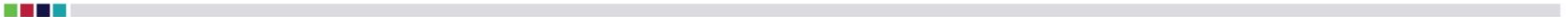


# Investor Presentation May 2018

**Andy Pendlebury**  
**Sarah Dye**

**Chief Executive Officer**  
**Group Finance Director**



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# Agenda

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- **Introduction to RTC**
- **2017 Financial review**
- **2017 Operational review**
- **Summary and outlook**
- **Appendices**
  - **Significant shareholdings**
  - **Board biographies**



# Introduction to RTC



**RTC Group is an engineering and technical recruitment company.**

**RTC Group supplies white and blue collar and contingent labour to a broad range of industries and clients in domestic and overseas markets.**

## RTC recruitment businesses



Engineering and technical recruitment for major infrastructure projects and SMEs.

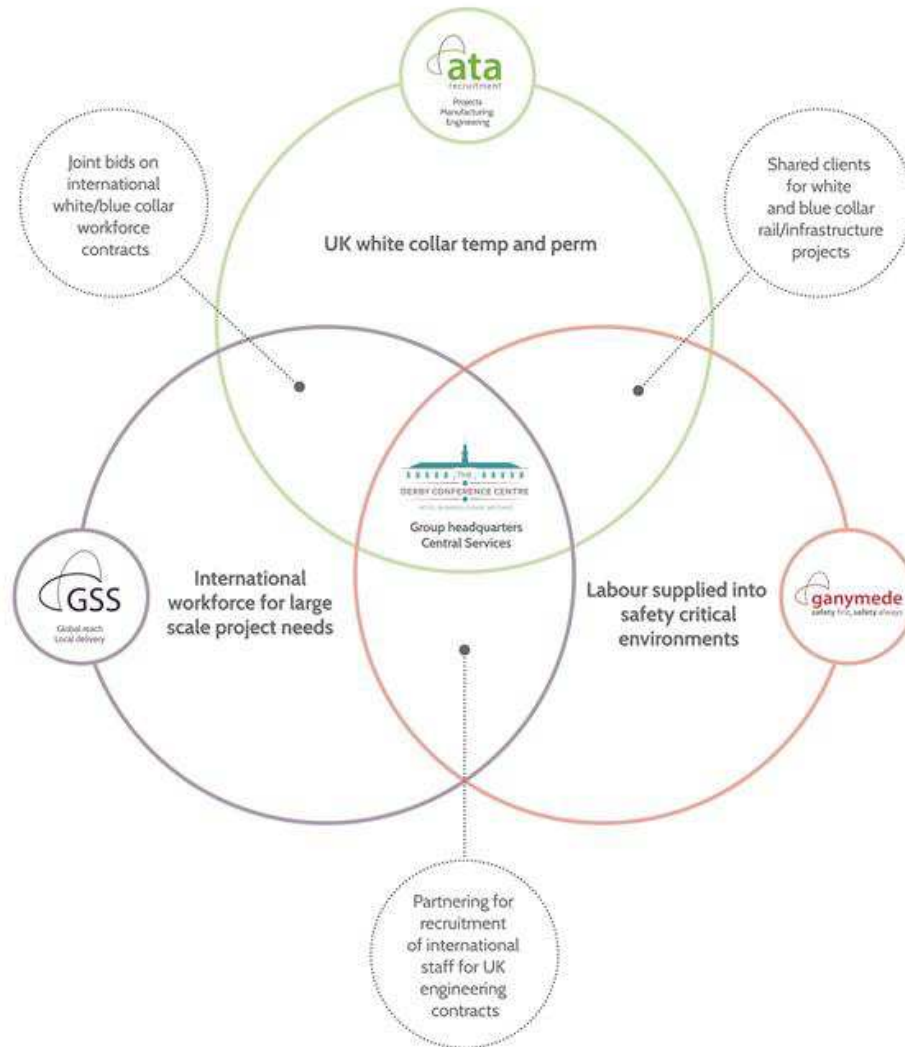


Labour supply into safety critical environments. Emphasis on Rail and gas and electrical engineers.



Staffing solutions provided internationally specialising in large scale projects in hostile locations.

