Empresaria Group plc August 2018

Investor Presentation

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Empresaria is…..

an international specialist staffing Group, following a multi-branded strategy to address global talent shortages

Overview of the half year

- Organic profit growth despite changes to legislation

  - adjusted profit before tax up 2%, up 3% in constant currency

  - net fee income up 1% in constant currency

- Trading in line with full year market expectations

- Investing in the business to drive growth and productivity improvements

  - building staff numbers and new technology solutions

- Strategic investment finalised in Peru

Operating review

Overview of the half year results

Particularly strong results from:

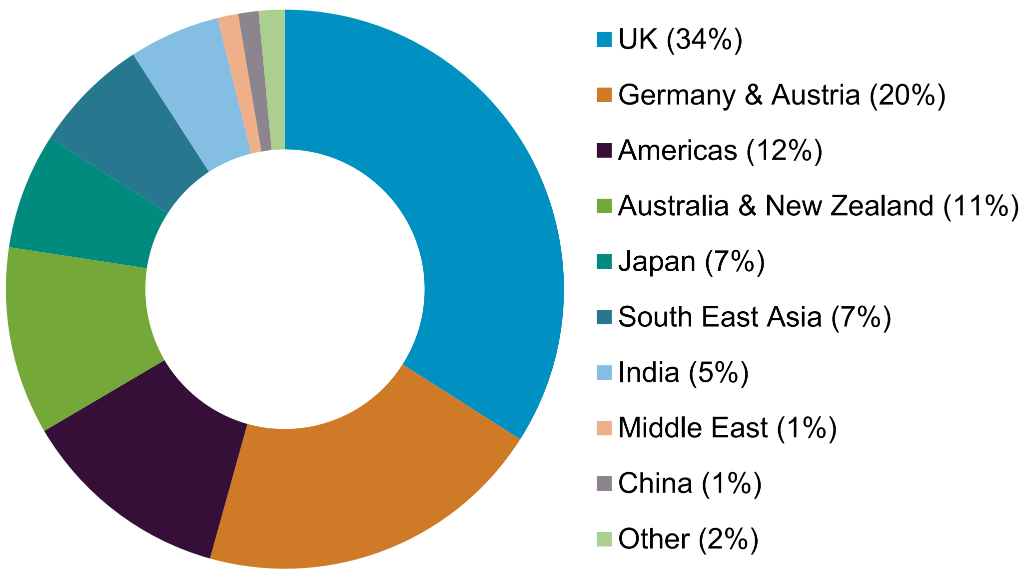
- Offshore Recruitment Services (‘ORS’) business in India
- Professional services in UK
- Retail in Chile
- Recent investments in Rishworth Aviation, ConSol Partners & Pharmaceutical Strategies
- Improved performance in Middle East

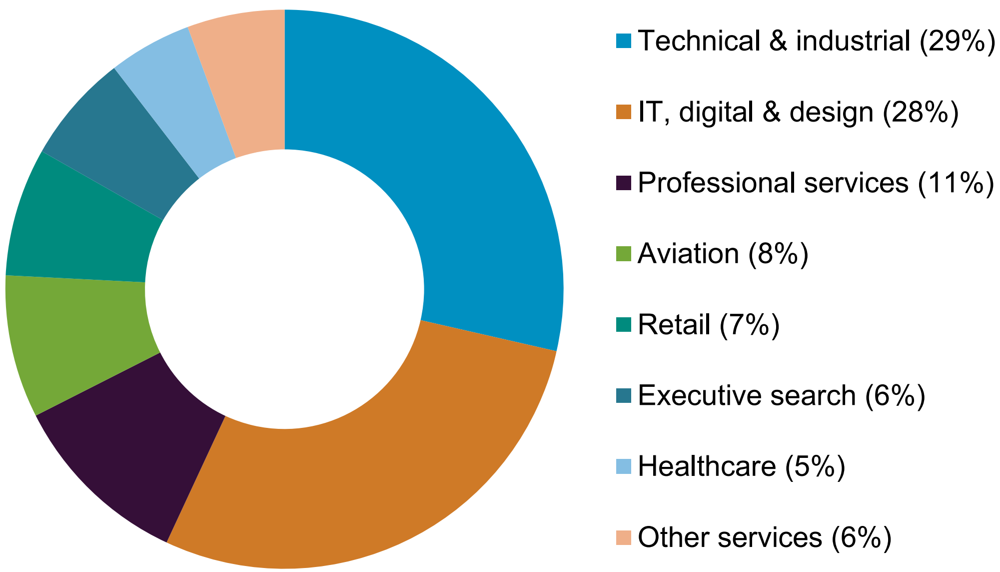
Growth not consistent, with challenges in certain key markets:

- Germany (regulations)
- Japan (regulations)
- Domestic services and Marketing in UK
- Executive search in South East Asia

Diversified and balanced

- Spread of operations reduces impact from localised market issues
- 66% of net fee income from outside the UK
- Temporary 58%, Permanent 37%, ORS 5%
- Professional & specialist levels at 85%





Operations review - UK

£m	2018	2017
Revenue	42.1	44.0
Net fee income	11.6	12.1
Adjusted operating profit	1.0	0.9

34%
of Group
net fee income

- Professional services (LMA) growing NFI following successful merger last year
- IT sector (ConSol), profit grew despite lower permanent fees. Now less than 20% NFI from in UK
- Technical & Industrial (FastTrack) saw benefits from lower costs
- Domestic services (Greycoat) experienced productivity issues in the first half
- Marketing brand (Ball & Hoolahan), loss making during the period, currently being restructured

Operations review - Continental Europe

£m	2018	2017
Revenue	47.2	46.5
Net fee income	7.5	7.8
Adjusted operating profit	1.6	1.9

22%
of Group
net fee income

- Constant currency - revenue down 1% (£0.4m), NFI down 6% (£0.5m)
- Lower temp margins impact on NFI
- Technical & Industrial improved results on prior year in Germany & Austria
- Logistics business saw revenue drop 15%
- Greatest impact of new legislation due to equal pay changes over the last 12 months
- Expecting less impact from 18 month rule in October

Operations review - Asia Pacific

£m	2018	2017
Revenue	68.2	64.2
Net fee income	10.9	11.1
Adjusted operating profit	1.5	1.8

32%
of Group
net fee income

- Constant currency - revenue up 13% (£8.6m), NFI up 4% (£0.5m)
- ORS in India grew 30%, opening an office in a second city due to strong demand
- Rishworth benefited from investments made last year in new pilot bases
- Middle East (BW&P) saw improved results following restructuring
- Japan (Skillhouse) faced hiring issues following new legislation for non-permanent workers
- Executive search business (Monroe Consulting) down overall in SE Asia despite improved results in Malaysia and China

Operations review - Americas

£m	2018	2017
Revenue	21.0	18.8
Net fee income	4.2	3.4
Adjusted operating profit	0.9	0.3

12%
of Group
net fee income

- Constant currency - revenue up 15% (£2.9m), NFI up 29% (£1.0m)
- Chile (Alternattiva) delivered strong results
- Healthcare (Pharmaceutical Strategies) making good progress in developing service lines and building client base
- IT (ConSol Partners) delivered significantly better results with strong demand continuing in sector

Investments

Grupo Solimano

- Investment in 60% of Grupo Solimano in July, an established provider of outsourced and temporary staffing services in Peru
- Strategic investment to build presence in growing Latin American market
- Total consideration is expected to be approximately £2.1m:
  - Initial cash payment of £1.35m
  - Deferred payment of c£0.55m, payable in September 2018
  - Contingent amount of £0.2m, depending on the final 2018 results
- The investment is expected to be earnings neutral in 2018 and enhancing from 2019
- The business operates through two main brands:

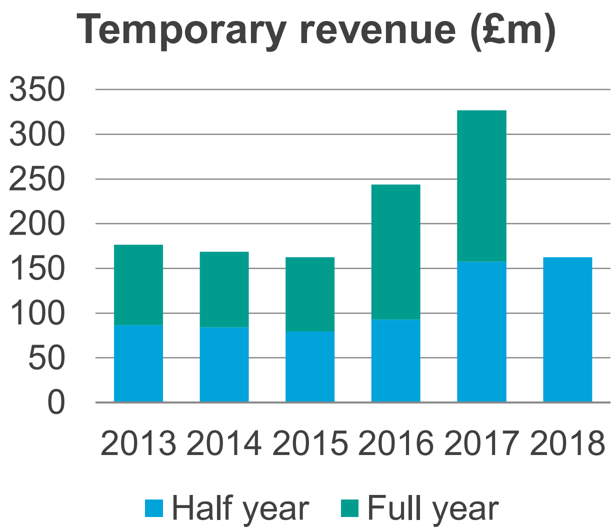
People provides outsourcing and temporary staffing services throughout Peru

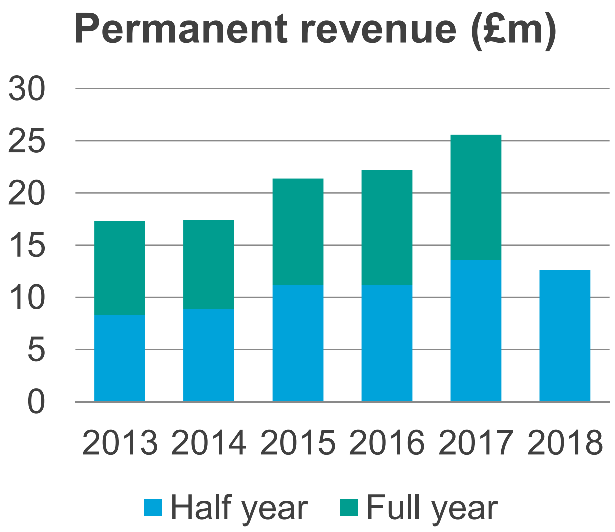
Solimano Asociados provides executive search, recruitment & selection services, and consultancy services across Peru through 5 regional offices

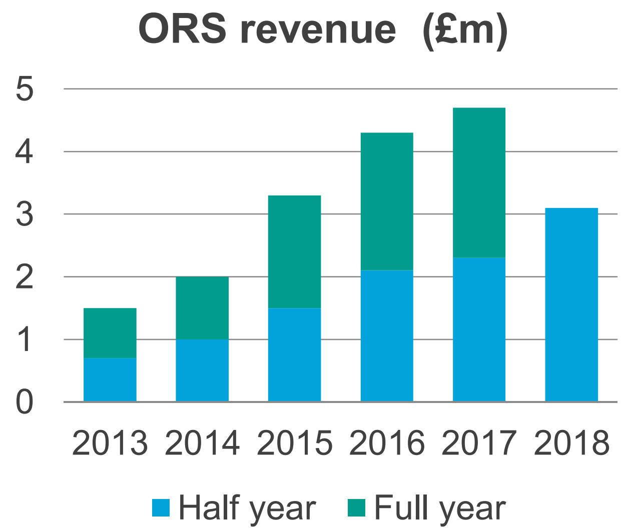
Financial Review

£m	2018	2017	% var	Constant currency
Temp revenue	162.6	157.5	+3%	+5%
Perm revenue	12.6	13.6	-8%	-5%
ORS revenue	3.1	2.3	+30%	+42%
Total revenue	178.3	173.4	+3%	+5%

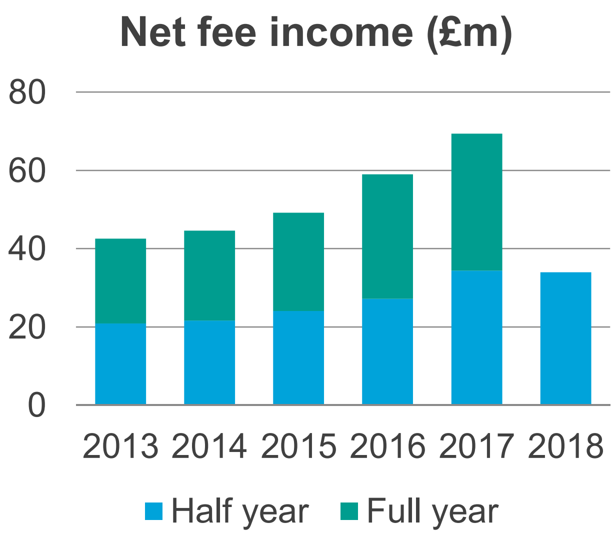
- Temp - strong revenue increase in Rishworth Aviation offset by falls in FastTrack
- Perm - strong results in ConSol Partners in US and UK Professional services. £700k down due to businesses divested in 2017
- ORS - our Indian business continues to grow strongly

