

**Empresaria**

# Investor Presentation

2023 Full Year Results, March 2024

**Rhona Driggs**  
Chief Executive Officer

**Tim Anderson**  
Chief Financial Officer



# Welcome



**Rhona Driggs**  
Chief Executive Officer



**Tim Anderson**  
Chief Financial Officer

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# Overview & strategy update

# Overview

- Challenging market conditions continued throughout 2023 which impacted net fee income
  - Reduced by 12% year-on-year to £57.5m
  - Permanent placement down 25%
  - Temporary and contract down 10%
  - Offshore services growth of 8% proving its strength and resilience
- Adjusted operating profit down 50% to £5.1m
  - Higher cost base at the start of 2023 - investment in headcount in 2022 to meet client demand, combined with inflationary impacts
  - Measures to reduce costs implemented in response to reduced demand with a 17% reduction in headcount during 2023 (excluding Offshore Services) – full year costs down 5%, H2 costs were down 11% year-on-year
- Adjusted, diluted earnings per share reduced to 0.6p reflecting relative strength of Offshore Services which has a 28% non-controlling interest
- Adjusted net debt increased to £11.1m (31 December 2022: £7.9m) with headroom of £17.8m
- Proposed dividend of 1.0p per share, a reduction from 1.4p reflecting the Board's confidence in the Group's medium-term prospects while acknowledging the lower level of profit in 2023

# Operating and strategic updates

We are focussed on reducing operational complexity while delivering on our three key pillars for growth

- Reducing operational complexity and investing in people, process and technology
  - Streamlined leadership structure – core sectors under a single leader in each country – allowing us to reduce the size of our senior management team
  - Accelerated implementation of 180 operating model
  - Continued investment in our front office platform and related products
- Pillar 1: Focus on our core sectors – Professional, IT and Healthcare
  - Closed loss-making Vietnam operation
  - Merged our UK marketing brand into our lead Professional brand
  - Further divestments planned of 4 small operations in markets/sectors with limited opportunity to scale
  - US Professional launched under our lead Professional brand
- Pillar 2: Diversification of our service offering
  - Developed strategic partnerships on MSP programmes in the UK
  - Success in delivering project RPO services to clients in the Philippines
- Pillar 3: Growth in Offshore Services
  - Offshore Services continued to grow with increased diversity of services

