Empresaria Group plc

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Overview of the period

Diversified business model delivering strong growth

Solid first half performance and profit growth

Diversified model mitigating against market uncertainty in UK

Delivering against strategy

Continued progress against all KPIs

Growth opportunities

Organic growth bolstered by Invest and Develop strategy

Highlights

- Revenue growth of 15% (11% constant currency)
- Consistency with 12 consecutive quarters of net fee income growth
- Conversion ratio increases to 14.8% - fifth year in a row of growth
- Full benefit from USA investment – performing in line with expectations
- Strong results from Germany, Japan, India, Chile & China
- Debt to debtors ratio shows year on year reduction and Debt:EBITDA at 1.0x

13%
Growth in net fee income

30%
Growth in Adjusted Profit before tax

Growth in Adjusted profit before tax:
14% organic,
11% acquisitions,
6% currency

28%
Debt to debtors ratio

Financial summary

£’m	2016	2015	% var	Constant currency % var
Revenue	106.1	92.4	15%	11%
Permanent revenue	*13.3*	*12.7*	*4%*	*2%*
Temporary revenue	*92.8*	*79.6*	*17%*	*12%*
Net fee income	27.2	24.1	13%	9%
Adjusted operating profit*	4.0	3.0	34%	27%
Conversion ratio	14.8%	12.4%		
Adjusted profit before tax*	3.7	2.8	30%	24%
Diluted earnings per share	3.4p	3.2p	6%	
Adjusted diluted earnings per share*	4.3p	3.4p	26%	
Net debt	(10.2)	(9.9)	(3.0%)	

Note: Adjusted results exclude amortisation of intangible assets, gain or loss on business disposal, fair value on acquisition of minority interests and exceptional items. No exceptional items in the period.

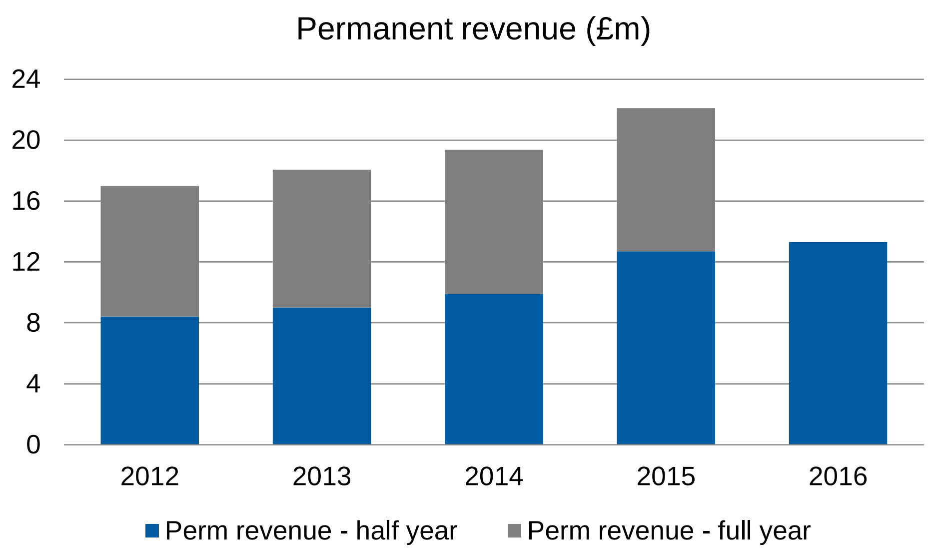
Revenue analysis

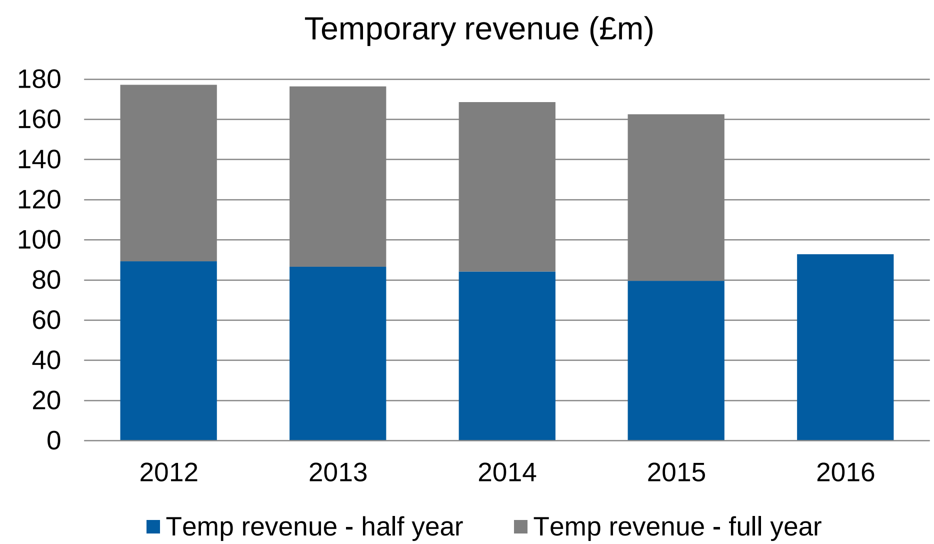
Permanent revenue +4% (+2% constant currency)

