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Impellam Group plc
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INTERIM RESULTS - UNAUDITED

Impellam Group plc ("Impellam") - London AIM: IPEL; 30 July 2019

Impellam announces its unaudited interim results for the 26 weeks ended 5 July 2019

Revenue and Gross Profit Resilience Continues

	H1 2019[1]	**H1 2018[1,2]**	**Actual Inc/(Dec)**	**Like-for-like[(8)] Inc/(Dec)**
Revenue (£ millions)	£1,135.0	£1,107.7	2.5%	1.4%
Gross Profit (£ millions)	£135.5	£133.3	1.7%	0.1%
Adjusted EBITDA [(3)] (£ millions)	£25.1	£22.1	13.6%	6.0%
Adjusted EBITDA conversion [(4)]	18.5%	16.6%	1.9 ppts	
Adjusted operating profit [(5)]	£15.9	£17.9	(11.2)%	(20.2)%
Adjusted operating profit conversion [(6)]	11.7%	13.4%	(1.7) ppts	
Operating profit (£ millions)	£9.4	£15.3	(38.6)%	(45.3)%
Continuing Adjusted Basic EPS [(7)]	19.2p	25.3p	(24.1)%	
Continuing Basic EPS	8.5p	20.9p	(59.3)%	

Financial results presentation

In 2019 we have adopted IFRS 15 - Revenue from Contracts with Customers and IFRS16 - Leases. We are required to restate the 2018 comparative results for the IFRS 15 impact (£23.9m increase in revenue, but no impact on gross profit, adjusted EBITDA or operating profit). For IFRS 16 we have applied the modified retrospective approach and have therefore not restated the 2018 comparative results for the new standard's material impact.

IFRS 16 affects adjusted EBITDA, operating profit and net debt and therefore the year-on-year results as reported are not shown on a comparable basis.

The de-merger of Carlisle Support Services in 2019 has been treated as a discontinued operation and the 2018 results have been restated accordingly.

Towards the end of 2018 the Group changed its estimate of the useful economic life over which it carries brand values. This has led to an amortisation charge in H1 2019 of £3.2m (H1 2018 had no such charge).

Following these regulatory changes the Group is adopting 'Adjusted Operating Profit' as its Alternative Performance Measure (APM) for earnings, as this is stated after charging the costs re-characterised under IFRS 16. As with Adjusted EBITDA previously, it continues to exclude the amortisation of acquired intangibles (brand value and customer relationships).

The table below bridges H1 2018 to H1 2019 on a comparable basis at actual exchange rates.

	Reported	Discontinued Ops	IFRS 15	Restated	Comparable	IFRS 16	Brand Value	Reported
	H1 2018	**H1 2018**	**H1 2018**	**H1 2018**	**H1 2019**	**H1 2019**	**H1 2019**	**H1 2019**
Revenue	**1,109.6**	(25.8)	23.9	**1,107.7**	**1,135.0**	0.0	0.0	**1,135.0**
Gross Profit	**135.5**	(2.2)	0.0	**133.3**	**135.5**	0.0	0.0	**135.5**
Adjusted EBITDA[3]	**22.2**	(0.1)	0.0	**22.1**	**20.1**	5.0	0.0	**25.1**
Adjusted Operating Profit[5]	**18.0**	(0.1)	0.0	**17.9**	**15.5**	0.4	0.0	**15.9**
Operating Profit	**15.4**	(0.1)	0.0	**15.3**	**12.2**	0.4	(3.2)	**9.4**
Net Debt	**79.1**	0.0	0.0	**79.1**	**75.0**	24.9	0.0	**99.9**

(1) IFRS 15 - Revenue from Contracts with Customers was adopted in 2019, 2018 financial statements were restated (see note 4). IFRS 16 - Leases was adopted in 2019, 2018 financial statements are not restated (see note 10).

(2) 2018 financial statements restated for discontinued operations (see note 3).

(3) Before separately disclosed items (see note 5) and share-based payment (see note 2).

(4) Calculated as Adjusted EBITDA / Gross Profit.

(5) Operating profit before amortisation of acquired intangible assets, separately disclosed items (see note 5) and share-based payment (see note 2).

(6) Calculated as Adjusted operating profit / Gross Profit.

(7) Continuing Basic EPS before separately disclosed items (see note 5), share-based payment (see note 2) and amortisation of acquired intangible assets (see note 8).

(8) % change measured at constant exchange rates.

