

Empresaria

Investor Presentation

2022 Interim Results, August 2022

Rhona Driggs
Chief Executive Officer

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Chief Financial Officer



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Chief Executive Officer



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Chief Financial Officer

Overview



Overview

- Solid growth in net fee income - H1 up 15% on prior year
- Adjusted operating profit increased by 5% reflecting ongoing investment in the business
- Adjusted net debt of £10.8m, down by £3.2m from 31 December 2021
- Key themes
 - Very strong growth in Offshore Services
 - Ongoing benefits from diversification
 - Operational investments continue and are delivering benefits
- On track to deliver full year results in line with market expectations
- Well positioned to realise our ambition of delivering £20m adjusted operating profit in the medium term

Operating Highlights

- Following appointment of regional leaders in 2021, the Group has moved to a regional reporting structure
- Very strong growth in Offshore Services
 - Headcount increased to more than 2,700 – up 36% from 31 December 2021
 - Net fee income up 91%, profit up 94%
 - Investment in infrastructure in H2 to enable further headcount growth
- Ongoing benefits from diversification
 - Strong growth across Professional and IT in APAC
 - Strong growth in Professional and logistics in UK & Europe
 - Offset by expected drop in Healthcare and client supply chain issues in German temporary business
- Operational investments continue and are delivering benefits
 - Growth in sales and recruitment teams – up 5% (excluding Offshore Services)
 - More than 60% of operations, and nearly 70% of planned users, live on our front office system – starting to see benefits across the operations that are live as we drive adoption
 - Expanding our service offering with some encouraging success in delivering RPO, particularly in APAC

Strategy Update

Update on Strategic Objectives

Objective	2022 priorities (from annual report)	2022 progress
Build scale in key markets and sectors	<ul style="list-style-type: none"> • Create and implement regional sales strategies • Expand IT offering in Asia Pacific region • Establish Philippines as a second hub for Offshore Services • Targeted investment in sales and recruitment teams • Develop Group-wide brand strategy to support regional and global growth opportunities 	<ul style="list-style-type: none"> • Appointed regional sales director for APAC • Structured APAC IT offering with regional strategy • Offshore Services Philippines headcount increased to 89 • Headcount growth of 5% in H1 (excluding Offshore Services)
Increase diversity of profits by sector, market and service	<ul style="list-style-type: none"> • Develop expertise, material and training on different buying models, including SoW, VoP and RPO • Focus on growing temporary and contract IT in the US • Align marketing and sales strategies 	<ul style="list-style-type: none"> • RPO service offering launched in APAC with good early success
Increase productivity and efficiency	<ul style="list-style-type: none"> • Continue implementation of front office technology • Commence second phase of technology project focused on increasing productivity through use of partnership products • Continue to drive internal utilisation of Offshore Services • Leverage regional and Group expertise and best practices 	<ul style="list-style-type: none"> • 3 more operations live on front office technology in H1 • Multiple projects launched as part of second phase – implementations will be H1 2023 • Increase in utilisation of Offshore Services • Notable increase in cross-group collaboration
Targeted investment in growth	<ul style="list-style-type: none"> • Investment in headcount to deliver organic growth • Invest in office space for expansion of Offshore Services • Continued investment in technology road map • Continue to identify and review M&A opportunities 	<ul style="list-style-type: none"> • Headcount investment as discussed above • New office space planned in H2 for Offshore Services



Financial Review

Summary Income Statement

£m	2022	2021	% change	% change (constant currency)
Revenue	129.8	129.8	+0%	+1%
Net fee income	32.6	28.4	+15%	+15%
Administrative costs	(28.1)	(24.1)	+17%	
<i>Adjusted operating profit – Regions</i>	<i>6.8</i>	<i>6.5</i>	<i>+5%</i>	
<i>Central costs</i>	<i>(2.3)</i>	<i>(2.2)</i>	<i>+5%</i>	
Adjusted operating profit	4.5	4.3	+5%	+5%
Adjusted profit before tax	4.0	4.0	+0%	
Adjusted, diluted EPS	3.7p	4.1p	-10%	