- Good growth in India and China
- UK sees slowdown in Q2 from EU referendum
- Low oil price impacts Dubai market

Temporary revenue +17% (+12% constant currency)

- Technical & Industrial sectors in Germany & UK
- Chile and Japan delivering organic growth
- Benefit of Pharmaceutical Strategies investment

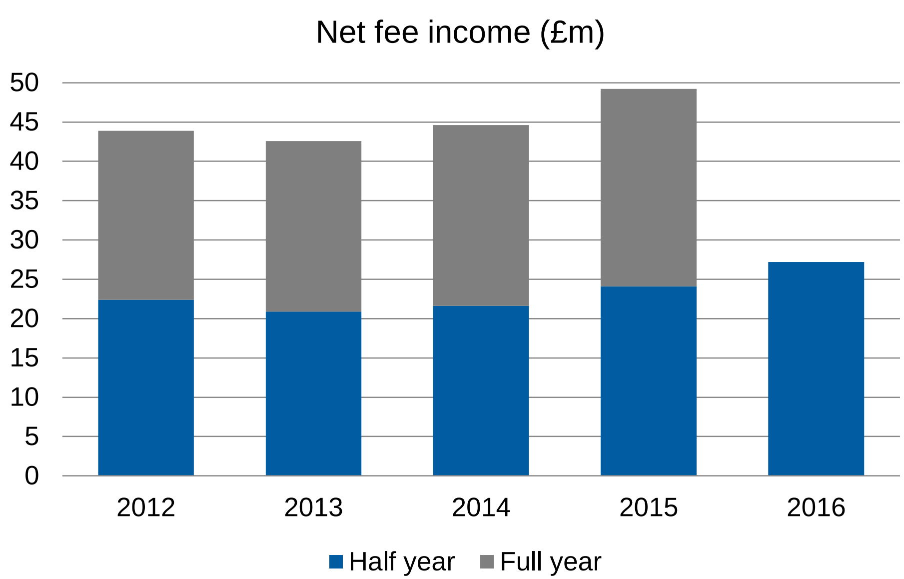




Net fee income

Net fee income +13% (+9% constant currency)

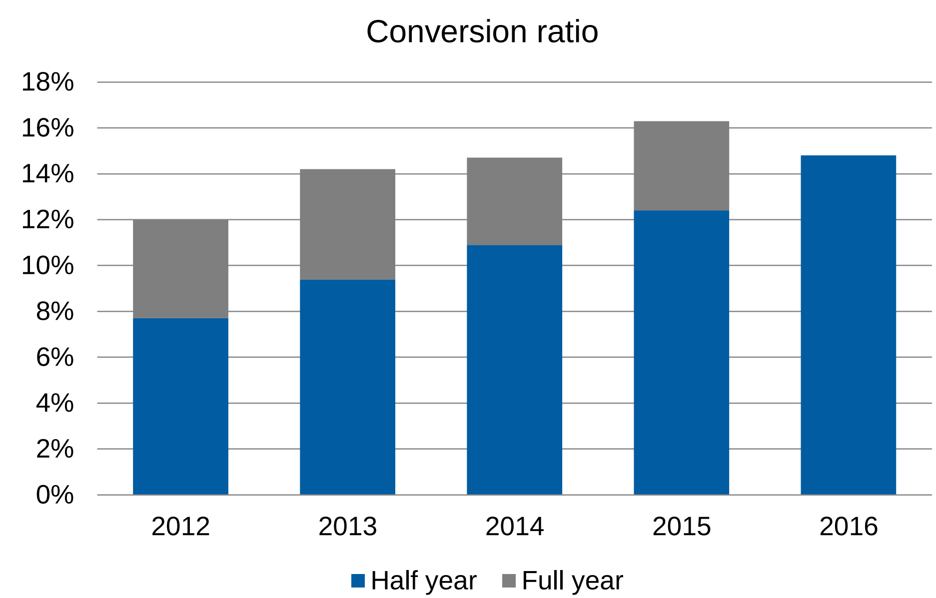
- Target of +10% average growth over 5 years
- Driven by strong growth from temporary sales
- Temp:Perm split now 56:44 (2015: 53:47)
- 88% from professional & specialist job levels (2015: 86%)