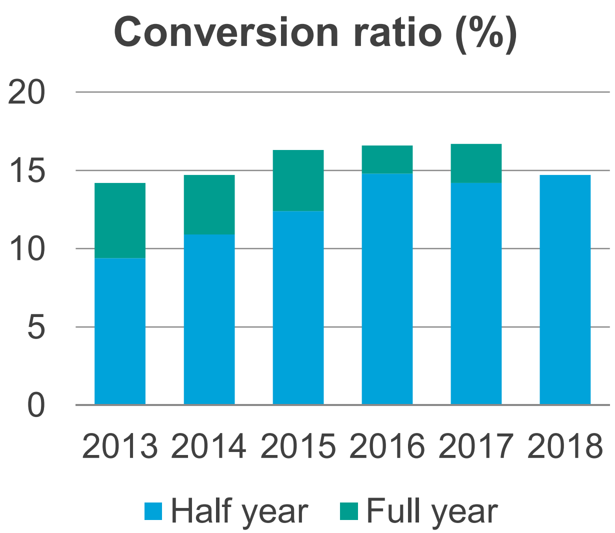






£m	2018	2017	% var	Constant currency
Net fee income	34.0	34.4	-1%	+1%
Adjusted operating profit	5.0	4.9	+2%	+4%
Conversion ratio	14.7%	14.2%		





Net fee income -1% (+1% constant currency)

- Strong results in Americas, India and UK professional services
- Negative impact as expected from regulatory changes in Germany and Japan
- Down £0.3m from businesses divested in 2017
- Temp margin reduced to 12.2% (2017:12.7%)

Conversion ratio at 14.7%, up 0.5% on 2017

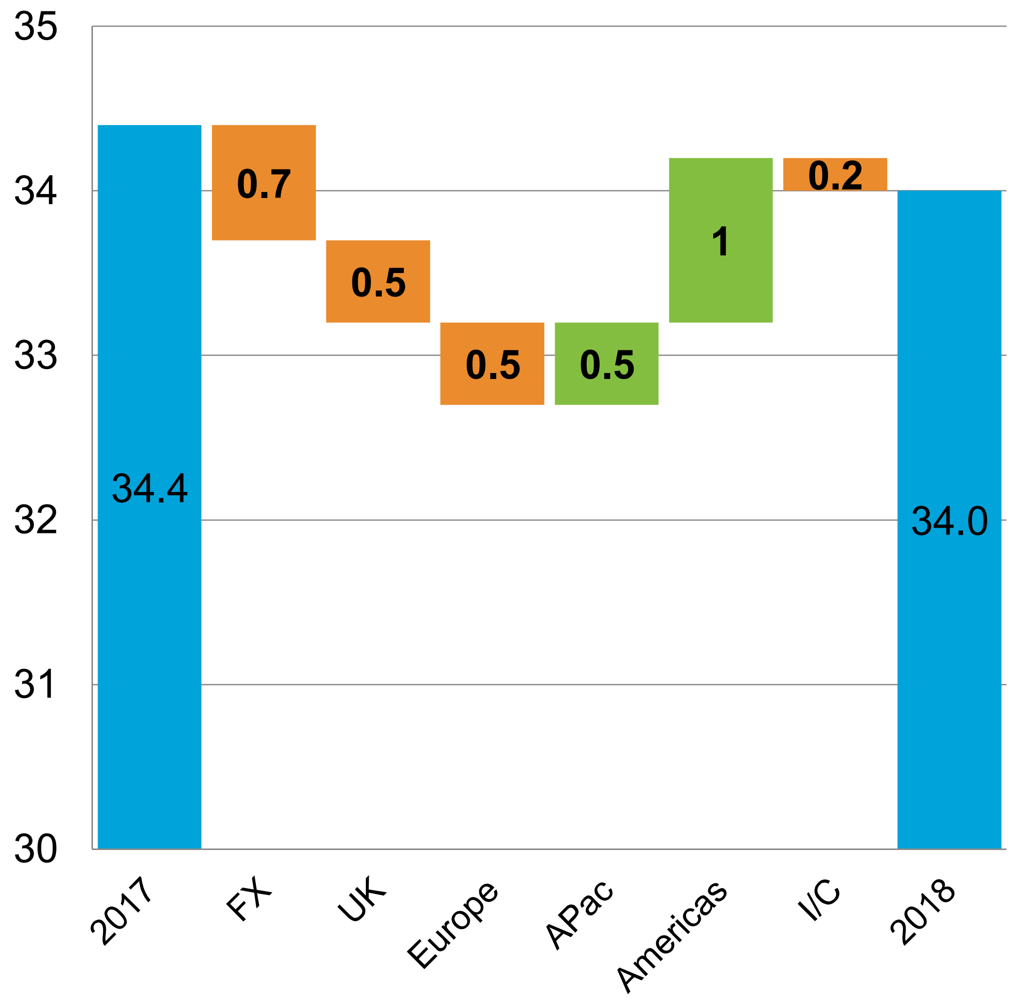
- Conversion ratio up in strongly performing Americas region
- Cost control continues to be strong