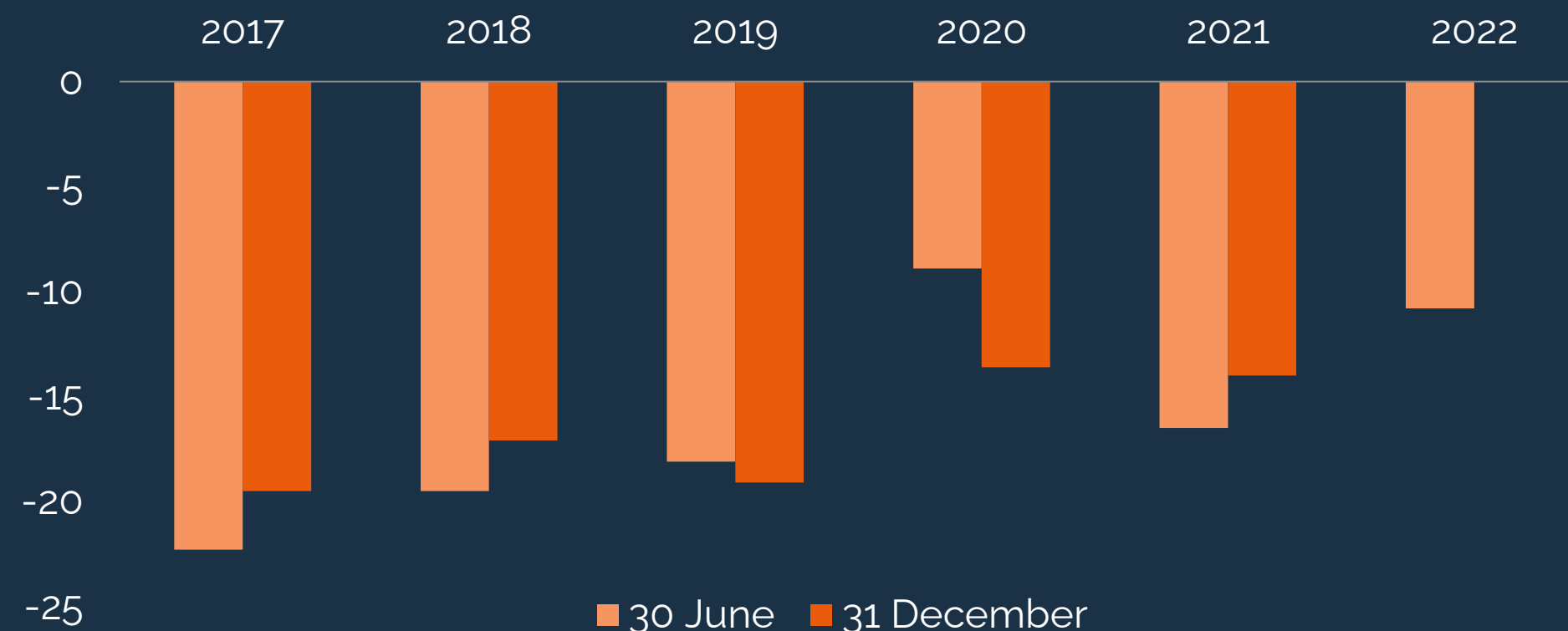
- Solid growth in net fee income with growth in adjusted operating profit
- Reduction in EPS reflecting mix and the impact of the non-controlling interest in our Offshore Services region
- Regional overheads have been reallocated from central costs to regions – 2021 numbers have been re-presented on this basis

Adjusted Net Debt

- Net debt reduced by £3.2m from 31 December 2021 reflecting profits and a change in mix with a reduced proportion of the business from temporary and contract which has a higher working capital requirement
- Headroom remains strong and increased to £14.8m
- Net finance costs increased from prior year reflecting increased rates and a 2021 credit related to the settlement of tax liabilities

	30 June 2022	31 Dec 2021	30 June 2021
Adjusted net debt	£10.8m	£14.0m	£16.5m
Headroom (exc invoice financing)	£14.8m	£12.9m	£12.4m
Net finance costs	£0.5m	£0.7m	£0.3m

Adjusted net debt (£m)

