

# Investor Factsheet 2021



SThree plc brings skilled people together to build the future. It is the only global pure-play specialist staffing business focused on roles in Science, Technology, Engineering and Mathematics ('STEM'), providing permanent and flexible contract talent to a diverse base of over 9,000 clients in 15 countries. The Group's c.2,600 staff cover the Technology, Life Sciences, Engineering and Banking & Finance sectors, serving customers throughout the USA, across Europe, the Middle East and over to Japan.

nature of work, which is demanding more flexibility. There is a global shift towards increased use of contingent workforces, shorter job tenures and remote working arrangements. SThree has a unique global footprint to maximise this opportunity.

The diverse mix of exposures across multiple geographic regions makes SThree ideally placed to provide its clients with insights to the changing work patterns specific to their region and to provide access to the best candidates with specialist STEM skills.

SThree is also at the centre of two long-term secular trends – the increasing demand for STEM skills and the changing

Market Capitalisation	£613m
Shares Outstanding	133.5m
Symbol:	STEM.L
31/05/2021	

## Leadership

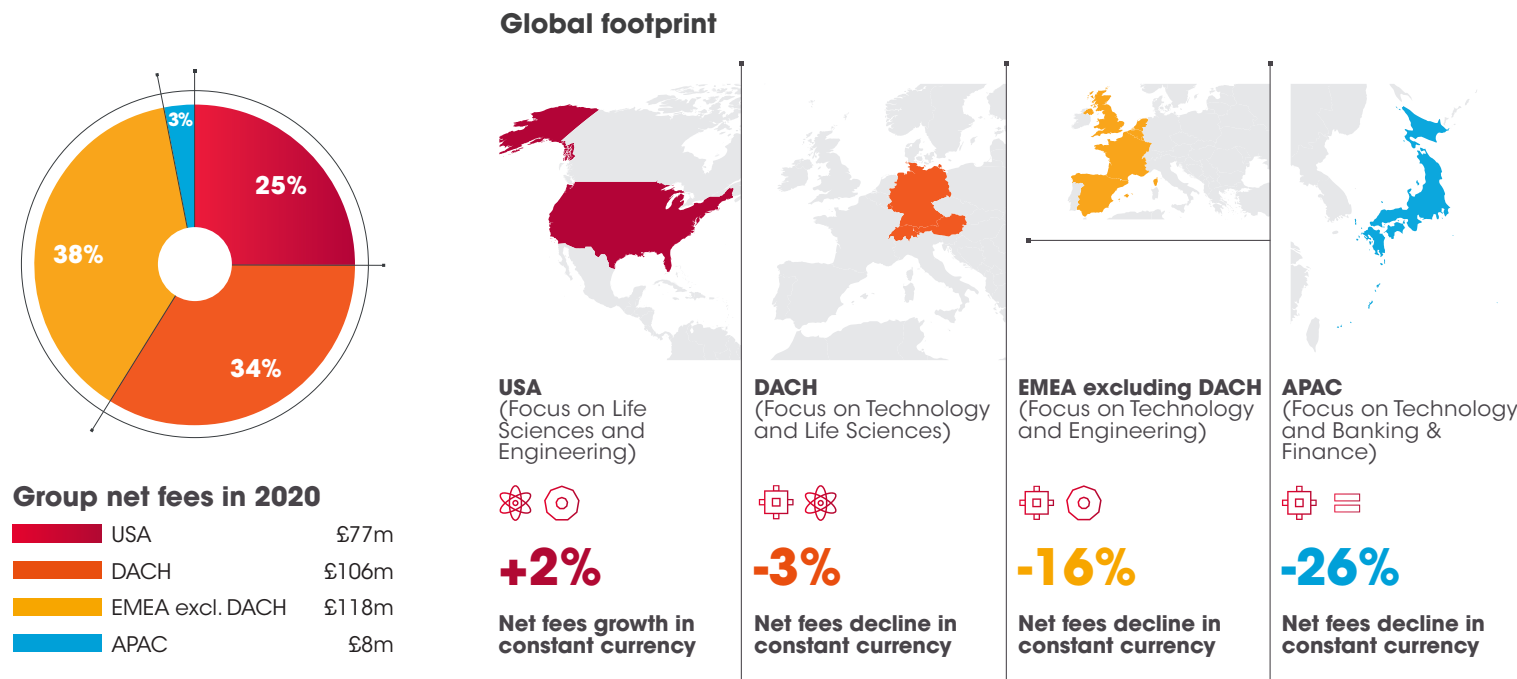


CHAIRMAN  
James Bilefield

CEO  
Mark Dorman

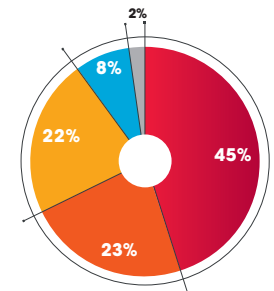
CFO  
Alex Smith

## Geographic and Sector Breakdown



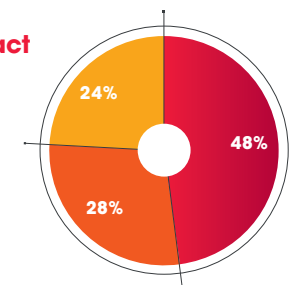
## Net fees by sector

- Technology
- Life Sciences
- Engineering
- Banking & Finance
- Other



## Net fees by type of contract

- Freelance contractor
- Employed contractor
- Permanent



## 2020/21 Highlights

- Group net fees for the full year declined 8% YoY, demonstrating resilience against Covid-19's impact and the continued recovery of the business in H2
- Significant sequential improvement of underlying Group performance in H2
  - Contractor order book stabilised
  - Sales activity and contractor retention rates increased quarter-on-quarter from Q3
  - Productivity per head up 4% in H2 YoY
- Full year adjusted PBT of £30.1m (2019: £59.1m)