Key operational highlights

- The Group has reviewed its segmental management and reporting structure alongside its strategic initiatives. The key segments are now Global Managed Services, Global Specialist Staffing, Regional Specialist Staffing and Healthcare.
- The new structure supports an increasingly integrated business model which will drive increased collaboration and reduce duplication and costs across the Group.

- Group revenues increased by 1.4% at constant exchange rates (2.5% increase at actual exchange rates) and gross profit increased marginally by 0.1% at constant exchange rates (1.7% increase at actual exchange rates). The Group has delivered a solid performance across the portfolio although challenging market conditions have negatively impacted the retail, automotive and healthcare sectors.
- Adjusted EBITDA is up £3m compared to the same period last year. The impact of two previously reported customer losses in the US together with the implementation costs of significant customer wins in the UK and US has led to a £2m decrease in adjusted EBITDA which is offset by a £5.0m improvement due to the adoption of IFRS 16.
- Operating profit was £9.4m (2018: £15.3m). In addition to the adjusted EBITDA shortfall this was impacted by the change made in December 2018 to the estimated economic useful life used for Brand Value amortisation (£3.2m) and an increase in separately disclosed items from £0.4m to £1.5m.
- Net debt was reduced by 5.2% from £79.1 million at H1 2018 to £75.0 million at H1 2019 excluding the impact of IFRS 16. The effect of IFRS 16 is the recognition of additional Net Debt (lease liabilities) of £24.9m. With this included, reported net debt increases year-on-year by £20.8m to £99.9m.
- On the 7th March Carlisle Support Services Group was de-merged from the Group, allowing Impellam to further focus on its portfolio of Managed Services and Specialist Staffing businesses.
- On the 8th July Impellam acquired Flexy Corporation Limited, a leading flexible staffing platform based in London which will enable the Group to offer new solutions, more choice, and better, technology-led experiences for customers and candidates alike.

Julia Robertson, Chief Executive Officer, commented:

"Despite continuing challenging trading conditions in the UK and the final exit of customer losses notified in 2018 I am pleased to report revenue growth of 1.4% (at constant exchange rates) and overall gross profit in line with last year (at constant exchange rates).

Encouraged by this stable revenue and gross profit performance we are focused on transforming the Group and creating a business model which further improves collaboration (Group Supply[1] and cross sell) and reduces costs arising from duplication (IT systems, support services, back offices and recruitment process).

Our new segmental structure will allow increased integration of the brands under collaborative management. Global Managed Services includes our core managed service providers Guidant Global and Comensura which operate in the UK, US, Europe and Australasia. Global Specialist Staffing includes the technology brands (Lorien, OneZeero and Scom) and life sciences brands (SRG and SRG Woolf) which operate across the UK, US and Europe. Regional Specialist Staffing includes the brands that are industry specialists in their own territory - Blue Arrow, Tate, Carbon60, Celsian, Career Teachers and Chadwick Nott in the UK and Bartech Staffing and Corestaff in the US. The Healthcare segment is Medacs Global Group which operates in the UK, Europe and Australasia.

The leaders of our three core segments, Global Managed Services, Global Specialist Staffing and Regional Specialist Staffing are working closely together in pursuit of our strategic goals and early signs for future quality of earnings improvements and cost reductions are promising.

The new structure of the business is accelerating collaboration between the brands and continued focus on Group Supply[1] is delivering benefits to both the Managed Services and Specialist Staffing businesses. An increased focus on Group Supply[1] in the US means that this has grown by 0.5ppts to 8.0% (excluding the loss of 2 clients during 2018). In the UK Group Supply[1] has increased by 0.3ppts.

Our Global Managed Services businesses are winning a record number of new customers. Notwithstanding success in acquiring new customers, Guidant Global gross profit is down 6.9% (at constant exchange rates) due to the impact of previously reported lost customers and additional costs in implementation of new customers. Comensura delivered a strong H1 performance in the UK, and Australasia gross profit grew by 24.1%. Younifi, our new innovative platform solution in the social care market, has passed an important milestone and is in the midst of implementing its first customer.

Our Global Specialist Staffing businesses have seen growth in the Life Sciences market (SRG and SRG Woolf), particularly in the UK. Although the Technology businesses (Lorien, OneZeero and Scom) have delivered in line with prior year we are seeing a slowdown in the UK, offset with strong performance in the US. Whilst contract hiring remains stable there are early signs of an increase in permanent hiring, possibly driven by concerns around IR35 or the impact of Brexit.

