Cpl Resources Plc
Results for the six months ended 31 December 2016

CPL delivers revenue, gross profit and earnings growth in the first half of financial year 2017

Cpl Resources Plc ('Cpl' or the 'Group'), Ireland's leading employment services group, today announced results for the half year ended 31 December 2016.

Chairman's Statement

I am pleased to report that in the six months to 31 December 2016 the Group delivered continued growth in revenues, net fee income and profits.

Half year highlights

- 6% increase in revenues to €228.7 million
- 6% increase in gross profit (net fee income) to €36.2 million
- Profit before tax of €8.1m a 7% increase
- Earnings per share increases 8.5% to 23.0 cent
- 10% increase in interim dividend to 5.75 cent per share

Half year highlights €000s except where indicated	**Half year ended** **31-Dec-16**	**Half year ended** **31-Dec-15**	**% change**
Revenue	228,717	216,364	5.7%
Gross Profit	36,188	33,999	6.4%
Adjusted Operating profit*	8,971	8,475	5.9%
Adjusted Profit before tax*	8,979	8,481	5.9%
Operating profit	8,088	7,565	6.9%
Profit before tax	8,096	7,571	6.9%
Earnings per share	23.0 cent	21.2 cent	8.5%
Dividend per share	5.75 cent	5.25 cent	9.5%
Conversion ratio **			
Adjusted Operating Profit	24.8%	24.9%	
Adjusted Profit before tax	24.8%	24.9%	
Operating Profit	22.3%	22.3%	
Profit before tax	22.4%	22.3%	
Net fee income - permanent placements	13,279	13,640	(2.6%)
Net fee income – temporary and contract	22,909	20,359	12.5%
Permanent net fee income as a % of total gross profit	37%	40%	
Temporary and contract net fee income as a % of total gross profit	63%	60%	

* Adjusted operating profit and adjusted profit before tax exclude non-cash charges relating to the Group’s Long-Term Incentive Plan (LTIP) and foreign exchange

** As a % of gross profit.

During the six months ended 31 December 2016, we experienced further improvements in trading conditions in certain of our markets. Revenues for the six months to 31 December 2016 increased by 6% to €228.7 million. Our gross profit increased by 6% against the same period last year to €36.2 million. The Group's adjusted operating profit, which excludes non-cash foreign exchange and LTIP charges, was €9.0 million for the six months to 31 December 2016, a 6% increase on the same period last year. Our conversion rate of gross profit to operating profit (excluding LTIP & foreign exchange) was 24.8% in the period.

The foreign exchange charge of €0.5 million in the period was mainly due to the accounting translation of sterling into euro, as a result of fluctuations in the sterling exchange rate following the Brexit vote. The foreign exchange charge was €0.1 million for the period to 31 December 2015. The non-cash LTIP charge was €0.4 million in the six months to 31 December 2016 and €0.9 million in the six months to 31 December 2015. The LTIP charge for the six months to 31 December 2016 reflects current expectations in relation to the achievement of performance targets included in the LTIP awards.

The Group delivered a 9% increase in earnings per share to 23.0 cent for the six months to 31 December 2016.

The Group continues to work with clients to understand their specific requirements and with our candidates in order to match their skills to those client requirements. The proportion of our net fee income that is made up of permanent fees has reduced from 40% in the same period last year to 37%, mainly as a result of longer lead times in appointing nursing staff in the UK following regulatory changes. The temporary staffing market remains highly competitive but we have seen some margin improvement.

We continue to grow and develop our people within the Group and on behalf of the Board I wish to express my gratitude for the continuing hard work and dedication of all of our people and for their commitment to the Group.

Cash

The strength of our Balance Sheet reflects the positive cash-generating capability of Cpl. The Group has a cash balance of €35.2 million as at 31 December 2016 (December 2015: €27.6 million). In the six months to 31 December 2016 €9.0 million was generated in cash flow from operating activities before tax and changes in working capital. Although our business requires significant investment in working capital, we recorded a net cash inflow of €2.2 million in the period.

Dividend

The Board proposes to pay an interim dividend of 5.75 cent per share, an increase of 10% on last year's interim dividend, reflecting the Group's strong performance in the period. The interim dividend will be payable on 3rd March 2017 to shareholders on the register at the close of business on the record date of 3rd February 2017.

Outlook

In the six month period to 31 December 2016 we have seen continued organic growth across many of our key business sectors. Political and economic events globally during the period to 31 December 2016 have had limited impact on our key sectors, except for foreign exchange translations. During calendar year 2017 we expect the outcome of these events to become clearer, and consequent opportunities and challenges to present themselves.

We remain confident in the outlook for the business and expect to deliver continued profitable growth for the remainder of the financial year.

John Hennessy
Chairman
26 January 2017