Conversion ratio

Focus on increasing conversion ratio

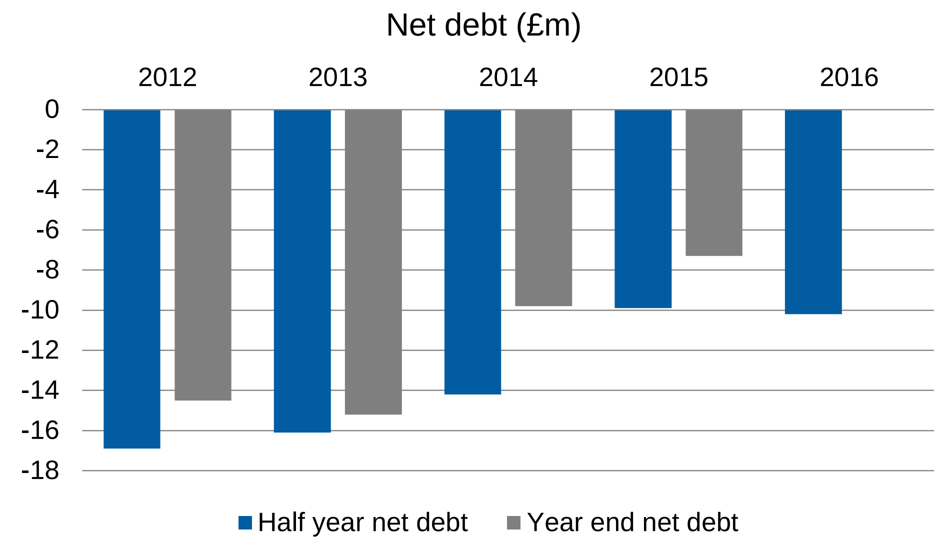
- Costs being managed
- Develop scale of Group to help cover central costs
- Target of 20% over 5 years



Net debt

- Net debt up 3% to £10.2m (2015: £9.9m)
- Average net debt up 14% at £10.5m due to investment spend of £3.4m
- Net debt to debtors ratio down to 28% (2015: 32%)
- Debt:EBITDA of 1.0x (2015: 1.3x)
- Cash generated from operations of £4.1m (2015: £1.5m)

Deferred consideration	£3.0m
Purchase management shares	£0.4m
Dividend paid	£0.5m
Tax paid	£2.9m
Working capital investment	£0.9m



- New RCF of £10.0m taken out on 30 June 2016 to fund investments
  Does not mean a change to philosophy of funding investments through equity and operating cash flows and using debt for working capital finance
- Recognises current market conditions, with share price volatility and access to low cost long-term debt

INVESTMENTS

Investment in Rishworth Aviation

RishworthAviation
International Aviation Consultants. Crew Leasing Specialists.

- Leading specialist international recruitment company supplying leased pilots to airlines
- Investment made on 5 July 2016 for 82.6% shares
- Management committed to business, retaining 17.4% of shares
- Provides pilots on 3-5 year contracts
- One of the largest independent recruitment companies in the pilot leasing sector with a global reach
- Opportunities to grow client base and use Empresaria office network to increase presence in key markets

100% temporary/ contract business

Diversified across Asia, Europe and Africa

41 staff working in Auckland and Stockholm

100% professional staffing level

Rishworth financial summary

RishworthAviation
International Aviation Consultants. Crew Leasing Specialists.

