



# FDM Group (Holdings) plc

Results for the six months ended 30 June 2020

**Rod Flavell** - CEO

**Mike McLaren** - CFO

# Summary

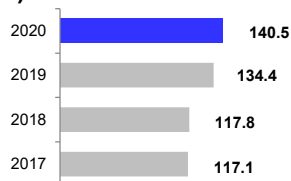
- *Resilient first half performance, COVID-19 has impacted the Group to differing degrees of significance, longevity and economic effect across our global footprint*
- *The Group had a positive Q1 across all territories, but trading levels fell in Q2 as lockdown restrictions were imposed*
- *We remained agile with our consultants and internal staff successfully adopting a virtual working approach*
- *No FDM employee has been furloughed and we have introduced a wage for signed-off trainees in the UK to help them through short term uncertainty*
- *Strong cash generation with closing cash of £58.3m and no debt*
- *Reflecting the strength of the Group's balance sheet, current encouraging trading levels and our confidence in FDM's long term prospects, the Board is pleased to declare an interim dividend of 18.5 pence per share*

# Highlights for the six months ended 30 June 2020

## Revenue (£m)

**+5%**

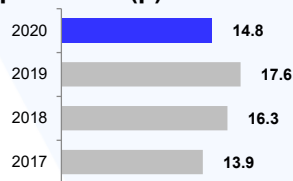
+6%  
(CAGR)



## Basic Earnings per Share (p)

**-16%**

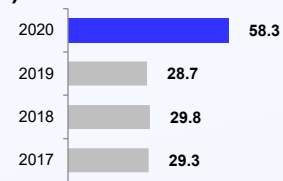
+2%  
(CAGR)



## Closing Cash (£m)

**+103%**

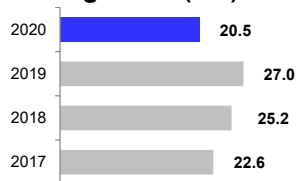
+26%  
(CAGR)



## Adjusted Operating Profit (£m)

**-24%**

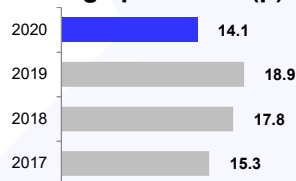
-3%  
(CAGR)



## Adjusted Basic Earnings per Share (p)

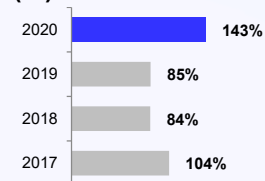
**-25%**

-3%  
(CAGR)



## Cash Conversion (%)

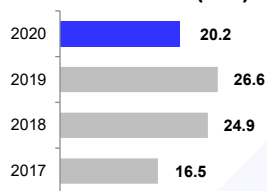
**+58ppts.**



## Adjusted Profit Before Tax (£m)

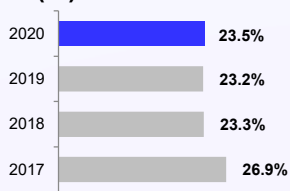
**-24%**

+7%  
(CAGR)



## Effective Tax Rate (%)

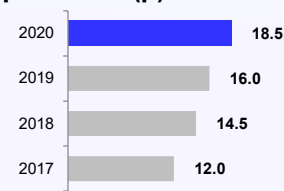
**+0.3ppts.**



## Interim Dividend per Share (p)

**+16%**

+16%  
(CAGR)



CAGR (Compound Annual Growth Rate) applied over three years

ppts. (percentage points)

2018 and 2017 comparative figures have been restated for IFRS 16 Leases

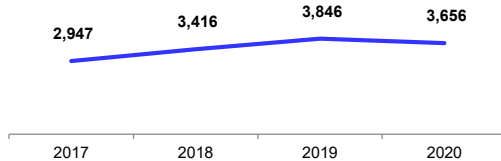
Underlying cash conversion is 105% and calculated by dividing cash flow generated from operations by operating profit before settlement cost of the long standing legal claim, associated legal costs and accrued holiday pay

