# Investor Presentation

## 2021 Half Year Results

August 2021

**Rhona Driggs**
Chief Executive Officer

**Tim Anderson**
Chief Financial Officer

CELEBRATING 25 YEARS

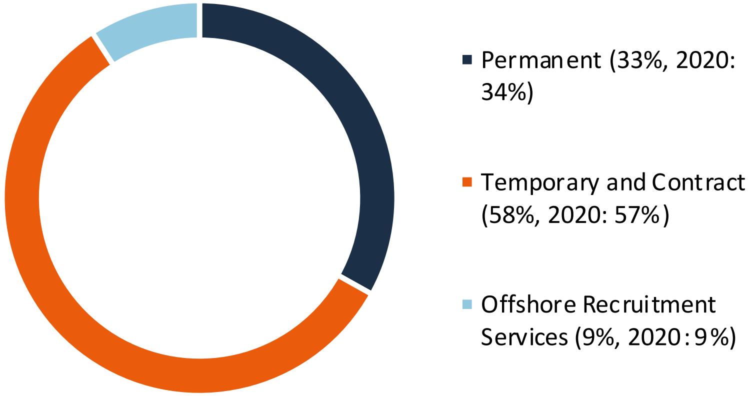
Empresaria

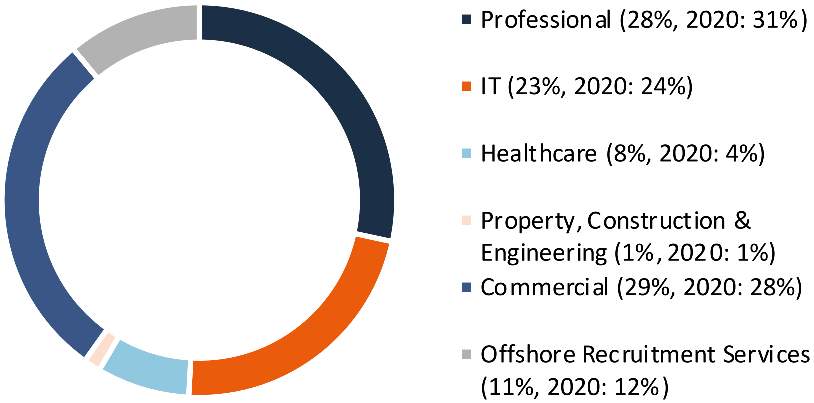
# Contents

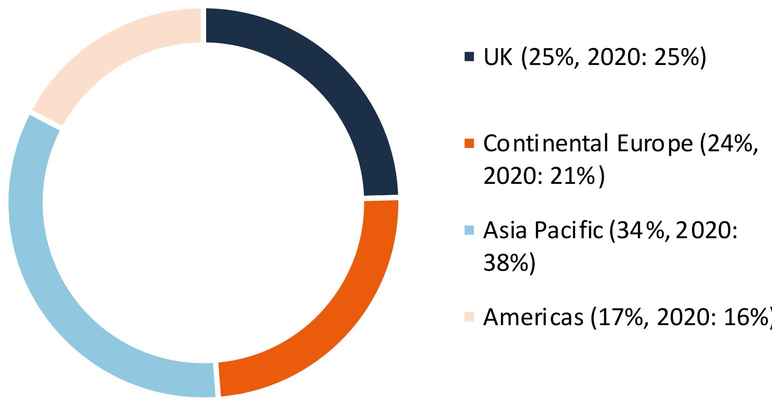
# Overview

# A global diversified staffing Group

- Healthcare increased to 8% of Group NFI
- APAC reduced to 34% of Group NFI due to impact of aviation industry
- 75% of net fee income from outside of UK
- Temp/perm split in line with prior year – excluding aviation, temporary proportion has increased




