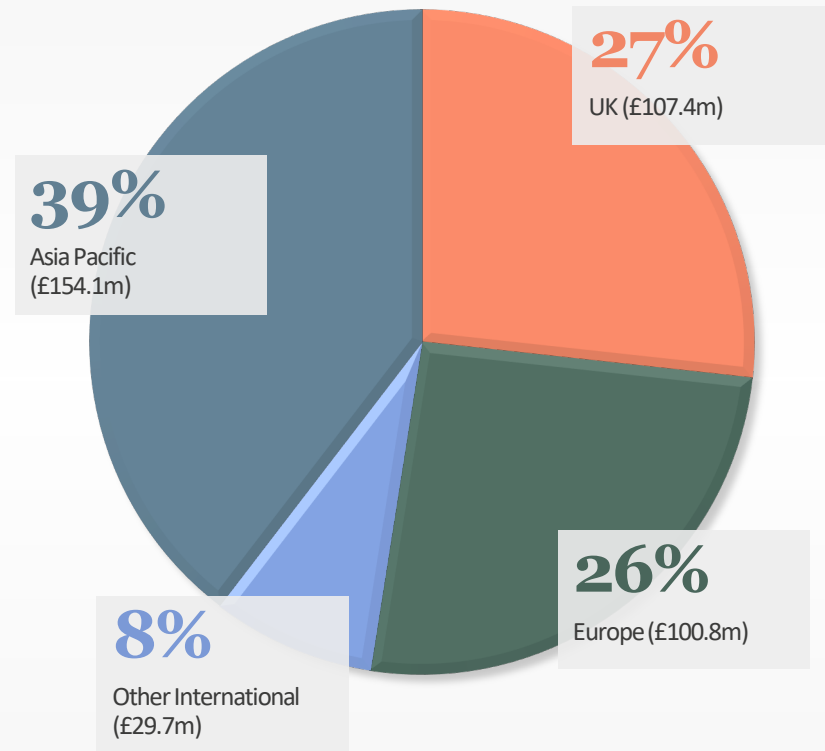
| £m | 12 months to 31 Dec 2019 | 12 months to 31 Dec 2018 |
|---|-----------------------------|-----------------------------|
| Operating profit | 51.2 | 49.7 |
| Depreciation and amortisation | 6.1 | 5.7 |
| Share-based payments and other non-cash items | 5.6 | 5.7 |
| Working capital movements | 4.1 | 12.3 |
| IFRS 16 adjustment | 2.1 | - |
| Cash generated by operating activities | 69.1 | 73.4 |
| Taxation paid | (12.6) | (10.7) |
| Capital expenditure | (9.5) | (6.3) |
| Interest and foreign exchange movements | (7.1) | 1.4 |
| Dividends paid | (10.6) | (9.5) |
| Purchase of shares | (15.0) | (5.1) |
| Movement in net cash | 11.5 | 43.2 |
| Net cash at year-end | 85.8 | 74.3 |

Regional analysis (net fee income)

12 months to 31 Dec 2019



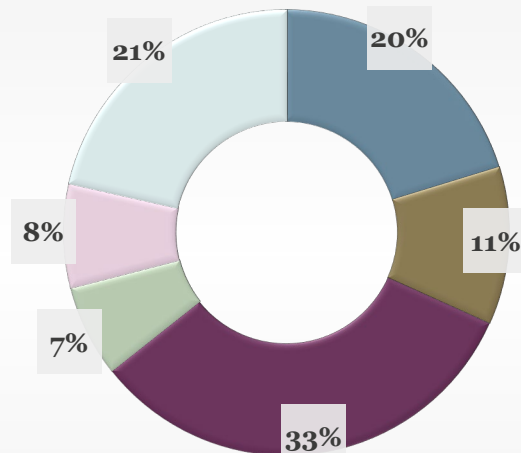
12 months to 31 Dec 2018



Net fee income by geography

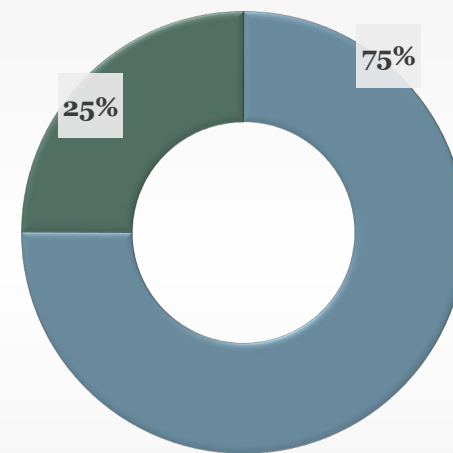
Asia Pacific (41% of Group NFI)

- Australia 2018: 22%
- Hong Kong 2018: 13%
- Japan 2018: 29%
- New Zealand 2018: 6%
- Singapore 2018: 8%
- Other 2018: 22%