# Our business model



## Key clients





## RTC Group history

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- **Established in 1963**
- **1997 floated on AIM**
- **2007 current CEO appointed**
- **2008 rebranded RTC Group**
- **2009 strategic turnaround programme launched**
- **2014 acquisition of RIG Energy Limited**
- **2015 awarded Network Rail contract for contingent labour services**
- **2017 awarded SSE Plc contract for provision of dual fuel installers to its smart-meter rollout programme**

# Turnaround programme

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- **New vision and strategy**
  - **Our Vision** 'To build a £150m+ turnover business generating sustainable returns and increasing earnings per share for our investors'.
  - **Our Strategy** 'To establish each of our core businesses of ATA, Ganymede and GSS into market leading service providers through a combination of organic growth and targeted acquisitions.'
- **Brand enhancement**
- **Subsidiary company review**
- **Business mix exposure**
- **Senior management team changes**

## The changing shape of our recruitment business

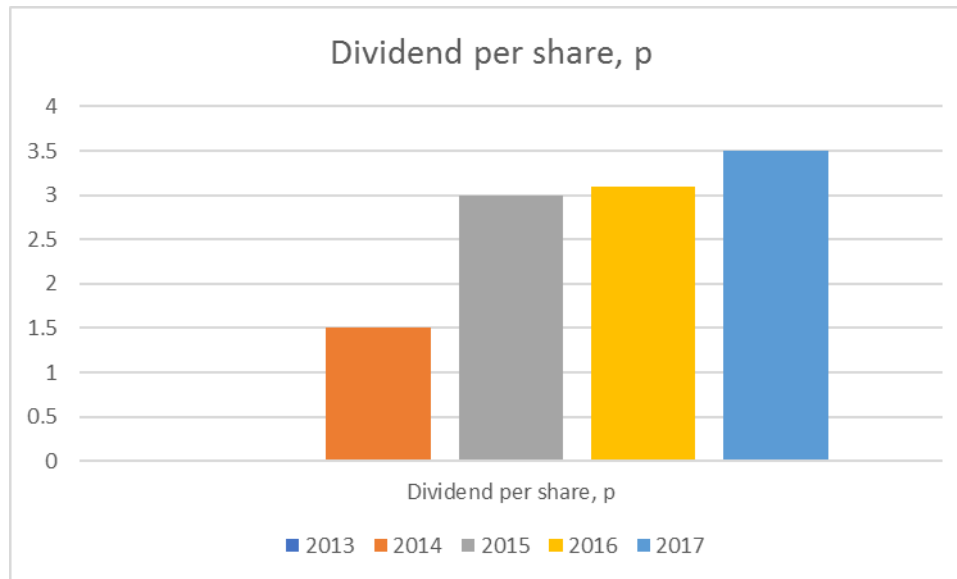


	Historic split	Current split
	2007	2017
<b>Gross profit*</b>		
Permanent	80%	25%
Temporary	20%	75%
<b>Client type (revenue)</b>		
SME	80%	27%
Large corporate	20%	73%
<b>Delivery location (revenue)</b>		
UK	100%	86%
Overseas	0%	14%
<b>Order book (revenue)</b>		
Booked	10%	43%
Spot	90%	57%

\*Gross profit consists of the total placement fees of permanent candidates and revenue earned on the placement of temporary candidates less the salary cost of temporary candidates and direct variable costs associated with the provision of temporary candidates including equipment and work wear, travel and training costs.

## Returns to shareholders over last 5 years

- £1.5m returned to shareholders in dividend payments over last five years
- Dividend yield in respect of 2017 6.3%



- Share price increased by 258% (31 Dec 2013 15.5p, 31 Dec 2017 55.5p)



