



FDM Group (Holdings) plc

Results for the year ended 31 December 2020

Rod Flavell - CEO

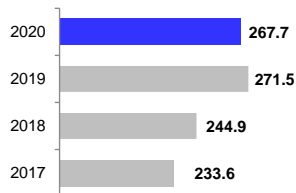
Mike McLaren - CFO

Highlights for the year ended 31 December 2020

Revenue (£m)

-1%

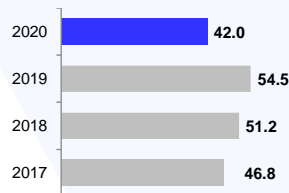
+5%
(CAGR)



Adjusted profit before tax (£m)

-23%

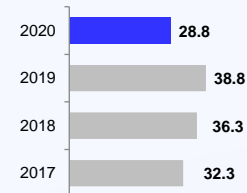
-4%
(CAGR)



Adjusted basic earnings per share (p)

-26%

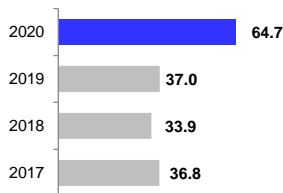
-4%
(CAGR)



Closing cash (£m)

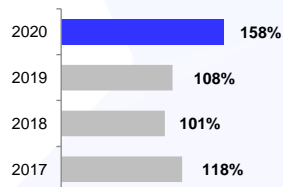
+75%

+21%
(CAGR)



Cash conversion (%)

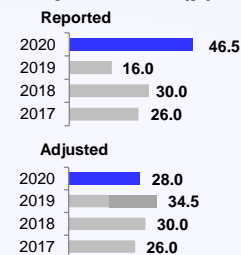
+50ppts.



Ordinary dividend per share (p)¹

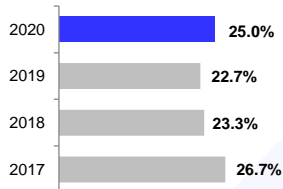
+191%

+21%
(CAGR)



Effective tax rate (%)

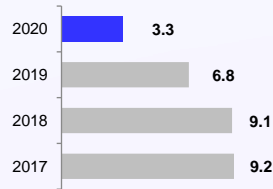
+2.3ppts.



Greenhouse gas ('GHG') emissions (tCO₂e/ £m)²

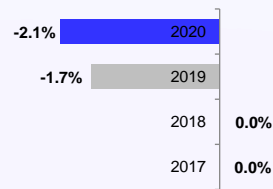
-51%

-29%
(CAGR)



Median gender pay gap (%)

-0.4ppts.



¹ The 2019 final dividend of 18.5p was withdrawn in March 2020. A first interim dividend for 2020 of 18.5p was paid in September 2020, followed by a second interim dividend of 13.0p in February 2021. A final dividend for 2020 of 15.0p is recommended. The above reflects the reported and an adjusted position based on the original dividend timetable

² Greenhouse gas emissions are calculated by dividing total emissions (tCO₂e) by revenue (£m)

Cash conversion is calculated by dividing cash flow generated from operations by operating profit. Adjusting for the settlement cost of the long-standing US legal claim and associated legal costs, cash conversion was 148%

CAGR (Compound Annual Growth Rate) applied over three years

ppts. (percentage points)

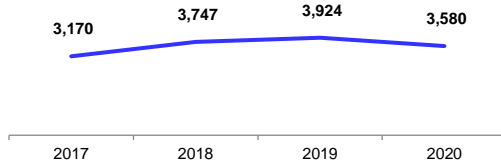
2018 and 2017 comparative figures have been restated for IFRS 16 'Leases'

Highlights for the year ended 31 December 2020

Mounties deployed

-9%

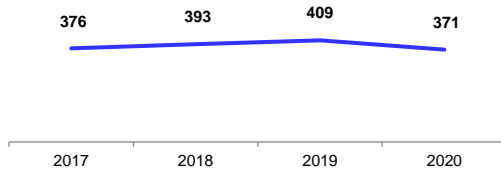
+4%
(CAGR)



