The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014

PRELIMINARY RESULTS – UNAUDITED

Impellam Group plc ("Impellam" or ''the Group'') – London AIM: IPEL: 14 March 2019

Impellam announces its unaudited final results for the 53 week period ended 4 January 2019

Revenue growth and a more focused portfolio

	53 weeks FY 2018	52 weeks FY 2017	Actual Inc/(Dec)	Like-for-like[4] Inc/(dec)
Revenue (£ millions)	2,276.7	2,171.3	4.9%	5.7%
Gross profit (£ millions)	282.3	285.5	(1.1)%	0.1%
Adjusted EBITDA [(1)] (£ millions)	50.2	59.5	(15.6)%	(14.4)%
Adjusted EBITDA conversion [(2)]	17.8%	20.8%	(3.0) ppts	
Operating profit (£ millions)	22.9	44.7	(48.8)%	
Adjusted basic EPS [(3)]	56.8p	74.6p	(23.9)%	
Basic EPS	26.5p	61.9p	(57.2)%	
Net debt (£ millions)	71.7	75.9	(5.5)%	

(1) Before separately disclosed items, impairment and share-based payments. Explanations of Alternative Performance Measures are at the end of the report

(2) Calculated as Adjusted EBITDA / Gross Profit. Explanations of Alternative Performance Measures are at the end of the report this

(3) Before separately disclosed items, impairment and share-based payments. Explanations of Alternative Performance Measures are at the end of the report

(4) % change measured at constant exchange rates

Headlines

- Our strategy is working with revenues increasing by 4.9% (5.7% at constant exchange rates), driven by Managed Services growth.
- Increased collaboration through cross-sell delivered £2.5m incremental gross profit in the UK and Group fill increased by 1.7 pps to 27.0% (2017: 25.2%), delivering an additional £9.2m gross profit.
- Challenging market conditions in the UK Healthcare, Education and Retail markets meant that overall gross profit was flat at constant exchange rates and decreased by 1.1% using actual exchange rates.
- The launch of Guidant Global in October 2018 (from the merger of Guidant Group in the UK with Bartech Managed Services in the US) has accelerated the transformation of our portfolio and has already enabled the expansion of one client from the US to the UK as well as a further new client win. The continuing drive to grow the proportion of Managed Services within the Group's portfolio saw its share of Gross Profit rise to 41% (2017: 39%) and its share of segment adjusted EBITDA[1] grow to 57% (2017: 52%).
- Focus on key markets across our Specialist Staffing businesses delivered gross profit growth in Technology, Office, Engineering, Legal and Blue Collar in the UK as well as Technology in the US and Engineering in both the Australian and US markets.
- In February 2019, the Group announced the de-merger of Carlisle Support Services Group. The Group believes that the Carlisle business is a non-core division and the de-merger will allow Impellam to further focus on its portfolio of Specialist Staffing and Managed Services businesses.
- Ongoing strategic IT investments, the increased cost of doing business compliantly and the downturns in the markets noted above resulted in adjusted EBITDA[1] of £50.2m (2017: £59.5m).
- Operating Profit was £22.9m (2017: £44.7m). In addition to the adjusted EBITDA[1] shortfall this was impacted by a goodwill impairment of £8.6m in respect of the Education businesses following this particularly difficult year. This is a non-cash adjustment but does impact basic EPS. Operating Profit was also reduced by an increase in separately disclosed items from £3.4m to £5.7m.
- The Group's cash conversion was strong for the year with Net Debt closing at £71.7m, £4.2m (or 5.5%) better than prior year (2017: £75.9m).

1 Explanations of Alternative Performance Measures are at the end of the report
2 Group fill is the value of Spend Under Management supplied from our Group brands into our Managed Service programmes

Financial results for the 53 weeks ended 04 January 2019 - unaudited

£m	Revenue 2018	Revenue 2017	Revenue % change[3]	Gross profit 2018	Gross profit 2017	Gross profit % change[3]	Adjusted EBITDA[1] 2018	Adjusted EBITDA[1] 2017
Spend Under Management[1] – UK, Europe and Australasia	1,653.7	1,465.0	12.9%					
Spend Under Management[1] – North America	2,368.4	2,901.9	(16.2)%					
Group Fill [2] – UK, Europe and Australasia	871.6	784.5	11.1%					
Group Fill [2] – North America	215.2	315.1	(29.4)%					
Managed Services – UK, Europe and Australasia	1,154.6	1,019.4	13.3%	71.6	62.7	14.2%	21.5	20.4
Gross Profit %				*6.2%*	*6.2%*			
Specialist Staffing – UK, Europe and Australasia	800.0	811.9	(1.5)%	135.2	140.4	(3.7)%	16.5	23.6
Gross Profit %				*16.9%*	*17.3%*			
Managed Services – North America	183.7	187.2	(0.8)%	43.7	49.5	(10.0)%	9.3	12.3
Gross Profit %				*23.8%*	*26.4%*			
Specialist Staffing – North America	198.3	213.8	(1.8)%	31.8	32.9	(0.6)%	6.7	7.0
Gross Profit %				*16.0%*	*15.4%*			
Inter-segment revenues	(59.9)	(61.0)		-	-		-	-
Total	**2,276.7**	**2,171.3**	5.7%	**282.3**	**285.5**	0.1%	**54.0**	**63.3**
Corporate costs							(3.8)	(3.8)
Adjusted EBITDA (before separately disclosed items and share based payments)[1]							50.2	59.5
Amortisation of intangible assets							(9.1)	(7.3)
Depreciation of tangible assets							(3.3)	(3.3)
Loss on disposal							(0.2)	(0.1)
Impairment of goodwill							(8.6)	-
Separately disclosed items							(5.7)	(3.4)
Share based payments							(0.4)	(0.7)
Operating profit							**22.9**	**44.7**

1 Explanations of Alternative Performance Measures are at the end of the report
2 Group fill is the value of Spend Under Management supplied from our Group brands into our Managed Service programmes
3 Percentage change measured at constant exchange rates

Chairman’s Comments on the Results

In 2018, Impellam Group made good strategic progress amidst the backdrop of challenging conditions in the UK Healthcare, Education and Retail markets.