- Continued market share gains in the USA, Germany, The Netherlands and the UK despite disruption, in line with 2024 strategic ambitions
- Contract net fees demonstrating resilience down 7% YoY. Contract represents 76% of Group net fees in line with strategic focus
- Permanent net fees also showing resilience, down 13% YoY
- Customer NPS improved by eight points to 52, demonstrating the improving quality of our service
- 89% of net fees generated outside of the UK (2019: 87%)
- Very strong balance sheet, with net cash of £49.9m at the year-end (2019: £10.6m)
- Resumption of dividend payments with a final dividend proposed of 5.0p (2019: nil)
- Alex Smith, CFO, will be stepping down during 2021 once a suitable successor has been identified

## Our Strategic Pillars

### Our position

Leveraging our position at the centre of STEM to deliver sustainable value to our candidates and clients

#### Delivering on our purpose

Utilise our unique position of being the only global pure-play STEM talent recruiter, to provide our clients and candidates with insights into the changing nature of work, and with the access to the best specialist skills.

- Continue to invest in sales and marketing – evolve the channels we utilise to deliver value to our candidates and clients

### Our platform

Create a world class operational platform through data, technology, and infrastructure

#### Delivering on our purpose

Embrace new technologies that are disrupting and transforming the recruitment market, to drive efficiencies and scale across our platform business.

- Build on global operational capabilities to deliver scale and margin expansion

### Our markets

To be a leader in markets we choose to serve

#### Delivering on our purpose

Continuous improvement to strategic approach to deliver STEM talent in our chosen geographies.

- Enhance the use of data to drive further performance improvement and unleash new opportunities

### Our people

Find, develop, and retain great people

#### Delivering on our purpose

Engagement of our people across the Group, focusing on improved communication and collaboration, diversity and inclusion, health and wellbeing, and shaping our culture.