# 2017 Financial review

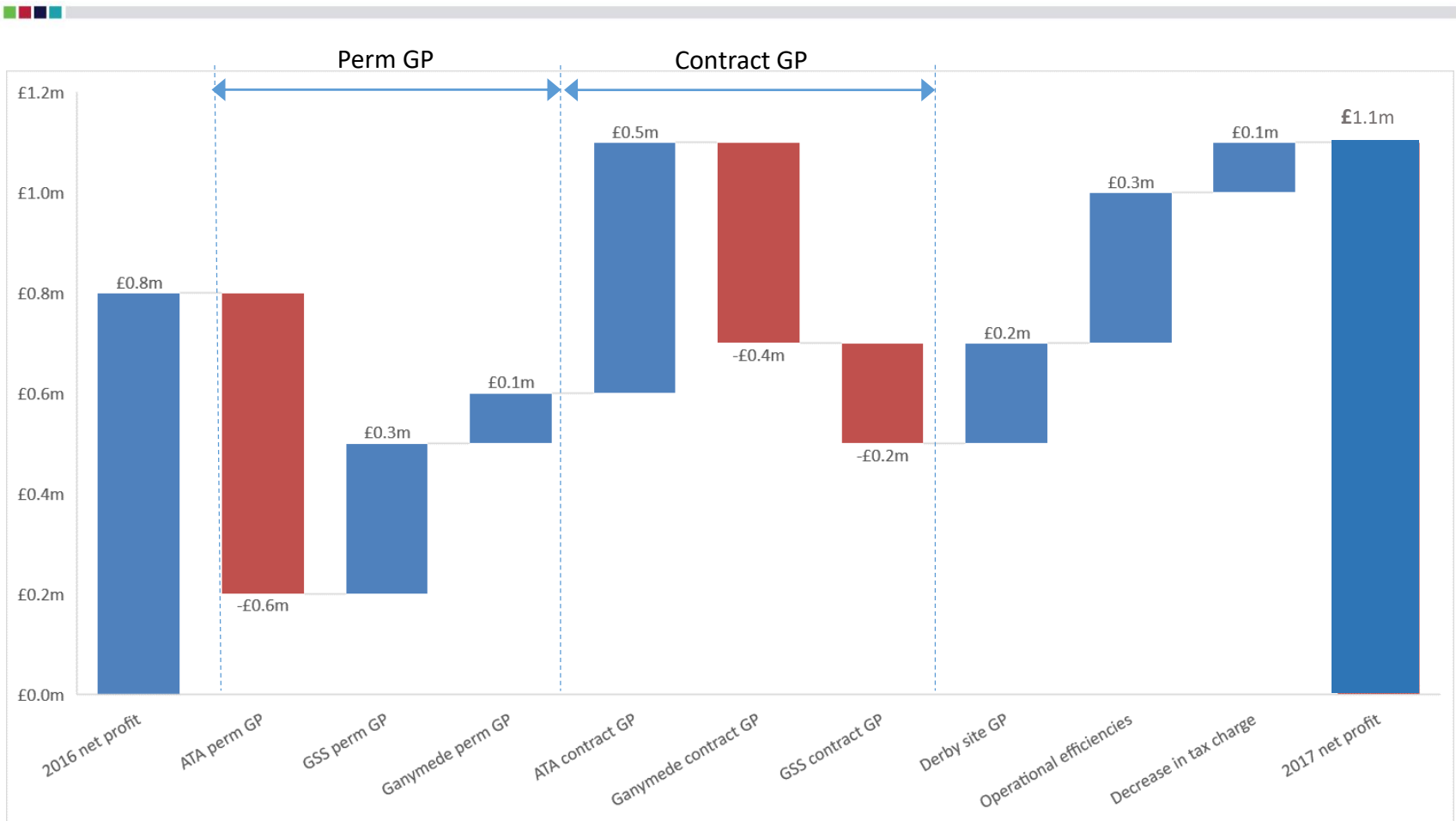
## Financial highlights 2017

- Revenue growth continued on its growth trajectory (+6%).
- Gross profit at near 2016 levels overall reflecting different challenges for each business:
  - Perm growth in international (GSS) and Energy (Ganymede) with ATA affected by difficult market conditions in the UK;
  - Planned growth in Contract GP in ATA offset by slightly lower demand in the Rail sector (Ganymede) and the full year impact of margin reductions following rebid for main contract in GSS; and
  - The Derby site GP increasing following disruption through refurbishment in 2016.
- 20% increase in profit from operations from planned efficiencies.
- Interest cover 17.5 (2016:11.3)
- Improvement in current ratio and gearing. Operating well within facility as regards cash availability.

## Income statement

£m	2017	2016	Change
<b>Revenue</b>	<b>71.2</b>	<b>67.9</b>	<b>5%</b>
Permanent fees	2.9	3.1	(3%)
Contract gross profit	8.2	8.4	(2%)
Derby site gross profit	0.8	0.6	33%
<b>Gross profit</b>	<b>12.0</b>	<b>12.1</b>	<b>(1%)</b>
<i>Gross margin</i>	<i>17%</i>	<i>18%</i>	<i>(5%)</i>
Overheads	(10.6)	(10.9)	(5%)
<b>Profit from operations</b>	<b>1.418</b>	<b>1.177</b>	<b>20%</b>
<i>Operating profit conversion from gross profit</i>	<i>12%</i>	<i>10%</i>	<i>20%</i>
<i>Operating profit conversion from revenue</i>	<i>2.0%</i>	<i>1.8%</i>	<i>11%</i>
Financing	(0.1)	(0.1)	-
<b>Profit before tax</b>	<b>1.3</b>	<b>1.1</b>	<b>18%</b>

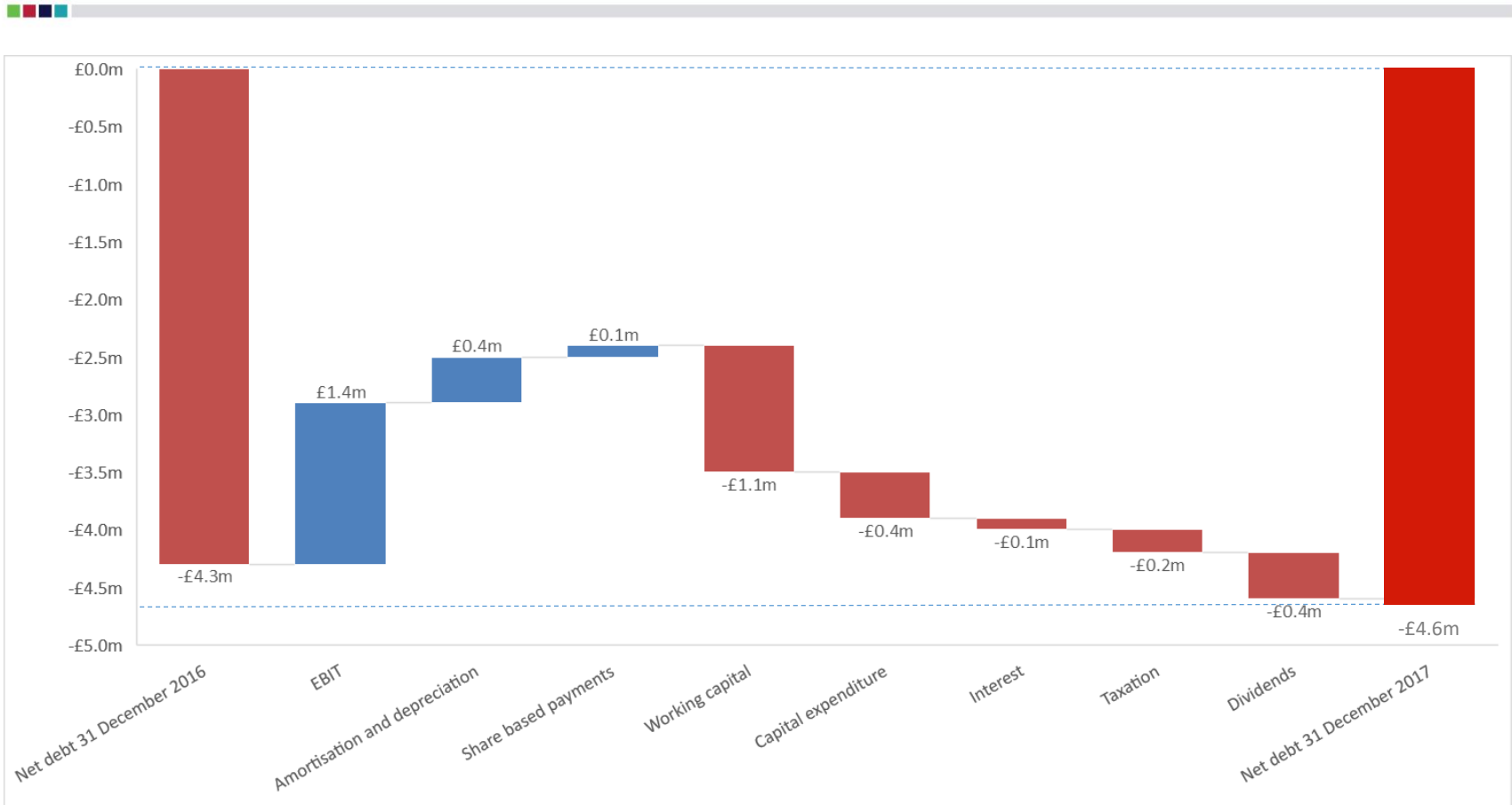
# Profit bridge



Note: Effective tax charge for 2017 was 16% (2016: 25%). Largely driven below 20% by deferred tax movements.



# Cashflow bridge



**Notes:**

- Net debt increased by amount of dividend paid of £0.4m.
- Working capital movement reflecting increase in levels of contract business in ATA clients on 60 days coupled with a few key clients paying late in first week of January.

## Debt and financing

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- The Group is financed using a confidential invoice discounting (CID) facility of up to £9m and an overdraft of £50,000 with HSBC.
- There is no term debt.
- On average the Group has £4m headroom in its CID facility which it can use, for example to make acquisitions from cash or to invest in its existing businesses to grow them.

With a CID the Group is able to draw down based on sales made. The security for the bank is the ownership of those debtor balances. As sales increase the ability to draw cash increases.

## Earnings per share and dividends



	2017
<b>Profit after tax</b>	<b>£1.1m</b>
Basic weighted average number of shares	13.9m
Dilutive effect of share options	1.0m
<b>Fully diluted weighted average number of shares</b>	<b>14.9m</b>
<b>Earnings per share</b>	
Basic	8.06p
Diluted	7.53p
<b>Dividend per share (in respect of 2017)</b>	<b>3.5p</b>
Dividend cover	2.3x

Note: Of the 14,643,707 shares in issue - 675,581 are held in an Employee Benefit Trust (no dividends payable).



# 2017 Operational review

## Operational review 2017



### ATA

- £0.1m increase in profit from operations of £1.3m (2016: £1.2m).
