

Investor Presentation August 2017

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The international specialist staffing group



Multi-brand strategy to address global talent shortages – decentralised structure emphasises local expertise and market knowledge



Focus on growth and emerging staffing markets – large presence in Asia and Latin America



Operating company managements take equity in their respective businesses – interests aligned with shareholders



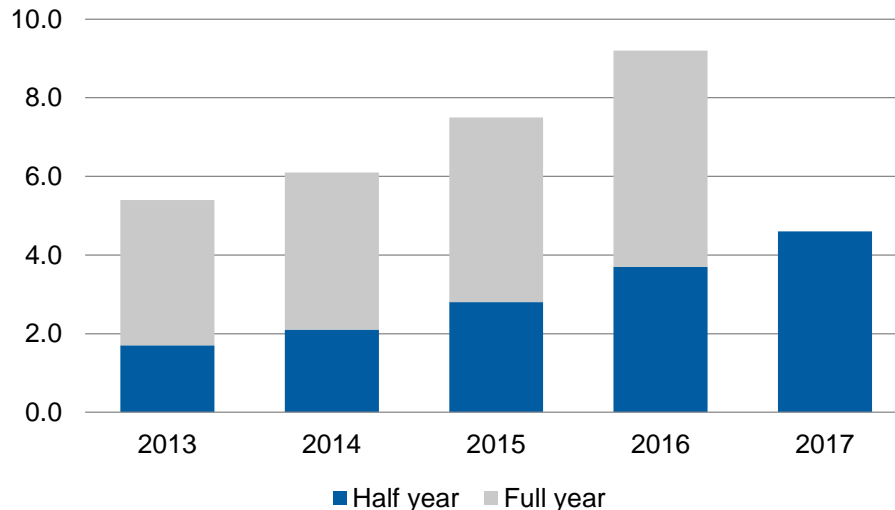
Bias towards temporary recruitment – provides more stability through economic cycles

Overview of the half year

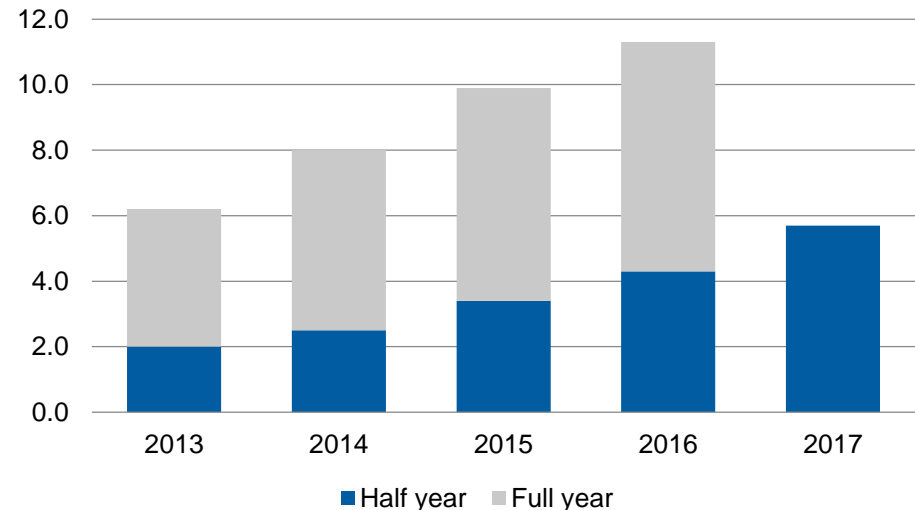
Diversified business model delivers record half year profit

- Record adjusted profit before tax of £4.6m
- Sixteen consecutive quarters of net fee income growth
- 33% growth in adjusted EPS

Adjusted PBT (£m)



Adjusted diluted EPS (p)



Overview of the half year

Strengthening a multi-branded group

- Investments in Rishworth Aviation and ConSol Partners made in 2016 integrated into Group
- Strengthening brands
 - bring brands closer together
 - investing in staff
 - rationalising cost
- New Monroe Consulting office opened in Vietnam



Investments - update

- Full contribution from both brands in first half year results
- Empresaria is pleased with how they have integrated into the Group
- See good opportunities for them to develop as part of the larger Group

Rishworth Aviation

- Performed in line with expectations
- Additional sales resource in Swedish office
- Investment in advice on setting up new bases of operation for key clients
- Positive working capital and low debtor days