All charts show percentage of Group net fee income

# Overview

- Strong recovery in profits – adjusted profit before tax up 67% on prior year and 8% ahead of 2019
- Progress on net fee income recovery
  - Q2 up 30% on prior year with growth in all sectors
  - Q1 down 19% v prior year reflecting strong pre-COVID comparator
  - H1 up 1% on prior year, up 4% in constant currency
- Operational investments including appointment of regional leadership roles and continued technology rollout
- Demand returning to pre-pandemic levels in many markets with skills shortages at a 15 year high

# Operating highlights

- Investment in regional leadership – appointed Regional CEOs for APAC and UK & Europe in H1, and President, North America in August
- Investment in common technology – 2 more businesses live during H1
- Benefits of operational initiatives demonstrated in H1
  - US Healthcare businesses maximise the benefit of strong demand through efficient operating model which heavily utilises our offshore recruitment services operation in India
  - German temporary business was restructured at the end of 2020 to improve focus and efficiency, much improved performance in both net fee income and profits in H1
  - Moved a number of operations to a more focused sales and delivery model which has enabled these businesses to operate more efficiently and maximise their client and candidate facing activities
- Benefits from diversification have offset challenges in 2 of our key businesses
  - Aviation continue to struggle and not expected to recover in the short term.
  - Significant challenges in the labour market for our German logistics business

# Investing in senior leadership

Julie Smith
Regional CEO
UK & Europe

- More than 20 years staffing industry experience with significant expertise across RPO and MSP
- Previously Vice President of Operations at Volt
- Significant international experience – expanded business across 26 European countries in previous role

Rafael Moyano
Regional CEO
APAC

- More than 15 years staffing industry experience with significant international exposure across APAC
- Previously CEO of Australia at Adecco

Garrick Cooper
President
North America

- More than 20 years experience in delivering staffing solutions across a variety of industries
- Previously Vice President of Technical at Volt

# Update on strategic objectives

| Objective | 2021 priorities (per annual report) | 2021 progress |
|---|---|---|
| Build scale in key markets and sectors | ▪ Regional management and sales structure<br>▪ Grow US presence of IT and Healthcare<br>▪ Expand Offshore Recruitment Services operations to new bases | ▪ Regional leadership in place<br>▪ US Healthcare strong H1<br>▪ Offshore Recruitment Services now offered from Philippines |
| Materially increase and diversify profits | ▪ Rebuild net fee income and profits in operations heavily impacted by COVID-19.<br>▪ Focus on growing temporary and contract IT in the US<br>▪ Expand service offerings to clients – SOW/RPO/Direct Sourcing | ▪ NFI up 30% on prior year in Q2 with increases in all sectors<br>▪ Some early traction on growing temp IT in US |
| Invest in technology to drive revenue and productivity | ▪ Accelerate implementation of technology – majority of the Group complete in 18 months<br>▪ Deliver on benefits of common technology | ▪ 2 more businesses live H1, more locations due H2 |
| Reduce net debt balancing investment activity against financial constraints | ▪ Refinance revolving credit facility.<br>▪ Restart dividend<br>▪ Continue to focus investment on organic growth | ▪ RCF refinanced March 21<br>▪ Dividend restarted, paid June 21<br>▪ Investments focused on organic growth and delivery recovery from COVID-19 |