In our Regional Specialist businesses we continue to experience challenges in the UK as a result of difficult market conditions, particularly in the retail and automotive sectors, as well as the ongoing uncertainty of Brexit. However we are seeing gross profit growth in Education and Legal in the UK and Engineering in both the UK and US and we continue to drive Group Supply[1], particularly in the US businesses. With an increased focus on eradicating duplication and scrupulous cost management we have identified a number of savings for H2 to improve gross profit conversion to offset the impact of challenging markets.

Our Healthcare business (Medacs Global Group, MGG) is growing in Ireland and Australasia and we are also winning new business in the competitive Healthcare managed services market in the UK. We continue to work with the NHS to develop and deliver a sustainable temporary workforce for the NHS. However ongoing cost constraints in the public sector, the impact of IR35 and a shortage of candidates are still affecting performance and putting pressure on our conversion of gross margin to EBITDA.

We also continue our strategic IT investment in Ignite, our recruiters' operating system, which is now live in 38 Blue Arrow branches and on site locations having completed a further 18 new implementations in the first half of 2019. We will complete the remaining branches and on site locations by the end of 2019.

On the 8th July Impellam acquired Flexy Corporation Limited, a leading flexible staffing platform. Flexy provides an innovative, data-driven analysis platform to provide insights and consumer-grade digital experiences. The efficiency gained through the utilisation of technology combined with Impellam's deep staffing experience will augment our portfolio and service offering to customers and candidates."

Global Managed Services - UK, Europe, US and Australasia

Gross profit increased by 1.9% to £37.0m (2018: £36.3m) at actual exchange rates but was 0.8% down at constant exchange rates. Adjusted EBITDA (excluding IFRS 16 adjustment) decreased 13.5% (16.4% at constant exchange rates) with conversion of gross profit to adjusted EBITDA of 24.3% compared to 28.7% in the same period last year. Gross profit has increased in the UK although the changing mix of clients continues to impact conversion of gross profit to adjusted EBITDA. In H1, Guidant Global secured 5 significant new customers and Comensura secured 8 new customers. In addition 10 new customer programmes were implemented and went live in Guidant Global (including The Office Groups, Immunomedics, Amway, Johnson Matthey, Crown Castle and Mary Kay).

Global Specialist Staffing - UK, Europe and US

Gross profit increased by 2.6% to £27.4m (2018: £26.7m) at actual exchange rates and 1.2% at constant exchange rates. Adjusted EBITDA (excluding IFRS 16 adjustment) increased 3.8% (1.0% at constant exchange rates) with conversion of gross profit to adjusted EBITDA of 29.6% compared to 29.2% in the same period last year. Lorien were confirmed as a supplier of Interim IT staff services for the Scottish Government. Already Scotland's largest supplier of interim IT workers, their addition to the 4 year Interim IT Staff Services Framework allows them to provide in-demand skills to support key Scottish public sector bodies. Lorien were also appointed to the DPS and G-Cloud 11 frameworks as they continue to expand their public sector practice.

Regional Specialist Staffing - UK and US

Gross profit was flat on 2018 at £47.1m at actual exchange rates (1.6% decrease at constant exchange rates). Adjusted EBITDA (excluding IFRS 16 adjustment) decreased 13.2% (14.9% at constant exchange rates) with conversion of gross profit to adjusted EBITDA of 7.0% compared to 8.1% in the same period last year. The difficult market conditions particularly in retail and automotive as well as the ongoing uncertainty of Brexit are having an impact in this segment, with pressure on gross profit and the brand mix contributing to the fall in conversion to adjusted EBITDA.

Healthcare - UK, Europe and Australasia

Gross profit increased by 3.4% to £24.0m (2018: £23.2m) at actual exchange rates and 4.0% at constant exchange rates. Adjusted EBITDA (excluding IFRS 16 adjustment) decreased 7.7% (2.5% at constant exchange rates) with conversion of gross profit to adjusted EBITDA of 5.0% compared to 5.6% in the same period last year. The European and Australasia businesses are growing year on year however the UK business continues to be impacted by cost constraints in the public sector, IR35 and a shortage of candidates. MGG's strategy of entering the staff bank market in the UK is gaining momentum. Building on a successful performance in the Department of Health and Social Care's Flexible Staff Bank Pilots, MGG has been awarded its second Staff Bank Management Contract, which went live in May.