We have continued to invest selectively in line with our strategy, whilst maintaining control on costs and cash. Our focus on international expansion to reduce reliance on the UK and to increase scale continues, whilst we continue to strengthen our Managed Services proposition globally.

Our Managed Services businesses delivered strong growth, particularly in Australia. The merger of our UK and US Managed Services businesses has further broadened our capabilities and service offering. We have also seen expansion of our Specialist Staffing businesses in Europe, with new locations opened in Germany and Switzerland.

We have also continued to invest in our people and technology to ensure that Impellam Group is equipped to adapt to the changing world of work.

During 2018, there were some changes to the Impellam Board. Derek O’Neill, Non-executive Director, stepped down from the Board in May to pursue other opportunities and Alison Wilford, Group CFO, stepped down in October. Brian Porritt was appointed as Interim Group CFO, a non-board role, until a permanent replacement is recruited. The Board wishes to thank Alison and Derek for their contribution to the Company.

Finally, I would like to thank our shareholders for their continued support and our people for their hard work and contribution throughout the year. We enter 2019 with a clear plan and look forward to reporting our progress in the coming year.

Lord Ashcroft KCMG PC
Chairman

Performance Review

Despite significant challenges in the UK Healthcare, Education and Retail markets and the impact of 2017 customer losses in the US, overall Group gross profit was flat at constant exchange rates (1.1% decrease at actual exchange rates), with gross profit growth recorded in UK Managed Services, Technology, Office, Engineering, Legal and Blue Collar markets, in US Technology and Engineering markets and Australia Managed Services, Healthcare and Engineering markets.

We achieved this gross profit performance by continuing to invest in the development of our Virtuoso[2] culture, by growing our global Managed Services business and by increasing the scale and competitiveness of our international businesses. We also continued our strategic IT investments: Ignite, our recruiters' operating system, ShiftWise, a market first technology solution for the NHS and Workplace, our internal collaboration and communication platform.

The in-year financial impact of these investments, combined with the contraction of the UK Healthcare, Education and Retail markets in the UK, the gross margin wind-down of two Managed Services programmes (MSPs) in North America in 2017 and the increased cost of doing business compliantly (GDPR, Cyber and increase in employment related on-costs), meant that the Group delivered adjusted EBITDA[1] of £50.2m (2017: £59.5m) and profit before tax of £16.1m (2017: £37.9m).

Strategic review and update on strategic priorities

Throughout a challenging year, we remained true to our vision, mission and strategy and important progress has been made.

Enabling our Virtuosos

We now have developed 400 Virtuosos[2]; graduates of a leadership and cultural change programme which enables our people to make the difference in building trust, stronger relationships and improved experiences for our clients and candidates across the world. We continue to invest in our culture of Virtuosity, empowering our Virtuosos to deliver an increased quality of client service and innovation which drives high retention and satisfaction among clients and candidates alike.

Our Virtuosos are responsible for both front-line service delivery and the implementation of strategic change.

Transforming the portfolio

During 2018, we accelerated the process of focusing our portfolio of brands to give increased strategic clarity and financial performance.

Since 2014, it has been the Group's strategy to increase our overall percentage of Managed Services business and this now stands at 57% of our segment adjusted EBITDA[1] (2017: 52%).

A new portfolio structure has been implemented to drive Managed Services and international growth further to deliver premium (+ 10% per annum) returns. Regional businesses have distinct leadership and are focused on investing to stay relevant, productive and efficient so that they perform ahead of their market peer group.

A key strategic move in 2018 was the merger of our two talent acquisition and managed solutions businesses in the UK and US to form Guidant Global. This bold move means that we have strengthened our position in the growing £117bn Spend Under Management[1] (SUM) Managed Services market and enabled us to meet the needs of a broader range of international clients, securing increased market share and creating better workplaces across the world.

In February 2019, the Group announced the de-merger of Carlisle Support Services Group. The Group believes that the Carlisle business is a non-core division and the de-merger will allow Impellam to focus on its portfolio of Specialist Staffing and Managed Services businesses.

Collectively, our Managed Services businesses (Guidant Global, Comensura, Medacs Global Group (MGG) and Lorien) recorded 57 new wins in 2018 and have a strong sales pipeline across all geographies.

We have continued to invest in international expansion and we have seen particularly strong growth in Australia (Comensura and MGG). We have strengthened our position in Ireland (MGG, Guidant Global and SRG) and have invested in the organic start-up of a technology business in Germany (Lorien).

Finally, during 2018 we launched Origin, our innovation hub, to partner with, acquire and invest in staffing start-ups to drive both sustaining and disruptive innovation across the portfolio. In addition, Origin encourages entrepreneurship in our Virtuosos to support them to find new ways to operate and attract, retain and delight our customers and candidates.