# Financial review

# Summary income statement

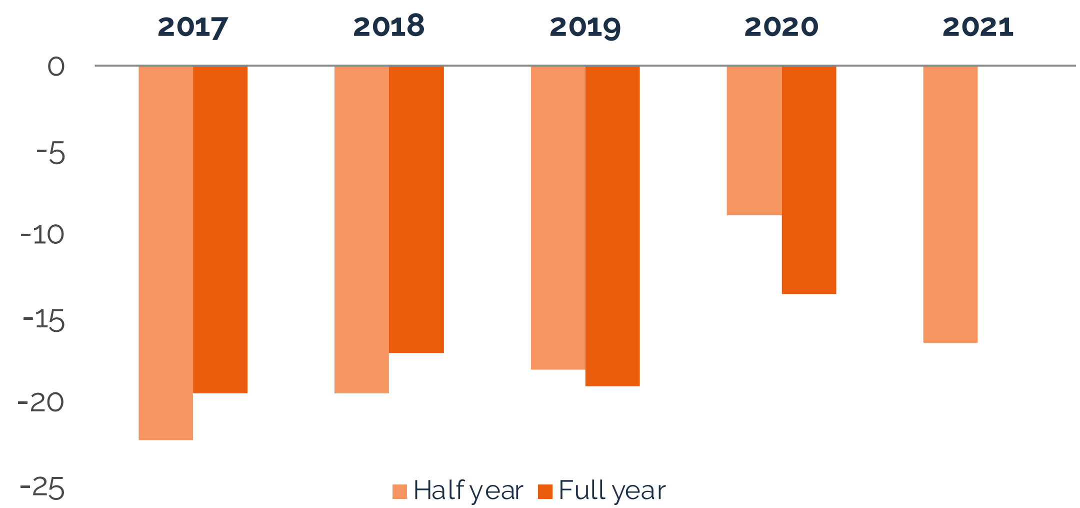
| £m | 2021 | 2020 | % change | % change (constant currency) | 2019 | % change | % change (constant currency) |
|---|---|---|---|---|---|---|---|
| Revenue | 129.8 | 136.1 | -5% | -3% | 175.5 | -26% | -24% |
| Net fee income | 28.4 | 28.2 | +1% | +4% | 36.3 | -22% | -19% |
| Administrative costs | (24.1) | (25.2) | -4% | | (32.0) | -25% | |
| *Adjusted operating profit – Sectors* | *6.7* | *4.6* | *+46%* | | *6.2* | *+8%* | |
| *Central costs* | *(2.4)* | *(1.6)* | *+50%* | | *(1.9)* | *+26%* | |
| Adjusted operating profit | 4.3 | 3.0 | +43% | +54% | 4.3 | -% | +8% |
| Adjusted profit before tax | 4.0 | 2.4 | +67% | | 3.7 | +8% | |
| Adjusted, diluted EPS | 4.1p | 1.9p | +116% | | 3.3p | +24% | |

# Adjusted net debt

- Net debt increased from 31 December reflecting working capital outflows as trading recovered
- Headroom remains strong at £12.4m
- Interest charge remains low, benefitting from settlement of tax audits and release of tax interest accrual
- Revolving credit facility of £15m refinanced in March 2021 – 2.5 year maturity

| | 30 June 2021 | 31 Dec 2020 | 30 June 2020 |
|---|---|---|---|
| Adjusted net debt | £16.5m | £13.6m | £8.9m |
| Headroom (exc invoice financing) | £12.4m | £17.6m | £18.1m |
| Net finance costs | £0.3m | £1.0m | £0.6m |

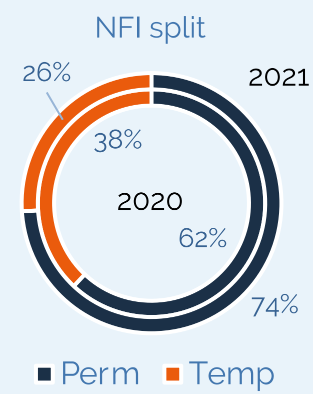
## Adjusted net debt (£m)



# Sector analysis

# Professional

| £m | 2021 | 2020 | % change | % change (constant currency) |
|---|---|---|---|---|
| Revenue | 21.6 | 35.3 | -39% | -40% |
| Net fee income | 8.2 | 8.8 | -7% | -7% |
| Adjusted operating profit | 0.5 | 0.5 | -% | -% |
| % of Group net fee income | 28% | 31% | | |

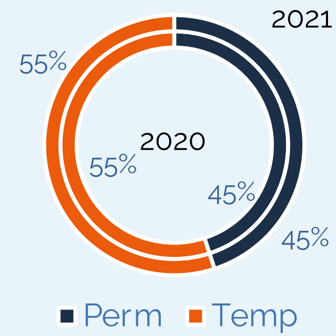



- Excluding aviation Professional has recovered well – Q2 NFI up 59% on 2020.
- Aviation demand continues to be weak and no significant signs of recovery seen yet. We expect this to remain in the short-term but continue to believe this business has good medium and long term potential. Investing in restructuring and broadening our service offering to ensure we are well placed for when this industry recovers.
- Due to aviation being almost 100% temp, sector has moved to be even more perm weighted. Focused on growing temp where markets allow this.