- Consideration fully paid in cash of US$10.0m (£7.5m)
- Funded by new Revolving Credit Facility from HSBC of £10.0m
- Rishworth held cash of US$9.3m (£7.0m) at time of investment
- Expected to be earnings enhancing on an adjusted basis in 2016

Unaudited	Y/E March 2016	Y/E March 2016
	NZD (m)	GBP (m)
Revenue	138	73
Net fee income	8.9	4.7
EBIT (adjusted*)	3.65	1.9

* Adjusted to remove non-recurring costs post transaction

Airline market outlook is positive

- Demand is driven by growth in air travel, pilot attrition rates and crewing ratios
- There are currently over 250,000 active commercial pilots around the world. Industry forecasts are that 28,000 new pilots will be needed each year on average over the next 20 years to meet demand

- The *International Air Transport Association* (IATA) project passenger numbers are expected to reach 7 billion by 2034, with 3.8% average annual growth. This is twice the number expected in 2015
- The 5 fastest increasing markets are forecast to be **China**, USA, **India, Indonesia** and Brazil
- Seven of the ten fastest-growing markets in % terms will be in **Africa**
- In terms of routes, **Asian**, South American and **African** destinations will see the fastest growth

- According to *Airbus*, world passenger traffic is outperforming GDP growth
- Middle class forecast to nearly double in emerging markets by 2034
- Air travel has proven resilient to external shocks. World traffic has grown 85% since 9/11
- **Asia Pacific** to lead in world traffic by 2034

LOOKING FORWARD

EU referendum

- Slowdown in UK during May and June in the run up to the referendum - impact mitigated by stronger trading across the rest of the group
- Since the referendum - stabilised and sales pipelines are holding up well
- Whilst we are monitoring the short-term outlook for the UK:
  - strong growth opportunities exist across the group
  - benefit from the effect of current exchange rates as our overseas earnings are translated into Sterling

Well positioned as a globally diversified business to manage the effects of a slowdown in any particular sector or geography

Clear strategy

Develop leading brands with sector expertise

- Professional & specialist roles
- Sectors with long term growth prospects

Diversified and balanced by geography and sector

- Key economic centres
- Established and emerging markets

Solid financial foundation

Invest & Develop approach

Develop - organic investment in existing brands

- Increase headcount in existing brands
- Add a new vertical specialism
- Enter a new or existing geography
- Start-up in a niche sector

Invest - accelerate growth by filling gaps in our sectors or geographies

- Enter a new geography or sector
- Grow an existing brand with a bolt-on

Financial discipline

- Debt to debtors target of 25%

Summary and outlook

- Diversified business model delivers growth and resilience
- Full year profit expected to be in line with market forecast
- Growth in NFI of 13%, ahead of average 10% target
- Conversion ratio improvement continues, target of 20% remains
- Strong growth in PBT
- Currency likely to be a benefit in second half
- Second half to benefit from investment in Rishworth Aviation
- Confident in ability to deliver profitable growth

Q&A

Appendices

Income statement – Half year 2016

£m	2016	2015	Change	Constant currency
Revenue	106.1	92.4	15%	11%
Net fee Income (gross profit)	27.2	24.1	13%	9%
Overheads	(23.2)	(21.1)		
Adjusted operating profit*	4.0	3.0	34%	27%
Interest	(0.3)	(0.2)		
Adjusted profit before tax*	**3.7**	**2.8**	30%	24%
Amortisation	(0.4)	(0.1)		
Fair value on acquisition of non-controlling shares	(0.2)	0.0		
Tax	(1.3)	(0.9)		
Profit for the period	1.8	1.8		
Diluted adjusted EPS* (p)	4.3	3.4	6%	
IFRS EPS (p)	3.4	3.2	26%	

Interest increase from late paid tax.

Fair value charge on acquisition of shares in Monroe Thailand.

Effective tax rate of 37% in 2016 (2015: 34%).

* Adjusted results are before exceptional items, gain or loss on disposal of business, fair value on acquisition of non-controlling interests and amortisation of intangible assets