Improved resilience

Our Virtuoso[2] culture and our focus on collaboration and cross-selling creates an operating model where customers stay with us for longer, as we adapt and innovate our services for them. Sometimes this means they move from being a Specialist Staffing customer to a Vertical Specialist Managed Services[3] customer and sometimes from either a Specialist Staffing or a Vertical Specialist Managed Services[3] customer to a full service MSP. In 2018, 13 customers migrated from one service offering to another with three of these moving to be a full service MSP.

In addition, our collaborative culture means that Group fill continues to rise as we leverage our Specialist Staffing brands as a key source of talent for our Managed Services customers. This collaboration works to the service of all our stakeholders.

Our customers have access to the best talent, our candidates have access to good work, and our people benefit from long term relationships with customers and candidates and our investors benefit from increased share of our customers' spend.

All of our markets are increasingly competitive. We compete for scarce candidates at the same time as our customers expect more value from us for less, as their individual market dynamics create increasing pressure.

To stay competitive, whilst offering a premium service to customers where engaged, fulfilled and productive workers are at the heart of our proposition, we have invested in a CRM system for our Specialist Staffing businesses and are mid-way a roll out programme to Blue Arrow.

Likewise, in the UK Healthcare market, where the NHS has been driving down use of agencies and agency margins over the last three years, we have boldly invested in ShiftWise technology to support the NHS in their strategic goal to shift spend to internal staff banks. Our performance in NHS backed pilots has been such that we confidently expect to increase our market share as this market place continues to transform over the next 24 months.

Despite all this progress, we are acutely aware of, and attuned to, the impact of the combination of events described in the opening statement of this report on our adjusted EBITDA[1] performance in 2018. In anticipation of continued market and technological disruption and downward pricing pressure, we will continue to focus on the price point for our premium positioning, our integrated operating model and our cost base to improve our conversion of gross profit to adjusted EBITDA[1].

Continued commitment to our strategic priorities and sales momentum is key, but we will also ensure that our rigour on project investment and implementation is second to none and that we have explored every angle to focus the portfolio on achieving optimum results. We believe that with this focus we will see a return to higher levels of conversion in the months ahead as we continue to work in partnership with our customers as they navigate the changing world of work as well as ongoing political and economic uncertainty.

Operating review

We continue to balance the risk in our portfolio. Our global Managed Services businesses are winning new customers and expanding their remit with existing customers. Our combined Managed Services operation with its long-term customer base and high level of recurring revenues now accounts for 59% of our revenue, 41% of our gross profit and 57% of our segment adjusted EBITDA[1]. Our non-UK businesses now represent 51% of our total adjusted EBITDA[1].

We achieved a 1.8pps increase in Group fill[4] to 27% (2017: 25.2%) which created £9.2m of additional gross profit in 2018. In addition, our focus on collaboration between our brands has continued to deliver results with an additional £2.5m gross profit reported in the UK.

Managed Services gross profit at £115.3m was 2.8% up on prior year with growth across the UK brands. Segment adjusted EBITDA[1] from Managed Services is £30.8m (2017: £32.7m). There was growth in the UK (Lorien), Australia (Comensura) and healthcare (Australia) while US Managed Services (Bartech, rebranded to Guidant Global) was down due to the timing of wins and losses.

Specialist Staffing gross profit at £167.0m was 3.6% down on the prior year, impacted by challenges in the UK retail market, the NHS and UK education sector. However, there were good performances from Technology in the UK and US (Lorien and s.com), Engineering in the UK (Carbon60), Legal in the UK (Chadwick Nott), Office and Blue collar in the UK (Blue Arrow and Tate).

Financial report

Revenue for the 53 week period ended 4 January 2019 grew by 4.9% (5.7% at constant exchange rates). Gross profit decreased by 1.1% (0.1% increase at constant exchange rates). Gross profit declined in our Specialist Staffing business and was further impacted by the increased mix of our Managed Services business revenues.

Adjusted EBITDA[1] was 15.6% lower year-on-year (14.4% at constant exchange rates). This was the combination of lower gross profit and an increase in operating costs, particularly IT investment. Operating profit was 48.8% lower year-on-year. The difference between these measures is reconciled below and is principally due to a goodwill impairment charge of £8.6m in respect of the education business and £5.7m of separately disclosed items primarily in respect of legal provisions and restructure and integration costs.

Foreign exchange

Currency movements versus Sterling negatively impacted our reported performance. Over the course of the period to December 2018, the negative impact of exchange movements on gross profit and operating profit was £3.2m and £0.7m respectively. Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a sensitivity for the reported performance of our business. By way of illustration, each one cent movement in annual exchange rates of the US Dollar impacts gross profit by £0.6m per annum and operating profits by £0.13m per annum. The rate of exchange between the US Dollar and Sterling over the period ended 4 January 2019 averaged USD 1.334 and closed at USD 1.274. As the Group expands further in Australasia and Europe the impact of changes in exchange rates will be greater.

Capital investment

Capital expenditure on fixed assets in the period was £10.0m (2017: £11.3m), with continued investment in our two strategic IT projects (ShiftWise and Ignite). The net finance expense in the period was £6.8m (2017: £6.8m).

Interest and debt

Net cash generated from operations during the period was £38.2m (2017: £55.0m). Strong underlying cash performance was the result of the continued focus on cash collections, overdue debt reduction and working capital management activities. Cash conversion (net cash generated from operations to operating profit) of 166.8% in 2018 (2017: 123.0%) was positively impacted by the additional week at the end of the year; however, using the cash conversion of net cash generated from operations to adjusted EBITDA[1] gives 76.1% (2017: 92.4%) which is more reflective of the underlying business performance. At the end of 2018, Days Sales Outstanding (DSO)[5] stood at 39.5 days (2017: 38.7 days).