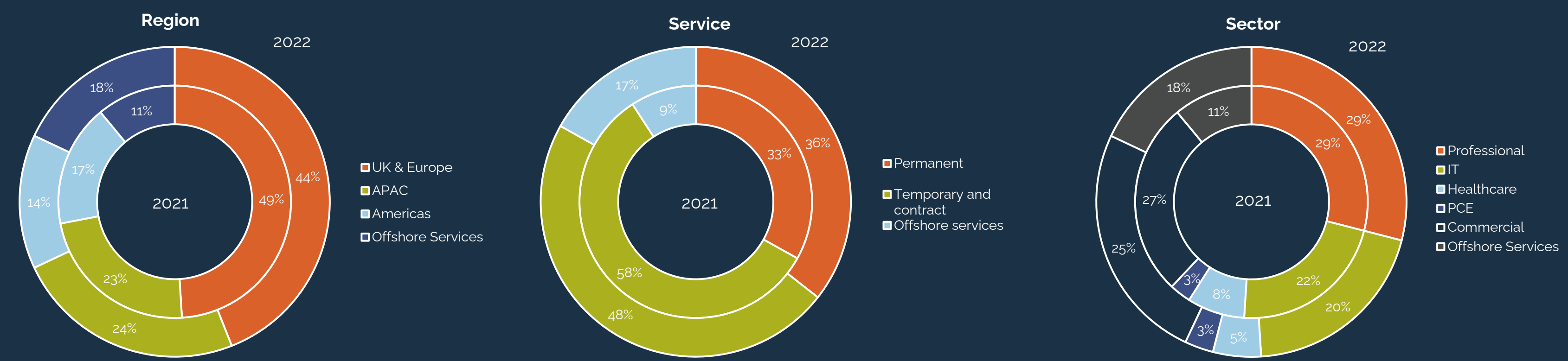


Operating Review



A Global Diversified Staffing Group

- Offshore Services increased to 18% of NFI
- Temp to perm ratio reduced to 57:43 (2021 H1: 64:36) reflecting strong growth in perm
- Sector weighting reflects strong growth in Professional, Offshore and the expected decrease in Healthcare

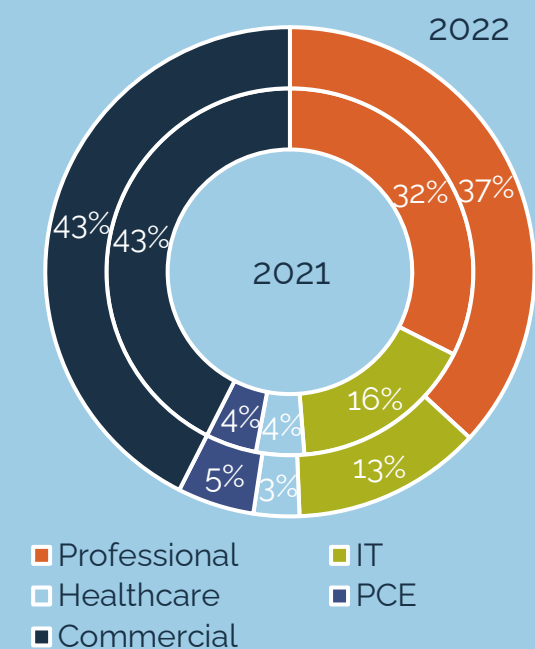
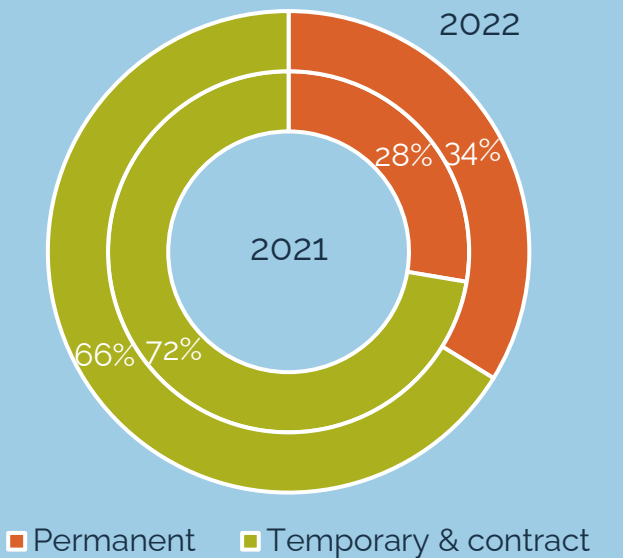