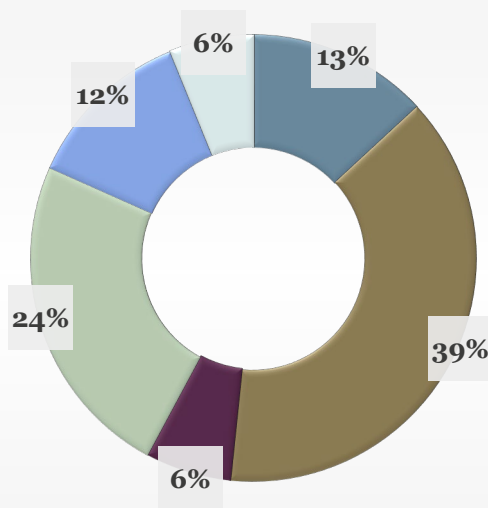
UK (24% of Group NFI)

- London 2018: 83%
- Regions 2018: 17%



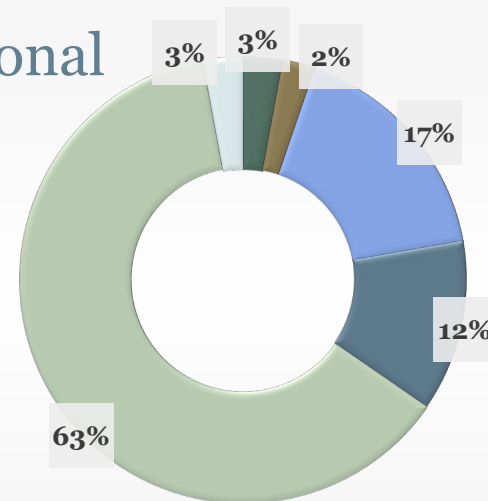
Europe (27% of Group NFI)

- Belgium 2018: 14%
- France 2018: 38%
- Germany 2018: 6%
- Netherlands 2018: 23%
- Spain 2018: 11%
- Other 2018: 8%

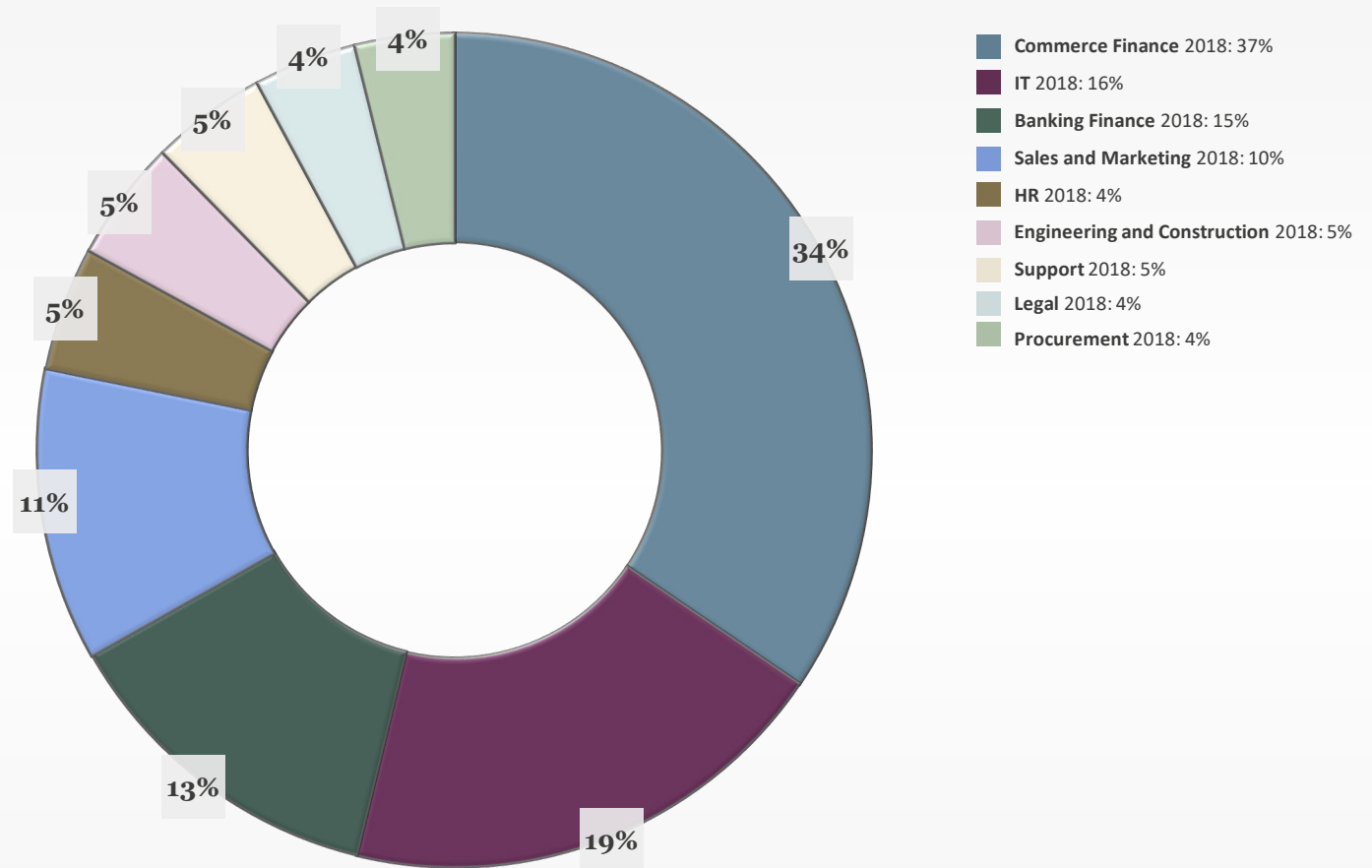


Other International (8% of Group NFI)