# Financial review



# Summary income statement

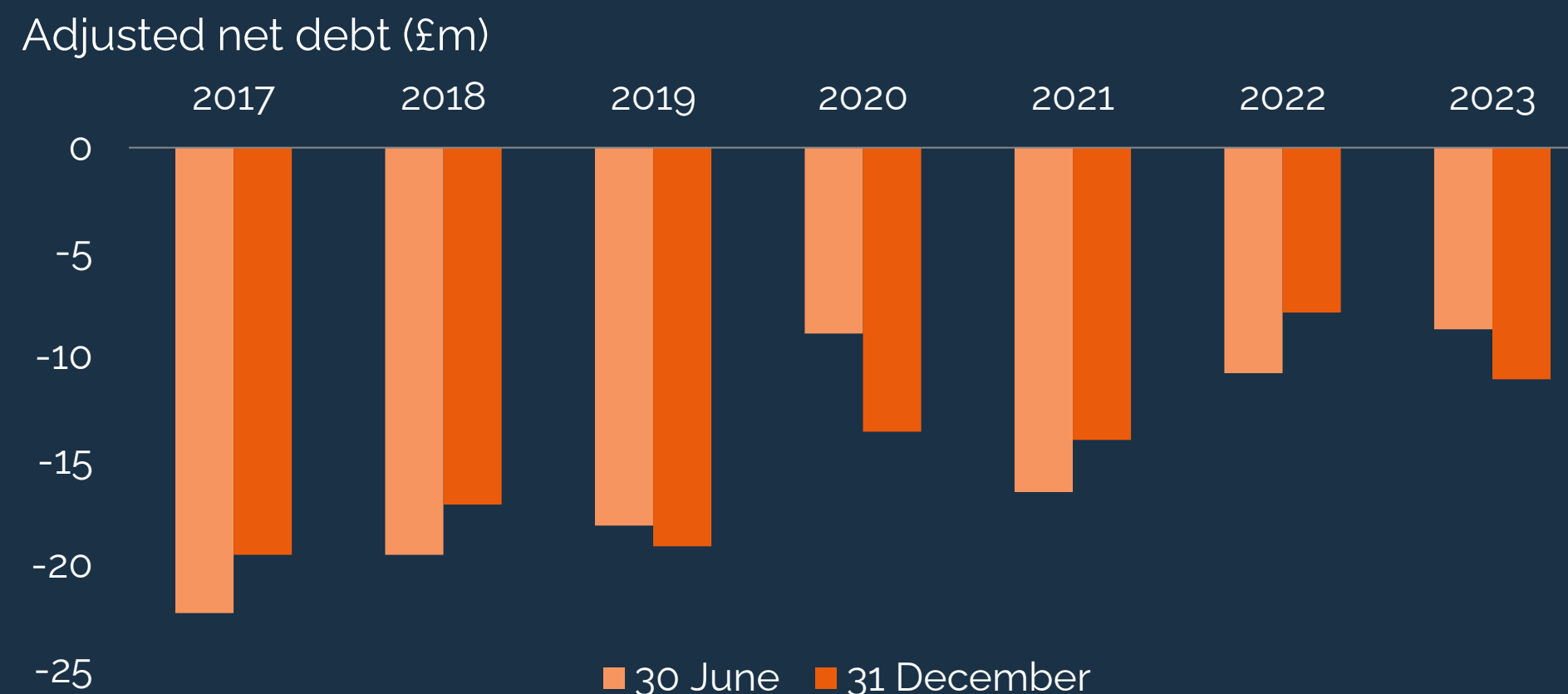
£m	2023	2022	% change	% change (constant currency)
Revenue	250.3	261.3	-4%	-4%
Net fee income	57.5	65.4	-12%	-11%
Administrative costs	(52.4)	(55.2)	-5%	
<i>Adjusted operating profit – Regions</i>	<i>8.8</i>	<i>14.1</i>	<i>-38%</i>	
<i>Central costs</i>	<i>(3.7)</i>	<i>(3.9)</i>	<i>-5%</i>	
Adjusted operating profit	5.1	10.2	-50%	-48%
Adjusted profit before tax	3.5	9.0	-61%	
Adjusted, diluted earnings per share	0.6p	8.8p	-93%	

- Costs reduced 5% year on year with the year-on-year reduction increasing as the year progressed
- Fall in adjusted operating profit reflects drop in NFI and the year-on-year cost position
- Greater reduction in earnings per share reflects the impact of the 28% non-controlling interest in Offshore Services

# Adjusted net debt

- Average month end net debt in 2023 was £8.3m (2022 £11.0m). Net debt increased to £11.1m as at 31 December 2023 reflecting working capital outflows towards the end of the year.
- Our debt to debtors ratio (adjusted net debt as a percentage of trade debtors) increased to 36% (2022: 24%) – we continue to target a sustained reduction to 25%.
- Headroom remains strong at £17.8m.
- Net finance costs increased from prior year reflecting the rises in interest rates which were partially offset by improved cash management.

	31 Dec 2023	30 Jun 2023	31 Dec 2022
Adjusted net debt	£11.1m	£8.7m	£7.9m
Headroom (exc. invoice financing)	£17.8m	£18.4m	£17.9m
Net finance costs	£1.6m	£0.8m	£1.2m