All charts show percentage of Group net fee income for the 6 months ended 30 June. 2021 analysis by sector has been re-presented to reflect underlying roles. PCE = Property, Construction & Engineering

UK & Europe

£m	2022	2021	% change	% change (constant currency)
Revenue	63.2	67.9	-7%	-5%
Net fee income	14.5	14.1	+3%	+4%
Adjusted operating profit	2.0	2.5	-20%	-20%
% of Group net fee income	44%	49%		

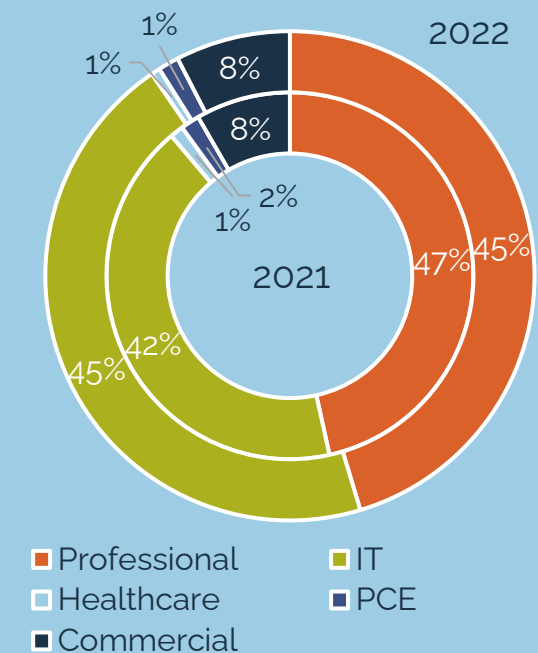
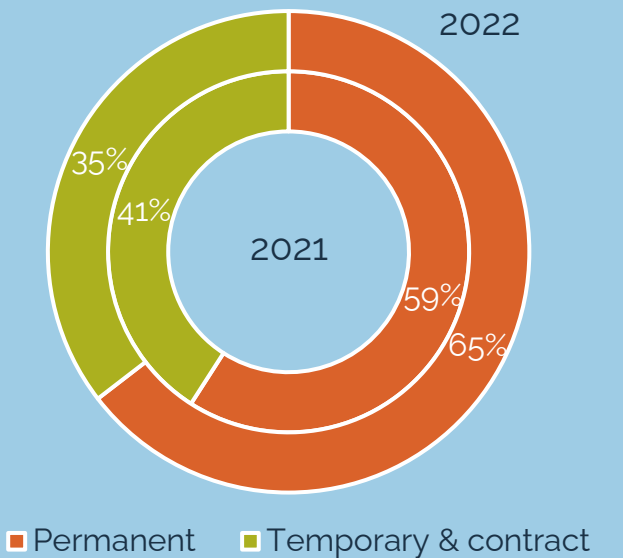
- Good performance in UK – NFI up 12% driven by Professional
- Logistics operation returned to growth after a challenging 2021
- Client supply chain issues adversely impacted demand for German temporary business with increased sickness rates impacting margins
- Healthcare in Finland reduced with wind down of COVID-19 demand alongside changes to public sector healthcare



APAC

£m	2022	2021	% change	% change (constant currency)
Revenue	23.0	19.3	+19%	+22%
Net fee income	7.9	6.6	+20%	+22%
Adjusted operating profit	0.5	0.5	+0%	+0%
% of Group net fee income	24%	23%		