Balance sheet – 30 June 2016

£m	2016	2015	
Property, plant & equipment	1.6	1.1	Capital expenditure of £0.4m on fixed assets.
Goodwill and intangibles	35.0	24.6	
Deferred tax asset	1.0	0.7	
	37.6	26.4	
Trade and other receivables	42.3	36.5	Debtor days at 30 June of 51 (2015: 52).
Cash and bank balance	15.4	6.3	
	57.7	42.8	Net debt of £10.2m (2015: £9.9m). Banking facilities in place at year end of £48.1m (2015: £30.4m).
Trade and other payables	(26.6)	(22.2)	
Current tax liability	(2.5)	(2.6)	
Short-term borrowings	(12.4)	(12.4)	
	(41.5)	(37.2)	
Long-term borrowings	(13.2)	(3.8)	New 5 year Revolving Credit Facility in UK for £10.0m (and £5.0m accordion).
Other creditors	(1.0)	0.0	
Deferred tax liabilities	(1.1)	(1.1)	
	(15.3)	(4.9)	
Net assets	**38.5**	**27.1**	
Equity attributable to equity holders of parent	(35.3)	(24.0)	No movement in share capital in the first half year.
Non-controlling interests	(3.2)	(3.1)	
Total equity	**(38.5)**	**(27.1)**	

Cash flow – Half year 2016

£m	2016	2015
Profit for the period	1.8	1.8
Depreciation and amortisation	0.8	0.5
Tax and interest added back	1.6	1.1
Cash paid for exceptional items	0.0	(0.5)
Share based payments	0.1	0.1
Working capital	(0.2)	(1.5)
Cash generated by operations	**4.1**	**1.5**
Tax, interest & capex	(3.6)	(1.2)
Dividends to shareholder	(0.5)	(0.3)
Investments and disposals	(3.1)	(0.2)
Cash inflow from loans and borrowings	9.8	(0.9)
Increase in cash in the period	6.7	(1.1)
Foreign exchange	1.0	(0.4)
Net movement in cash and cash equivalents	7.7	(1.5)

Cash generated from operations was £4.1m, following a £0.2m investment in working capital. Movement in invoice discounting (£0.7m investment) now recognised in cash flows from financing activities.

Profit for the period after recognising £0.2m investment in 10% second generation shares in Monroe Thailand.

Cash outflow on tax was up on prior year at £2.9m (2015: £0.7m).

Dividend increased to 1.0p for 2016 payment.

Investments:
- Deferred consideration on Pharmaceutical Strategies (£3.0m)
- 25% shares in Ball and Hoolahan (£0.2m)

Partial offset from deferred consideration receipts

Borrowing increased on 30 June to fund investment in Rishworth (completed 5 July).

An international staffing specialist

Multi-branded

- Strategy to develop leading brands with sector expertise
- Diversified and balanced by geography and sector to lower risk
- Understand the requirements of candidates and clients

- **Multi-branded model to address global talent and skills shortages**

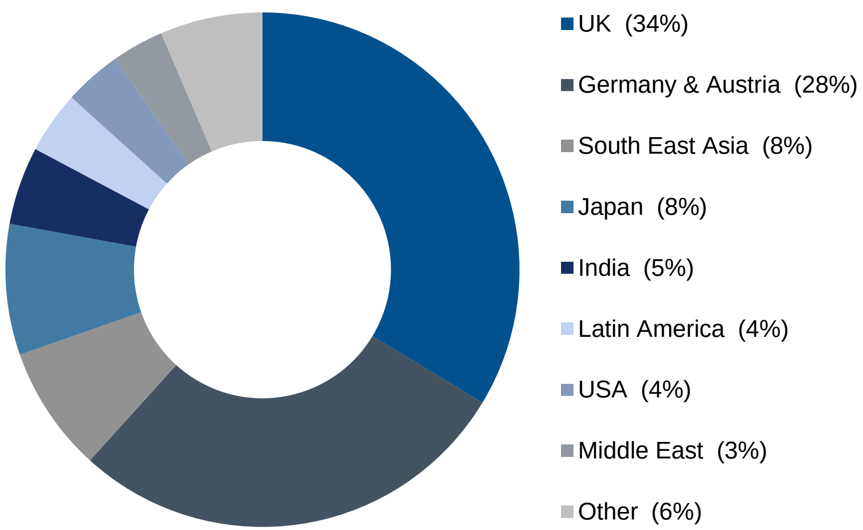
20	7	19	56%
Brands	Sectors	Countries	Temporary staffing