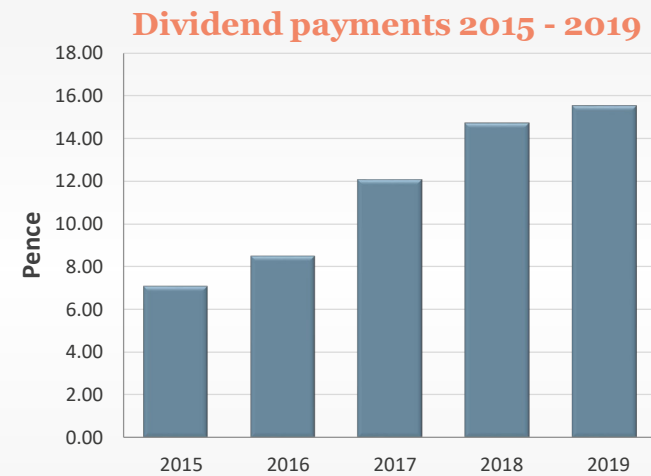
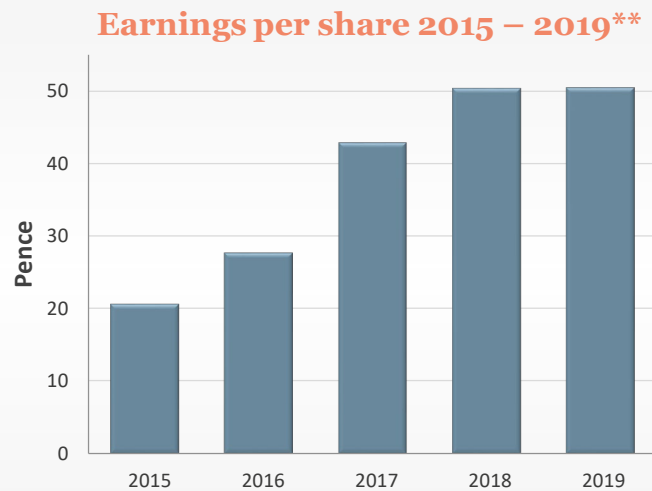
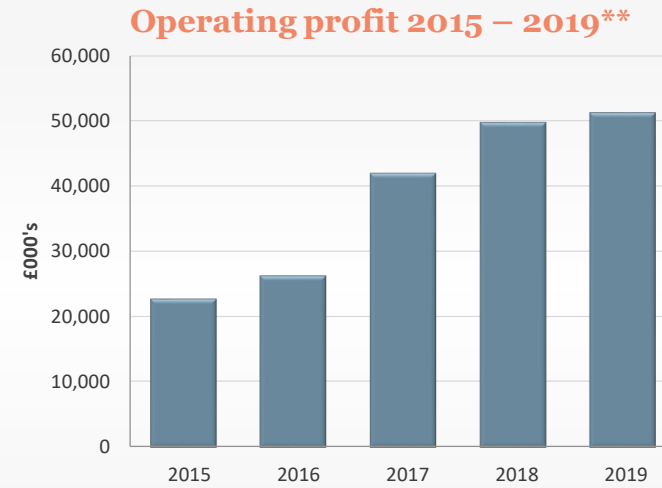
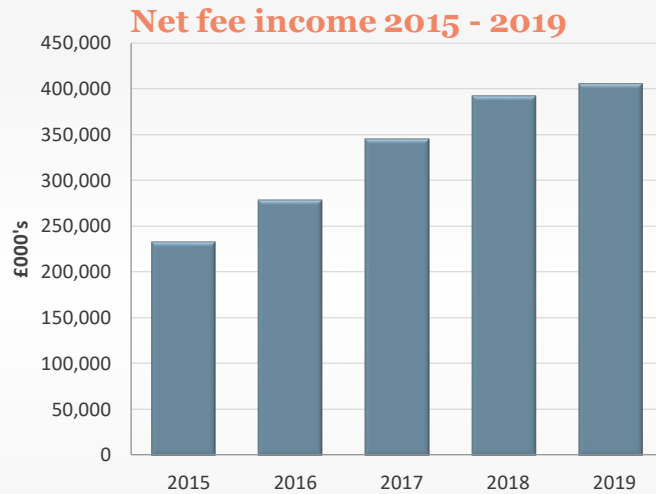
- Canada 2018: 2%
- Chile 2018: 0%
- Middle East 2018: 15%
- South Africa 2018: 14%
- USA 2018: 66%
- Other 2018: 3%