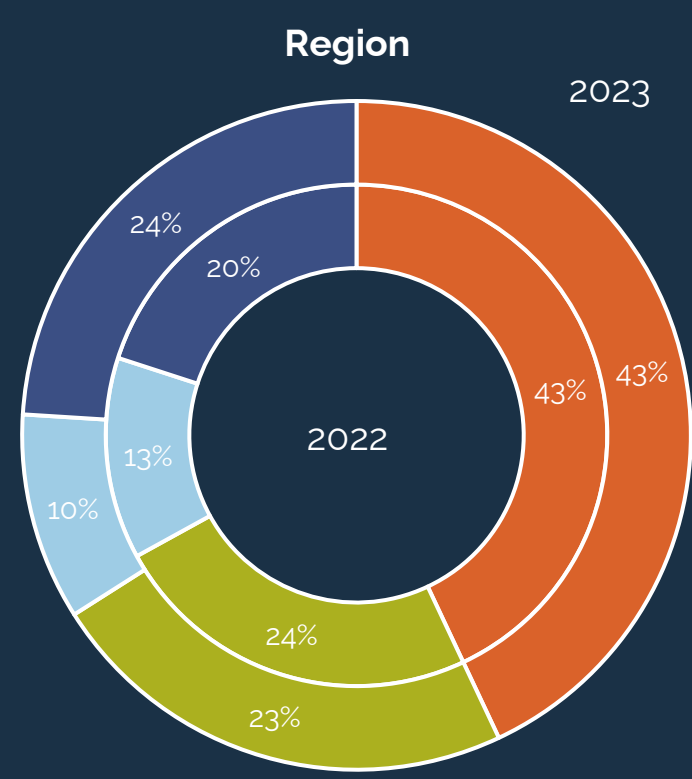




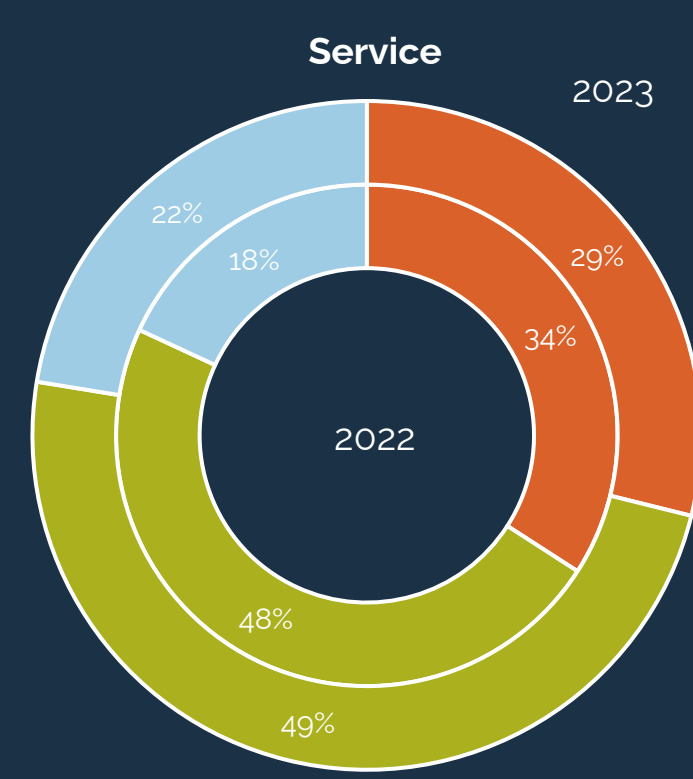
# Operating review

# A global diversified staffing group

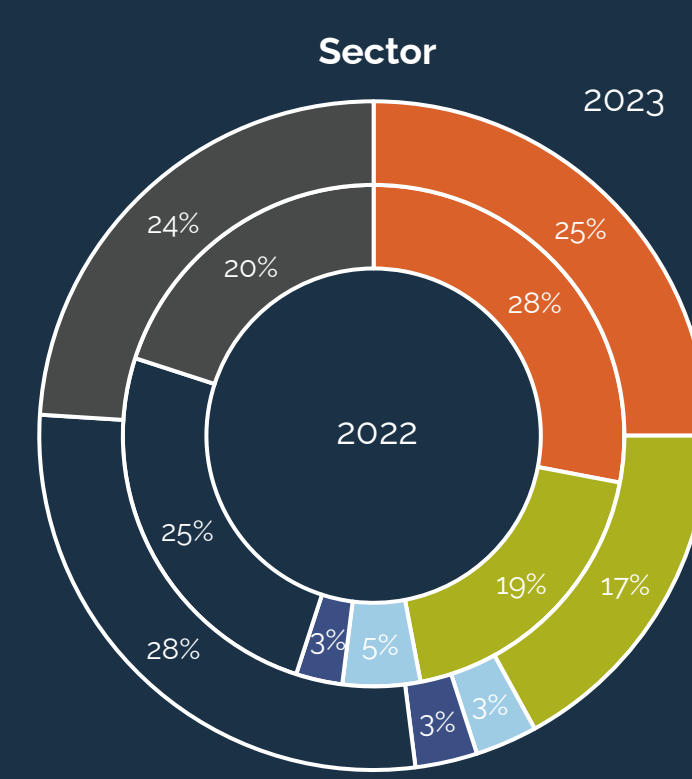
- Offshore Services increased to 24% of NFI
- Temp to perm ratio increased to 63:37 (2022: 58:42) reflecting the decline in perm
- Sector weighting reflects the weaker performances in Professional, IT and Healthcare and the strength of Offshore Services