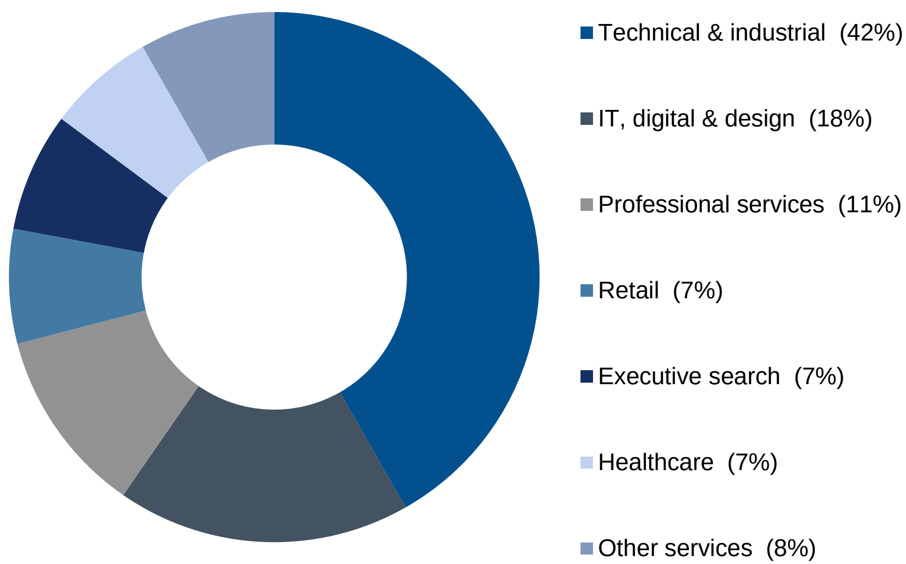
An international staffing specialist

Growth Markets

- Not reliant on any single market or sector
- Brand expansion across geographies
- Attack market vertically in markets with talent shortages
- Operating in key sectors offering international growth opportunities

% net fee income in six months to 30 June 2016





An international staffing specialist

Operational Mix

- Temporary staffing bias reflective of economic cycles
- Focus on professional & specialist job levels
- Temporary sales increasing following move away from low value work
- Investment focus to increase temporary sales

- **Quality of earnings continues to improve**

56%	16.4%	14.8%	88%
Temporary net fee income	Temporary margin	Conversion ratio	Professional & Specialist

Attract and retain key management

Management Equity

- Management own shares in their brands
- Attract and retain key staff
- Brand management incentivised to grow long term profits
- Decentralised structure leaves operational responsibility with local managers

- **Shares typically held for 5 years before offered for sale over a 2 - 3 year period**

Structured valuation model

Estimated spend over the next 2 years expected to be circa £1.0m

43 managers currently holding equity

Growth incentive

Directors

Board has extensive knowledge of the staffing industry with a combined experience of 100 years

Anthony Martin – Chairman

Anthony served as Chairman and CEO of Select Appointments and Vedior NV, building one of the world's largest recruitment companies, before it was acquired by Randstad. He currently owns 28% of Empresaria.

Joost Kreulen – Chief Executive Officer

Joost has 28 years of staffing industry experience, with roles in Select Appointments and Vedior NV as well as a short period at Randstad. He joined Empresaria in 2009, initially responsible for its Asian operations and then also for a number of its UK based businesses. He was appointed Chief Operating Officer and Chief Executive designate in September 2011, becoming Chief Executive at the beginning of 2012.

Spencer Wreford – Group Finance Director

Spencer has over 10 years experience in senior finance roles, joining Empresaria from BPP Group. Prior to this he spent 8 years at ITE Group Plc, as Deputy Finance Director, including six months as Acting Group Finance Director. Spencer is a Chartered Accountant, qualifying with Arthur Andersen.

Penny Freer – Non-Executive Director

Penny has worked in investment banking for over 30 years. She is a partner of London Bridge Capital Partners. She has been Head of Equity Capital Markets and Deputy Chairman of Robert W Baird Limited as well as Head of Small/Mid Cap Equities for Credit Lyonnais. Penny is also a non-executive director of Advanced Medical Solutions plc, where she is the senior independent director.

Zach Miles – Non-Executive Director

Before joining Empresaria Zach held the position of Chairman and CEO of Vedior N.V. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments. His career in the recruitment industry began in 1988. He was formerly a partner at Arthur Andersen and is a qualified Chartered Accountant.

Shareholder information

Shares in issue: 49,019,132 ordinary shares

Market capitalisation: £46 million

Outstanding options: 2.8m (5.5% of shares in issue)

Significant shareholders (updated on 16 August 2016):

Anthony Martin	13,924,595	28%
Liontrust Asset Management	6,097,364	12%
Hendrik M.Van Heijst	2,400,000	5%
Miles Hunt	2,355,586	5%
Tim Sheffield	1,716,307	4%