ConSol Partners

- UK office performed in line with expectations
- New systems implemented to improve productivity
- Organic investments made in US office:
 - build contract team in line with strategy
 - invest in experienced staff for long-term growth
 - consolidation of offices to drive better returns

Operations review - UK

£'m	2017	2016
Revenue	43.9	32.0
Net fee income	12.1	9.2
Adjusted operating profit	0.9	0.6

35%

of Group
net fee income

- Stronger growth in temporary sales (IT & Professional services)
- Insurance brand now reporting into leading brand, LMA
- Good results from Greycoat (Domestic services) and Teamsales (New house sales)
- FastTrack overseeing UK Technical & Industrial sector
- Exiting property costs
- Political uncertainty after election impacting on business confidence



Operations review – Continental Europe

£'m	2017	2016
Revenue	46.5	43.2
Net fee income	7.8	8.1
Adjusted operating profit	1.9	1.9

23%

of Group
net fee income

- Revenue growth driven by Headway in Germany & Austria
- Margin pressure from changes to minimum wage and client mix
- Economic conditions positive but candidate shortages
- Headway growing client bases
- Finland experiencing improving economic conditions

Operations review – Asia Pacific

£'m	2017	2016
Revenue	64.2	16.2
Net fee income	11.1	7.9
Adjusted operating profit	1.8	1.1

32%

of Group
net fee income

- Growth in temporary revenue, helped by investment in Rishworth Aviation
- Good growth from Japan (IT), Singapore (Professional services) and South East Asia (Executive search)
- Monroe Consulting opened new office in Vietnam
- Middle East sees further decline
- Impact from currency for Indian offshore services provider



Operations review – Americas

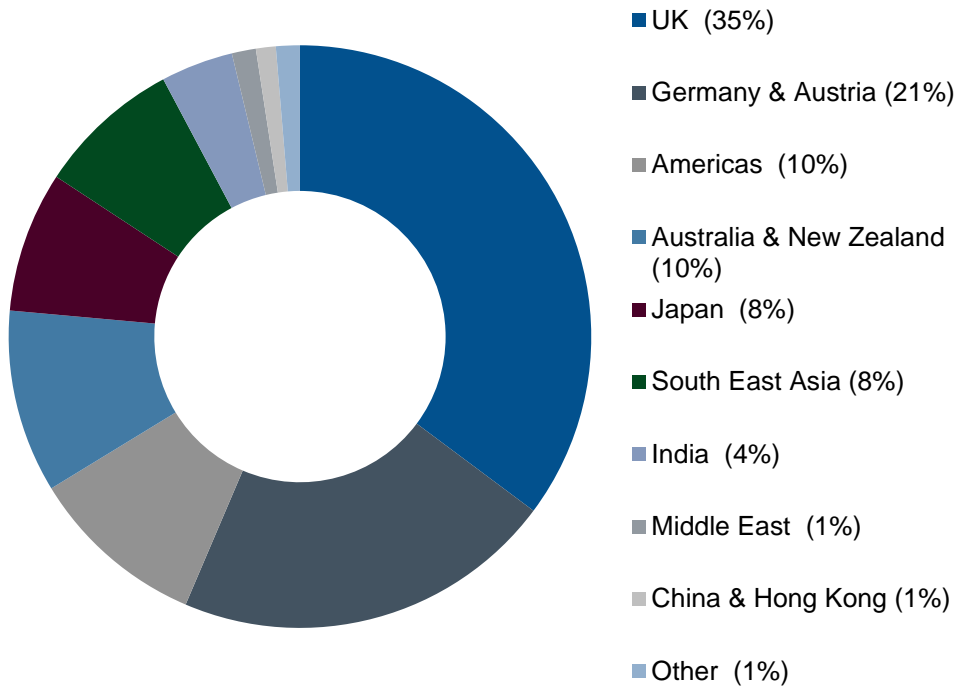
£'m	2017	2016
Revenue	18.8	14.8
Net fee income	3.4	2.0
Adjusted operating profit	0.3	0.4