■ UK & Europe  
■ APAC  
■ Americas  
■ Offshore Services



■ Permanent  
■ Temporary and contract  
■ Offshore services



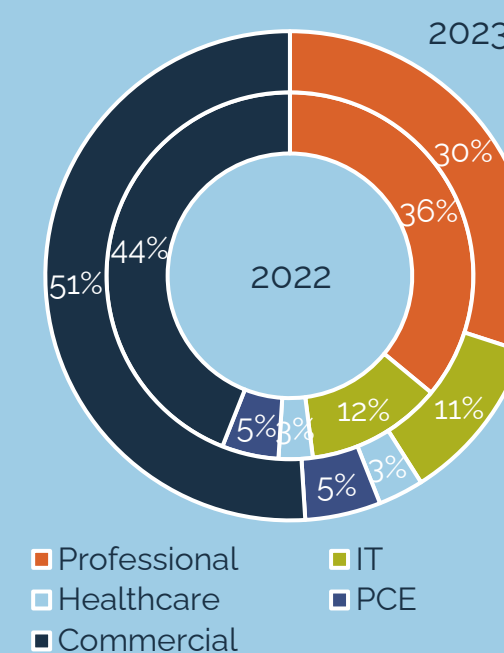
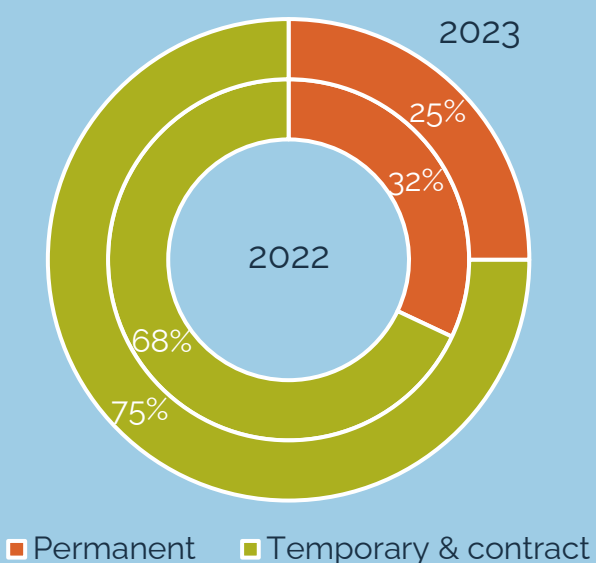
■ Professional  
■ IT  
■ Healthcare  
■ PCE  
■ Commercial  
■ Offshore Services

All charts show percentage of Group net fee income for the year ended 31 December. PCE = Property, Construction & Engineering