# Highlights for the six months ended 30 June 2020

## Mounties on Client Site

**-5%**

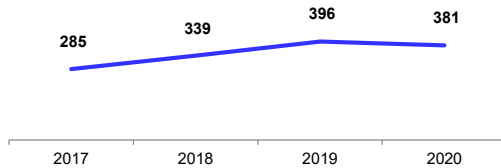
+7%  
(CAGR)



## Number of Clients

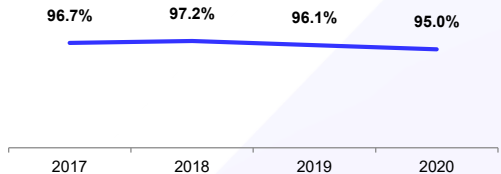
**-4%**

+10%  
(CAGR)



## Mountie Utilisation (%)

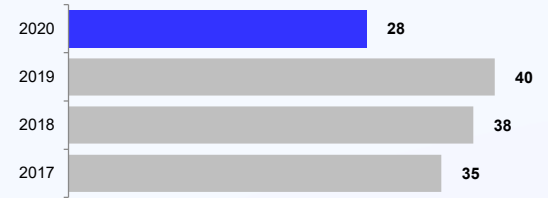
**-1.1 ppts.**



CAGR (Compound Annual Growth Rate) applied over three years ppts. (percentage points)

## New Clients

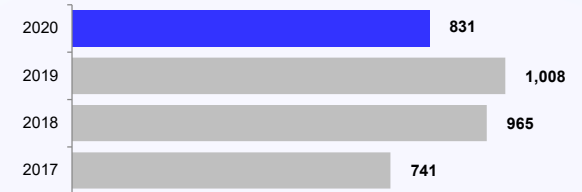
**+28**



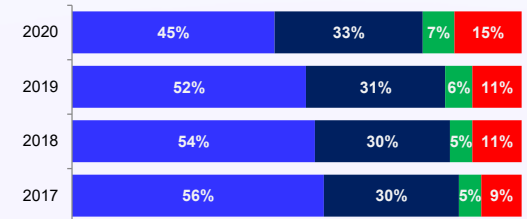
## Training Completions

**-18%**

+4%  
(CAGR)



## Mountie Headcount on Client Site by Region



■ UK & I ■ NA ■ EMEA ■ APAC

# Market Review

UK & Ireland	2020	2019	
Revenue	£64.3m	£69.7m	<b>-8%</b>
Mounties on client sites*	1,637	1,985	<b>-18%</b>
Adjusted operating profit	£14.2m	£18.8m	<b>-24%</b>
Adjusted operating profit margin %	22%	27%	<b>-5%</b>

2020 started promisingly following Brexit clarity; however we felt the impact of COVID-19 in Q2, when the UK was placed into lockdown

The pace and efficiency with which our workforce transitioned to working remotely has been very pleasing

All our UK Academies are training and placing Mounties with clients remotely

COVID-19 and its knock-on effects have impacted demand in some sectors more than others with travel, energy, retail and insurance most noticeably affected

With many Mounties electing to defer annual leave until later in the year, we have seen an overall increase in billable time

EMEA	2020	2019	
Revenue	£10.8m	£7.6m	<b>+42%</b>
Mounties on client sites*	236	220	<b>+7%</b>
Adjusted operating profit	£1.4m	£1.0m	<b>+40%</b>
Adjusted operating profit margin %	13%	13%	<b>0%</b>

Continued to see good demand in Luxembourg and benefited from a full period of trading in the Netherlands

German Academy was temporarily closed during lockdown, reopening in June, and we have developed the infrastructure to train remotely

North America	2020	2019	
Revenue	£51.1m	£46.7m	<b>+9%</b>
Mounties on client sites	1,222	1,205	<b>+1%</b>
Adjusted operating profit	£4.6m	£7.7m	<b>-40%</b>
Adjusted operating profit margin %	9%	16%	<b>-7%</b>

Started the year with modest headcount growth, but the impact of COVID-19 and the associated move to remote working resulted in increased onboarding times and lower demand during the second quarter

Government policy has recently allowed Mounties in some locations to return to their place of work while others continue to work remotely