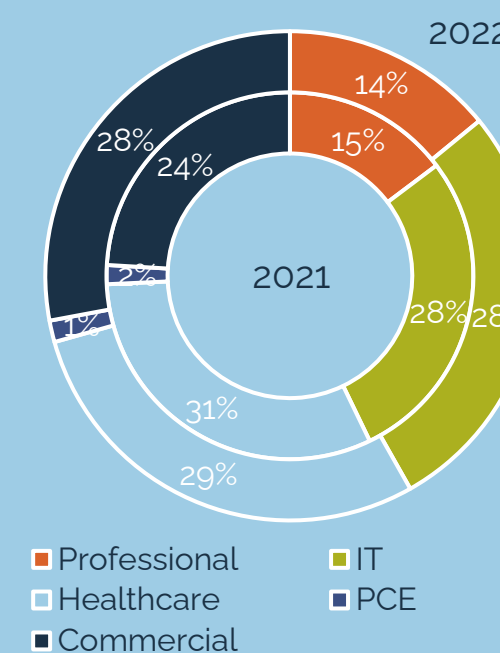
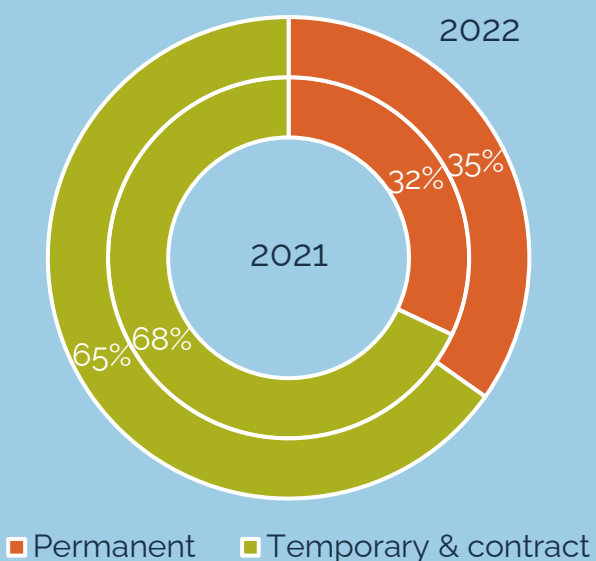
- Strong NFI growth across most countries with Indonesia, Philippines, Thailand and Japan delivering record H1 NFI
- Challenges in Australia – high competition for talent resulting in significant levels of counter-offers and lost revenue
- Good early success from our new RPO (Recruitment Process Outsourcing) service offering
- Aviation remains a challenge and is not expected to recover significantly until 2023



Americas

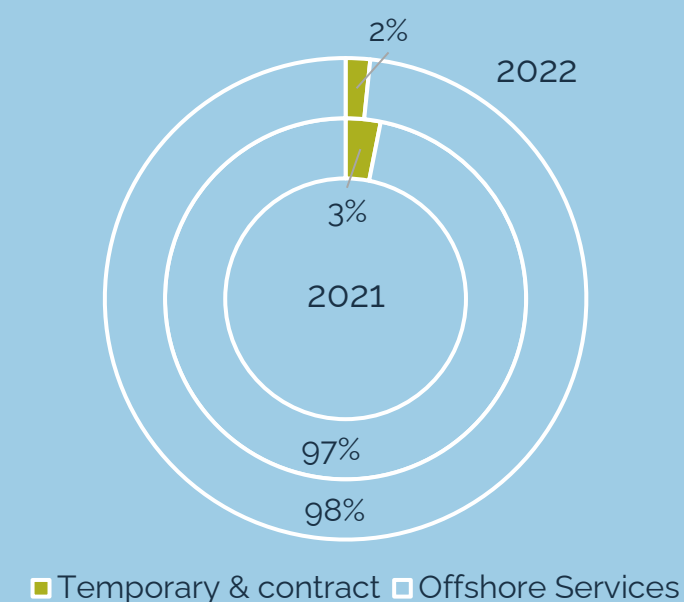
£m	2022	2021	% change	% change (constant currency)
Revenue	32.7	36.7	-11%	-11%
Net fee income	4.6	5.0	-8%	-12%
Adjusted operating profit	0.8	1.7	-53%	-56%
% of Group net fee income	14%	17%		

- US Healthcare results fell in 2022 as expected following the reduction in COVID-19 related demand which drove 2021 results with high volumes of similar roles
- US IT fell slightly due to the extremely competitive market with counter-offers the norm
- LATAM results fell slightly – 2021 reflected a large election project in Chile, while Peru has experienced a slower COVID-19 recovery



Offshore Services

£m	2022	2021	% change	% change (constant currency)
Revenue	11.7	6.4	+83%	+77%
Net fee income	6.1	3.2	+91%	+85%
Adjusted operating profit	3.5	1.8	+94%	+94%
% of Group net fee income	18%	11%		



- Strong momentum from 2021 carried through into 2022
- Headcount increased by 36% during H1 to more than 2,700
- Significant growth from UK clients – number of billable seats up by a third
- US growth slowed with the reduction in healthcare demand offsetting growth elsewhere – expected to be a short term impact and pipeline remains strong
- New Philippines operation now up to 89 headcount
- Investing in increasing office headcount capacity in H2
- More detail on Offshore Services is provided in the appendices