Net fee income bridge

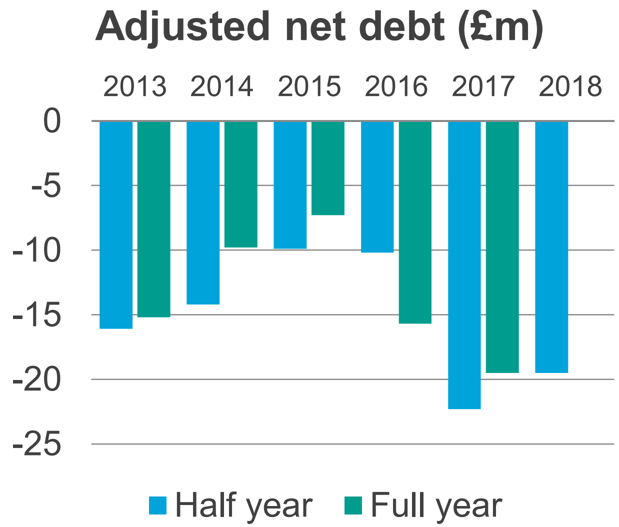
- Net fee income down 1%
- Constant currency up 1%
- Negative currency impact of £0.7m:

Continental Europe	+£0.2m
APAC	-£0.7m
Americas	-£0.2m

- Asia Pacific and Americas delivered underlying NFI growth
- Intercompany (I/C) primarily refers to ORS business with Group companies



£m	30 June 2018	30 June 2017	31 Dec 2017
Adjusted net debt	19.5	22.3	19.5
Net finance costs	0.3	0.3	0.6
Debt to debtors ratio	44%	52%	45%



Adjusted net debt excludes cash held in respect of pilot bonds (£7.3m)

- In line with 31 Dec 2017 and £2.8m lower than 30 June 2017
- Adjusted net debt expected to reduce in second half despite investment in Grupo Solimano