The Group's operations are financed by retained earnings and bank borrowings. The Group has in place a £240m global Revolving Credit Facility (RCF) with an accordion element of an additional £50m. This provides the Group with the flexibility to fund its working capital as well as future acquisitions. Rates of interest for the RCF are based on LIBOR plus a margin calculated on the net debt to adjusted EBITDA[1] leverage.

Incorporated into the RCF is a letter of credit facility which at the end of the period amounted to £5.1m (2017: £3.8m).

The Group takes advantage of a number of non-recourse financing agreements organised by clients of the Group to allow for the acceleration of payment of their receivables. At the end of 2018, these amounted to £18.5m (2017: £17.3m). These agreements accrue interest at between 0.7% and 1.85% over LIBOR. A significant priority for the Group continues to be to focus on the conversion of operating profit into sustained positive cash flow by controlling working capital. The Group measures three covenants as required by the facility - interest cover, adjusted leverage ratio (defined as net debt less loan notes and restricted cash to adjusted EBITDA[1]) and debtor cover. All covenants were met during the year.

Borrowing levels are controlled by the Group Finance department, which manages treasury risk in accordance with policies set by the Board.

The Group's financial liabilities are denominated primarily in Sterling. At December 2018, US$40.0m of the RCF was drawn in US$ to provide a hedge against the US operations' profit streams and net assets which, when reported at a Group level, are affected by movements in exchange rates. Exposure to currency risk at a transactional level is generally minimal, with most transactions being carried out in local currency.

Taxation

The tax charge in the period of £2.8m (2017: £6.8m) represents an effective tax rate of 17.4% (2017: 17.9%). The tax charge is comprised of corporate tax charges arising from the Group's activities in the UK and overseas. At the end of the period, the Group has maintained the level of losses against which a deferred tax asset has been recognised on the basis that the Group remains confident that the US business will continue to be profitable in the foreseeable future.

The Group had a UK Corporation Tax charge of £1.4m (2017: £4.8m) and an overseas corporate income tax charge of £2.5m (2017: £2.3m). The effective current tax rate on the UK business is 17.5% (2017: 26.3%). This is lower than the UK statutory rate of Corporation Tax which is 19.0% (2017: 19.3%). The difference is principally due to tax credits arising from the true-up of prior years' provisions off-set partially by charges to the profit and loss account which are not deductible for corporation tax purposes. The overseas current tax charge arises mainly in Australia where the highest corporate income tax rate is 30%.

The Group made a major contribution to the UK Treasury. In the period, £312.4m (2017: £303.3m) was remitted in the form of VAT, income tax, national insurance, and Corporation Tax.

Of this amount, employer's national insurance and Corporation Tax of £52.0m (2017: £57.0m) was a cost to the business.

Capital management

The Group's capital base is primarily used to finance its working capital requirement, the key component of which is trade receivables. Trade receivables in the staffing and support services sectors are managed according to a range of DSO targets. Terms of trade are monitored and the approval of extended payment terms requires senior finance involvement. In some of the Group's Managed Services businesses, the amounts payable to third party suppliers are not due until after the receipt of the client receivable. As noted above, the Group has committed facilities that ensure there is sufficient liquidity to meet ongoing business requirements.

The primary objectives of the Group's capital management function are to ensure that it maintains a good credit rating in order to support its business, to maximise shareholder value and to safeguard the Group's ability to continue as a going concern.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In coming to their conclusion the Directors have considered the Group's profit and cash flow plans for the coming period, together with outline projections for 2019 and 2020. The amount of borrowing required to fund the Group's activities is determined based on these projections, together with expected returns to shareholders and planned capital expenditure. This is then compared to the bank lending facilities currently committed and expected to be available to the Group.

Also considered is the projection of compliance with the financial covenants implied by these plans. In addition, these figures are tested for sensitivity to possible changes to the economic environments in which the Group operates.

The impact on Group liquidity and covenants of each of these sensitivities is then evaluated together with the likelihood of each of these occurring either individually or in combination.

On a regular basis, and at least quarterly, the Board reviews updated projections of future borrowing requirements, facility usage and resulting headroom, together with projected covenant compliance; these are based upon the latest actual results and borrowing position supplemented by regularly updated profit forecasts. Based on the above, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Dividends and share buyback

In July 2018 the Board announced that it would be undertaking a share buyback programme whereby it is returning cash to its shareholders through the purchase of ordinary shares in the Company up to an aggregate market value of £12m over a period of 12 months. The proposed quantum of the buyback (£12m) reflects the value that the Board would otherwise have intended to return to shareholders through dividends over the same period.

Therefore no final dividend has been declared.

Insurance

The Group maintains a comprehensive insurance programme with a number of reputable third party underwriters. Insurance is brokered at a Group level. The Group's insurance policies are reviewed and updated annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

Brexit

One of the biggest risks we see over the coming year is in the UK, where uncertainties regarding the macroeconomic and political outlook are likely to remain throughout the period in which the UK negotiates its exit from the EU. This could have a detrimental impact on candidate confidence to switch jobs, or business confidence to invest and take on new staff. The impact of this could be reduced volumes of placements in our UK business and therefore reduced fees. Forward visibility remains limited and outlook uncertain, but as ever we will monitor activity levels closely.