Net fee income by discipline



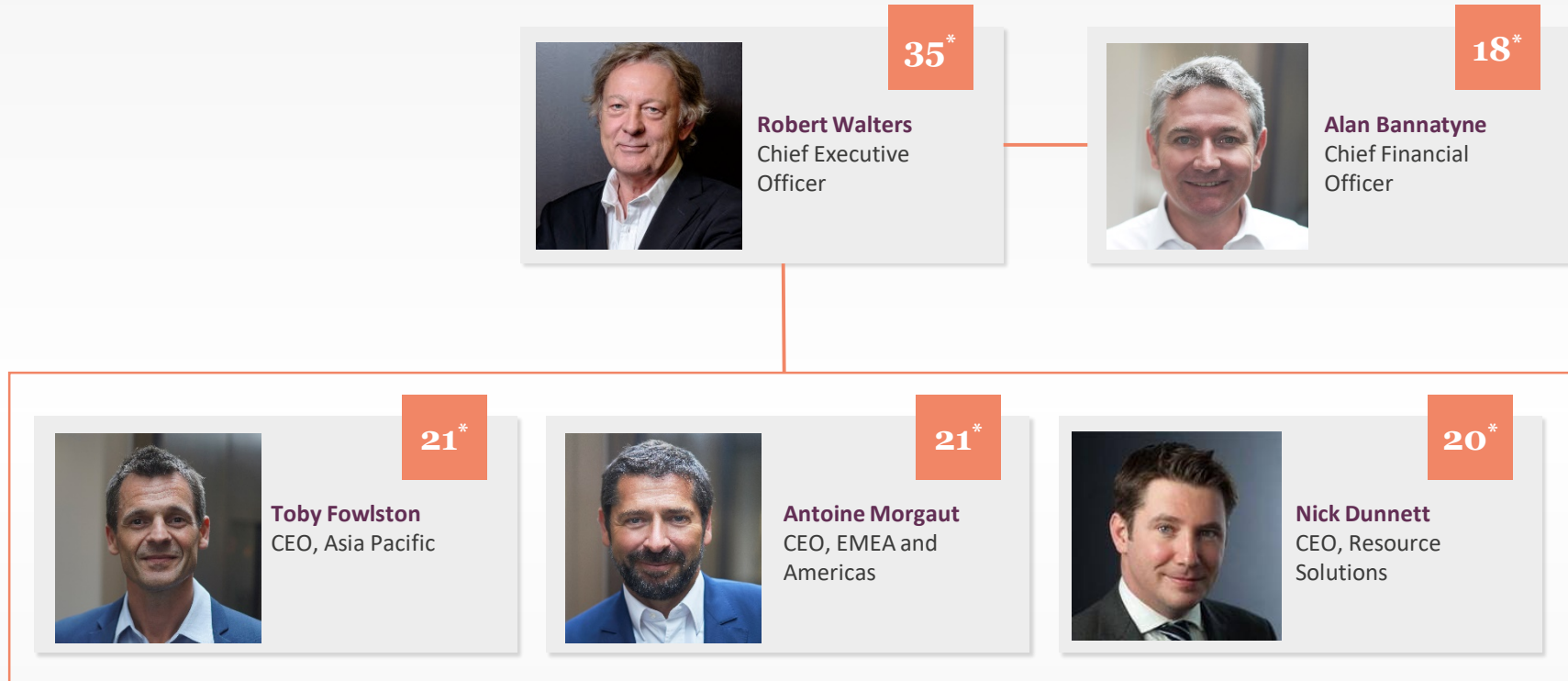
Track record of growth



** Adjusted figures exclude the impact of IFRS 16 Lease adjustments which only impact 2019.

Operations review

Operational management team



*Denotes length of tenure in years

Our philosophy

Philosophy

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

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 180 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 (41% of net fee income)

Asia Pacific

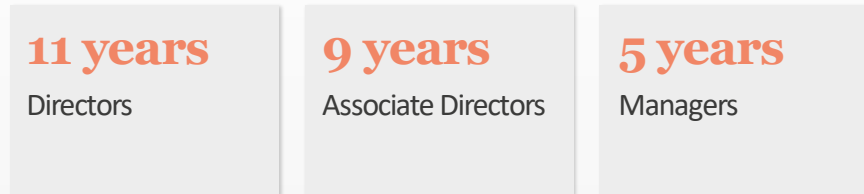
- Net fee income: £164.6m (2018: £154.1m)
- Operating profit: £22.6m** (2018: £21.2m)



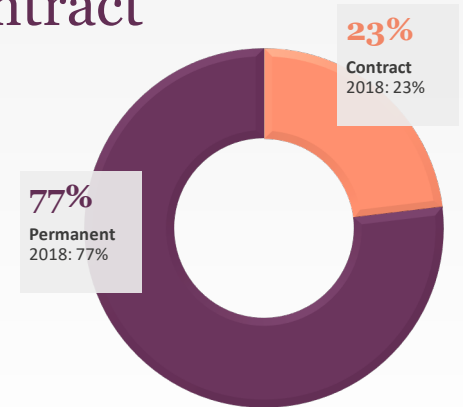
Locations:

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

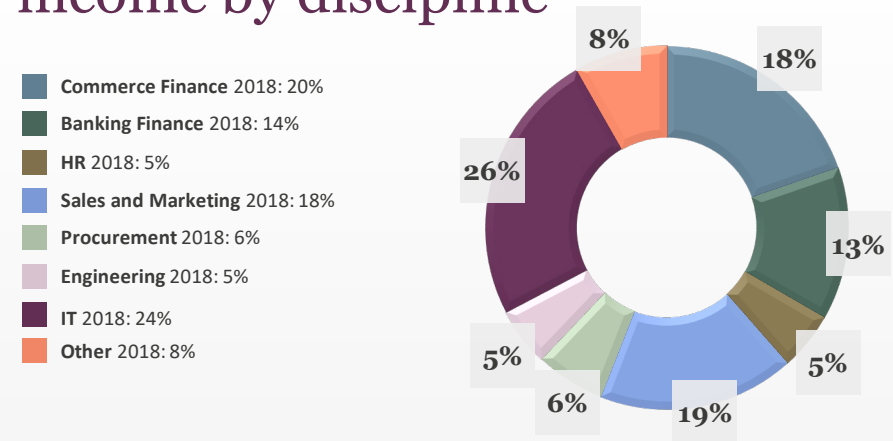
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



** Adjusted figures exclude the impact of IFRS 16 Lease adjustments which only impact 2019.

Asia Pacific

Japan and South Korea

Japan

- The Group's most profitable business – another record year
 - Acute shortage of bilingual professionals shows no sign of abating – across all sectors and industries
 - Globalisation of Japanese organisations remains a key driver
 - Remuneration structures continue to evolve – meritocratic versus time-in-role/seniority
 - Candidate market continues to become more mobile/flexible – job-for-life mentality ever-diminishing
 - Contract market continues to grow strongly
 - Movement in the over 50s market as shortages/demographics put pressure on the talent pool
 - Inflow of international talent more pronounced – more international (versus local) contractors placed in technology for the first time
 - Technology and transformation, digital, manufacturing, supply chain, sales and marketing, finance and HR all areas of strength

South Korea

- Bilingual professionals – technology, AI, data scientists, HR, sales and marketing – remain in short supply
- Political tension ripple effect had some impact across financial services and semi-conductor sectors

Asia Pacific

South East Asia and Greater China

- Unrivalled footprint – including some of the world’s fastest growing, emerging recruitment markets
- Ripple effect of US-China trade dispute impacted confidence in a number of markets across the region
- Greater China
 - Hong Kong significantly impacted by political unrest
 - Double-digit declines in both net fee income and operating profit
 - Solid performance in Mainland China underpinned by good growth in Shenzhen (technology) and Shanghai
- South East Asia
 - Malaysia and Vietnam were standout performers, increasing operating profit by 100%* and 64%* respectively
 - Digital transformation and infrastructure spending are key drivers for growth across the region
 - ‘Return Home’ campaigns remain a key differentiator – ability to leverage international footprint to fill local specialist skill gaps
 - Continued nationalistic policies limit ex-pat professional hiring in Singapore. Market continues to be challenging but business did deliver a year-on-year increase in operating profit

* 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

- Solid performance with single-digit net fee income and operating profit growth
- Growth strongest in New South Wales (Sydney) and Victoria (Melbourne)
- Technology and transformation hiring particularly active across both permanent and contract
 - Increased number of tech starts-ups in Sydney and Melbourne in particular
 - Demand strong across data, security, engineering, UX and development
- Good growth in financial services
 - Royal Commission continued to drive risk and compliance hiring activity
 - Hotspots also within broking, private wealth management and fintech
- 15-20% wage inflation for hard-to-find skill sets

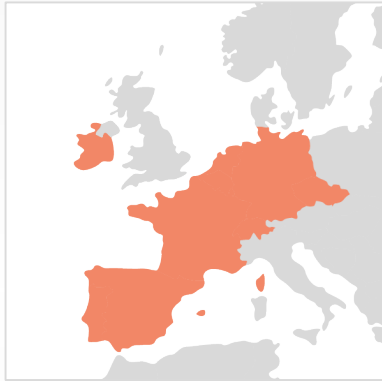
New Zealand

- Clear market leader – net fee income increased 15%* year-on-year
- Blend of private and public sector business is a key strength
- Demand highest across technology and transformation disciplines but finance also active

Europe (27% of net fee income)

Europe

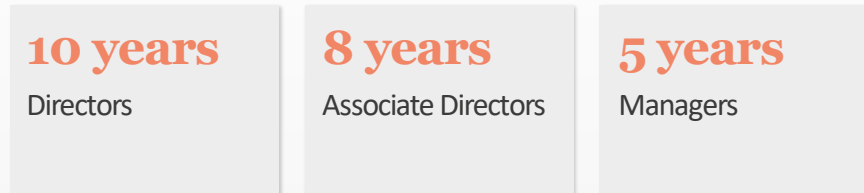
- Net fee income: £108.7m (2018: £100.8m)
- Operating profit: £15.2m** (2018: £15.0m)