# UK & Europe

£m	2023	2022	% change	% change (constant currency)
Revenue	116.8	124.9	-6%	-8%
Net fee income	24.9	28.4	-12%	-13%
Adjusted operating profit	3.0	4.7	-36%	-38%
% of Group net fee income	43%	43%		

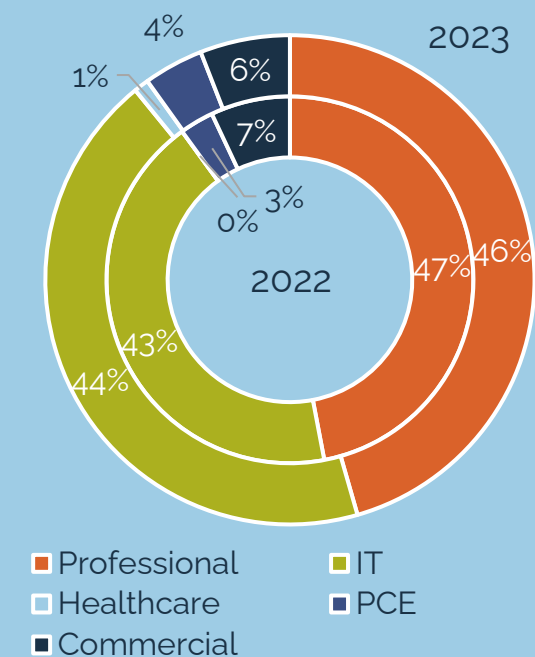
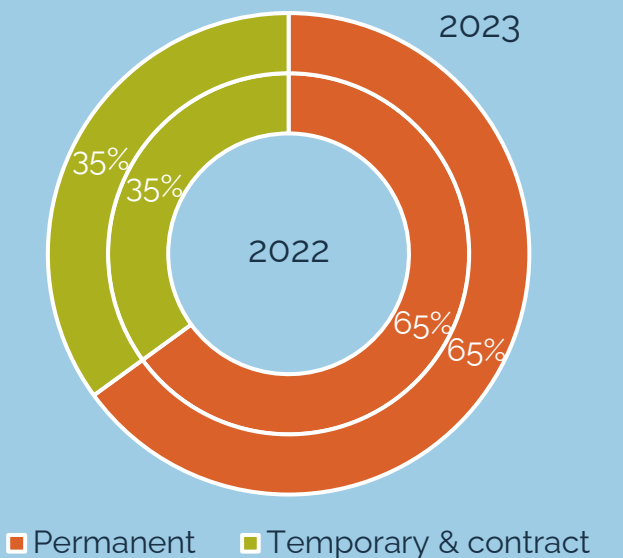
- The weakest results were in the UK with net fee income down 21%
  - Greater fall in permanent placements
  - Largest impacts in IT and Professional
- Results in Germany were solid – 2% decrease in net fee income



# APAC

£m	2023	2022	% change	% change (constant currency)
Revenue	51.9	49.9	+4%	+9%
Net fee income	13.6	15.8	-14%	-10%
Adjusted operating (loss)/profit	(0.8)	0.8	-200%	-214%
% of Group net fee income	23%	24%		