- Benefits of consolidation of branches and restructure of senior management team in 2016 showing in operating cost efficiencies in 2017 - GP conversion to operating profit 25.4% v 23.8% in 2016.
- Contract GP increased by £0.5m – contractor numbers increased by 100 during the year.
- Reduction in Perm GP still reflecting delays in infrastructure projects following the EU referendum being felt across the sector.
- Headcount at end of period 58 (2016: 56), based out of London, Derby, Leicester and Leeds.

## Operational review 2017

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### Ganymede

- Successful year with long-term contract with Network Rail operating at expected run-rate.
- Apprentice investment programme has seen over 100 new young employees into the sector over the last three years.
- Won SSE Plc contract to supply dual fuel meter installers to their smart-meter rollout programme began in December with 17 installers in place – numbers to increase to 250.
- Headcount at end of period 50 (2016: 46), based out of London, Derby, Wales, Crewe, Doncaster, Portsmouth and Milton Keynes.

## Operational review 2017

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### GSS

- £0.2m (42%) increase in profit from operations to £0.5m (2016: £0.4m).
- Contract GP down £0.2m reflecting a full year of reduced margins on core contract in Afghanistan following successful rebid Q4 2016.
- Contractors numbers starting to increase in Q4 as key client secured new contracts.
- New perm client secured – contributed £0.3m GP.
- Headcount at end of period 4 (2016: 4), based in Birmingham.

## Operational review 2017

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### Derby Conference Centre (part of Central Services)

- £0.2m increase in GP as the facility began to bounce back from the disruption of the refurbishment in 2016.
- Business lounge membership continued to increase along with its utilisation by clients as part of conference experience.
- Corporate event activity grew with events ranging from one to three days and the facility being able to accommodate up to 1,000 delegates.
- Private functions and events slower to pick up following the refurbishment but targeted marketing is starting to show through in increased bookings.
- Planned improvements to address car park capacity will support growth.
- Headcount at end of period 39 (2016:38), based in Derby.





# Summary and outlook

## Summary and outlook

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- Revenue growth from circa £20m to over £70m over past 5 years. Aim is to take the business to over £150m through both organic growth and targeted acquisition.
- Core businesses support industries and clients with solid growth opportunities:
  - ATA continuation of growth in contractors numbers, particularly into infrastructure projects. Perm and contract activity in engineering and technical sustainable;
  - Ganymede Rail continuing to deliver labour to Network Rail on its core maintenance contract and other projects. Together with growing other rail related business. Ganymede Energy delivering on its contract with SSE plc and seeking opportunities for further similar contracts;
  - International business is growing and poised to take advantage of new opportunities; and
  - At the Derby site the conference centre is gathering momentum in increasing sales.
- Management and governance structure and support services capable of administering significant growth.
- Continuing to pay a progressive level of dividend to our shareholders (maintaining at least 2x cover).



# Appendices

## Significant shareholdings

<b>Significant shareholdings &gt; 3%</b>		No.of shares	%
<b>Not in public hands</b>			
WJC Douie	Director	2,305,541	15.74%
AM Pendlebury	Director	696,871	4.76%
Sanne Fiduciary Services Limited in its capacity as trustee of the RTC Group Employee Benefit Trust		675,581	4.61%
Sub-total not in public hands		3,677,993	25.12%
<b>In public hands</b>			
Gerard Anthony Mason		1,178,735	8.05%
Alison Chapman		1,155,340	7.89%
Chelverton Asset Management		1,000,000	6.83%
David Stredder		740,000	5.05%
Graham J Chivers		515,809	3.52%
Sub-total in public hands		4,589,884	31.34%
Total significant holdings		8,267,877	56.46%
Total no. of shares		14,643,707	100.00%
As notified at: 25/04/2018			

Note: S L Dye and B W May (who are directors of the Company) each hold 43,000 and 30,000 shares respectively.

## Board biographies

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### **W J C Douie, Executive Chairman**

After two years in export sales with British Oxygen, Bill moved into banking with Midland Bank and qualified as an associate of the Institute of Bankers. In 1969 he moved into Merchant Banking, joining Keyser Ullmann Limited and spent six years in Investment Management before joining the Bank board in 1975. In 1981, following the merger of Keyser Ullmann and Charterhouse Japhet, he left to buy out, and become Chairman of, the Group's Instalment Credit subsidiary, Broadcastle Plc, and to become Chairman of British Benzol Limited, a fully listed Company in the solid fuel industry. He oversaw the merger of Broadcastle Plc and ATA Selection Plc before becoming Chairman of the Group in 1990. He joined with Clive Chapman in 1992 to purchase the ailing ATA business from the Group, and remains Executive Chairman.

### **A M Pendlebury, Group Chief Executive Officer**

Andy held a number of senior management positions during his long career with British Aerospace Plc. In 1992 he joined the board of Wynnwith Engineering and was appointed Managing Director in 1995 establishing the business as one of the United Kingdom's fastest growing recruitment businesses. In 2002 Andy joined GKN Plc as interim Managing Director of the Company's in-house recruitment business Engage and guided it through the board's divestment strategy. From 2004 to 2007, as Chief Executive, he engineered a trading turnaround and subsequent sale to the Morson Group of White & Nunn Holdings. He joined the Board of RTC Group Plc as a Non-Executive in July 2007, becoming Group Chief Executive in October 2007.

### **S L Dye, Group Finance Director**

Sarah is a Chartered Accountant who has worked in both the public and private sectors in the UK and overseas. Sarah qualified with BDO before moving to The Post Office Plc and then The Boots Company Plc gaining experience in risk management, internal audit and commercial finance. In 1998, Sarah joined Allied Domecq Plc as Finance and Planning Manager for Europe. In 2004 Sarah joined Nottingham Trent University where she held a number of senior finance positions. Sarah spent five years in New Zealand with the Office of the Auditor-General. In 2011 Sarah joined Staffline Group Plc as Group Financial Controller. Sarah was appointed as Group Finance Director of RTC Group Plc in February 2013.

### **B W May, Non-Executive Director**

Brian is a Chartered Civil Engineer and progressed his career in Tarmac Construction Ltd, subsequently holding a number of senior positions in Mowlem Plc over the course of 15 years. In 2000, Brian became Chief Executive of Laing Construction Plc, followed by HBG Construction Ltd in 2001. Brian held the position of Chief Executive Officer of Renew Holdings for 11 years until his retirement in 2016.