Cash flow, net debt and net assets

The Group generated £22.4 million of cash from operations in the first twenty-six weeks of the year (2018: £8.7 million). Days Sales Outstanding, being total trade receivables divided by average daily invoiced sales, reduced by 0.6 days from 39.5 days at the end of FY2018 to 38.9 days at the end of H1 2019. Day-to-day control of cash and tight control of working capital continues to be a priority for the Group. Net debt reduced by 5.2% year on year from £79.1m H1 2018 to £75.0m in H1 2019 excluding the impact of IFRS 16. This was up from £71.7m at the end of FY2018 which included the benefits of strong receipts prior to the year end. IFRS 16 increases net debt by £24.9m to £99.9m in H1 2019.

The Group has outstanding letters of credit drawn against its US borrowing facilities amounting to £3.6 million (4 January 2019: £5.1 million).

At 5 July 2019, the Group had net assets of £261.0 million (4 January 2019: £269.4 million).

Dividend and dividend policy

The Board has not declared an interim dividend. Instead, the Group will undertake a share buyback programme commencing in Q3 2019, whereby it will return cash to shareholders though the purchase of ordinary shares in the Company, up to an aggregate market value of £12 million over a period of 12 months. The Board is of the opinion that, as the buyback programme delivers improvements to underlying EPS, it remains in the best interests of shareholders. The proposed quantum of the buyback, being £12 million, reflects the value that the Board would otherwise have intended to return to shareholders through dividends over the same period.

Trading outlook

We do not anticipate an improvement in external market conditions in H2 but we expect an improvement in conversion of gross profit to adjusted EBITDA due to a reduced cost base driven by our transformation to an integrated business model and the implementation and go-live of known managed services wins.

1. *Group Supply is the value of the Spend Under Management supplied by other areas of the Group.*

Financial results for the twenty-six weeks to 5 July 2019

The table below sets out the results for the Group by segment for the first half of 2019.

Unaudited	Revenue			Gross profit			Adjusted EBITDA[3]		
£'million	2019	2018	Like-for-like change[1]	2019	2018	Like-for-like change[1]	2019	2018	Like-for-like change[1]
Global Managed Services	372.0	350.3	5.0	37.0	36.3	(0.8)	9.0	10.4	(16.4)
Gross profit %				9.9%	10.4%				
Global Specialist Staffing	336.0	339.1	(1.5)	27.4	26.7	1.2	8.1	7.8	1.0
Gross profit %				8.2%	7.9%				
Regional Specialist Staffing	326.5	330.6	(3.1)	47.1	47.1	(1.6)	3.3	3.8	(14.9)
Gross profit %				14.4%	14.2%				
Healthcare	122.1	120.7	1.8	24.0	23.2	4.0	1.2	1.3	(2.5)
Gross profit %				19.7%	19.2%				
Inter-segment revenues	(21.6)	(33.0)		-	-		-	-	
Total	1,135.0	1,107.7		135.5	133.3		21.6	23.3	
Corporate costs							(1.5)	(1.2)	
IFRS 16 adjustment[2]							5.0	-	
Adjusted EBITDA before separately disclosed items and share based payments[3]							**25.1**	**22.1**	
Depreciation and amortisation[4]							(9.2)	(3.9)	
Loss on disposal							-	(0.3)	
Adjusted operating profit[5]							**15.9**	**17.9**	
Amortisation of acquired intangible assets							(5.0)	(1.8)	
Separately disclosed items							(1.5)	(0.4)	
Share-based payments							-	(0.4)	
Operating profit							**9.4**	**15.3**	

1. *% change measured at constant exchange rates.*
2. *IFRS 16 adjustment is the add back of operating lease charges (see note 2).*
3. *Adjusted EBITDA is EBITDA before separately disclosed items and share-based payments.*
4. *Includes IFRS 16 amortisation (see note 2).*

5. *Before separately disclosed items, share-based payments and amortisation of acquired intangibles.*