# IT

| £m | 2021 | 2020 | % change | % change (constant currency) |
|---|---|---|---|---|
| Revenue | 18.9 | 22.1 | -14% | -11% |
| Net fee income | 6.5 | 6.7 | -3% | +2% |
| Adjusted operating profit | 1.6 | 1.2 | +33% | +45% |
| % of Group net fee income | 23% | 24% | | |

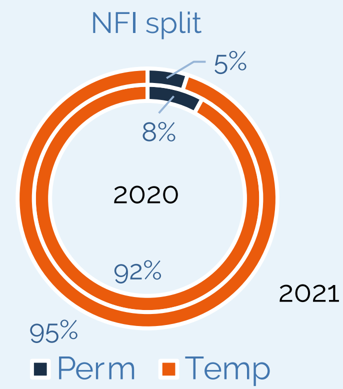
NFI split




- Japan performed strongly with profits and net fee income up on 2020
- US had a solid H1 but behind a very strong 2020 comparator
- UK profits improved with benefits of restructuring activity including a move to a more sales and delivery focused model.  Mobility of talent is an ongoing challenge with c.80% of placements outside of UK.

# Healthcare

| £m | 2021 | 2020 | % change | % change (constant currency) |
|---|---|---|---|---|
| Revenue | 13.9 | 5.9 | +136% | +153% |
| Net fee income | 2.2 | 1.2 | +83% | +100% |
| Adjusted operating profit | 0.9 | 0.1 | +800% | +800% |
| % of Group net fee income | 8% | 4% | | |

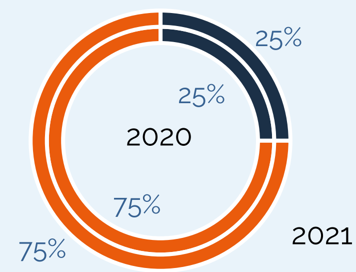



- Record half for this sector – H1 2021 revenue greater than 2020 FY revenue
- Strong performance driven by vaccination and testing programmes in the US and Finland
- Activity levels expected to drop back closer to normal levels in H2 as vaccination programmes slow

# Property, Construction & Engineering

| £m | 2021 | 2020 | % change | % change (constant currency) |
|---|---|---|---|---|
| Revenue | 1.8 | 1.8 | -% | -% |
| Net fee income | 0.4 | 0.4 | -% | -% |
| Adjusted operating loss | (0.1) | (0.1) | -% | -% |
| % of Group net fee income | 1% | 1% | | |

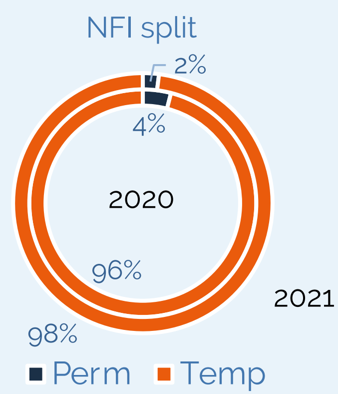
NFI split




- Sector performance in line with 2020
- Demand in core business supplying sales staff to the new homes sector remains extremely low – COVID-19 restrictions resulted in alternative sales approaches
- Removal of restrictions potential catalyst for change in demand, next few months will indicate whether changes to operating models have become permanent
- Focus of business changing to areas with higher demand such as white-collar construction roles