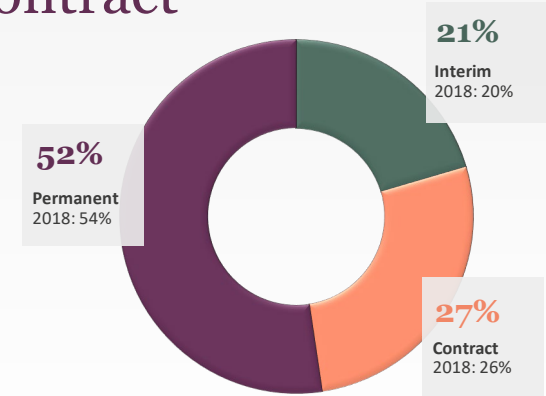
Locations:

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

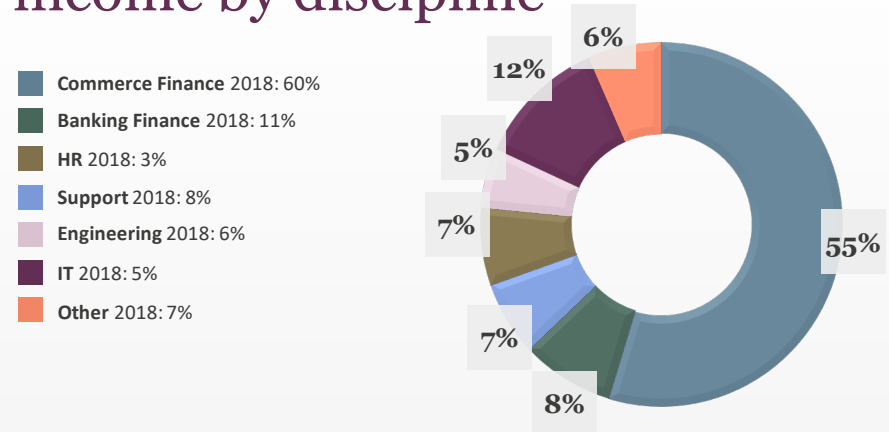
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



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Europe

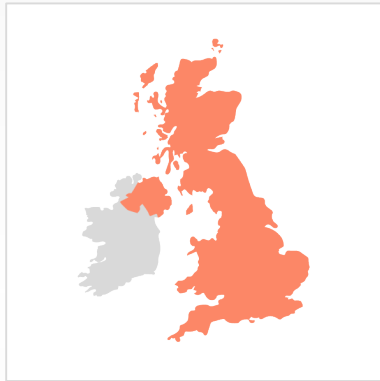
Europe

- Solid performance across region
 - Blend of permanent, contract and interim recruitment solutions continues to be a key driver of growth and competitive advantage
- France, the largest business in the region, bounced back strongly from a Gilets-Jaunes impacted first half
 - Double-digit growth in both net fee income and operating profit. New office opened in Nantes
 - Increasing skill shortages across professional disciplines and some relaxing of labour regulation
 - Interim particularly active but permanent also solid. Commerce finance, real estate, tax and legal, support and technology are key areas of strength
- Benelux performed well, increasing both net fee income and operating profit
 - Netherlands – acute candidate shortages in the junior to mid-level space. Increased influx of international professionals. Interim and contract particularly active. New office opened in Utrecht
 - Belgium – interim strong and permanent hiring also increased. Stable macroeconomic environment
- Another record performance in Spain – business goes from strength to strength across both Madrid and Barcelona
- Market conditions more challenging in Germany as the year progressed. Remains an exciting long-term growth opportunity for the Group. New office opened in Cologne. Interim business launched
- Investment in Switzerland to grow Geneva business to complement well-established operation in Zurich

UK (24% of net fee income)

UK

- Net fee income: £98.4m (2018: £107.4m)
- Operating profit: £11.5m** (2018: £12.4m)



Locations:

Birmingham
Bracknell
London
Manchester
Milton Keynes
St Albans

Average tenure

8 years

Directors

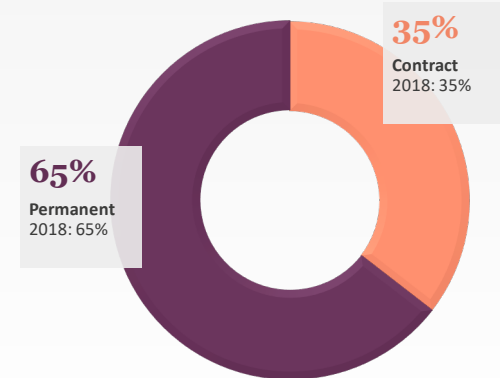
5 years

Associate Directors

4 years

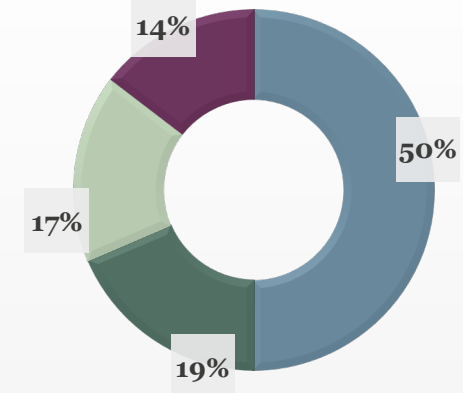
Managers

Permanent/contract recruitment



Recruitment net fee income by discipline

- Commerce Finance 2018: 44%
- Banking Finance 2018: 20%
- Legal 2018: 17%
- IT 2018: 10%
- † Other 2018: 9%



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UK

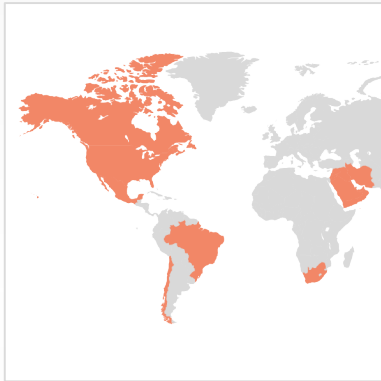
UK

- Candidate and client confidence deteriorated as the year progressed due to impact of both Brexit uncertainty and the General Election. Limited churn
- Largely replacement rather than net new hiring
- Technology hiring held up well right across the UK with data science and cyber security key areas of demand
- Geographically, outside of London, the impact of Brexit was less pronounced
 - Activity levels highest across Birmingham and Milton Keynes
- Market conditions remained challenging across the financial services sector
 - Uncertainty re: passporting and the future shape of post-Brexit UK/European market
 - Pockets of activity did exist including fintech and the control functions (audit, risk, compliance, credit control – at both qualified and part-qualified levels)
- Limited salary inflation outside of hard-to-fill specialist roles
- Walters People launched in London in Q3

Other International (8% of net fee income)

Other International

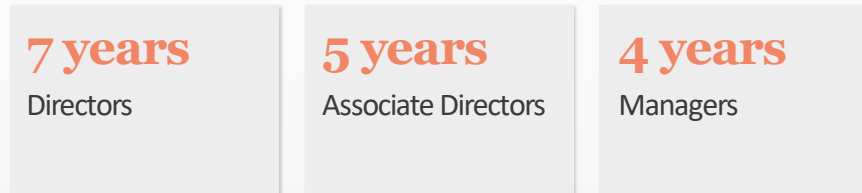
- Net fee income: £33.8m (2018: £29.7m)
- Operating profit: £1.2m** (2018: £1.1m)



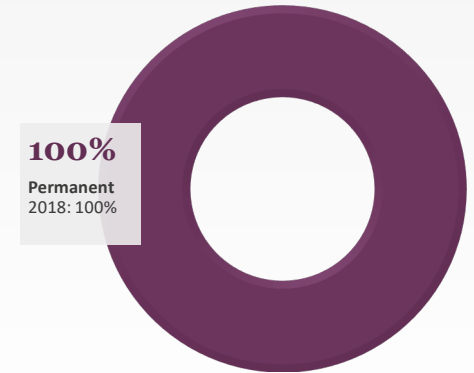
Locations:

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

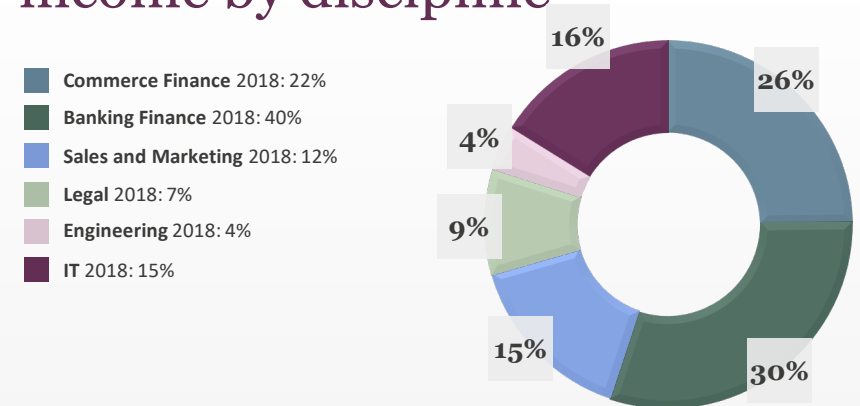
Average tenure



Permanent/contract recruitment



Recruitment net fee income by discipline



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Other International

Americas

- Investment in continuing to expand footprint across the Americas
 - New business in Chile already profitable after 12 months
 - Opened first office in Mexico (Mexico City) in the second quarter
- California jobs boom shows no sign of slowing
 - San Francisco and Los Angeles produced outstanding results
 - Technology, product, operations and finance key areas of strength
 - 'Container' model working well. Businesses positioned just below exec search market
- Management change in New York. Financial services generally challenging, but risk, compliance and newly launched technology discipline showing promising signs
- Brazil remains challenging and activity levels generally subdued