Consolidated income statement

For the twenty-six weeks ended 5 July 2019

	Notes	26 weeks 5 July 2019 £m Unaudited	26 weeks 29 June 2018 £m Unaudited (as restated)
Continuing operations			
Revenue	2	1,135.0	1,107.7
Cost of sales		(999.5)	(974.4)
Gross profit	2	135.5	133.3
Administrative expenses		(126.1)	(118.0)
Operating profit	2	9.4	15.3
Adjusted operating profit		15.9	17.9
Amortisation of acquired intangible assets		(5.0)	(1.8)
Separately disclosed items	5	(1.5)	(0.4)
Share-based payment		-	(0.4)
Operating profit		9.4	15.3
Finance expense	6	(3.8)	(3.2)
Profit before taxation		5.6	12.1
Taxation	7	(1.4)	(1.6)
Profit for the period from continuing operations		4.2	10.5
Profit from discontinued operations, net of tax		0.7	0.1
Profit for the period attributable to owners of the parent Company		4.9	10.6

Earnings per share for equity holders of the parent Company			
Basic	8	9.9 p	21.0p
Diluted	8	9.9 p	20.7p

Consolidated statement of comprehensive income

For the twenty-six weeks ended 5 July 2019

	26 weeks 5 July 2019 £m Unaudited	26 weeks 29 June 2018 £m Unaudited
Profit for the period	4.9	10.6
Other comprehensive income:		
Currency translation differences (net of tax)	2.2	1.2
Total comprehensive income for the period, net of tax, attributable to owners of the parent Company	7.1	11.8

Consolidated balance sheet

As at 5 July 2019

	5 July 2019 £m	4 January 2019 £m
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	31.2	6.7
Goodwill	152.8	156.2
Other intangible assets	127.4	131.1
Financial assets	1.5	1.4
Deferred tax assets	15.1	15.3
	328.0	310.7
Current assets		
Trade and other receivables	604.2	569.1
Cash and cash equivalents	89.2	77.2
	693.4	646.3
Total assets	1,021.4	957.0
Current liabilities		
Short-term borrowings	34.3	25.1
Trade and other payables	540.1	508.3
Taxation payable	1.9	1.7
Provisions	0.9	0.9
	577.2	536.0
Net current assets	116.2	110.3
Non-current liabilities		
Long-term borrowings	154.8	123.8
Other payables	2.1	1.6
Provisions	3.3	3.4
Deferred tax liabilities	23.0	22.8

Deferred tax liabilities	[illegible]	[illegible]
	183.2	151.6
Total liabilities	760.4	687.6
Net assets	261.0	269.4
Equity		
Issued share capital	0.5	0.5
Share premium account	30.1	30.1
	30.6	30.6
Other reserves	126.8	124.6
Retained earnings	103.6	114.2
Total equity attributable to owners of the parent Company	261.0	269.4
Non-controlling interest	-	-
Total equity	261.0	269.4

Consolidated statement of changes in equity

For the twenty-six weeks ended 5 July 2019

Unaudited	Total share capital and share premium £ m	Other reserves £ m	Retained earnings £ m	**Total equity attributable to equity owners of the parent £ m**	Non-controlling interest £ m	**Total equity £ m**
5 January 2019	30.6	124.6	114.2	**269.4**	-	**269.4**
Profit for the period	-	-	4.9	**4.9**	-	**4.9**
Other comprehensive income	-	2.2	-	**2.2**	-	**2.2**
Total comprehensive income in the period	-	2.2	4.9	**7.1**	-	**7.1**
Transactions with owners, recorded directly in equity						
Purchase of Treasury shares	-	-	(5.7)	**(5.7)**	-	**(5.7)**
De-merger charge	-	-	(8.1)	**(8.1)**	-	**(8.1)**
Dividend	-	-	(1.7)	**(1.7)**	-	**(1.7)**
5 July 2019	30.6	126.8	103.6	**261.0**	-	**261.0**

Consolidated cash flow statement

For the twenty-six weeks ended 5 July 2019

	26 weeks 5 July 2019 £m Unaudited	26 weeks 29 June 2018 £m Unaudited (as restated)
Cash flows from operating activities		