10%
of Group
net fee income

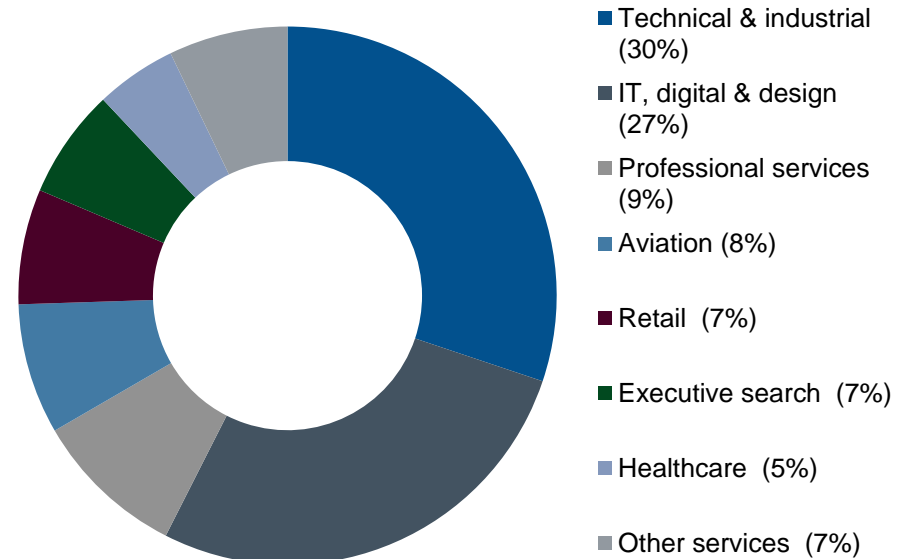
- Alternattiva in Chile performing well
- Pharmaceutical Strategies diversifying client base
- Net fee income added from ConSol Partners but profit impacted by organic investments made in first half year

Diversified and balanced

.... by geography



..... by sector



Financial summary

£'m	2017	2016	% var	Constant currency % var
Revenue	173.4	106.1	63%	50%
<i>Permanent revenue</i>	15.9	13.3	19%	10%
<i>Temporary revenue</i>	157.5	92.8	70%	56%
Net fee income	34.4	27.2	26%	17%
Adjusted operating profit*	4.9	4.0	23%	9%
Conversion ratio	14.2%	14.8%		
Adjusted profit before tax*	4.6	3.7	24%	12%
Diluted earnings per share	4.0p	3.4p	18%	
Adjusted diluted earnings per share*	5.7p	4.3p	33%	
Net debt **	(15.9)	(10.2)	(56%)	

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

** Reported net debt includes pilot bond cash of £6.4m (2016: Nil).

Revenue analysis

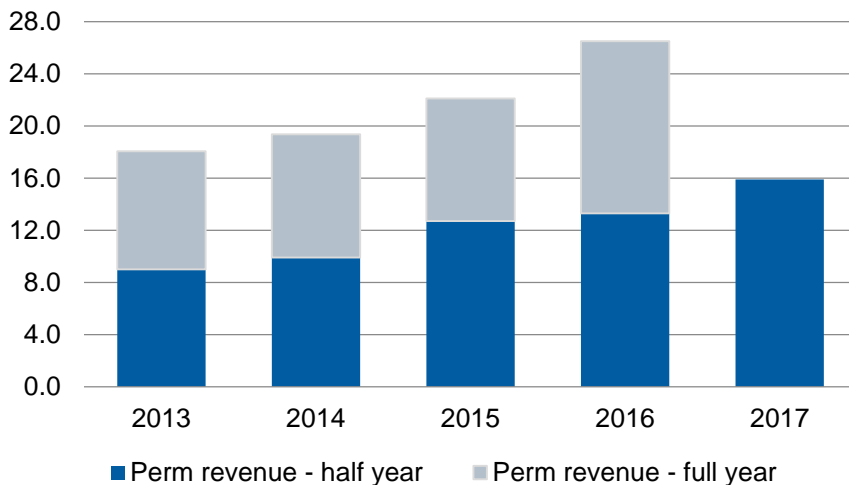
Permanent revenue +19% (+10% constant currency)

- Strong results from Japan, Thailand, India & Singapore
- Investment in ConSol Partners adds permanent revenue
- Middle East continues to experience weak market

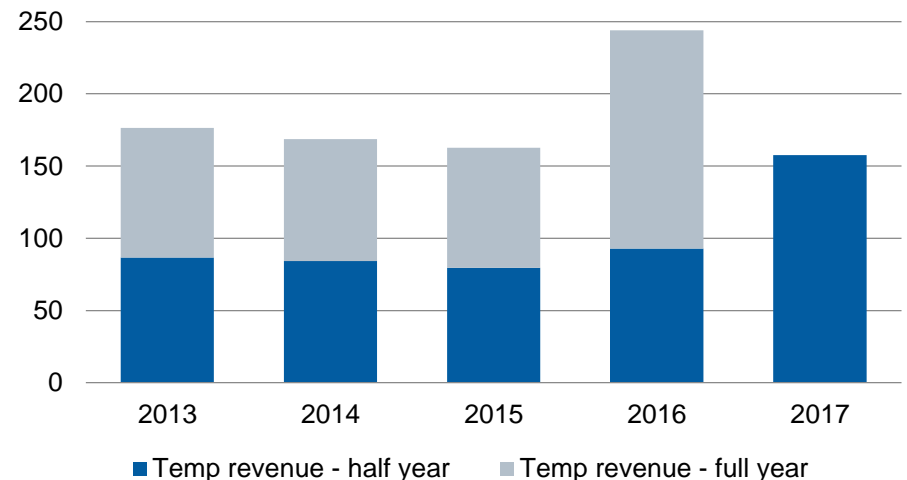
Temporary revenue +70% (+56% in constant currency)

- Strong results from Professional services in UK, Headway, Japan and Chile
- Positive impact from investments in Rishworth Aviation and ConSol Partners
- Temp margin drops to 12.7% (2016: 16.4%) due to lower margins in Rishworth Aviation and Headway

Permanent revenue (£m)



Temporary revenue (£m)

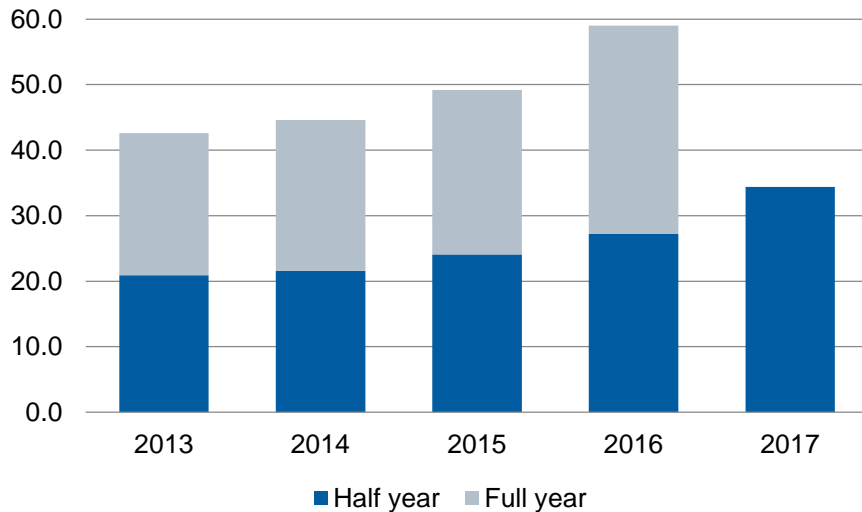


Net fee income

Net fee income +26% (+17% constant currency)

- Driven by external investments in Rishworth Aviation, ConSol Partners and currency
- Perm sales represent 42% of net fee income (2016: 44%)
- Target of 10% average growth over 5 years

Net fee income (£m)

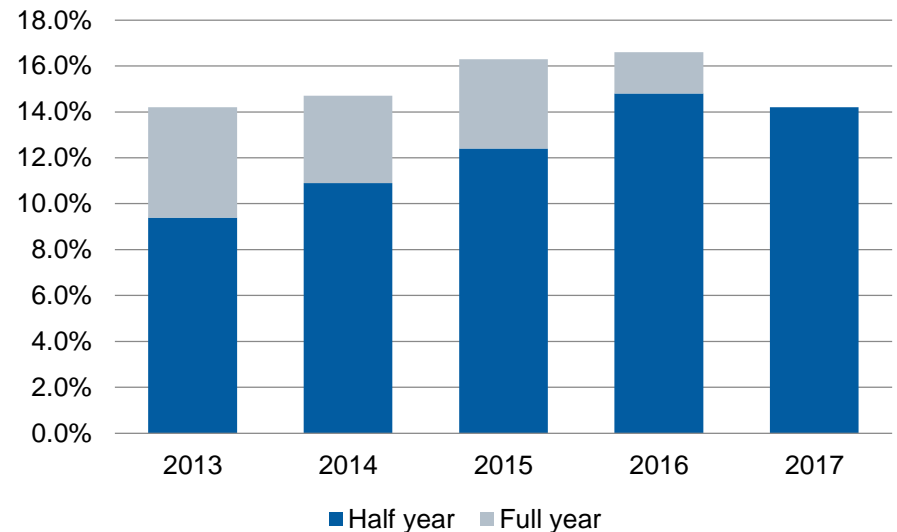


Conversion ratio

Conversion ratio of 14.2%

- Average staff numbers increased from 1,215 to 1,372
- Impacts of organic investment costs and a couple of brands not performing as well as expected
- Target of 20% for 5 year plan remains