Number of active clients

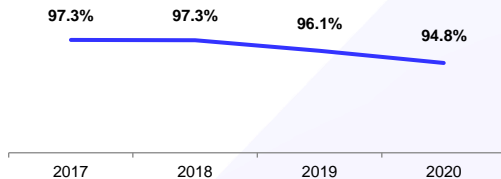
-9%

-0%
(CAGR)



Mountie utilisation (%)

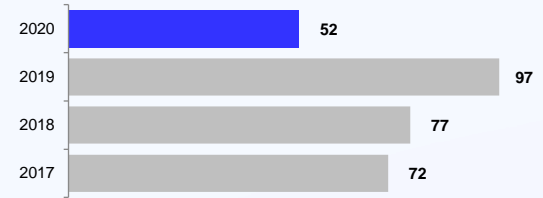
-1.3ppts.



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

New clients

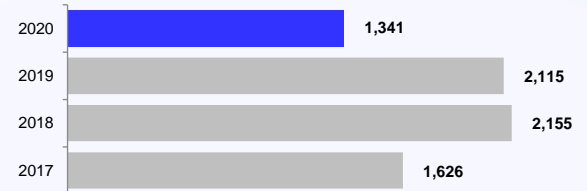
+52



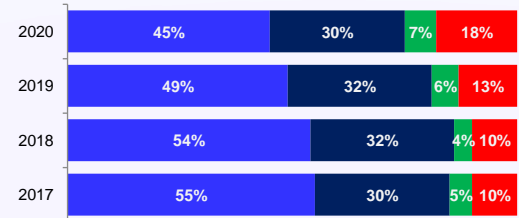
Training completions

-37%

-6% (CAGR)



Mounties deployed by region



■ UK & I ■ NA ■ EMEA ■ APAC

Our Markets

UK & Ireland	2020	2019	2018	2020 vs 2019	2020 vs 2018
Revenue	£120m	£137m	£131m	-12%	-8%
Mounties deployed	1,625	1,910	2,004	-15%	-19%
Adjusted operating profit	£25.2m	£37.8m	£37.0m	-33%	-32%
Adjusted operating profit margin %	21%	28%	28%	-7ppts.	-7ppts.

Following a decline in headcount in H1, when the region initially entered lockdown, UK & I responded well in H2 with headcount holding broadly flat

More post-commitment Mounties have remained with the business (2020: 39%, 2019: 21%)

COVID-19 impacted some sectors more than others, with travel, leisure, and hospitality most noticeably affected

Training completions were 417 (2019: 964), as we flexed our training to match COVID-19 reduced levels of demand

North America	2020	2019	2018	2020 vs 2019	2020 vs 2018
Revenue	£97m	£96m	£82m	+1%	+18%
Mounties deployed	1,086	1,277	1,196	-15%	-9%
Adjusted operating profit	£12.5m	£16.5m	£13.8m	-24%	-9%
Adjusted operating profit margin %	13%	17%	17%	-4ppts.	-4ppts.

The effects of the pandemic coupled with political uncertainty saw a weaker close in the US, following an uptick in Q3

Taking advantage of the flexibility that our pop-up model offers, we reduced the size of our training centres in Charlotte and Austin where classrooms were not being used during lockdown

Adjusted operating profit decreased after the Board took the pragmatic and commercial decision to settle for £3.0m a long-standing legal claim which the Board considered to be unmeritorious

EMEA	2020	2019	2018	2020 vs 2019	2020 vs 2018
Revenue	£21m	£16m	£14m	+31%	+50%
Mounties deployed	236	240	162	-2%	+46%
Adjusted operating profit	£3.4m	£2.2m	£1.4m	+55%	+143%
Adjusted operating profit margin %	16%	14%	10%	+2ppts.	+6ppts.