Profit before taxation	5.6	12.1
Adjustments for:		
Net interest charge	3.8	3.2
Depreciation and amortisation	14.2	5.7
Loss on disposal	-	0.3
Discontinued operations	(0.7)	0.1
Share-based payment	-	0.4
	22.9	21.8
(Increase) / Decrease in trade and other receivables	(39.5)	67.1
Increase / (Decrease) in trade and other payables	39.1	(80.1)
Decrease in provisions	(0.1)	(0.1)
Cash generated by operations	22.4	8.7
Taxation paid	(1.6)	(3.1)
Net cash generated by operating activities	20.8	5.6
Cash flows from investing activities		
Payment of deferred consideration	(0.8)	(0.7)
Purchase of property, plant and equipment	(5.3)	(2.1)
Purchase of intangible assets	(4.0)	(3.0)
Cash outflow on discontinued operations	(2.5)	-
Net movement in other financial assets	(0.1)	-
Net cash utilised on investing activities	(12.7)	(5.8)
Cash flows from financing activities		
Decrease / (Increase) in short-term borrowings	15.5	(14.0)
Purchase of treasury shares	(5.7)	(0.5)
Finance expense paid	(3.8)	(3.1)
Repayment of lease liabilities (2018: Capital element of net finance lease payments)	(4.3)	0.6
Inflow from new leases	3.6	-
Net cash inflow / (outflow) from financing activities	5.3	(17.0)
Net increase / (decrease) in cash and equivalents	13.4	(17.2)
Opening cash and cash equivalents	77.2	100.3
Foreign exchange (loss) / gain on cash and cash equivalents	(1.4)	0.5
Closing cash and cash equivalents	89.2	83.6

Notes to the interim financial statements

1 Basis of preparation

I. Statement of compliance

The interim financial statements presented in this financial report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee (IFRIC) interpretations as endorsed by the European Union that are expected to be applicable to the consolidated financial statements for the period ending 3 January 2020. As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS 34 "Interim Financial Reporting".

II. Statutory information

The financial information for the 26 weeks to 5 July 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.

The published annual report and accounts of Impellam Group plc for the period ended 5 January 2019 were reported on by the auditors without qualification, did not contain an emphasis of matter paragraph, did not contain any statement under section 498 of the Companies Act 2006, and have been delivered to the Registrar of Companies.

III. Accounting policies, new IFRS and interpretations

The accounting policies used in this report are with those applied at 5 January 2019, but have also adopted the following new

IFRS.

a) IFRS 9 - Financial Instruments. As disclosed in the last annual report the Group has had no significant changes since the adoption of this standard.

b) IFRS 15 - Revenue from Contracts with Customers. The Group has adjusted the level of revenue recognised on the agency-principal basis. This will purely lead to amendments to revenue and cost of sales with no change in gross profit (see note 4).

c) IFRS 16 - Leases. The Group has reviewed its portfolio of leases as at 5 January 2019 and decided to account for IFRS 16 on the modified retrospective approach using a single discount rate for portfolio leases with similar characteristics. Advantage has been taken of the exemption provided for low value leases. The Group is using the methodology to set the right-of-use asset equal to the lease liability upon adoption of IRFS 16.

No other new and/or revised IFRS and IFRIC publications that come into force in the period have any material impact on the accounting policies, financial position or performance of the Group.

2 Segmental information

Twenty-six weeks ended 5 July 2019 - unaudited

	Revenue	Gross profit	**Segment Adjusted EBITDA**
	£ m	£ m	**£ m**
Global Managed Services	**372.0**	37.0	**9.0**
Global Specialist Staffing	**336.0**	27.4	**8.1**
Regional Specialist Staffing	**326.5**	47.1	**3.3**
Healthcare	**122.1**	24.0	**1.2**
Inter-segment revenues	**(21.6)**	-	**-**
Operating segments	**1,135.0**	135.5	**21.6**

Twenty-six weeks ended 29 June 2018 - unaudited (as restated)

	Revenue	Gross profit	**Segment Adjusted EBITDA**
	£ m	£ m	**£ m**
Global Managed Services	**350.3**	36.3	**10.4**
Global Specialist Staffing	**339.1**	26.7	**7.8**
Regional Specialist Staffing	**330.6**	47.1	**3.8**
Healthcare	**120.7**	23.2	**1.3**
Inter-segment revenues	**(33.0)**	-	**-**
Operating segments	**1,107.7**	133.3	**23.3**

Unaudited	26 weeks 5 July 2019 £ m	26 weeks 29 June 2018 £ m
Segment adjusted EBITDA	21.6	23.3
Corporate costs	(1.5)	(1.2)
IFRS 16 adjustment	5.0	-
Adjusted EBITDA before Separately Disclosed items and share-based payment	25.1	22.1
Amortisation and depreciation	(9.2)	(3.9)
Loss on disposal	-	(0.3)
Adjusted operating profit	15.9	17.9
Amortisation of acquired intangibles	(5.0)	(1.8)
Separately disclosed items	(1.5)	(0.4)
Share-based payment	-	(0.4)
Operating profit	9.4	15.3
Finance expense	(3.8)	(3.2)
Taxation charge	(1.4)	(1.6)
Profit for the period from continuing operations	4.2	10.5

The above table reconciles the adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), which also excludes separately disclosed items and share-based payments to the standard profit measure under International Financial Reporting Standards (Operating Profit). This is the Alternative 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. Corporate costs represent costs associated with being a listed company with a wide portfolio of brands and therefore are not allocated to the segments.