# Commercial

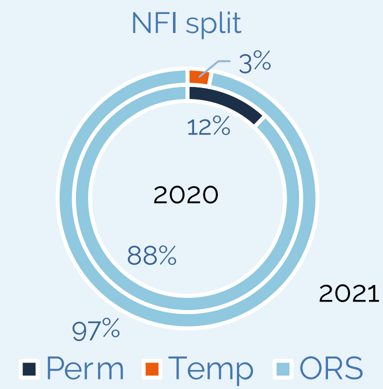
| £m | 2021 | 2020 | % change | % change (constant currency) |
|---|---|---|---|---|
| Revenue | 67.7 | 65.5 | +3% | +6% |
| Net fee income | 8.4 | 8.0 | +5% | +8% |
| Adjusted operating profit | 2.0 | 1.5 | +33% | +33% |
| % of Group net fee income | 29% | 28% | | |




- Overall positive performance with increases in revenue, net fee income and adjusted operating profit – net fee income up 17% in Q2
- Germany – Logistics business had a strong year in 2020, facing a more challenging 2021. Good demand, but difficulties recruiting workers due to strong German labour market and the ongoing impact of COVID-19 on recruiting workers from Eastern Europe
- Germany – Temporary business performed well in H1, benefitting from restructure at the end of 2020. Some short term challenges expected due to automotive summer factory closures due to supply issues
- LATAM – Strong performance in Chile which has had a successful vaccination campaign, offset by a weaker performance in Peru which has faced greater challenges with COVID-19

# Offshore Recruitment Services

| £m | 2021 | 2020 | % change | % change (constant currency) |
|---|---|---|---|---|
| Revenue | 6.4 | 5.8 | +10% | +21% |
| Net fee income | 3.2 | 3.4 | -6% | +3% |
| Adjusted operating profit | 1.8 | 1.4 | +29% | +38% |
| % of Group net fee income | 11% | 12% | | |




- Dubai operation exited with effect 1 January 21, business contributed £0.4m to revenue and NFI in 2020
- Core business performed well with growth in NFI and significant growth in profits
- Strong demand from clients – internal headcount now over 1,500

# Outlook

# Outlook

- Continuing to invest in the business
  - Embed regional leadership structure and regional strategies
  - Continue technology rollout – more locations planned for H2
- Strong demand in most markets leading to skills shortages in key sectors
- COVID-19 expected to remain a challenge in short-term
  - Global group operating in countries with slower vaccination programmes/less effective responses
  - Lockdown restrictions remain in place across the Group
  - Expected drop off in Healthcare as vaccination programmes slow in US/Finland
  - Remains an ongoing risk of additional waves and variants
- Enhanced leadership team well positioned to deliver on our ambitions

# Appendices

# Our sectors and markets

| | UK | Continental Europe | Asia Pacific | Americas |
|---|---|---|---|---|
| **Professional** | Sales and operations | Sales | 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 |

# Income statement

## Six months ended 30 June 2021

| £m | 2021 | 2020 | % Change | % Change (constant currency) | |
|---|---|---|---|---|---|
| **Revenue** | 129.8 | 136.1 | -5% | -3% | |
| **Net fee Income** | 28.4 | 28.2 | +1% | +4% | |
| Administrative costs | (24.1) | (25.2) | | | |
| **Adjusted operating profit*** | 4.3 | 3.0 | +43% | +54% | |
| Interest | (0.3) | (0.6) | | | |
| **Adjusted profit before tax*** | 4.0 | 2.4 | +67% | | |
| Fair value charge on acquisition of non-controlling shares | - | (0.1) | | | |
| Impairment of goodwill | (0.6) | - | | | 2021 relates to aviation |
| Impairment of other intangible assets | (0.3) | (2.6) | | | 2021 relates to aviation |
| Amortisation of intangible assets identified in business combinations | (0.7) | (0.9) | | | |
| Taxation | (1.4) | (0.2) | | | |
| **Profit/(loss) for the year** | 1.0 | (1.4) | | | |
| Adjusted, diluted EPS* (p) | 4.1 | 1.9 | +116% | | |
| Diluted EPS (p) | 1.6 | (2.7) | | | |