Outlook

Looking forward, we anticipate continued market and technological disruption and downward pricing pressure, as well as ongoing uncertainty from Brexit. Notwithstanding this, we anticipate an increasing return from our strategic investments in 2019, and this, coupled with a rigorous portfolio, operating model and cost base review means that we expect to see a return to higher levels of conversion of gross profit to EBITDA and profit before tax.

Julia Robertson

Group Chief Executive Officer

1 Explanations of Alternative Performance Measures are at the end of the report

2 Virtuosos are people who see possibilities and can tune-in to the needs of our customers and candidates

3 Vertical Specialist Managed Services are our brands which have Specialist focus and expertise delivering sector or function staffing solutions.

4 Group Fill is the percentage of Spend Under Management supplied from our Group brands into our Managed Service programmes.

5 Days Sales Outstanding (DSO) is total trade receivables divided by average daily invoiced sales

Consolidated Income Statement

For the 53 weeks ended 4 January 2019	Notes	**Unaudited 53 weeks 4 January 2019 £m**	Audited 52 weeks 29 December 2017 £m
Revenue	2	**2,276.7**	2,171.3
Cost of sales		**(1,994.4)**	(1,885.8)
Gross profit		**282.3**	285.5
Administrative expenses		**(259.4)**	(240.8)
Operating profit	2	**22.9**	44.7
Operating profit before separately disclosed items, impairment of goodwill and share based payments		**37.6**	48.8
Separately disclosed items	3	**(5.7)**	(3.4)
Impairment of goodwill		**(8.6)**	-
Share based payment		**(0.4)**	(0.7)
Operating profit		**22.9**	44.7
Finance expense		**(6.8)**	(6.8)
Profit before taxation		**16.1**	37.9
Taxation charge	4	**(2.8)**	(6.8)
Profit for the period		**13.3**	31.1
Profit attributable to:			
Equity holders of the Parent Company		**13.2**	30.9
Non-controlling interest		**0.1**	0.2
		13.3	31.1
Earnings per share	5		
Attributable to equity holders of the Parent Company			
- basic		**26.5p**	61.9p
- diluted		**26.5p**	61.1p

Consolidated Statement of Other Comprehensive Income

For the 53 weeks ended 4 January 2019

	Unaudited 53 weeks 4 January 2019 £m	Audited 52 weeks 29 December 2017 £m
Profit for the period	**13.3**	31.1
Other comprehensive income:		
Items that may be subsequently reclassified into income:		
Remeasurement of defined benefit liability	**0.1**	-
Foreign currency translation differences – foreign operations	**5.6**	(7.9)
Total comprehensive income for the period, net of tax	**19.0**	23.2
Total comprehensive income for the period attributable to:		
Equity holders of the Parent Company	**19.1**	23.1
Non-controlling interest	**(0.1)**	0.1
	19.0	23.2

Consolidated Balance Sheet

As at 4 January 2019

	Unaudited 4 January 2019 £m	Audited 29 December 2017 £m
Non-current assets		
Property, plant and equipment	**6.7**	7.3
Goodwill	**156.2**	160.4
Other intangible assets	**131.1**	131.7
Financial assets	**1.4**	1.4
Deferred tax assets	**15.3**	13.2
	310.7	314.0
Current assets		
Trade and other receivables	**569.1**	687.2
Cash and cash equivalents	**77.2**	100.3
	646.3	787.5
Total assets	**957.0**	1,101.5
Current liabilities		
Short-term borrowings	**25.1**	73.2
Trade and other payables	**508.3**	635.5

Tax payable	**1.7**	4.2
Provisions	**0.9**	1.1
	536.0	714.0
Net current assets	**110.3**	73.5
Non-current liabilities		
Long-term borrowings	**123.8**	103.0
Other payables	**1.6**	0.9
Provisions	**3.4**	1.1
Deferred tax liabilities	**22.8**	22.2
	151.6	127.2
Total liabilities	**687.6**	841.2
Net assets	**269.4**	260.3

	Unaudited 4 January 2019 £m	Audited 29 December 2017 £ m
Equity		
Issued share capital	**0.5**	0.5
Share premium account	**30.1**	30.1
	30.6	30.6
Other reserves	**124.6**	120.9
Retained earnings	**114.2**	108.7
Total equity attributable to equity holders of the parent Company	**269.4**	260.2
Non-controlling interest	**-**	0.1
Total equity	**269.4**	260.3

Consolidated Statement of Changes in Equity

For the 53 weeks ended 4 January 2019	Total share capital and share premium	Other reserves	Retained earnings	Total equity attributable to equity owners of the parent	Non-controlling Interest	Total Equity
Audited	£m	£m	£m	£m	£m	£m
31 December 2016	30.6	128.0	88.2	246.8	-	246.8
Profit for the period	-	-	30.9	30.9	0.2	31.1
Other comprehensive income	-	(7.8)	-	(7.8)	(0.1)	(7.9)
Total comprehensive income in period	-	(7.8)	30.9	23.1	0.1	23.2
Transactions with owners, recorded directly in equity						
Purchase of treasury shares	-	-	(0.1)	(0.1)	-	(0.1)
Share-based payment charge	-	0.7	-	0.7	-	0.7
Dividends paid	-	-	(10.3)	(10.3)	-	(10.3)
29 December 2017	30.6	120.9	108.7	260.2	0.1	260.3
Unaudited						
30 December 2017	**30.6**	**120.9**	**108.7**	**260.2**	**0.1**	**260.3**
Profit for the period	**-**	**-**	**13.2**	**13.2**	**0.1**	**13.3**
Other comprehensive income	**-**	**5.8**	**0.1**	**5.9**	**(0.2)**	**5.7**
Total comprehensive income in period	**-**	**5.8**	**13.3**	**19.1**	**(0.1)**	**19.0**
Transactions with owners, recorded directly in equity						
Purchase of Treasury shares	**-**	**-**	**(3.5)**	**(3.5)**	**-**	**(3.5)**
Share-based payment charge	**-**	**0.4**	**-**	**0.4**	**-**	**0.4**
Dividends paid	**-**	**-**	**(6.8)**	**(6.8)**	**-**	**(6.8)**
Transfer between reserves	**-**	**(2.5)**	**2.5**	**-**	**-**	**-**
4 January 2019	**30.6**	**124.6**	**114.2**	**269.4**	**-**	**269.4**