Following the adoption of IFRS 16 in 2019 the Group is moving to adjusted operating profit as its Alternative Profit Measure, to include depreciation and amortisation of assets but excluding amortisation of acquired intangibles, and this is included in the above table for reference. As this transition has not been finished, the segmental analysis has been completed with operating lease payments included within the segment numbers so that the year-on-year performance is comparable. An adjustment is therefore made to remove these costs to get to Adjusted EBITDA.

Adjusted EBITDA is not defined by IFRS and therefore may not be directly comparable with other companies' alternative 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 5).

Share-based payments are shown separately due to their size in order to give a more comparable view of the year on year underlying financial performance.

3 Discontinued operations

In March 2019 the Group de-merged Carlisle Support Services Group Ltd and its subsidiaries ("CSS").

The CSS segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Subsequent to the disposal, the Group has continued to trade with the discontinued operation. Intra-group transactions have been fully eliminated in consolidated financial results and management has elected not to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal as the level of this is small in comparison to the total trade of both the continuing and discontinued trade.

Results from discontinued operations

	26 weeks 5 July 2019 £m Unaudited	26 weeks 29 June 2018 £m Unaudited
Revenue	9.6	25.8
Cost of sales	(8.7)	(23.6)
Gross profit	0.9	2.2
Administrative expenses	(0.2)	(2.1)
Profit from operating activities	0.7	0.1
Taxation	-	-
Profit from discontinued operations	0.7	0.1

Cash flows relating to discontinued operations

	26 weeks 5 July 2019 £m Unaudited	26 weeks 29 June 2018 £m Unaudited
Net cash generated by operating activities	0.5	(0.3)
Net cash (outflow) from financing activities	(0.1)	-
Net cash flows for discontinued operations	0.4	(0.3)

Effect of disposal on the financial position of the Group

	5 July 2019 £m Unaudited
Property, plant and equipment	0.5
Goodwill	4.8
Deferred tax assets	0.3
Trade and other receivables	9.9
Cash and cash equivalents	2.5
Trade and other payables	(8.7)
Lease liabilities	(0.3)
Net assets and liabilities	9.0

4 Comparative restatement

As well as the re-statement for discontinued operations in note 3, and following the adoption of IFRS 15 - Revenue from Contracts with Customers, the Group has completed a review of the accounting for revenue under the Agency/Principal basis which has led to an increase in revenue for the Group for the 26 weeks to 29 June 2018 of £23.9m with a corresponding decrease in cost of sales.

5 Separately disclosed items - unaudited

	26 weeks 5 July 2019 £ m	26 weeks 29 June 2018 £ m
Acquisition costs (1)	(0.4)	0.4
Group de-merger (2)	0.8	-
Legal costs (3)	1.1	-
	1.5	0.4

(1) Acquisition costs relate to contingent consideration in respect of Global Medics in 2019 and 2018. 2018 costs also include a provision for bonuses following synergies arising from the acquisition of Bartech in 2015. These costs are one-off in nature and have been disclosed in order not to distort the underlying trading performance of the business.

(2) The Group de-merged Carlisle Support Services Group in 2019, incurring costs of £0.8m. These costs are one-off in nature and have been disclosed in order not to distort the underlying trading performance of the business.

(3) In 2019 the Group negotiated an amend and extend to its Revolving credit facilities ("RCF") arrangement before the 2020 expiry date, the outstanding fees for the original RCF have been taken as a cost in 2019. In addition the Group had an ongoing litigation matter for which a provision was made in 2018, in 2019 a further £0.1m of legal costs was incurred. These are disclosed separately due to their one-off nature and significance.

6 Finance expense - unaudited

Finance expense	26 weeks 5 July 2019 £ m	26 weeks 29 June 2018 £ m
Revolving credit facilities	3.2	3.1
Interest on lease liabilities	0.6	-
Other interest expense	-	0.1
Income statement	3.8	3.2

7 Taxation - unaudited

Income tax expense is recognised based on management's best estimate of the effective annual income tax rate expected for the full financial year. Included in the current period total is a charge of £0.7m in relation to corrections to the provision of the prior period.