- Building and bridging critical capability gaps in key markets
- Being recognised as leaders of diversity and inclusion in the staffing industry
- Empowering our people through their development
- Bringing people together to build a sustainable future

### 2020-2024 Group ambition

To reduce our absolute CO<sub>2</sub> emissions by

**20%**

To grow productivity<sup>1</sup> per head over the period

**1-2%pa**

**21-24%**  
Operating profit conversion ratio  
(2020: 10.1%)<sup>2</sup>

**75%**  
Free cash conversion ratio<sup>3</sup>  
(2020: 178%)

To grow Group market share of STEM by  
**50%**  
to 3% by 2024  
(2020: 2%)

Employee engagement score greater than a high performing norm

Maintain L&D spend at  
**5%**  
of operating profit

1. Productivity expressed as net fees over average total employees.

2. Ratio of operating profit to net fees.

3. Free cash flow CR% represents cash generated from operations for the year after deducting tax, net interest cost and rent payments, stated as a percentage of operating profit.

## Five-year financial summary

Financial metrics presented for continuing operations only	30 November 2020	30 November 2019	30 November 2018	30 November 2017	30 November 2016
<b>Financial metrics</b>					
Revenue (£'m)	<b>1,202.6</b>	1,324.7	1,235.8	1,089.2	939.1
Net fees (£'m)	<b>308.6</b>	338.0	316.5	281.9	253.3
Adjusted operating profit (£'m)	<b>31.3</b>	60.0	53.8	43.7	36.5
Adjusted operating profit conversion ratio	<b>10.1%</b>	17.8%	17.0%	15.5%	14.4%
Adjusted basic EPS (pence)	<b>13.9</b>	33.2	30.7	24.7	20.3
<b>Other Group ratios</b>					
Total assets (£'m)	<b>334.5</b>	305.1	360.5	273.5	231.5
Total equity (£'m)	<b>128.5</b>	116.5	101.7	80.7	75.7
Net cash/(debt) (£'m)	<b>49.9</b>	10.6	(4.1)	5.6	10.0
Adjusted cash from operations (£'m)	<b>76.9</b>	54.8	40.6	41.1	42.2
Adjusted free cash conversion ratio	<b>177.8%</b>	68.3%	47.7%	66.5%	88.0%
Dividends per share (pence)	<b>5.0</b>	15.3	14.5	14.0	14.0
<b>Group operational statistics</b>					
Average total headcount <sup>1</sup>	<b>2,894</b>	3,109	2,926	2,668	2,675
Average sales headcount <sup>1</sup>	<b>2,219</b>	2,423	2,254	2,090	2,113
Active contractors at year end	<b>9,523</b>	11,110	11,203	10,197	9,078

1. Based on full-time equivalents.

### Shareholders 31/5/2021

Jo Hambro	10.0%
Fidelity	5.6%
Legal & General	5.5%
BlackRock	5.3%
HBOS	5.2%
Harris	5.2%
AXA	5.1%
JP Morgan	5.1%
Kempen	5.0%

### Financial Calendar

22 April 2021	Annual General Meeting*
06 May 2021	Ex dividend date
07 May 2021	Record date
14 May 2021	Dividend reinvestment date
04 June 2021	Payment date
14 June 2021	Trading update for the six months ended 31 May 2021
19 July 2021	Interim results for the six months ended 31 May 2021
13 September 2021	Q3 Trading Statement
13 December 2021	Trading update for the year ended 30 November 2021
31 January 2022	Annual results for the year ended 30 November 2021

\* The Group does not normally provide a trading update at the time of its AGM.

## Strong cash generation

**Growing sustainable free cash flow and value for shareholders over the long term.**

Clear and efficient approach, with the Group's framework defining three priorities for uses of cash generated from operations:

- (i) reinvest in the business to fund organic growth;
- (ii) pursue and fund selective strategic investments; and
- (iii) maintain a sustainable dividend.

### 2014 to 2020

Operating profit to free cash flow conversion:

