Investor Presentation

2020 Full Year Results
March 2021

Rhona Driggs
Chief Executive Officer

Tim Anderson
Chief Financial Officer

Empresaria

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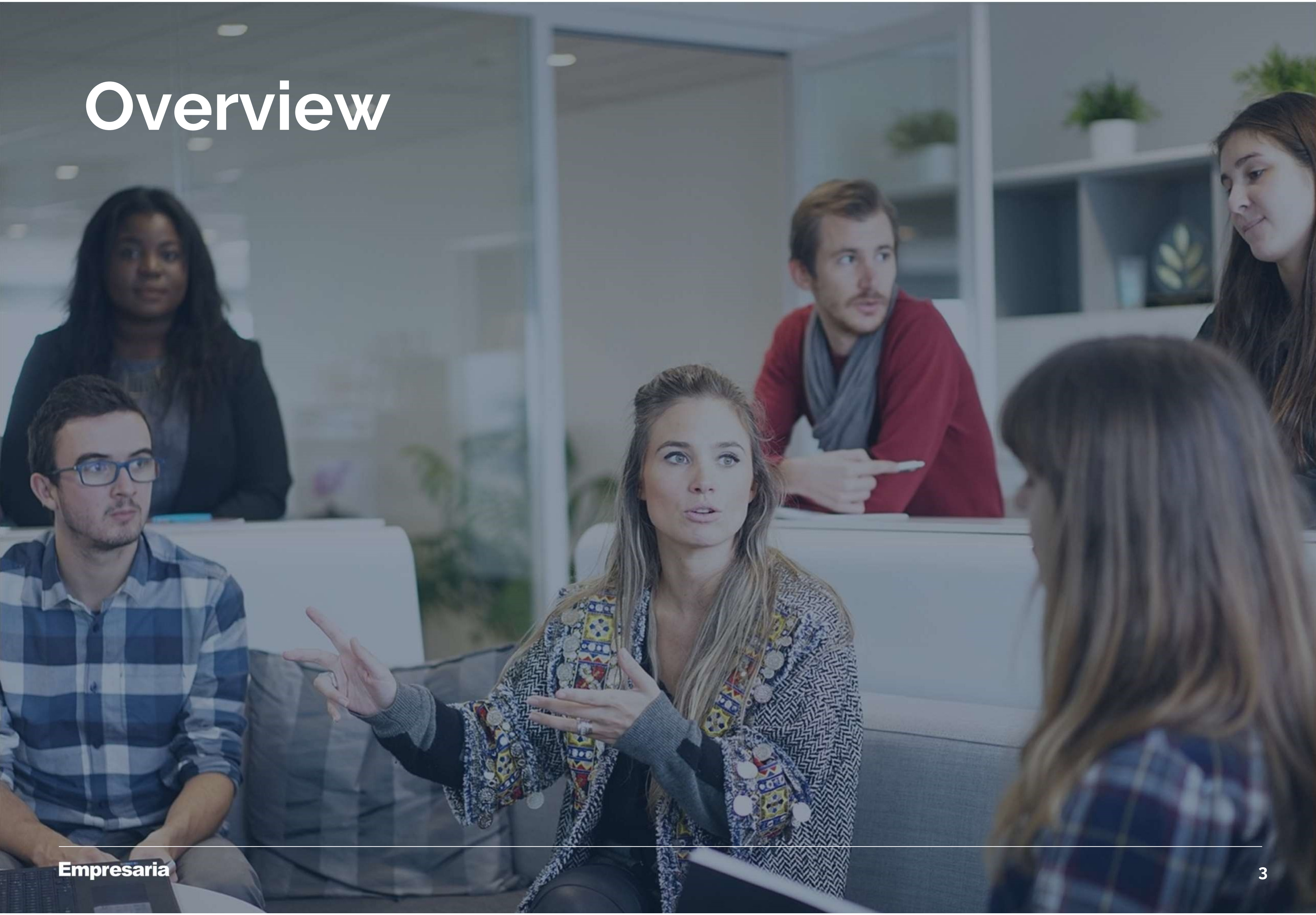
Overview



A global diversified staffing Group

- 6 sectors operating in 20 countries and placing in many more
- Diversity of locations and services reduces impact from localised market issues
- 75% of net fee income from outside of UK
- Growing strength in Offshore Recruitment Services increasing diversification

All charts show percentage of Group net fee income

Our sectors and markets

	UK	Continental Europe	Asia Pacific	Americas
Professional	Sales and operations		Sales and operations	
IT	Sales and operations	Sales	Sales and operations	Sales and operations
Healthcare		Sales and operations		Sales and operations
Property, Construction & Engineering	Sales and operations			
Commercial		Sales and operations	Sales and operations	Sales and operations
Offshore Recruitment Services	Sales		Sales and operations	Sales

Overview

- Delivered year on year profit growth in each of the first three months of the year
- Quick and effective response to COVID-19 - profitable in every quarter
- Accelerated strategic plan
- Protected key investments
- Well positioned to take advantage when our markets recover
- Market guidance and dividend reinstated

Profitability and financial strength in face of COVID-19

- Year on year profit growth in the first quarter pre-pandemic
  - Benefit of operational initiatives put in place last year
  - Profit growth in each month
- Profitable in each quarter of the year
  - Significant impact to net fee income – Q2, down 39% v 2019, Q3 down 38%, Q4 down 27%
  - Quick and effective response to COVID-19
  - Some positive momentum developing in the final months of 2020
  - H2 operating profit greater than H1 despite lower net fee income
  - Diversification by sector and geography continued to prove beneficial
- Net debt significantly reduced to £13.6m (31 December 2019: £19.1m) and headroom increased to £17.6m (31 December 2019: £11.5m)
  - Focus on cash management
  - Significant working capital inflows reflecting reduced activity levels
  - Headroom improvement reflects cash flows and increased facility levels
  - Revolving credit facility refinance March 21 at same level

Operating highlights

- Investment in common technology continued
  - 3 additional brands went live on Bullhorn in July
  - Technology roadmap in place – majority of brands to be implemented within 18 months
- Operating model evolution accelerated in key brands
  - Ensure equal focus on sales and candidate recruitment creating deeper client relationships, greater speed in delivering talent and increased retention of our temporary employees.
  - Increased use of internal offshore recruitment expertise to improve efficiency – doubled over last two years
- Restructuring and right sizing cost bases
  - Protect bottom line
  - Position businesses for growth
- Progress in developing a performance driven culture
  - Demonstrated in our 2020 results

Update on strategic objectives

Objective	2020 progress	2021 priorities
Build scale in key markets and sectors	▪ Improvements to operating models ▪ Consolidated small loss-making operations ▪ Restructured management in key businesses ▪ Reorganisation of German operation	▪ Regional management and sales structure ▪ Grow US presence of IT and Healthcare ▪ Expand Offshore Recruitment Services operations to new bases
Materially increase and diversify profits	▪ Temp to perm ratio increased to 65:35 ▪ US launch of IMS Oneworld ▪ Improvements to operating models ▪ Right sizing of cost bases	▪ Rebuild net fee income and profits in operations heavily impacted by COVID-19. ▪ Focus on growing temporary and contract IT in the US ▪ Expand service offerings to clients – SOW/RPO/Direct Sourcing
Invest in technology to drive revenue and productivity	▪ Technology implementation continued ▪ Technology road map broadened ▪ Adoption of internal communication tool	▪ Accelerate implementation of technology – majority of the Group complete in 18 months ▪ Deliver on benefits of common technology
Reduce net debt balancing investment activity against financial constraints	▪ Resilience of funding model evidenced ▪ No dividend paid in 2020 and investments prioritised	▪ Refinance revolving credit facility. ▪ Restart dividend ▪ Continue to focus investment on organic growth

Financial review

Summary income statement

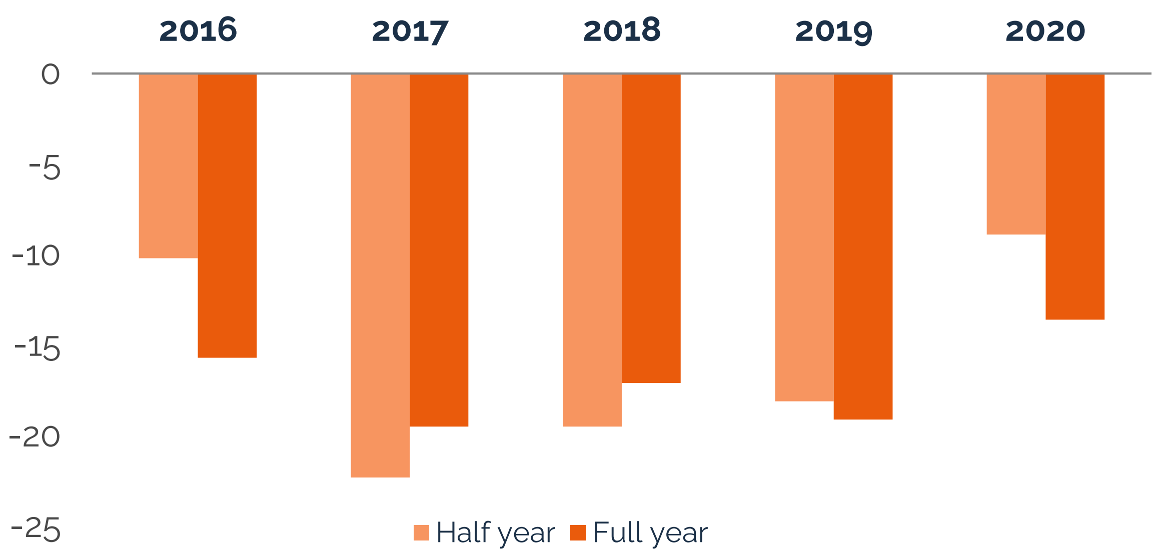
£m	2020	2019	% change	% change (constant currency)
Revenue	256.5	358.0	-28%	-27%
Net fee income	54.0	74.5	-28%	-27%
Administrative costs	(47.8)	(64.1)	-25%	
Adjusted operating profit – Sectors	*9.4*	*14.6*	*-36%*	
Central costs	*(3.2)*	*(4.2)*	*+24%*	
Adjusted operating profit	6.2	10.4	-40%	-39%
Adjusted profit before tax	5.2	9.3	-44%	
Adjusted, diluted EPS	4.1p	8.5p	-52%	

Adjusted net debt

- Net debt substantially reduced reflecting working capital inflows in Q2, offset by working capital outflows as trading recovered in the second half of the year. Demonstrated strength of balance sheet.
- 2020 H1 deferral of UK VAT and similar items (£3.5m) now largely repaid – £0,9m to be paid in H1 2021.
- Precautionary action taken to increase the UK overdraft facility by £2.5m and relax principal covenants – remained compliant with original covenants throughout year.
- Significant covenant headroom at 31 December 2020 – up 53% on 2020.
- Net debt levels expected to rise as activity levels continue to increase
- Revolving credit facility of £15m refinanced in March 2021 – 2.5 year maturity

	31 Dec 2020	31 Dec 2019	% var
Adjusted net debt	£13.6m	£19.1m	-29%
Headroom (exc invoice financing)	£17.6m	£11.5m	+53%
Net finance costs	£1.0m	£1.1m	10%

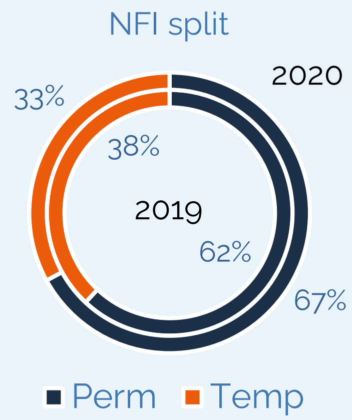
Adjusted net debt (£m)



Sector analysis

Professional

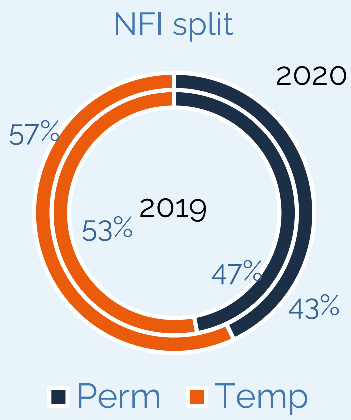
£m	2020	2019	% change	% change (constant currency)
Revenue	55.3	125.0	-56%	-55%
Net fee income	15.4	27.3	-44%	-43%
Adjusted operating profit	0.2	3.5	-94%	-94%
% of Group net fee income	28%	37%		



- Sector experienced large impact from COVID-19, particularly on our aviation business and demand for permanent placements.
- Aviation significantly disrupted and not expected to recover quickly. Business restructured to right-size cost base and position it for recovery. Remains a market with good medium and long term potential.
- Sector is more than 60% permanent which has been hit harder than temporary and contract in most cases. Year-on-year split shows proportional increase in permanent as aviation is almost all temporary and contract.
- Strong action taken on costs means sector has remained profitable.

IT

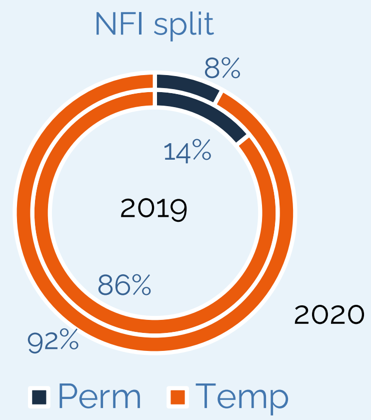
£m	2020	2019	% change	% change (constant currency)
Revenue	41.8	45.2	-8%	-8%
Net fee income	12.7	14.4	-12%	-12%
Adjusted operating profit	1.8	3.2	-44%	-44%
% of Group net fee income	23%	19%		



- Sector has been one of the more resilient in face of COVID-19.
- Japan performed strongly with profits in line with 2019 and a small fall in net fee income
- US performed strongly in H1 but a more challenging H2.
- UK had a difficult year with net fee income down 20%. Actions taken to restructure business and refocus the operating model

Healthcare

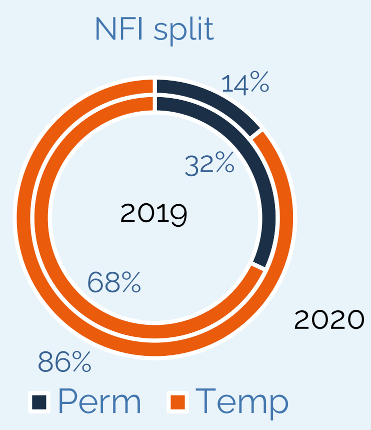
£m	2020	2019	% change	% change (constant currency)
Revenue	13.2	11.3	17%	17%
Net fee income	2.5	2.8	-11%	-11%
Adjusted operating profit	0.4	0.5	-20%	-20%
% of Group net fee income	5%	4%		



- Most resilient sector with an improved performance in the second half.
- Sector initially impacted by COVID-19 with patients unable or unwilling to engage with healthcare services unless absolutely necessary, reducing demand for temporary staff.
- H2 demand driven by supply of staff for testing and vaccination centres – especially in the US
- Temp volumes in the US very strong, but at lower margins so although revenues are up, net fee income is still down year-on-year.

Property, Construction & Engineering

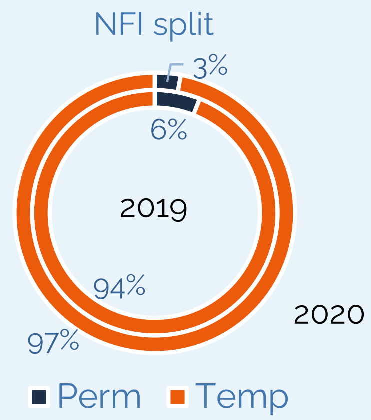
£m	2020	2019	% change	% change (constant currency)
Revenue	3.6	22.4	-84%	-84%
Net fee income	0.7	3.8	-82%	-82%
Adjusted operating loss	(0.2)	(1.2)	-83%	-83%
% of Group net fee income	1%	5%		



- Year on year fall in revenues and net fee income reflects the UK engineering business, a substantial part of which was closed in late 2019.
- Business supplying new home sales industry has been hit particularly hard by COVID-19 with sites closed for large parts of the year.
- Cost base is low and when demand returns this sector should quickly return to profitability.

Commercial

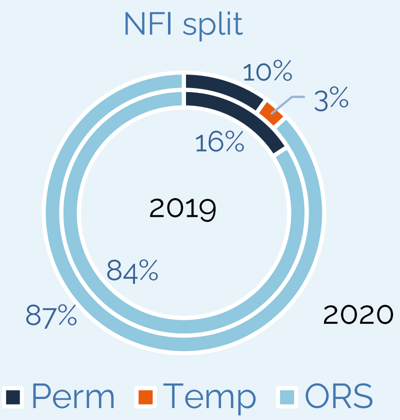
£m	2020	2019	% change	% change (constant currency)
Revenue	132.3	142.4	-7%	-5%
Net fee income	17.2	19.7	-13%	-12%
Adjusted operating profit	4.6	5.4	-15%	-13%
% of Group net fee income	32%	26%		



- One of our most resilient sectors but with performance varying by industry and market
- Germany – logistics business had a strong year with a positive impact from COVID-19 reflecting increased demand from supermarkets.
- Germany – automotive sector continues to suffer, firstly from factory closures due to COVID-19, and then from low consumer demand reducing clients' requirements for temporary workers.
- LATAM – impact of COVID-19 felt later than in other markets but had a significant impact. Our business in Chile received some protection with supermarkets forming a large part of its client base.
- Japan – significant impact from Tokyo lockdown at start of the year but picked up in H2.