All our Academies are training and placing Mounties with clients remotely

Adjusted operating profit decreased after the Board took the pragmatic and commercial decision to settle for £3.3m a long-standing legal claim which the Board considered to be unmeritorious

APAC	2020	2019	
Revenue	£14.3m	£10.4m	<b>+38%</b>
Mounties on client sites	561	436	<b>+29%</b>
Adjusted operating profit/ (loss)	£0.3m	-£0.5m	<b>+160%</b>
Adjusted operating profit/ (loss) margin %	2%	-5%	<b>+7%</b>

Buoyed by our Sydney Academy, APAC delivered strong headcount growth under the challenging backdrop of COVID-19 and ongoing protests in Hong Kong

Across the region we commenced work with 10 new clients

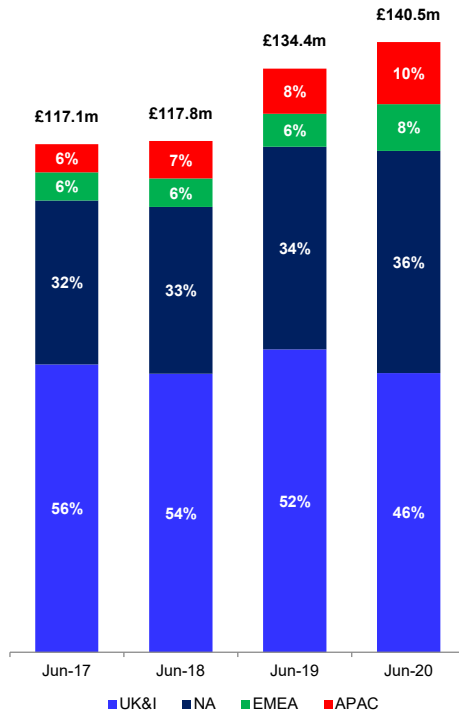
Training completions in the region have increased 82% from prior year

\*Reflecting a change in management reporting, 30 Mounties included within UK & Ireland Mounties deployed as at 30 June 2019 have been re-allocated to EMEA

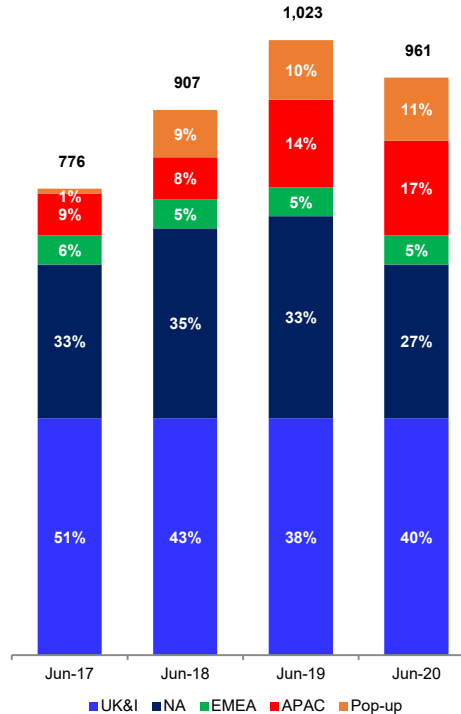
# Regional Distribution

In NA we moved from a permanent premises in Reston to a pop-up in Arlington. During the period we flexed our pop-up academies to match demand