Outlook

Outlook

- Continuing to invest in the business
 - Growing sales and delivery teams in areas where we see high demand and opportunities
 - Expanding capacity in Offshore Services
 - Continue technology rollout and implement next phase of IT roadmap
- Global macroeconomic uncertainties are increasing along with inflation rates:
 - No significant adverse impact on the Group as yet
 - Some localised impact – e.g. supply chain issues in Germany
 - Client demand remains strong
 - Skills shortages expected to remain for the foreseeable future
- Process underway to strengthen the board with the appointment of two new non-executive directors following retirement of our previous Chair in June
- Solid start to 2022 and optimistic for the year ahead - on track to deliver full year results in line with market expectations
- Well positioned to realise our ambition of delivering £20m adjusted operating profit in the medium term

Q&A

Appendices



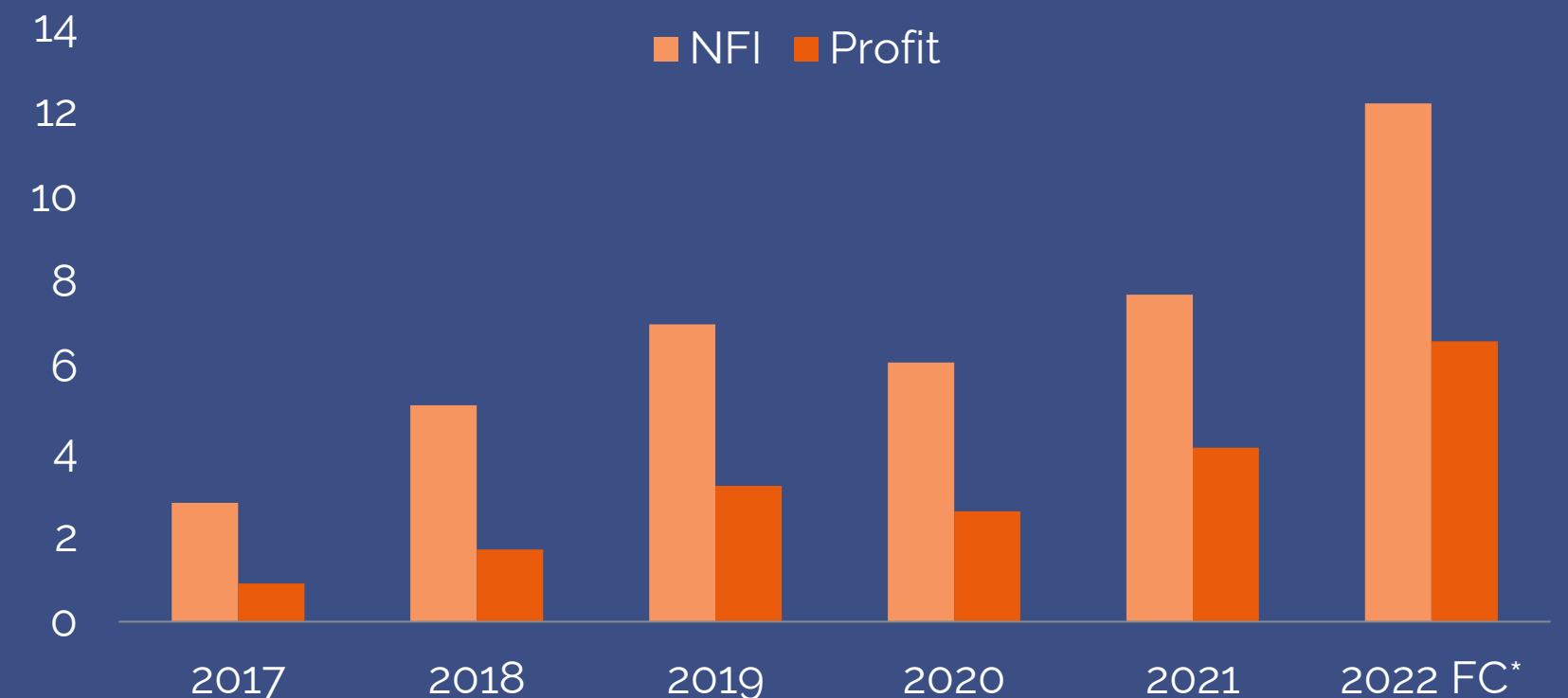
Our Sectors & Regions

	UK & Europe	APAC	Americas
Professional	Sales and operations	Sales and operations	
IT	Sales and operations	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
Offshore Services	Sales	Sales	Sales