Offshore Recruitment Services

£m	2020	2019	% change	% change (constant currency)
Revenue	10.9	12.2	-11%	-6%
Net fee income	6.1	7.0	-13%	-8%
Adjusted operating profit	2.6	3.2	-19%	-13%
% of Group net fee income	11%	9%		



- Significant fall in demand in Q2 as clients looked to pass on the impact on their own businesses.
- Business responded well to lockdown moving hundreds of staff to home working in very short space of time while continuing to service clients effectively.
- Demand has rebounded strongly in H2, and headcount is back to Pre-COVID levels – clients see the benefit of this service in make efficiency and productivity improvements in their operating models.

Outlook

Outlook

- Cautious on the speed of recovery as COVID-19 continues to impact the global economy.
- Most economic forecasts are positive but include assumptions about the success of vaccination roll outs – high level of risk remains.
- We are seeing a two speed recovery – those sectors that have adapted to working in a COVID-19 environment, and those which have not or cannot (travel, aviation, services, hospitality).
- Our diversification by both sector and geography will continue to prove to be beneficial.
- We will continue to drive forward our operational initiatives and believe we are well positioned to exit the pandemic stronger than we entered it.

Appendices

Income statement

Year ended 31 December 2020

£m	2020	2019	% Change	% Change (constant currency)	
Revenue	256.5	358.0	-28%	-27%	
Net fee Income	54.0	74.5	-28%	-27%	
Administrative costs	(47.8)	(64.1)			
Adjusted operating profit*	6.2	10.4	-40%	-39%	
Interest	(1.0)	(1.1)			
Adjusted profit before tax*	5.2	9.3	-44%		
Exceptional items	(0.2)	(2.1)			No COVID-19 related costs shown as exceptional
Fair value charge on acquisition of non-controlling shares	(0.3)	-			
Impairment of goodwill and other intangible assets	(5.0)	(2.5)			Impairment charge recognised in respect of our aviation business
Amortisation of intangible assets identified in business combinations	(1.7)	(1.8)			
Taxation	(1.2)	(2.4)			
(Loss)/profit for the year	(2.0)	0.5			
Diluted adjusted EPS* (p)	4.1	8.5	-52%		
Diluted EPS (p)	(6.0)	(1.6)	-275%		

* 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 2020

£m	2020	2019	
Property, plant and equipment and right-of use assets	10.6	12.9	Limited new leasing activity in 2020
Goodwill and other intangibles	43.0	49.0	
Trade and other receivables	44.8	55.2	Fall in trade receivables reflecting reduction in trading
Cash and cash equivalents	20.8	17.6	
Deferred tax assets	2.8	2.4	
Total assets	122.0	137.1	
Trade and other payables	(33.3)	(37.7)	Fall in creditors due to lower trading activity
Borrowings	(33.4)	(35.2)	
Lease liabilities	(9.4)	(11.2)	Limited new leasing activity in 2020
Other liabilities	(3.5)	(5.0)	
Total liabilities	(79.6)	(89.1)	
Net assets	42.4	48.0	

Cash flow statement

Year ended 31 December 2020

£m	2020	2019	
(Loss)/profit for the year	(3.2)	0.5	
Depreciation, amortisation, fair value charge on acquisition of non-controlling shares, share-based payments and impairment of goodwill and other intangible assets	14.2	12.1	
Tax and interest	2.2	3.5	
Working capital	5.1	(1.7)	
Cash generated from operations	18.3	14.4	
Lease payments	(6.2)	(6.5)	
Tax and interest	(3.9)	(6.7)	Tax cash flows lower in 2020 with 2019 reflecting settlement of tax audits
Dividends to shareholders	-	(1.0)	
Net investments and capital expenditure	(2.3)	(5.2)	Includes £0.9m in respect of shares in ConSol Partners
Purchase of own shares in Employee Benefit Trust	(0.2)	-	
Net cash flow from loans and borrowings	(2.1)	(1.5)	
Dividends paid to non-controlling interests	(0.5)	(0.6)	
Increase/(decrease) in cash in the period	3.1	(7.1)	
Foreign exchange	0.1	(0.7)	
Net movement in cash and cash equivalents	3.4	(7.8)	

Shareholder information

- Shares in issue – 49.0m ordinary shares
- Market capitalisation - £23.5m (5 March 2021)
- 1m vested options (net of 1m EBT holding), 2.7m unvested options (3 year performance criteria)
- Significant shareholders set out below (updated March 2021)

Shareholder	Number of shares	% held
Anthony Martin	13,924,595	28.4%
H M van Heijst	6,450,000	13.2%
Close Brothers Asset Management	6,071,598	12.4%
Hof Hoorneman Fund Management	4,459,041	9.1%
Beliggingsclub't Stockpaert	3,005,000	6.1%
Ramsey Partnership Fund	2,441,000	5.0%
Allianz Global Investors	1,590,000	3.2%

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