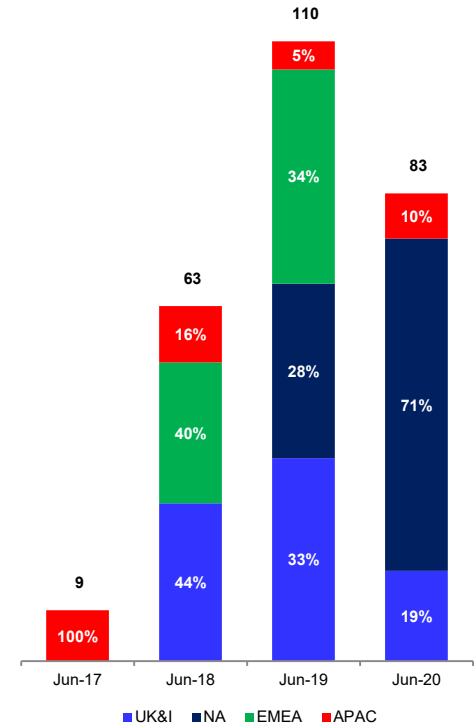
## Regional Revenue Distribution



## Academy Capacity

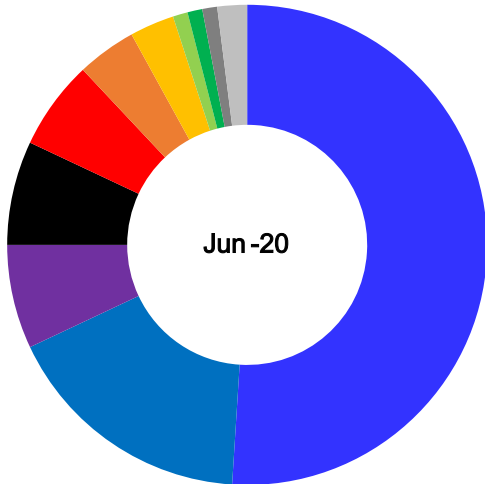


## Pop-up Training Completions



# Mountie Headcount

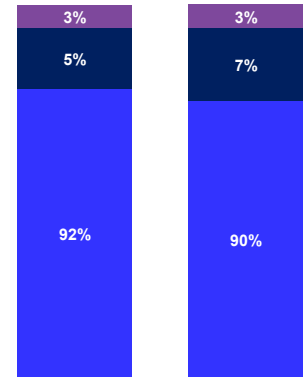
Banks and Diversified Financials headcount has remained resilient



Industries	2020	2019
Banks	51%	48%
Diversified Financials	17%	17%
Insurance	7%	7%
Government	7%	8%
Software & IT Services	6%	7%
Energy	4%	4%
Media & Entertainment	3%	3%
Commercial & Professional Services	1%	2%
Utilities	1%	1%
Consumer Services	1%	1%
Other	2%	2%

### Other includes

- Food & Staples Retailing
- Automobiles & Components
- Health Care Equipment & Services
- Retailing
- Telecommunication Services
- Pharmaceuticals, Biotechnology & Life Sciences



2020

2019

- Getting Back to Business
- Ex-Forces
- Graduates

Industry classification as per Standard & Poor's 'Global Industry Classification Standard' (GICS) with the addition of a "Government" sector



### Ex-Forces

2020  
**201**

2019  
**276**

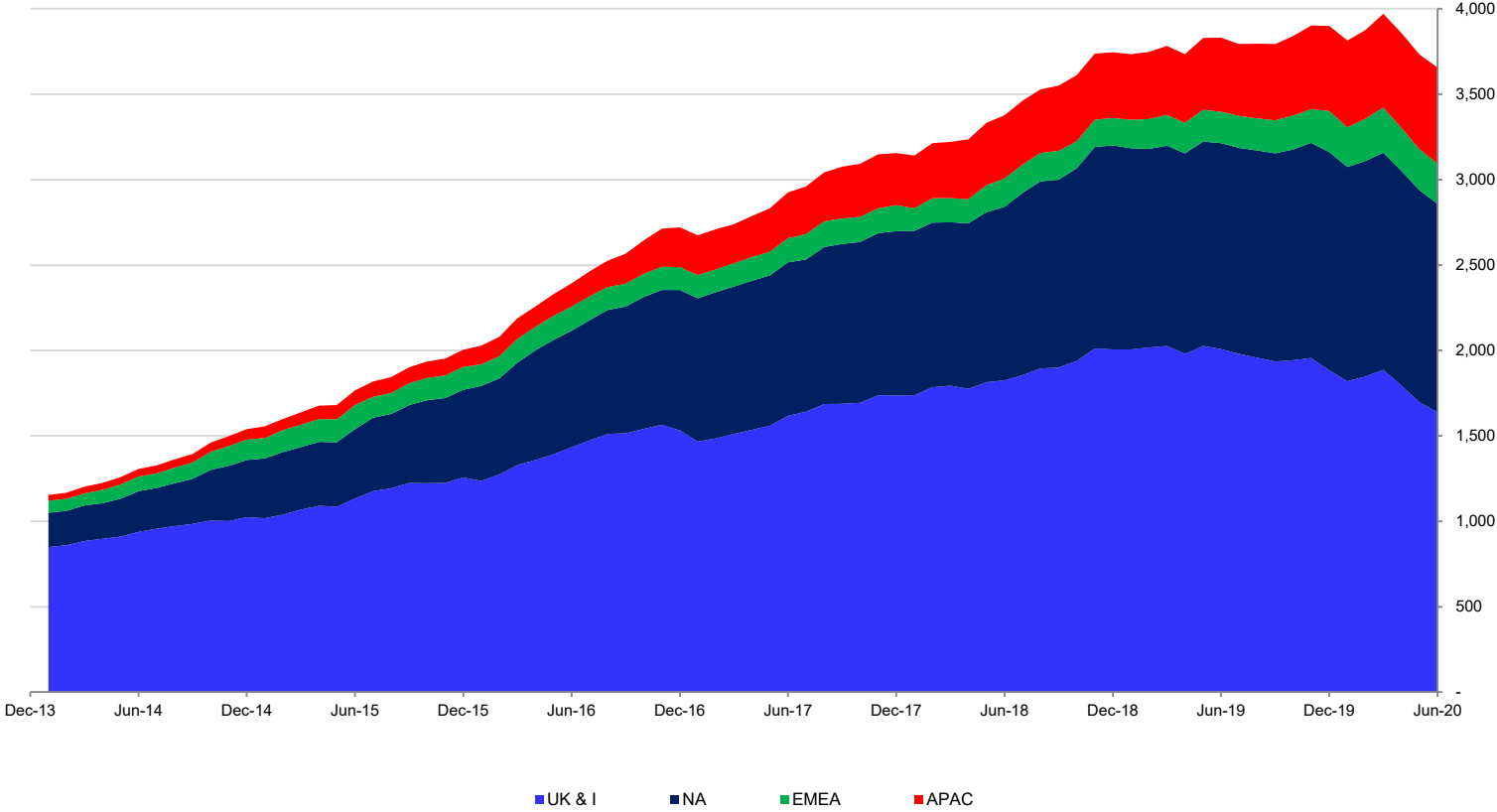


### Getting Back to Business

2020  
**102**

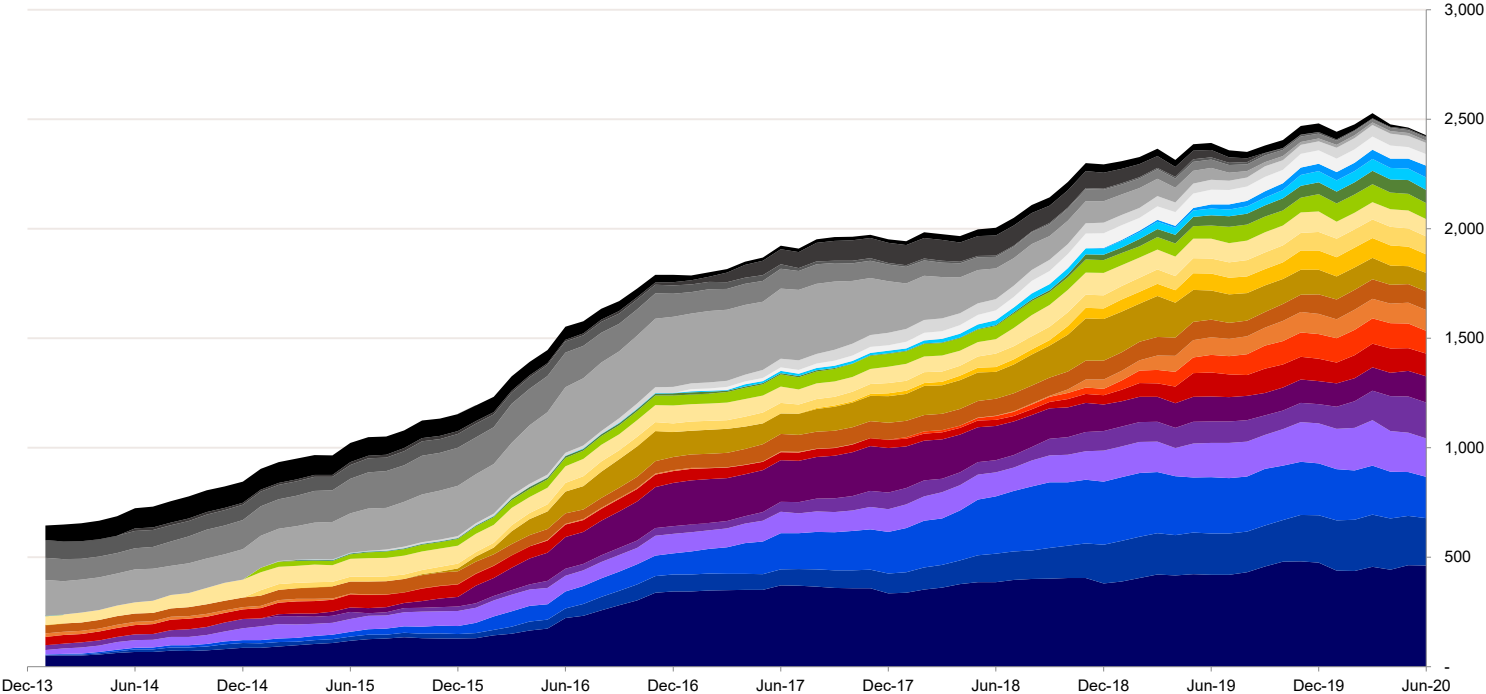
2019  
**95**

# Regional Headcount





# Top Clients by Headcount



- HSBC
- TD
- RBC
- Other Government
- Deutsche Bank
- Fannie Mae
- Lloyds
- Shell
- JPMorgan
- Morgan Stanley
- DWP
- Manulife
- Sky
- BAML
- BMO
- Macquarie
- DBS Bank
- Metafinanz
- Standard Life
- SCB
- Barclays
- UBS
- Credit Suisse
- Home Office
- British Airways

# CSR & Inclusivity

At FDM, diversity and inclusion starts at the top. It is ingrained into the FDM culture and championed by the leadership team

## Nationalities



**85+** 80+

nationalities working together as a team at FDM

## Gender



**~55%** ~50%

of the FDM Management Team are female

## Ethnicity



**53%\*** 38%

are from a BAME\*\* background

## Disability



**4%** 3%

of FDM UK graduate consultants consider themselves to have a disability

## Median Pay Gap



**-2.1%** -1.7%

UK business reported a -1.7% median gender pay gap for 2019

## Social Mobility



**40%\*** 44%

were the first in their family to go to university



**88%\*** 89%

attended a state school

## Ex-Forces



**735+** 630+

former service men and women have been placed through the programme since its inception

## Returners to Work



**200+** 140+

careers restarted through the FDM Getting Back to Business programme since inception

30 June 2019 comparatives highlighted in grey

\* of our UK graduate consultant respondents 2019

\*\* Black, Asian or Minority Ethnic

# FDM Networks

Launched in 2020 to provide employees with support and opportunities to enhance career development by providing a community for discussion and learning



Leading, Educating and Aspiring Diversity network – representing and celebrating FDM's BAME community



Empowering and celebrating FDMers of all genders



Creating an open and inclusive environment for LGBTQ+ employees through education and representation



Supporting FDMers with visible and non-visible disabilities, including mental health conditions



Providing a supportive network for those with parental and/or caring responsibilities



Bringing together those who have a faith or similar beliefs

# Recognition 2020



MINT Minded Company



Graduate Jobs Campaign Performance Award



The JobCrowd's Top 100 Companies For Graduates To Work For



Best for Vets Employer

## CEO's Statement



The Group has returned a resilient performance in the first half of the year given the challenges presented by the COVID-19 pandemic and, since its first-quarter update to the market in April, has traded comfortably in line with the Board's revised expectations.

Uncertainties over the impact of COVID-19 remain, but FDM's agile and robust business model has allowed us to respond rapidly and effectively to changes in market conditions over the first half, and will allow us to take advantage of opportunities as more normal conditions return.

Reflecting the strength of the Group's balance sheet, current encouraging trading levels and our confidence in FDM's long term prospects, the Board is pleased to declare an interim dividend of 18.5 pence per share.



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### Inside information and forward-looking statements

This Interim Report contains information that qualified, or may have qualified, as inside information for the purposes of Article 17 of the Market Abuse Regulations (EU) 596/2014 (MAR). This Interim Report also contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Subject to any requirement under the Disclosure Guidance and Transparency Rules or other applicable legislation or regulation, the Group does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Shareholders and/or prospective shareholders should not place undue reliance on forward-looking statements, which speak only as of the date of this Interim Report.

# Income Statement

for the six months ended 30 June 2020

	Six months to 30 June 2020 £000	Six months to 30 June 2019 £000
<b>Revenue</b>	<b>140,493</b>	134,396
Cost of sales	(73,676)	(69,314)
<b>Gross profit</b>	<b>66,817</b>	65,082
Administrative expenses	(45,303)	(39,846)
<b>Operating profit</b>	<b>21,514</b>	25,236
Finance income	66	97
Finance expense	(421)	(433)
<b>Net finance expense</b>	<b>(355)</b>	(336)
<b>Profit before income tax</b>	<b>21,159</b>	24,900
Taxation	(4,972)	(5,784)
<b>Profit for the period</b>	<b>16,187</b>	19,116

# Statement of Financial Position

as at 30 June 2020

	30 June 2020 £000	30 June 2019 £000
<b>Non-current assets</b>		
Right-of-use assets	17,371	18,920
Property, plant and equipment	6,425	7,360
Intangible assets	20,159	19,732
Deferred income tax assets	1,478	1,988
	<hr/>	<hr/>
	45,433	48,000
<b>Current assets</b>		
Trade and other receivables	44,756	45,577
Cash and cash equivalents	58,281	28,659
	<hr/>	<hr/>
	103,037	74,236
<b>Total assets</b>	<hr/>	<hr/>
	148,470	122,236
<b>Current liabilities</b>		
Trade and other payables	32,937	23,214
Lease liabilities	5,943	5,474
Current income tax liabilities	1,247	3,707
	<hr/>	<hr/>
	40,127	32,395
<b>Non-current liabilities</b>		
Lease liabilities	16,534	19,290
	<hr/>	<hr/>
	16,534	19,290
<b>Total liabilities</b>	<hr/>	<hr/>
	56,661	51,685
<b>Net assets</b>	<hr/>	<hr/>
	91,809	70,551

# Statement of Cash Flows

for the six month ended 30 June 2020

	Six months to 30 June 2020 £000	Six months to 30 June 2019 £000
<b>Cash flows generated from operations</b>	<b>30,835</b>	21,337
Interest received	66	94
Income tax paid	(6,780)	(4,290)
<b>Net cash flow from operating activities</b>	<b>24,121</b>	17,141
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(400)	(2,140)
Acquisition of intangibles assets	(79)	(5)
<b>Net cash used in investing activities</b>	<b>(479)</b>	(2,145)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	9
Proceeds from sale of shares from EBT	172	-
Principal elements of lease payments	(2,641)	(2,089)
Interest elements of lease payments	(389)	(405)
Lease incentives received	-	1,933
Payment for shares bought back	(7)	(2,844)
Finance costs paid	(32)	(25)
Dividends paid	-	(16,783)
<b>Net cash used in financing activities</b>	<b>(2,897)</b>	(20,204)
Exchange gains/ (losses) on cash and cash equivalents	557	(40)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>21,302</b>	(5,248)
Cash and cash equivalents at beginning of period	36,979	33,907
<b>Cash and cash equivalents at end of period</b>	<b>58,281</b>	28,659