Consolidated Cash Flow Statement

For the 53 weeks ended 4 January 2019	Unaudited 53 weeks 4 January 2019 £m	Audited 52 weeks 29 December 2017 £m
Cash flows from operating activities		
Profit before taxation	**16.1**	37.9
Adjustments for:		
Depreciation of property, plant and equipment	**3.3**	3.3
Amortisation of intangible assets	**9.1**	7.3
Impairment of goodwill	**8.6**	-
Loss on disposal of property, plant and equipment	**0.3**	0.1
Net finance expense	**6.8**	6.8
Share-based payment	**0.4**	0.7
	44.6	56.1
Decrease/(increase) in trade and other receivables	**89.9**	(94.8)
(Decrease)/increase in trade and other payables	**(91.9)**	105.7
Increase/(decrease) in provisions	**2.1**	(3.7)
Cash generated by operations	**44.7**	63.3
Tax paid	**(6.5)**	(8.3)
Net cash from operating activities	**38.2**	55.0
Cash flows from investing activities		
Acquisition of subsidiary	**(4.8)**	(1.8)
Purchase of property, plant and equipment	**(3.1)**	(3.2)
Purchase of intangible assets	**(6.9)**	(8.1)
increase in other financial assets	**-**	(0.2)
Net cash from investing activities	**(14.8)**	(13.3)
Cash flows from financing activities		
(Decrease)/increase in short-term borrowings	**(27.6)**	26.8
Purchase of Treasury shares	**(3.5)**	(0.1)
Finance expense paid	**(6.8)**	(6.8)
Capital element of finance lease payments	**0.4**	(0.2)
Dividends paid	**(6.8)**	(10.3)
Net cash from financing activities	**(44.3)**	9.4

Net (decrease)/increase in cash and cash equivalents	**(20.9)**	51.1
Opening cash and cash equivalents	**100.3**	54.8
Effect of foreign exchange rate movements	**(2.2)**	(5.6)
Closing cash and cash equivalents*	**77.2**	100.3

** Unrestricted cash, available to the Group*

1. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Financial information

The financial information, which is unaudited, for the 53 weeks to 4 January 2019 does not constitute the statutory accounts of the Group for the relevant period within the meaning of section 434 of the Companies Act 2006. Such statutory accounts will be completed in due course and delivered to the Registrar of Companies.

Accounting policies, new IFRS and interpretations

The accounting policies used in this report are consistent with those applied at 4 January 2019. No other new and/or revised IFRS and IFRIC publications that come into force in the period and were adopted have had any impact on the accounting policies, financial position or performance of the Group.

2. Segment information - unaudited

53 weeks ended 4 January 2019

	Revenue £m	Gross profit £m	**Adjusted EBITDA £m**
Managed Services – UK, Europe and Australasia	**1,154.6**	71.6	**21.5**
Specialist Staffing – UK, Europe and Australasia	**800.0**	135.2	**16.5**
Managed Services – North America	**183.3**	43.7	**9.3**
Specialist Staffing – North America	**198.3**	31.8	**6.7**
Inter-segment revenues	**(59.9)**	-	**-**
Operating segments	**2,276.7**	282.3	**54.0**

52 weeks ended 29 December 2017 - audited

	Revenue £m	Gross profit £m	Adjusted EBITDA £m
Managed Services – UK, Europe and Australasia	1,019.4	62.7	20.4
Specialist Staffing – UK, Europe and Australasia	811.9	140.4	23.6
Managed Services – North America	187.2	49.5	12.3
Specialist Staffing – North America	213.8	32.9	7.0
Inter-segment revenues	(61.0)	-	-
Operating segments	2,171.3	285.5	63.3

Reconciliation of segment adjusted EBITDA to profit after tax is as follows:

	Unaudited 53 weeks 4 January 2019 £m	Audited 52 weeks 29 December 2017 £m
Segment Adjusted EBITDA	**54.0**	63.3
Corporate costs	**(3.8)**	(3.8)
Adjusted EBITDA	**50.2**	59.5
Amortisation of intangible assets	**(9.1)**	(7.3)
Depreciation of tangible assets	**(3.3)**	(3.3)
Loss on disposal	**(0.2)**	(0.1)
Impairment of goodwill	**(8.6)**	-
Separately disclosed items*	**(5.7)**	(3.4)
Share based payments	**(0.4)**	(0.7)
Operating profit	**22.9**	44.7
Finance expense	**(6.8)**	(6.8)
Tax charge	**(2.8)**	(6.8)
Profit for the period from continuing operations	**13.3**	31.1

* Further details of separately disclosed items can be found in note 3

The above table reconciles the adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (‘EBITDA’), which also excludes separately disclosed items, impairment of goodwill and share-based payment to the standard profit measure under International Financial Reporting Standards (Operating Profit). This is the Group’s Alternate Profit Measure used when discussing the performance of the Group. The Directors believe that adjusted EBITDA is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance, including Directors' remuneration, and also reflects the starting profit measure used when calculating the Group's banking covenants. All discussions within the Group on segmental and individual brand performance refer to adjusted EBITDA.