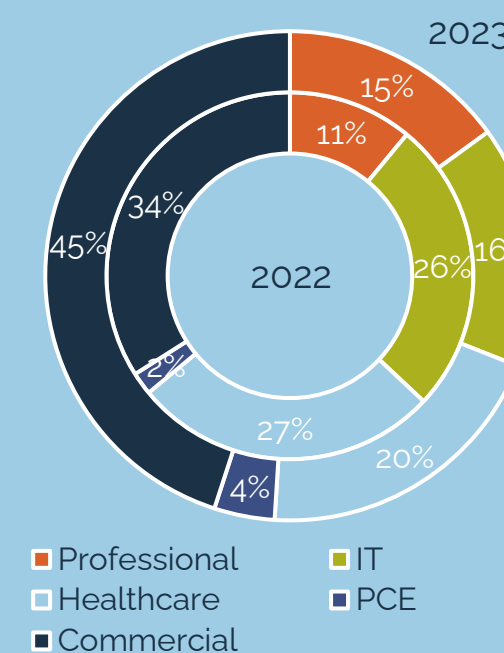
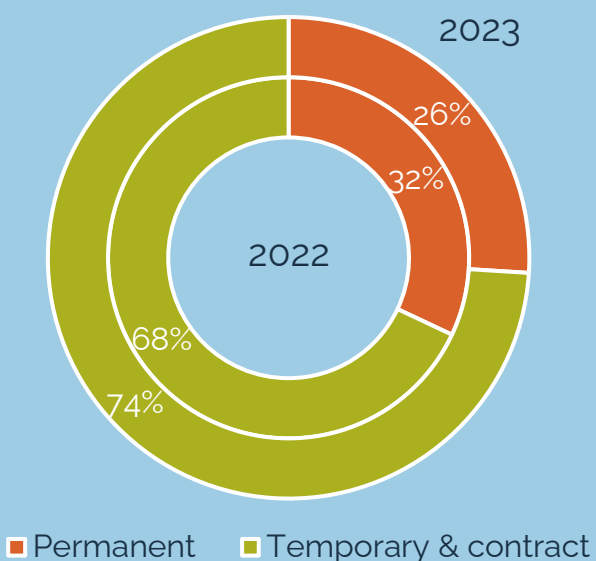
- Demand from technology companies (for both IT and Professional roles) a key driver of results across the region
- Some stronger performances with the Philippines delivering record net fee income and success in RPO
- Singapore and Australia performed poorly and contributed losses – significant actions taken in both operations to improve performance
- Some improvement in aviation – net fee income up by a third and some success in expanding outside of our traditional pilot leasing offering although remained loss making



# Americas

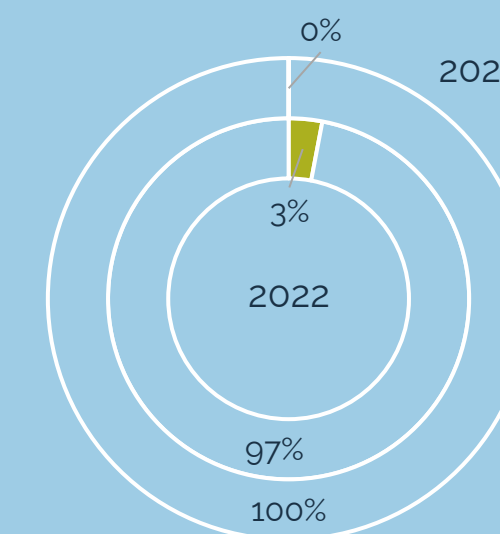
£m	2023	2022	% change	% change (constant currency)
Revenue	55.9	62.7	-11%	-12%
Net fee income	6.1	8.7	-30%	-31%
Adjusted operating (loss)/profit	(0.9)	1.5	-160%	-160%
% of Group net fee income	10%	13%		

- The US was the main driver of results for this region with net fee income down 50%
  - IT impacted by significant fall in demand plus impact of Silicon Valley Bank collapse on client base
  - Healthcare reduced from the highs that resulted from COVID with both demand and pay rates falling
- Chile delivered strong results with good growth in both net fee income and profit