8 Earnings per share - unaudited

Basic earnings per share amounts are calculated by dividing the profit for the period 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 no options outstanding at 5 July 2019 (29 June 2018: 850,000).

Excluding the 19,841 shares owned by The Corporate Services Group Ltd Employee Share Trust, the weighted average number of shares in 2019 is 49,160,900 (2018: 50,270,957) and the fully diluted average number of shares is 49,180,741 (2018: 51,140,798).

	26 weeks 5 July 2019 £m	26 weeks 29 June 2018 £m (as restated)
Continuing profit for the period	4.2	10.5
Discontinued profit for the period	0.7	0.1
Total profit for the period	4.9	10.6
Separately disclosed items (net of tax)	1.3	0.8
Acquired intangibles amortisation (net of tax)	4.0	1.5
Total adjusted profit	10.2	12.9

Continuing adjusted profit	9.5	12.8
Discontinued adjusted profit	0.7	0.1
Weighted average number of shares	49,160,900	50,270,957

Basic EPS	26 weeks 5 July 2019 Pence	26 weeks 29 June 2018 Pence (as restated)
Continuing unadjusted basic earnings per share	8.5	20.9
Discontinued unadjusted basic earnings per share	1.4	0.1
Total unadjusted basic earnings per share	9.9	21.0
Separately disclosed items (net of tax)	2.6	1.5
Acquired intangible asset amortisation (net of tax)	8.1	2.9
Total adjusted basic earnings per share	20.6	25.4
Continuing adjusted basic earnings per share	19.2	25.3
Discontinued unadjusted basic earnings per share	1.4	0.1
Fully diluted weighted average number of shares	49,180,741	51,140,798

Diluted EPS	26 weeks 5 July 2019 Pence	26 weeks 29 June 2018 (as restated) Pence
Continuing unadjusted diluted earnings per share	8.5	20.6
Discontinued unadjusted diluted earnings per share	1.4	0.1
Total unadjusted diluted earnings per share	9.9	20.7
Separately disclosed items (net of tax)	2.6	1.5
Acquired intangible asset amortisation (net of tax)	8.1	2.8
Total adjusted diluted earnings per share	20.6	25.0
Continuing adjusted diluted earnings per share	19.2	24.9
Discontinued unadjusted diluted earnings per share	1.4	0.1

9 Additional cash flow information - unaudited

Unaudited	5 January 2019 £ m	Cash flow £ m	Interest paid £ m	Interest expense £ m	Change in short term borrowings £ m	Foreign exchange £ m	5 July 2019 £ m
Cash and short-term deposits	77.2	(2.1)	-	-	15.5	(1.4)	89.2
Revolving credit	(148.5)	-	(3.2)	3.2	(15.5)	0.1	(163.9)
Hire purchase	(0.4)	0.1	-	-	-	-	(0.3)
Lease liabilities	-	4.9	(0.6)	0.6	(29.7)	(0.1)	(24.9)
Net debt	(71.7)	2.9	(3.8)	3.8	(29.7)	(1.4)	(99.9)

10 Leases

Property, plant and equipment comprise owned and leased assets, including right-of-use assets which have been created under IFRS 16 - Leases. Information about these assets and the related lease liabilities are presented below.

Total property, plant and equipment	5 July 2019 £ m	5 January 2019 £ m
Property, plant and equipment (owned)	6.6	6.7
Right of use assets	24.6	-
	31.2	6.7

Right of use assets	Property £ m	Vehicles £ m	Total £ m
Balance at 5 January 2019	-	-	-

Additions in the period	28.1	1.4	29.5
Depreciation charge in the period	(4.2)	(0.3)	(4.5)
Disposals (net)	-	(0.3)	(0.3)
Impairment	(0.1)	-	(0.1)
Foreign exchange (net)	0.1	-	0.1
Balance at 5 July 2019	23.9	0.8	24.7

Lease liability maturity analysis

Discounted contractual cash flows	Property £ m	Vehicles £ m	Total £ m
Less than one year	8.9	0.5	9.4
More than one year but less than five years	12.4	0.3	12.7
More than five years	2.8	-	2.8
	24.1	0.8	24.9

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Callum Davidson

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

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

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