Adjusted EBITDA is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute, or superior to, IFRS measurements of profit.

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance (note 3).

The Impairment charge due its size is disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

Share-based payment – in September 2015 the Company granted share awards to two senior Directors which were due to vest following the publication of the audited financial results for the fifty two weeks ended 29 December 2017. One of the Directors left during 2016 and the share award relating to that Director has been cancelled. The remaining shares lapsed in 2018 as the vesting conditions were not met.

3. Separately disclosed items

	Unaudited 53 weeks 4 January 2019 £m	Audited 52 weeks 29 December 2017 £m
Legal costs (a)	**3.2**	1.9
US business restructuring and integration (b)	**2.0**	0.7
Adjustments to deferred consideration (c)	**0.5**	0.8
Total included in Operating profit	**5.7**	3.4

a) In 2018 the Group had an ongoing litigation matter for which a provision for settlement and associated legal costs of £3.0m has been made. There was also an additional £0.2m cost for a legal case which £1.6m was previously provided for in 2017. In 2017 the US incurred tax and associated legal costs of £0.3m with regard to the settlement of historic state tax liabilities for the period 2010 to 2016. These are disclosed separately due to their one-off nature and significance.

b) US Business restructuring and integration costs are of such significance that they are excluded in order to bring them to the reader's attention in understanding the Group's financial performance. Following the acquisition of Bartech at the end of 2015 the Group has gone through a 3 year programme to enable the realisation of cost and revenue synergies and ensure the right structure of Impellam North America is in place. This includes costs related to the integration of the Bartech business to Impellam systems, processes and policies. This programme has concluded at the end of 2018. All other costs related to restructures within the individual Impellam brands have been included in the trading results as they are not deemed significant.

c) Contingent consideration payments linked to individuals continuing employment in the business generated a £0.5m charge in relation to the acquisition of Global Group (UK) Ltd (2017: £0.8m). These are of such significance that they are shown separately so as to not distort the reporting of the underlying performance of the respective businesses.

4. Taxation

Tax charge / (credit) in the income statement

	Unaudited 53 weeks 4 January 2019 £m	Audited 52 weeks 29 December 2017 £m
Current income tax		
UK corporation tax on results for the period	**1.7**	4.4
Adjustments in respect of previous periods	**(0.3)**	0.4
	1.4	4.8
Foreign tax in the period	**2.5**	2.3
Total current income tax	**3.9**	7.1
Deferred tax credit	**(1.1)**	(0.3)
Total taxation charge in the income statement	**2.8**	6.8

5. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to the owners of the Company by the weighted average number of Ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated on the same basis but after adjusting the denominator for the effects of dilutive options. The only potentially dilutive shares arise from the share options issued by the Group under its share-based compensation plans. There were zero options outstanding at 4 January 2019 (2017: 850,000).

Excluding the 19,841 shares owned by The Corporate Services Group Ltd Employee Share Trust, the weighted average number of shares in 2018 is 50,171,830 (2017: 50,322,196) and the fully diluted average number of shares is 50,191,671 (2017: 50,912,395).

EPS	Unaudited 4 January 2019 Pence	Audited 29 December 2017 Pence
Basic calculation	26.5	61.9
Diluted calculation	26.5	61.1

6. Business combinations

Acquisition of Global Group (UK) Limited

On 30 July 2015 the Group acquired 100% of the shares of Global Group (UK) Limited, an unlisted company incorporated in the UK in exchange for cash. Global Group is a specialist doctors' locum recruitment business operating in Ireland, Australasia and the UK, which is complementary to the Medacs business and propels the healthcare business forward significantly outside the UK.

Contingent consideration payments arising on the acquisition of Global Group (UK) Limited which are linked to the continued employment of certain individuals are being amortised through the profit and loss account over the earnout periods until 2019. A charge of £0.5m (2017: £0.8m) was recorded in operating profit. At the end of the period there was £1.2m outstanding (2017: £6.0m).

7. Net debt

	Audited 29 December 2017 £m	Cash £m	Interest paid £m	Interest expense £m	Decrease in short term borrowings £m	Foreign exchange £m	**Unaudited 4 January 2019 £m**
Cash and short-term deposits	100.3	6.7	(0.3)	0.3	(27.6)	(2.2)	**77.2**
Revolving credit	(176.2)	-	(6.5)	6.5	27.6	0.1	**(148.5)**
Hire purchase	-	(0.4)	-	-	-	-	**(0.4)**
Net debt	(75.9)	6.3	(6.8)	6.8	-	(2.1)	**(71.7)**

Alternative Performance Measures

Certain discussions and analyses set out in this Annual Report and Accounts include measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measurements, is useful to investors because it provides a basis for measuring our operating performance on a comparable basis. Our management uses these financial measures, along with the most directly comparable IFRS financial measures, in evaluating our operating performance and value creation. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS financial measures as reported by us may not be comparable with similarly titled amounts reported by other companies.