Luxembourg headcount grew from 41 to 80 in the year, driven particularly by client demand in Risk, Regulation and Compliance

Our EMEA territories are self-sufficient, recruiting Mounties largely from within the territories in which they operate. We are therefore well placed to meet client demand following Brexit

APAC	2020	2019	2018	2020 vs 2019	2020 vs 2018
Revenue	£30m	£23m	£18m	+30%	+67%
Mounties deployed	633	497	385	+27%	+64%
Adjusted operating profit/ (loss)	£1.6m	£-1.3m	£-0.4m	+223%	+500%
Adjusted operating profit/ (loss) margin %	5%	-6%	-2%	+11ppts.	+7ppts.

APAC performed strongly, recording growth in revenue and headcount across all territories

Australia continues to grow rapidly, increasing headcount by 80% and adding 6 new clients during the period

The region benefited from £2.2m of automatically received COVID-19 related employee cost subsidies in Hong Kong and Singapore

Across the region we gained 16 new clients

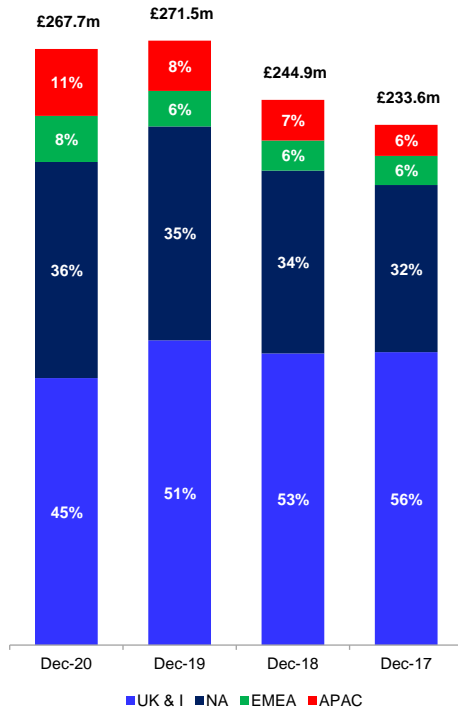
ppts. (percentage points)

2018 comparative figures have been restated for IFRS 16 leases

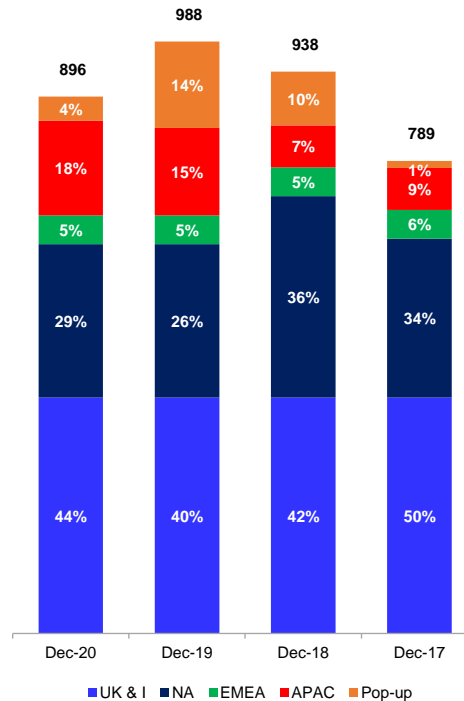
Regional Distribution

Pop-up training capacity was flexed in the year due to increased levels of remote working as a result of the pandemic