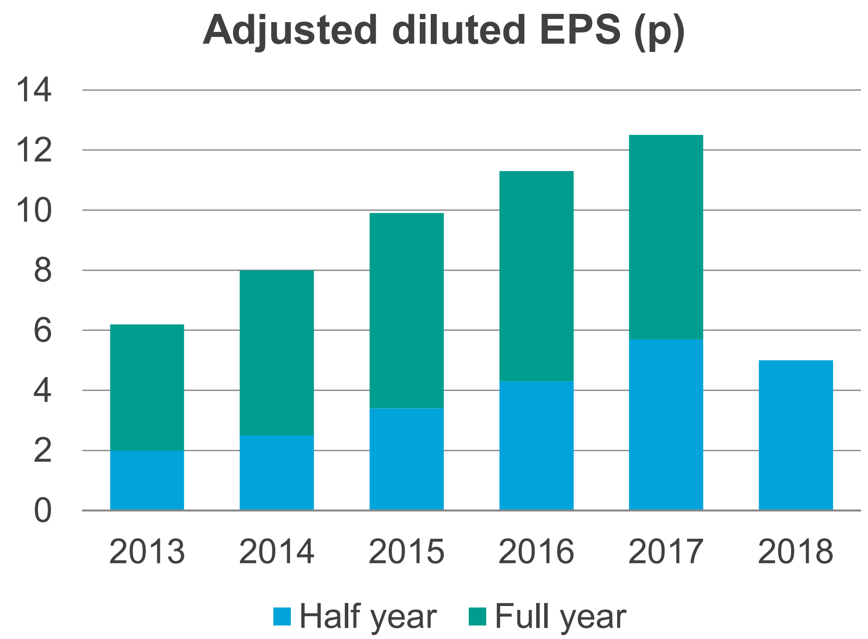
Strong financial position

- Good level of undrawn facilities and covenant headroom
- Target remains to reduce debt to debtors ratio to 25% over time
- Strategy is to continue to invest in the business - preference to use equity for external investments but only at the right price

£m	30 June 2018	30 June 2017	% var
Earnings per share	3.8	4.0	-5%
Adjusted earnings per share	5.0	5.7	-12%

Adjusted diluted EPS of 5.0p, down from 5.7p due to profit mix between businesses with different non-controlling interests

EPS remains in line with full year market expectations



HY as % of FY	32%	31%	34%	38%	46%

Looking forward

Outlook

- Trading in line with expectations
- Continuing to invest in brands to drive growth and productivity improvements and to strengthen commercial operations
- Working through the effects of regulation changes in key markets but well positioned to return businesses to growth
- Continue to look at external investment opportunities
- Confident in our prospects and ability to deliver growth

Q&A

Appendices

Income statement - 6 months ended 30 June 2018

£m	2018	2017	Change	Constant currency
Revenue	178.3	173.4	+3%	+5%
Net fee Income (gross profit)	34.0	34.4	-1%	+1%
Overheads	(29.0)	(29.5)		
Adjusted operating profit*	5.0	4.9	+2%	+4%
Interest	(0.3)	(0.3)		
Adjusted profit before tax*	4.7	4.6	+2%	+3%
Amortisation of intangibles identified in business combinations	(0.8)	(0.8)		
Fair value charge on acquisition of non-controlling shares	-	(0.3)		
Taxation	(1.4)	(1.4)		
Profit for the period	2.5	2.1		
Diluted adjusted EPS* (p)	5.0	5.7	-12%	
IFRS EPS (p)	3.8	4.0	-5%	

Effective tax rate of 34% on an adjusted basis (2017: 33%)

* Adjusted results are stated before exceptional items, gain or loss on disposal of business, fair value charge on acquisition of non-controlling shares and amortisation of intangible assets identified in business combinations

Balance sheet - as at 30 June 2018

£m	2018	2017 Re-presented
Property, plant & equipment	1.5	1.4
Goodwill and intangibles	53.1	55.8
Deferred tax asset	1.0	1.0
	55.6	58.2
Trade and other receivables	54.9	52.3
Cash and cash equivalents	26.9	22.7
	81.8	75.0
Trade and other payables	(42.3)	(40.9)
Current tax liability	(2.2)	(1.6)
Short-term borrowings	(36.9)	(31.6)
	(81.4)	(74.1)
Long-term borrowings	(2.2)	(7.0)
Deferred tax liabilities	(4.0)	(4.3)
	(6.2)	(11.3)
Net assets	**49.8**	**47.8**
Equity attributable to equity holders of parent	42.7	41.5
Non-controlling interests	7.1	6.3
Total equity	**49.8**	**47.8**