Conversion ratio



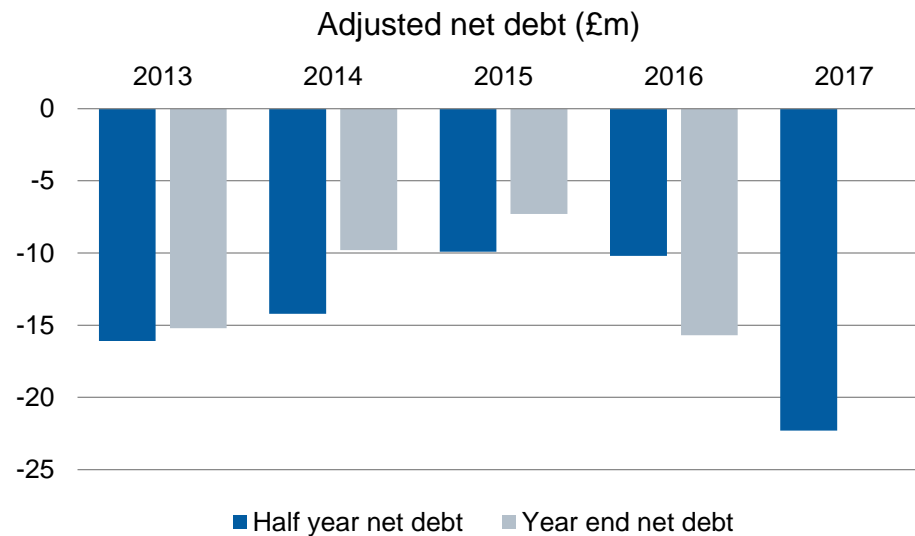
Net debt

- Reported net debt increases to £15.9m (2016: £10.2m) due to funding of investments
- Adjusted net debt, adding back pilot bonds held by Rishworth Aviation, stands at £22.3m (2016: £10.2m)
- Adjusted net debt to debtors ratio 52% (2016: 28%)
- Adjusted net debt:EBITDA of 1.9x (2016: 1.0x)
- Net debt expected to reduce by year end

- Cash generative business:

Cash generated from operations	£4.5m
Purchase of minority interest	£0.3m
Deferred consideration	£5.6m
Dividend paid to shareholders	£0.6m
Tax & interest paid	£3.3m

- Debtor days in June of 39 (2016: 51)



Looking forward



Delivering on our growth strategy

Develop **leading brands** with sector expertise

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

Maintain **diversification and balance** by geography and sector

- Footprint in key economic centres
- Established and emerging markets

A **solid financial** foundation

Develop - organic investment in existing brands

- Increase headcount in existing brand
- 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

Summary and outlook

- Diversified business model delivers growth and resilience
 - Benefit from external investments made in 2016 in Rishworth Aviation and ConSol Partners
 - Growth in net fee income, profit and adjusted earnings per share
 - Growth in net fee income of 26%, ahead of average 10% target
 - Strong growth in PBT to record half year level of £4.6m
 - Conversion ratio drops to 14.2%, but target of 20% remains for 2018
 - Further organic investment in the Group and actions taken to strengthen our brands
 - Bring brands closer together and identify more opportunities to work together
 - Investing in staff with focus on staff productivity
 - Increased cost control, rationalising on non-core assets
 - Confident in ability to deliver profitable growth
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Q&A



Appendices



Income statement – Half year 2017

£m	2017	2016	Change	Constant currency	
Revenue	173.4	106.1	63%	50%	
Net fee Income (gross profit)	34.4	27.2	26%	17%	
Overheads	<u>(29.5)</u>	<u>(23.2)</u>			
Adjusted operating profit*	4.9	4.0	23%	9%	Interest costs increased due to funding investments but also £0.1m of finance income (2016 also included interest on tax)
Interest	<u>(0.3)</u>	<u>(0.3)</u>			
Adjusted profit before tax*	4.6	3.7	24%	12%	Amortisation charges increased due to investments
Amortisation	(0.8)	(0.4)			Fair value on acquisition of non-controlling shares:
Fair value on acquisition of non-controlling shares	(0.3)	(0.2)			- £0.2m for 10% in Monroe Thailand - £0.1m for 10% in Monroe Philippines
Tax	(1.4)	(1.3)			Effective tax rate of 33% on an adjusted basis (2016: 37%) due to:
Profit for the period	<u><u>2.1</u></u>	<u><u>1.8</u></u>			- profit mix across the Group - lower levels of prior year charges
Diluted adjusted EPS* (p)	5.7	4.3	33%		
IFRS EPS (p)	4.0	3.4	18%		