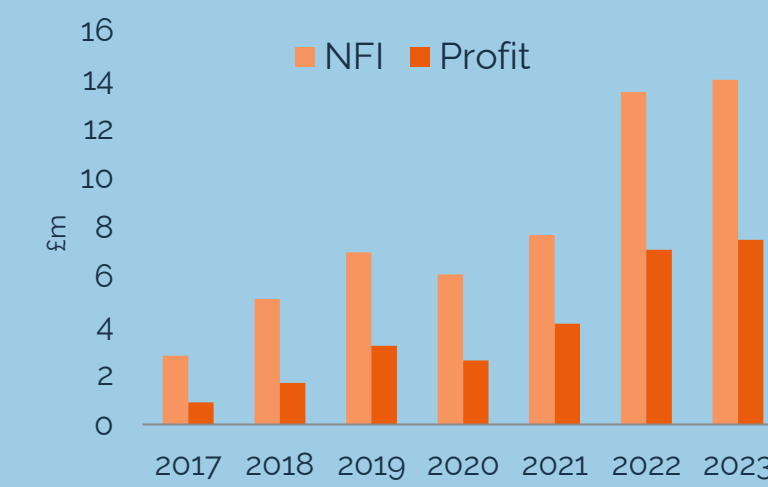
# Offshore Services

£m	2023	2022	% change	% change (constant currency)
Revenue	26.9	25.3	+6%	+13%
Net fee income	14.0	13.5	+4%	+9%
Adjusted operating profit	7.5	7.1	+6%	+12%
% of Group net fee income	24%	20%		



■ Temporary & contract □ Offshore Services

- Solid net fee income and profit growth against a weak market backdrop:
  - UK Healthcare clients grew strongly in H1 but with some fall back in demand towards the end of the year as the NHS looks to manage its agency spend
  - US remained challenging although demand stabilised in H2 after decreases in H1



32% net fee income compound annual growth rate since 2017



# Outlook

# Outlook

- We expect current market conditions to continue throughout H1 2024 – relatively low unemployment rates and ongoing skills shortages should accelerate recovery when it comes.
- We are closely managing costs, although we are making targeted investments in sales to ensure we maximise opportunities as and when confidence returns.
- We are continuing to take action to reduce complexity and simplify our operations to enable us to drive scale, deliver on our strategic objectives and create shareholder value.
- We are confident in our ability to navigate through this environment and we are well positioned to respond as the market recovers.



# Q&A

# Appendices



# Update on Strategic Objectives

Objective	2023 progress	2024 priorities
Build <b>scale</b> in our key markets and sectors	<ul style="list-style-type: none"> <li>• Launch of Professional in US under lead Professional brand.</li> <li>• Merged UK marketing brand into lead Professional brand.</li> <li>• Developed partnerships on MSP programmes in the UK.</li> <li>• Streamlined leadership structures to bring all core sector operations under a single leader in each country.</li> <li>• Exited loss-making Vietnam operation.</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment of German operations under a single leadership structure.</li> <li>• Embed UK and US operating structures and realise cross-selling potential.</li> <li>• Rebuild US net fee income after a challenging 2023.</li> <li>• Targeted investment in sales teams.</li> </ul>
<b>Diversify</b> our service offering to clients	<ul style="list-style-type: none"> <li>• Success in delivering project RPO services in the Philippines.</li> <li>• Temp to perm ratio (excluding offshore services) improved to 63:37 reflecting the fall in permanent placement NFI.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on expanding our success in RPO.</li> <li>• Target growth in temporary and contract which is expected to recover first as and when market conditions improve.</li> </ul>
Increase <b>productivity</b> and efficiency	<ul style="list-style-type: none"> <li>• Common front office platform now in place in all bar one of our core sector operations.</li> <li>• Analytics tool for our front-office platform trialled.</li> <li>• Delivery centre created to service UK MSP clients.</li> <li>• 180 model implementation nearly complete in core sectors.</li> <li>• Staff productivity adversely impacted by market conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Full roll-out of analytics tool including training programme.</li> <li>• Training and awareness programmes to maximise benefit of our global database.</li> <li>• Complete 180 model roll-out in all core sector operations.</li> <li>• Implement onboarding technology solution.</li> <li>• Continue to drive internal utilisation of Offshore Services.</li> </ul>
Continue to grow <b>Offshore Services</b>	<ul style="list-style-type: none"> <li>• Continued to grow despite market conditions.</li> <li>• Continued to consolidate growth in UK Healthcare.</li> <li>• Strong growth in our accounting, finance and back-office services – now 10% of net fee income.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued expansion of service offering.</li> <li>• Expand presence in US healthcare.</li> <li>• Sales focus to ensure that we capitalise on market recovery as and when this happens.</li> </ul>