Adjusted EBITDA

Definition: The Group calculates adjusted EBITDA as operating profit before interest, tax, depreciation and amortisation and excludes separately disclosed items, impairment of goodwill and share-based payments.

Closest equivalent IFRS measure: Operating profit.

Rationale for adjustment: The Directors believe that adjusted EBITDA is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance, including Directors' remuneration, and also reflects the starting profit measure used when calculating the Group's banking covenants. All discussions within the Group on segmental and individual brand performance refer to adjusted EBITDA.

Reconciliation of adjusted EBITDA to operating profit:

	2018	2017
	£m	£m
Segment adjusted EBITDA	54.0	63.3
Corporate Costs	(3.8)	(3.8)
Adjusted EBITDA	50.2	59.5
Amortisation of intangible assets	(9.1)	(7.3)
Depreciation of tangible assets	(3.3)	(3.3)
Loss on disposal	(0.2)	(0.1)
Separately disclosed items	(5.7)	(3.4)
Impairment of goodwill	(8.6)	-
Share-based payments	(0.4)	(0.7)
Operating profit	22.9	44.7

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

The impairment charge due its size is disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

Share-based payments – in September 2015 the Company granted share awards to two senior Directors to vest following the publication of the audited financial results for the year ended 31 December 2017. One of the Directors left during 2016 and the share award relating to that Director have been cancelled. The remaining shares lapsed in 2018 as the vesting conditions were not met.

These are shown separately in order to bring this to the attention of the reader to highlight that this is a scheme which is one-off in nature and not part of the ongoing remuneration structure of senior executives.

The separately disclosed items are:

	2018	2017
	£m	£m
Legal costs[(a)]	3.2	1.9
US Business restructuring and integration [(b)]	2.0	0.7
Adjustments to deferred consideration[(c)]	0.5	0.8
Total	5.7	3.4

a) In 2018 the Group had an ongoing litigation matter for which a provision for settlement and associated legal costs of £3.0m has been made. There was also an additional £0.2m cost for a legal case of which £1.6m was previously provided for in 2017. In 2017 the US incurred tax and associated legal costs of £0.3m with regard to the settlement of historic state tax liabilities for the period 2010 to 2016. These are disclosed separately due to their one-off nature and significance.

b) US Business restructuring and integration costs are of such significance that they are excluded in order to bring them to the reader's attention in understanding the Group's financial performance. Following the acquisition of Bartech at the end of 2015 the Group has gone through a 3 year programme to enable the realisation of cost and revenue synergies and ensure the right structure of Impellam North America is in place. This includes costs related to the integration of the Bartech business to Impellam systems, processes and policies. This programme has concluded at the end of 2018. All other costs related to restructures within the individual Impellam brands have been included in the trading results as they are not deemed significant.

c) Contingent consideration payments linked to individuals continuing employment in the business generated a £0.5m charge in relation to the acquisition of Global Group (UK) Ltd (2017: £0.8m). These are of such significance that they are shown separately so as to not distort the reporting of the underlying performance of the respective businesses.

Spend Under Management (SUM)

Definition: Total amount of client expenditure which our Managed Service brands managed on behalf of their clients. This equates to revenue earned where Impellam acts as principal plus gross billings to customers where Impellam acts as agent.

Closest equivalent IFRS measure: Group Revenue.

Rationale for adjustment: The Group uses this measure as it reflects the total value of the client spend to the Group, not just the revenue generated.

Adjusted earnings per share (EPS)

Definition: Adjusted EBITDA divided by the weighted average number of ordinary shares outstanding during the year.

Closest equivalent IFRS measure: Basic earnings per share

Rationale for adjustment: The Group uses this measure alongside the basic EPS calculation as it reflects the underlying trading performance of the business.

Reconciliation of Adjusted EPS to Basic EPS:

	2018	2017
	£m	£m
Profit for the period	**13.3**	31.1
Separately disclosed items (net of tax)	4.9	3.3
Impairment of goodwill (net of tax)	7.0	-
Customer relationship amortisation (net of tax)	3.4	3.0
Adjusted profit	**28.6**	37.4
Weighted average number of shares	**50,171,830**	50,322,196
Basic EPS	**26.5**	61.9
Adjusted EPS	**56.8**	74.6

[END]

For further information please contact:

Impellam Group plc
Julia Robertson, Group Chief Executive Tel: + 44 (0)1582 692658

Cenkos Securities plc (NOMAD and Corporate Broker to Impellam)
Nicholas Wells Tel: +44 (0)20 7397 8900
Callum Davidson

Note to Editors:

Impellam is the second largest[1] staffing company in the UK and sixth largest[2] Managed Services provider worldwide. Our vision is to be the world's most trusted staffing company – trusted by our people, our customers and our investors in equal measure.

We provide Managed Services and Specialist Staffing solutions across the UK, Europe, US, the Middle East and Australasia. We have over 3,200 Impellam people throughout our network of 17 market-leading brands across 165 worldwide locations.

Ultimately, Impellam Group's mission is to provide fulfilment and a sense of purpose to our people and to help customers build better businesses in a changing world.

For more information about Impellam Group please visit: www.impellam.com

1 By revenue (2017 published numbers)
2 By SUM (confirmed by Staffing Industry Analysts. Spend Under Management (SUM) is the total amount of client expenditure which our Managed Services brands manage on behalf of their clients. This equates to revenue earned where Impellam acts as principal plus gross billings to customers where Impellam acts as agent (2017 published numbers). Management use this measure as it reflects the total value of the client spend to the Group and not just the revenue generated