* 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 2017

£m	<u>2017</u>	<u>2016</u>	
Property, plant & equipment	1.4	1.6	
Goodwill and intangibles	55.8	35.0	Goodwill and intangibles increased for investments and currency movements
Deferred tax asset	<u>1.0</u>	<u>1.0</u>	
	58.2	37.6	
Trade and other receivables	52.3	42.3	Trade receivables of £42.6m (2016: £36.3m)
Cash and cash equivalents	<u>15.0</u>	<u>15.4</u>	
	67.3	57.7	
Trade and other payables	(40.9)	(26.6)	Trade and other payables includes £6.4m for pilot bonds and £0.8m for Client deposits
Current tax liability	(1.6)	(2.5)	
Short-term borrowings	<u>(23.9)</u>	<u>(12.4)</u>	Deferred consideration of £5.6m for ConSol Partners paid in first half year. No further amounts payable
	(66.4)	(41.5)	
Long-term borrowings	(7.0)	(13.2)	Net debt at half year of £15.9m, up against £10.2m for 2016
Other creditors	-	(1.0)	Banking facilities in place of £49.9m (2016: £48.1m)
Deferred tax liabilities	<u>(4.3)</u>	<u>(1.1)</u>	UK overdraft increased from £5.0m to £7.5m during the period
	(11.3)	(15.3)	
Net assets	<u>47.8</u>	<u>38.5</u>	Deferred tax liability increase largely due to investment (intangibles)
Equity attributable to equity holders of parent	(41.5)	(35.3)	
Non-controlling interests	(6.3)	(3.2)	
Total equity	<u>(47.8)</u>	<u>(38.5)</u>	

Cash flow – Half year 2017

£m	<u>2017</u>	<u>2016</u>
Profit for the period	2.1	1.8
Depreciation, amortisation & share based payments	1.4	0.9
Tax and interest added back	1.7	1.6
Working capital	(0.7)	(0.2)
Cash generated from operations	4.5	4.1
Tax, interest & capex	(3.7)	(3.6)
Dividends to shareholders	(0.6)	(0.5)
Investments and disposals	(5.6)	(3.1)
Cash inflow from loans and borrowings	2.5	9.8
Increase in cash in the period	(2.9)	6.7
Foreign exchange	(0.1)	1.0
Net movement in cash & cash equivalents	(3.0)	7.7

Cash generated from operations was £4.5m, up on the prior year despite increased working capital

Capex of £0.3m was £0.1m down on prior year

Dividend to shareholders increased due to dividend paid of 1.15p, up from 1.0p in the prior year

Investments and disposals:

- Deferred consideration for ConSol Partners of £5.6m

Purchase of shares in Monroe Thailand and Monroe Philippines of £0.3m included in Cash generated from operations

Directors

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

Tony Martin – Chairman

Tony 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 has previously been Executive Chairman of Corporate Services Group (now Impellam) as well as director level roles at Staff Services International (in Japan) and TriNet Corporation (a PEO in USA). He is a former Chairman of the Federation of Recruitment and Employment Services (FRES), now known as the Recruitment and Employment Confederation. He currently owns 28% of Empresaria.

Joost Kreulen – Chief Executive Officer

Joost has 30 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 15 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 25 years. She is a partner of London Bridge Capital. 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, and at Crown Place VCT plc and Centric Health.

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: £69 million

Outstanding options: 3.6m (7.4% of shares in issue)

Significant shareholders (updated on 18 August 2017):

Anthony Martin	13,924,595	28%
Liontrust Investment Partners LLP	6,023,156	12%
Close Brothers Asset Management	3,448,325	7%
Hof Hoorneman Fund Management	3,106,500	6%
Beleggingsclub 't Stockpaert	3,005,000	6%
H M van Heijst	2,400,000	5%
Miles Hunt	1,880,000	4%