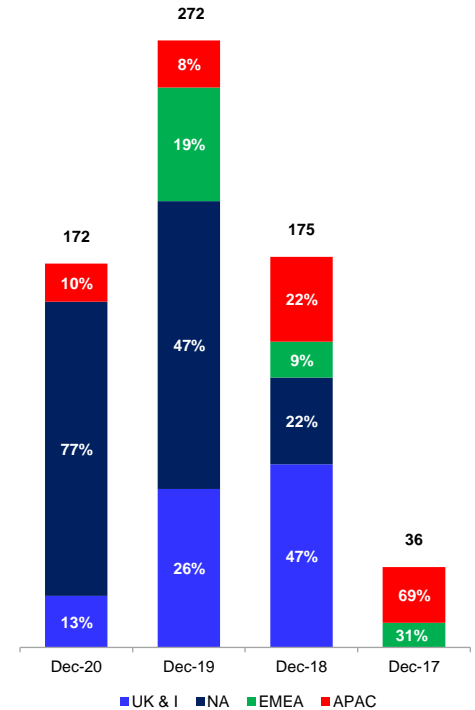
Regional revenue distribution



Academy capacity

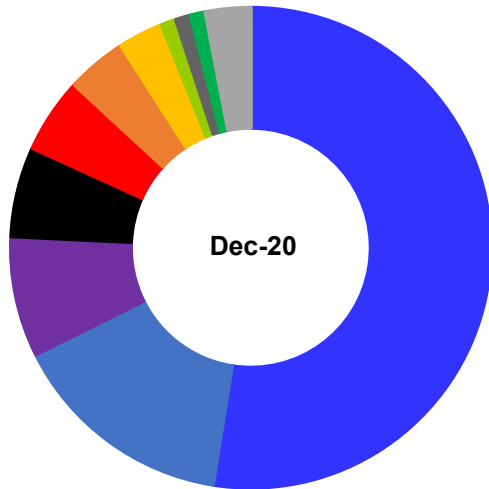


Pop-up training completions



Mountie Headcount

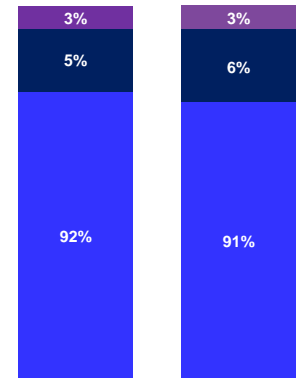
Banking headcount has remained resilient in the year, now accounting for over 50% of headcount



Industries	2020	2019
Banks	52%	47%
Diversified Financials	15%	16%
Government	8%	7%
Insurance	6%	7%
Software & IT Services	5%	8%
Energy	4%	4%
Media & Entertainment	3%	3%
Commercial & Professional Services	1%	2%
Health Care Equipment & Services	1%	0%
Consumer Services	1%	1%
Other	4%	5%

Other includes

- Utilities
- Food & Staples Retailing
- Telecommunication Services
- Retailing
- Materials
- Transportation
- Automobiles & Components
- Capital Goods
- Pharmaceuticals, Biotechnology & Life Sciences



2020

2019

- Returners
- Ex-Forces
- Graduates

Industry classification as per Standard & Poor's 'Global Industry Classification Standard' at 'Industry Group' level, with the addition of a "Government" sector



Ex-Forces

2020
194

2019
249

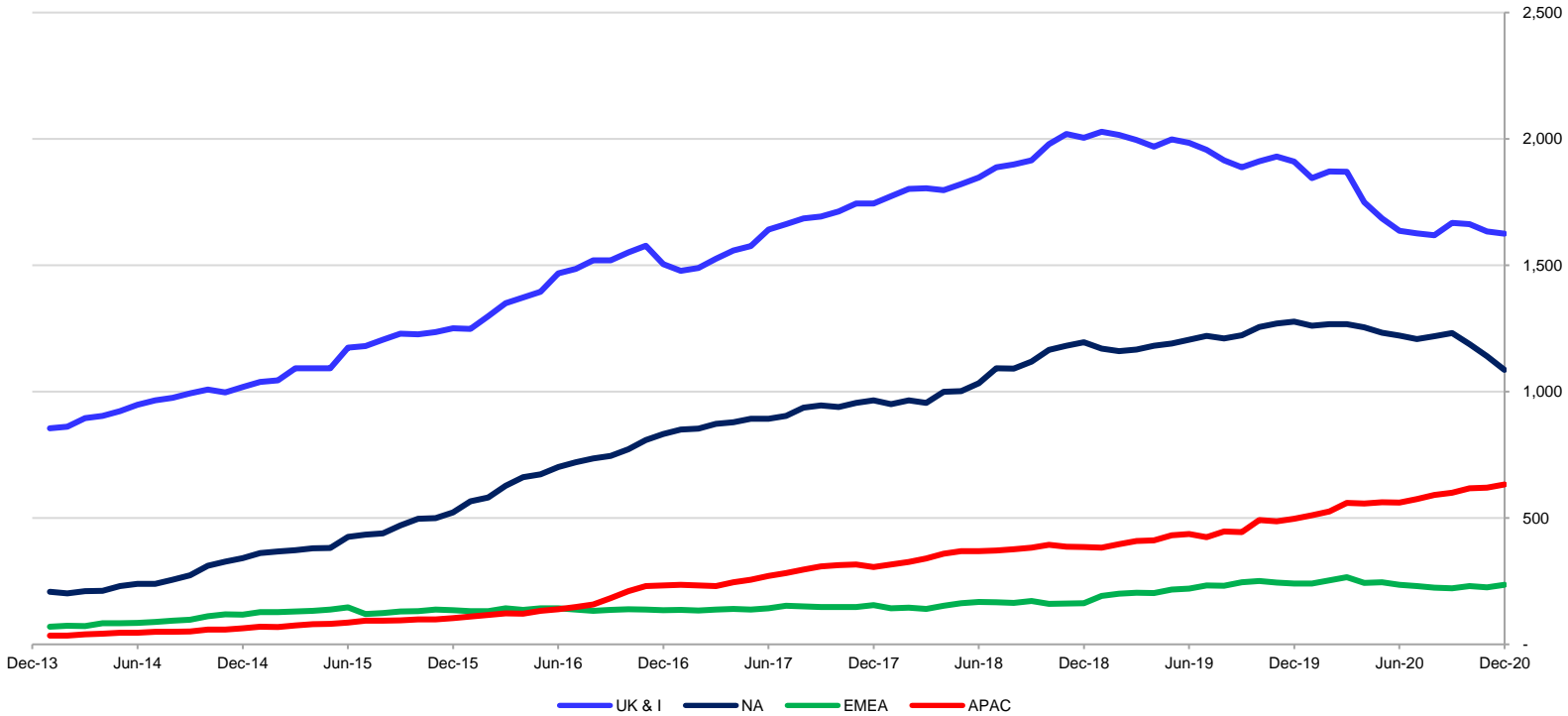


Returners

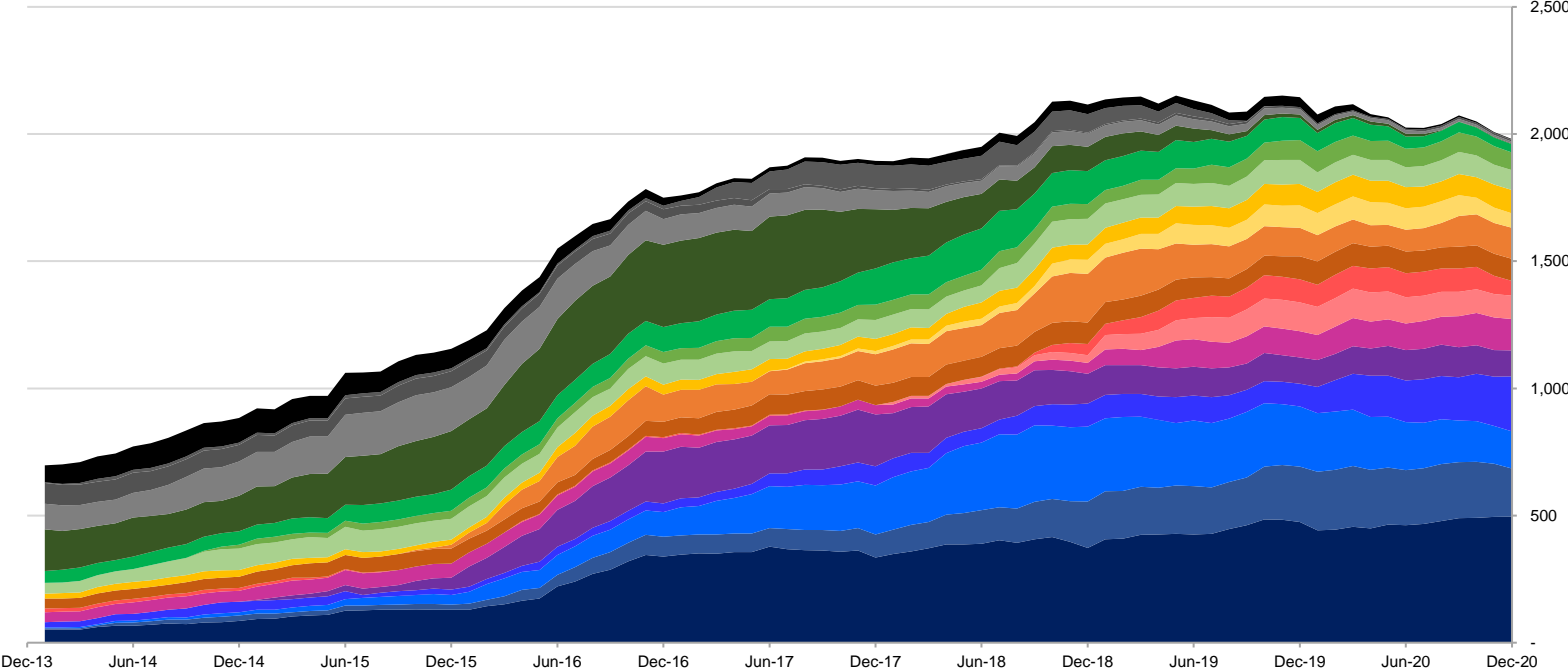
2020
112

2019
108

Regional Headcount



Top Clients by Headcount



- HSBC
- TD Bank
- RBC
- Deutsche Bank
- Fannie Mae
- Lloyds
- Shell
- JPMorgan
- Morgan Stanley
- DWP
- Manulife
- Sky
- BAML
- BMO
- BNP
- 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+

nationalities working together as a team at FDM

Gender



31%

of worldwide FDM employees are female

Ethnicity



46%*₁

are from a BAME*₂ background

Disability



5%*₁

consider themselves to have a disability

Median pay gap



-2.1%

UK business reported a -2.1% median gender pay gap for 2020

Social mobility



44%*₁

were the first in their family to go to university



90%*₁

attended a state school

Ex-Forces



750+

former service men and women have been placed through the FDM Ex-Forces programme since its inception

Returners



220+

careers restarted through the FDM Returners programme since its inception

Emissions



-51%

reduction in total GHG emissions intensity ratio in 2020

*₁ of our UK consultant intake in 2020

*₂ 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



Self-Assessment, Interaction and Learning - bringing together diversity of perspective and experience to encourage debate and continuous learning



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



Top 75 Employer in Social Mobility's Employer Index 2020




Top Graduate Recruiter 2020/2021





Best for Vets Employer


Employee Wellbeing


Various employee engagement programmes were introduced during this year's periods of lockdown to ensure that the wellbeing of our staff was monitored and safeguarded

 **Wellbeing reach-out** - we routinely call all consultants to check-in and understand their wellbeing. Wellbeing Champions provide support and signpost fellow employees to relevant advice on mental health and wellbeing