Offshore Services

- Our Offshore Services region operates from three locations – two in India and one in the Philippines.
- We provides a range of services to our clients who are primarily based in the UK and US.
- Our clients operate in the staffing sector across a range of disciplines including healthcare, IT, professional, industrial.
- Services are tailored to our clients needs and include:
 - Any stage of the recruiting process;
 - Compliance and credentialling;
 - Accounting, finance and back-office; and
 - Statement of work, customer care, business process outsourcing.
- Clients typically pay on a “per seat” basis with a dedicated team operating as an extension of their own.

>2,700 employees	3 locations
>200 clients	5 year NFI CAGR of 34%*



* 2022 forecast as per consensus

Income Statement

Six months ended 30 June

£m	2022	2021	% Change	% Change (constant currency)
Revenue	129.8	129.8	+0%	+1%
Net fee Income	32.6	28.4	+15%	+15%
Administrative costs	(28.1)	(24.1)		
Adjusted operating profit*	4.5	4.3	+5%	+5%
Interest	(0.5)	(0.3)		
Adjusted profit before tax*	4.0	4.0	+0%	
Impairment of goodwill	-	(0.6)		2021 related to aviation
Impairment of other intangible assets	-	(0.3)		2021 related to aviation
Amortisation of intangible assets identified in business combinations	(0.7)	(0.7)		
Taxation	(1.3)	(1.4)		
Profit for the period	2.0	1.0		
Adjusted, diluted EPS* (p)	3.7p	4.1p	-10%	
Diluted EPS (p)	2.7p	1.6p		

* 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

Empresaria

As at 30 June

£m	2022	2021	
Property, plant and equipment and right-of use assets	8.9	9.7	
Goodwill and other intangibles	40.0	40.7	Amortisation more than offset by FX gains
Trade and other receivables	48.8	49.9	
Cash and cash equivalents	23.1	21.4	
Deferred tax assets	4.2	3.2	
Total assets	125.0	124.9	
Trade and other payables	(35.0)	(33.6)	
Borrowings	(33.2)	(37.2)	
Lease liabilities	(7.0)	(8.4)	
Other liabilities	(4.1)	(4.4)	
Total liabilities	(79.3)	(83.6)	
Net assets	45.7	41.3	

Cash Flow Statement

Six months ended 30 June

£m	2022	2021	
Profit for the period	2.0	1.0	
Depreciation, amortisation, fair value charge on acquisition of non-controlling shares, share-based payments and impairment of goodwill and other intangible assets	4.0	5.1	
Tax and interest	1.8	1.7	
Working capital	2.1	(4.1)	
Cash generated from operations	9.9	3.7	
Lease payments	(2.5)	(3.1)	
Tax and interest	(2.5)	(1.6)	
Net investments and capital expenditure	(0.8)	(1.3)	2021 includes £0.6m deferred consideration in respect of ConSol Partners shares acquired in 2020
Purchase of own shares in Employee Benefit Trust	(0.2)	(0.2)	
Net cash flow from loans and borrowings	(1.6)	4.4	
Dividends to shareholders	(0.6)	(0.5)	
Dividends paid to non-controlling interests	(0.4)	-	
Increase in cash in the period	1.3	1.4	
Foreign exchange	0.7	(0.8)	
Net movement in cash and cash equivalents	2.0	0.6	

Shareholder Information

- Shares in issue – 49.9m ordinary shares
- Market capitalization - £29.9m (1 August 2022)
- 0.3m vested options (0.8m currently held in EBT), 4.0m unvested options (3 year performance criteria)
- Significant shareholders set out below (updated July 2022)

Shareholder	Number of shares	% held
A V Martin	13,924,595	27.9%
H M van Heijst	6,450,000	12.9%
Close Brothers Asset Management	5,608,985	11.3%
Kempen Capital Management	5,496,500	11.0%
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%
Allianz Global Investors	1,590,000	3.2%

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