South Africa

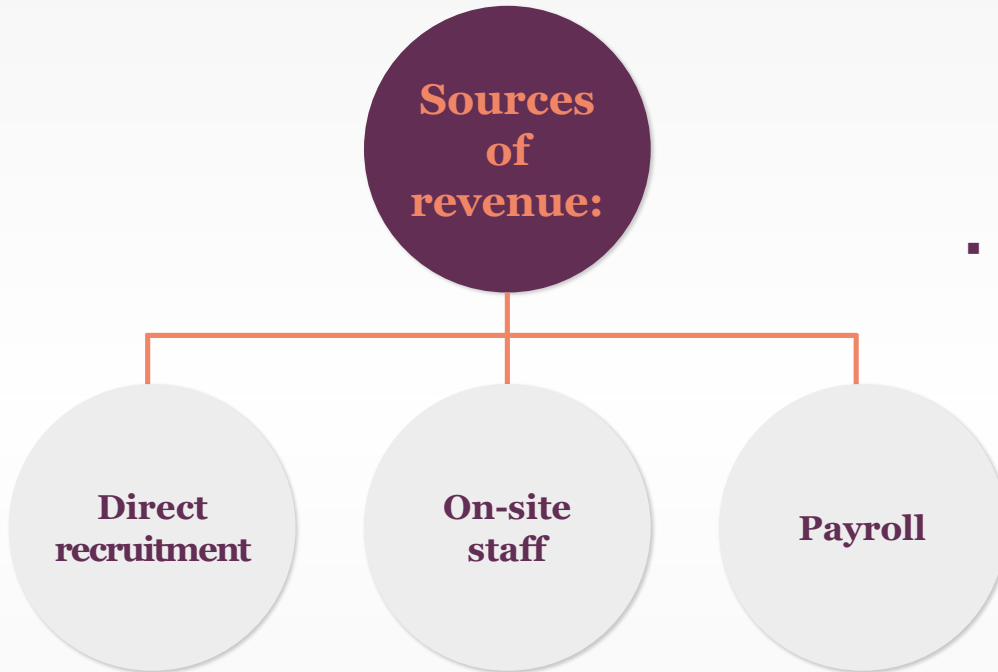
- Volatile market (economically and politically) but business is profitable

Middle East

- Record performance. Dubai market strong, Saudi Arabia and Abu Dhabi also particularly active

Resource Solutions

Resource Solutions



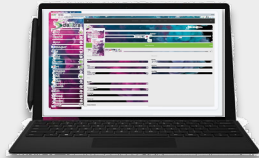
- Net fee income negatively impacted across our international footprint
 - Hiring freezes across a number of global financial services clients due to Brexit and wider macroeconomic concerns including the US-China trade war
 - Headcount reduced to more appropriate levels in line with client demand
- Continued to diversify client base outside of financial services with new clients won and deals extended in the entertainment and pharmaceuticals sectors

The future

Some innovation highlights

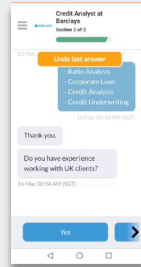
Intelligent search & match

The goal of this new global roll out is to capture candidates' information quickly and automatically into our database, then use AI-powered algorithms to match them to our open roles.



Automation & chatbots

Building our capability to automate at scale, we launched a pioneering, chat-based application experience, where candidates could apply, assess and schedule their interview, all in less than 7 minutes.



Digital CVs @ Walters People

Integrating video interviewing and online assessment tools to bring candidate CVs to life and ensure they stand out from the competition.



Innovation trend events

Roadshow of innovation mega-trends delivered to over 450 clients across Hong Kong, Taipei, Shanghai, Frankfurt, Dusseldorf and Amsterdam.



Data & market intel

A suite of products has been developed for RS clients to help them understand the talent market and guide recruitment decisions. RS Heatmaps & RS MarketView.






















Innovation 'play days'

Some educational fun for our staff, 'Play Days' allowed them to get up close and personal with all of the great new tech we're rolling out.



Awards

Our recent awards

| | | | | |
|--|---|--|--|--|
| <p>UK</p>  | <p>Middle East</p>  | <p>Resource Solutions</p>   | <p>Japan</p>   | |
| <p>Netherlands</p>  | <p>Switzerland</p>  | <p>Germany</p>  | <p>Mainland China</p>   | <p>Japan</p>  |
| <p>South Korea</p>    | | <p>Germany</p>  | <p>France</p>   | <p>Hong Kong, Indonesia, Philippines and Vietnam</p>  |

Corporate Social Responsibility

Supporting the communities where we work



“The global recruitment market remains unpredictable at present with the Coronavirus outbreak, which is likely to negatively impact full-year profit expectations, adding a further layer of uncertainty. We will continue to monitor the Coronavirus situation and update the market as appropriate.”