 **Surveys** - employee surveys enabled us to gain a better understanding of our people's views and help us take action to accommodate their needs

 **Yammer** - we launched Yammer, a social collaboration platform enabling our employees to communicate across the globe and keep up to date with the latest news and events

 **FDM Gets Active** - our people around the globe competed in a charity challenge to support FDM employees in keeping active and connected

 **'Rod's round ups'** - a series of informal, informative videos by Rod Flavell covering a wide range of topics and events, aimed at engaging with all staff

FDM is well set for a return to growth

A business built on strong client relationships

- International presence with localised support
- Extensive award winning training with the ability to tailor
- Cost effective, low risk, value-adding model
- Scalable capacity with option to transfer consultants to permanent

Providing our clients with a vital resource through COVID-19

- Flexibility and low risk make the model attractive during periods of uncertainty
- We continued to recruit and train the best talent
- Retained a highly skilled workforce and kept our commitment to those in the programme

Evolving products well-placed for further growth

- Pandemic has accelerated digitalisation of many industries, especially financial services where FDM has strong market share
- Scrums, pods and agile: new products and approaches deepening existing client relationships and building new ones
- Highly cash generative model
- 5,000 Mounties remains the medium term aim

Summary

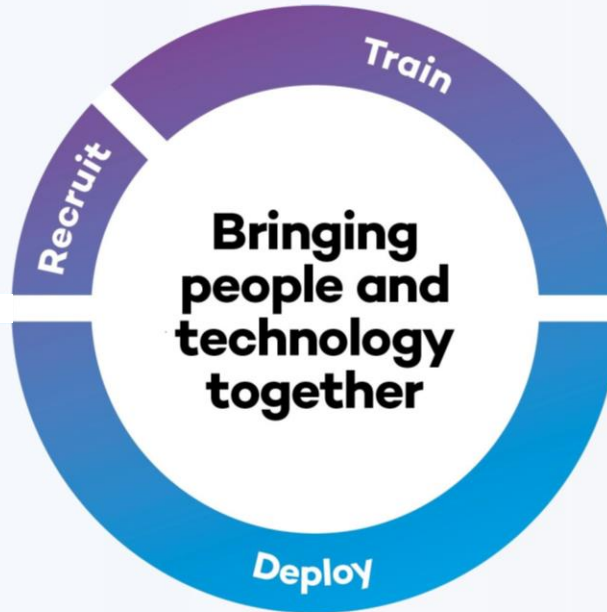
- *The resilience and agility of our business model has enabled us to deliver a solid performance in the year and to continue to deliver on our key strategic objectives despite the global COVID-19 pandemic*
- *We transitioned to remote working with minimum notice whilst retaining complete operational functionality, most critically in our ability to deliver training*
- *In H2, deal volumes improved and beached resource normalised by the year end*
- *We end the year with a robust balance sheet including cash of £64.7m and no debt*
- *In respect of 2020, a 2nd interim dividend of 13.0p has been paid and a final dividend of 15.0p is recommended*
- *We have seen good levels of client activity and deal volumes year to date 2021 and are significantly ramping up recruitment and training to meet client demand for our Mounties*



**Attract, train
and develop
high-calibre
Mounties**



**Invest in
leading-edge
training
capabilities**



**Grow and
diversify our
client base**



**Expand and
consolidate our
geographic
presence**

Business Model

Our purpose

To bring people and technology together, creating and inspiring exciting careers that shape our digital future

About us

We recruit and train graduates, ex-Forces personnel and returners to work, transforming them into IT and business professionals before deploying them to work with our clients

We work in partnership with our clients to fill their skills gaps, building a diverse pipeline for the future

What sets us apart

Our people

- As employees of FDM, our Mounties are trained not only to meet the requirements of our clients but to equip themselves well for the early stages of their nascent careers; we provide ongoing training and support throughout their tenure as FDM employees