* 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 30 June 2021

| £m | 2021 | 2020 | |
|---|---|---|---|
| Property, plant and equipment and right-of use assets | 9.7 | 10.9 | Limited new leasing activity in 2021 |
| Goodwill and other intangibles | 40.7 | 47.2 | Impact of 2020/2021 impairment in aviation and FX |
| Trade and other receivables | 49.9 | 44.6 | Increase in trade receivables reflects recovery in trading |
| Cash and cash equivalents | 21.4 | 25.0 | |
| Deferred tax assets | 3.2 | 2.8 | |
| **Total assets** | 124.9 | 130.5 | |
| Trade and other payables | (33.6) | (38.3) | |
| Borrowings | (37.2) | (32.4) | |
| Lease liabilities | (8.4) | (9.0) | Limited new leasing activity in 2021 |
| Other liabilities | (4.4) | (4.2) | |
| **Total liabilities** | (83.6) | (83.9) | |
| **Net assets** | 41.3 | 46.6 | |

# Cash flow statement

## Six months ended 30 June 2021

| £m | 2021 | 2020 | |
|---|---|---|---|
| Profit/(loss) for the year | 1.0 | (1.4) | |
| Depreciation, amortisation, fair value charge on acquisition of non-controlling shares, share-based payments and impairment of goodwill and other intangible assets | 5.1 | 7.5 | |
| Tax and interest | 1.7 | 0.8 | |
| Working capital | (4.1) | 10.4 | |
| **Cash generated from operations** | 3.7 | 17.3 | |
| Lease payments | (3.1) | (3.6) | |
| Tax and interest | (1.6) | (1.8) | |
| Dividends to shareholders | (0.5) | - | |
| Net investments and capital expenditure | (1.3) | (1.5) | 2021 includes £0.6m deferred consideration in respect of ConSol Partners |
| Purchase of own shares in Employee Benefit Trust | (0.2) | - | |
| Net cash flow from loans and borrowings | 4.4 | (3.4) | |
| Dividends paid to non-controlling interests | - | (0.3) | |
| **Increase/(decrease) in cash in the period** | 1.4 | 6.7 | |
| Foreign exchange | (0.8) | 0.7 | |
| **Net movement in cash and cash equivalents** | 0.6 | 7.4 | |

# Shareholder information

- Shares in issue – 49.6m ordinary shares
- Market capitalisation - £40.2m (9 August 2021)
- 1m vested options (0.9m currently held in EBT), 2.7m unvested options (3 year performance criteria)
- Significant shareholders set out below (updated August 2021)

| Shareholder | Number of shares | % held |
|---|---|---|
| Anthony Martin | 13,924,595 | 28.0% |
| H M van Heijst | 6,450,000 | 13.0% |
| Close Brothers Asset Management | 5,911,708 | 11.9% |
| Hof Hoorneman Fund Management | 4,835,511 | 9.8% |
| Beliggingsclub't Stockpaert | 3,645,000 | 7.4% |
| Ramsey Partnership Fund | 2,441,000 | 4.9% |
| Allianz Global Investors | 1,590,000 | 3.2% |

# Cautionary statement

The information contained in this presentation is not audited, is for personal use and informational purposes only and is not intended for distribution to, or use by, any person or entity in any jurisdiction in any country where such distribution or use would be contrary to law or regulation, or which would subject Empresaria Group plc ("Company") or any of its subsidiaries (together with the Company, the "Group") to any registration requirement.

Statements in this presentation reflect the knowledge and information available at the time of its preparation. Certain statements included or incorporated by reference within this presentation may constitute "forward-looking statements" including, without limitation, in respect of the Group's operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions because they relate to events and depend on circumstances that may occur in the future; actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this presentation should be construed as a profit forecast.

The financial information referenced in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. This presentation does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares in the Company or an invitation or inducement to engage in any other investment activities, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decision relating thereto, nor does it constitute a recommendation regarding the shares of the Company. Past performance cannot be relied upon as a guide to future performance. Liability arising from anything in this presentation shall be governed by English Law. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.