# Income statement

Year ended 31 December

£m	2023	2022	% Change	% Change (constant currency)
<b>Revenue</b>	250.3	261.3	-4%	-4%
<b>Net fee Income</b>	<b>57.5</b>	<b>65.4</b>	-12%	-11%
Administrative costs	(52.4)	(55.2)		
<b>Adjusted operating profit*</b>	<b>5.1</b>	<b>10.2</b>	-50%	-48%
Interest	(1.6)	(1.2)		
<b>Adjusted profit before tax*</b>	<b>3.5</b>	<b>9.0</b>	-61%	
Exceptional items	(0.6)	-		
Fair value charge on acquisition of non-controlling shares	(0.1)	-		
Impairment of goodwill	(1.5)	-		
Amortisation of intangible assets identified in business combinations	(1.2)	(1.4)		
<b>Profit before tax</b>	<b>0.1</b>	<b>7.6</b>		
Taxation	(1.4)	(2.8)		
<b>(Loss)/profit for the period</b>	<b>(1.3)</b>	<b>4.8</b>		
Adjusted, diluted earnings per share* (p)	0.6p	8.8p	-93%	
Diluted (loss)/earnings per share (p)	(5.9)p	6.7p		

\* Adjusted to exclude amortisation of intangible assets identified in business combinations, exceptional items, impairment of goodwill and other intangible assets, fair value charges on acquisition of non-controlling shares and in the case of earnings also adjusted for any related tax.

# Balance sheet

As at 31 December

£m	2023	2022
Goodwill and other intangibles	36.6	40.1
Trade and other receivables	44.7	46.7
Cash and cash equivalents	17.1	22.3
Right-of-use assets	6.4	7.5
Other assets	8.1	7.2
<b>Total assets</b>	<b>112.9</b>	<b>123.8</b>
Trade and other payables	(31.5)	(33.3)
Borrowings	(27.9)	(29.6)
Lease liabilities	(6.9)	(7.9)
Other liabilities	(3.7)	(4.0)
<b>Total liabilities</b>	<b>(70.0)</b>	<b>(74.8)</b>
<b>Net assets</b>	<b>42.9</b>	<b>49.0</b>

# Cash flow statement

Year ended 31 December

£m	2023	2022
(Loss)/profit for the year	(1.3)	4.8
Depreciation, amortisation, exceptional items, fair value charge on acquisition of non-controlling shares, impairment of goodwill and share-based payments	9.4	8.2
Tax and interest	3.0	4.0
Working capital	(0.2)	3.4
<b>Cash generated from operations</b>	<b>10.9</b>	<b>20.4</b>
Lease payments	(5.4)	(5.3)
Tax and net finance costs	(4.8)	(5.4)
Capital expenditure	(1.4)	(2.1)
Purchase of own shares in Employee Benefit Trust	(0.3)	(0.3)
Net cash flow from loans and borrowings	(1.4)	(5.7)
Dividends to shareholders	(0.7)	(0.6)
Dividends paid to non-controlling interests	(0.9)	(0.4)
Other	(0.1)	(0.1)
<b>(Decrease)/increase in cash in the period</b>	<b>(4.1)</b>	<b>0.5</b>
Foreign exchange	(1.1)	0.7
<b>Net movement in cash and cash equivalents</b>	<b>(5.2)</b>	<b>1.2</b>

# Shareholder information

- Shares in issue – 49.9m ordinary shares
- Market capitalisation - £18.2m (22 March 2024)
- Nil vested options, 3.8m unvested options (3 year performance criteria), 0.8m currently held in EBT
- Significant shareholders set out below (as at 31 December 2023)

Shareholder	Number of shares	% held
A V Martin	13,924,595	27.9%
Kempen Capital Management	7,140,354	14.3%
H M van Heijst	6,450,000	12.9%
Close Brothers Asset Management	4,927,814	9.9%
Beliggingsclub't Stockpaert	3,645,000	7.3%
The Ramsey Partnership Fund	2,441,000	4.9%
Ophorst van Marwijk Kooy	1,638,328	3.3%

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