Global coverage

- International presence with localised support in all our operating territories
- Experienced trainers with remote and in-house delivery capability

Track record of success

- Robust credentials with over 30 years of operational success
- Cost-effective, value-added business model

Bespoke approach

- Low-risk solution as FDM retains full accountability for Mounties
- Scalable capacity with no minimum requirement
- Ability to tailor recruitment and training
- Option to transfer consultants from FDM to a permanent role with the client after initial period

How our business works

We recruit

- The best:
- Graduates
 - Ex-Forces
 - Returners to work

We train

We offer extensive, award-winning, training to successful candidates

We deploy

We place Mounties at a diverse range of clients, in a wide range of disciplines and territories

Career development

Following completion of the initial commitment period, there is the option for Mounties to transition permanently to the client if the client so requires, remain as is or embark on a new placement with FDM

The value we create

For our clients

We provide our clients with a first-class, flexible resource at a competitive price

3,580

Mounties assigned to clients at year end

For our shareholders

We consistently deliver returns for our shareholders

46.5 pence

Two interims and a final dividend in respect of the year 2020

For our employees

Ongoing professional development and support available to our employees throughout their career at FDM

5,000+
FDM employees globally

85+
nationalities

For our trainees

Our award-winning training enables our trainees to transition into professional IT and business consultants, with relevant technical skills and commercial experience

1,341
training completions in 2020

Income Statement

for the year ended 31 December 2020

	2020 £000	2019 £000
Revenue	267,737	271,529
Cost of sales	(138,957)	(139,953)
Gross profit	128,780	131,576
Administrative expenses	(87,040)	(78,401)
Operating profit	41,740	53,175
Finance income	99	194
Finance expense	(815)	(886)
Net finance expense	(716)	(692)
Profit before income tax	41,024	52,483
Taxation	(10,249)	(11,856)
Profit for the year	30,775	40,627

Statement of Financial Position

as at 31 December 2020

	2020 £000	2019 £000
Non-current assets		
Right-of-use assets	14,774	17,832
Property, plant and equipment	5,554	6,789
Intangible assets	19,885	19,799
Deferred income tax assets	2,123	1,732
	<hr/>	<hr/>
	42,336	46,152
Current assets		
Trade and other receivables	31,048	39,937
Cash and cash equivalents	64,725	36,979
	<hr/>	<hr/>
	95,773	76,916
Total assets	<hr/>	<hr/>
	138,109	123,068
Current liabilities		
Trade and other payables	28,563	22,737
Lease liabilities	5,502	5,680
Current income tax liabilities	2,094	2,105
	<hr/>	<hr/>
	36,159	30,522
Non-current liabilities		
Lease liabilities	13,986	17,482
	<hr/>	<hr/>
	13,986	17,482
Total liabilities	<hr/>	<hr/>
	50,145	48,004
Net assets	<hr/>	<hr/>
	87,964	75,064

Statement of Cash Flows

for the year ended 31 December 2020

	2020 £000	2019 £000
Cash flows generated from operations	66,134	57,662
Interest received	99	194
Income tax paid	(11,464)	(11,009)
Net cash flow from operating activities	54,769	46,847
Cash flows from investing activities		
Acquisition of property, plant and equipment	(536)	(2,771)
Acquisition of intangibles assets	(79)	(321)
Net cash used in investing activities	(615)	(3,032)
Cash flows from financing activities		
Net cashflows from share transactions	754	(2,678)
Lease payments (net of incentives received)	(6,040)	(3,725)
Finance costs paid	(68)	(59)
Dividends paid	(20,085)	(34,113)
Net cash used in financing activities	(25,439)	(40,575)
Exchange losses on cash and cash equivalents	(969)	(168)
Net increase in cash and cash equivalents	27,746	3,072
Cash and cash equivalents at beginning of year	36,979	33,907
Cash and cash equivalents at end of year	64,725	36,979



Forward-looking statements

This report 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 report