Goodwill and intangibles reduced for amortisation and currency movements

Includes trade receivables of £44.5m (2016: £42.6m)
Cash includes amounts held in respect of pilot bonds of £7.3m (2017: £6.4m) and is removed when assessing adjusted net debt

Trade and other payables includes £7.3m for pilot bonds and £0.9m for Client deposits

Banking facilities in place of £49.6m (2016: £49.9m)
German term loan of €5m due in 2018, refinanced through extending the German overdraft

2017 has been re-presented to reflect the grossing up of cash and overdraft balances by £7.7m within cash pooling arrangements which were previously shown net. This reflects a clarification of IFRS reporting requirements and is disclosed in detail in the Group's 2017 Annual Report. There is no impact on net assets, adjusted net debt or profit

Cash flow - 6 months ended 30 June 2018

£m	2018	2017 Re-presented
Profit for the period	2.5	2.1
Depreciation, amortisation & share based payments	1.2	1.4
Tax and interest added back	1.7	1.7
Working capital	(1.4)	(0.7)
Cash generated from operations	4.0	4.5
Tax, interest & capex	(2.7)	(3.6)
Dividends to shareholders	(0.6)	(0.6)
Investments and disposals	-	(5.6)
Cash inflow from loans and borrowings	1.3	7.8
Purchase of own shares through EBT	(0.4)	-
Dividend paid to non-controlling interests	(0.2)	-
Increase in cash in the period	1.4	2.5
Foreign exchange	(0.4)	(0.1)
Net movement in cash & cash equivalents	1.0	2.4

The cash flow statement has been re-presented in line with the amended treatment of cash and overdrafts as discussed on the balance sheet slide

Cash generated from operations was £4.0m, down on the prior year reflecting the increased working capital outflow

Tax payment £1.2m lower than 2017 which included settlement of tax audits
Dividend to shareholders reflects the dividend paid of 1.32p

The cash flow reflects the share buy-back programmes during the half year. As at 30 June 2018 a total of 576,204 shares are held in the Empresaria Employee Benefit Trust to be used to satisfy the exercise of options vested under the Company’s long term incentive plans. As at 30 June 2018, 2.0m options had vested but not been exercised

Shareholder information

Shares in issue - 49,019,132 ordinary shares

Market capitalisation - £46 million (20 August 2018)

Outstanding option 3.4m (6.8% of shares in issue)

Significant shareholders (updated on 13 August 2018)

Anthony Martin	13,924,595	28.4%
Close Brothers Asset Management	6,402,009	13.1%
Hof Hoorneman Fund Management	3,680,500	7.5%
H M van Heijst	3,450,000	7.0%
Beleggingsclub ‘t Stockpaert	3,005,000	6.1%
Ramsey Partnership Fund	1,896,000	3.9%
Miles Hunt	1,555,000	3.2%

Empresaria at a glance

4 Regions   21 countries   19 brands

UK

£11.6m (H1 NFI)
34% of Group NFI

Countries:
UK

Continental Europe

£7.5m (H1 NFI)
22% of Group NFI

Countries:
Germany
Austria
Finland

Asia Pacific

£10.9m (H1 NFI)
32% of Group NFI

Countries:

Japan	Australia
Indonesia	India
UAE	Thailand
Singapore	China
Hong Kong	Malaysia
Philippines	Vietnam
New Zealand	

Americas

£4.2m (H1 NFI)
12% of Group NFI

Countries:
USA
Mexico
Chile
Peru (from July 18)

Permanent
37%

Temporary & Contract
58%

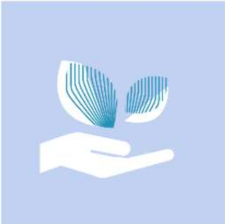
Offshore Recruitment Services
5%

Professional & specialist
85%

People focused business model

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

Management equity philosophy - operating company management take equity in their respective businesses aligning their interests with shareholders



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

Bias towards temporary recruitment – provides more stability through economic cycles