

# Interim results 2010

9 September 2010

**Miles Hunt – Chief Executive**

**Spencer Wreford – Finance Director**

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# Trading highlights

- Strong first half performance with improved market conditions in all regions
- Revenue up 20% and Net fee income up 29% on prior year
- Increased international diversity with Net fee income from outside of UK at 66% (2009: 61%)
- Recovery in permanent recruitment activity with permanent sales up 54% on prior year
- Increased demand for temporary staffing with sales up 19% on prior year
- Double digit growth in revenue and Net fee income in all reporting regions
- Particular growth in Continental Europe and Asia
- Increased financial contribution from maturing companies in emerging markets
- New Healthcare and Training divisions in Germany
- Increased demand for India-based RPO solutions and e-Learning capabilities in SE Asia

# Strategy and Structure

- Developing a leading international specialist staffing group
- Balanced growth
- Investment emphasis on developing staffing markets and emerging economies
- Focus on more stable temporary staffing revenues
- Decentralised structure and management equity philosophy

# Financial highlights

	6 months to 30 June 2010	6 months to 30 June 2009	% change
<u>Financial highlights</u>			
Revenue	<b>£108.2m</b>	£89.9m	20%
Gross profit	<b>£23.8m</b>	£18.5m	29%
Adjusted operating profit *	<b>£3.1m</b>	£0.1m	> 100%
Adjusted profit/(loss) before tax *	<b>£2.6m</b>	(£0.3m)	
Adjusted earnings/(loss) per share *#	<b>1.9p</b>	(0.6p)	
Net debt	<b>(£7.6m)</b>	(£11.3m)	

\* Adjusted to exclude amortisation of intangible assets, exceptional items and movements in put and call options

# Adjusted earnings per share is for continuing and discontinued operations

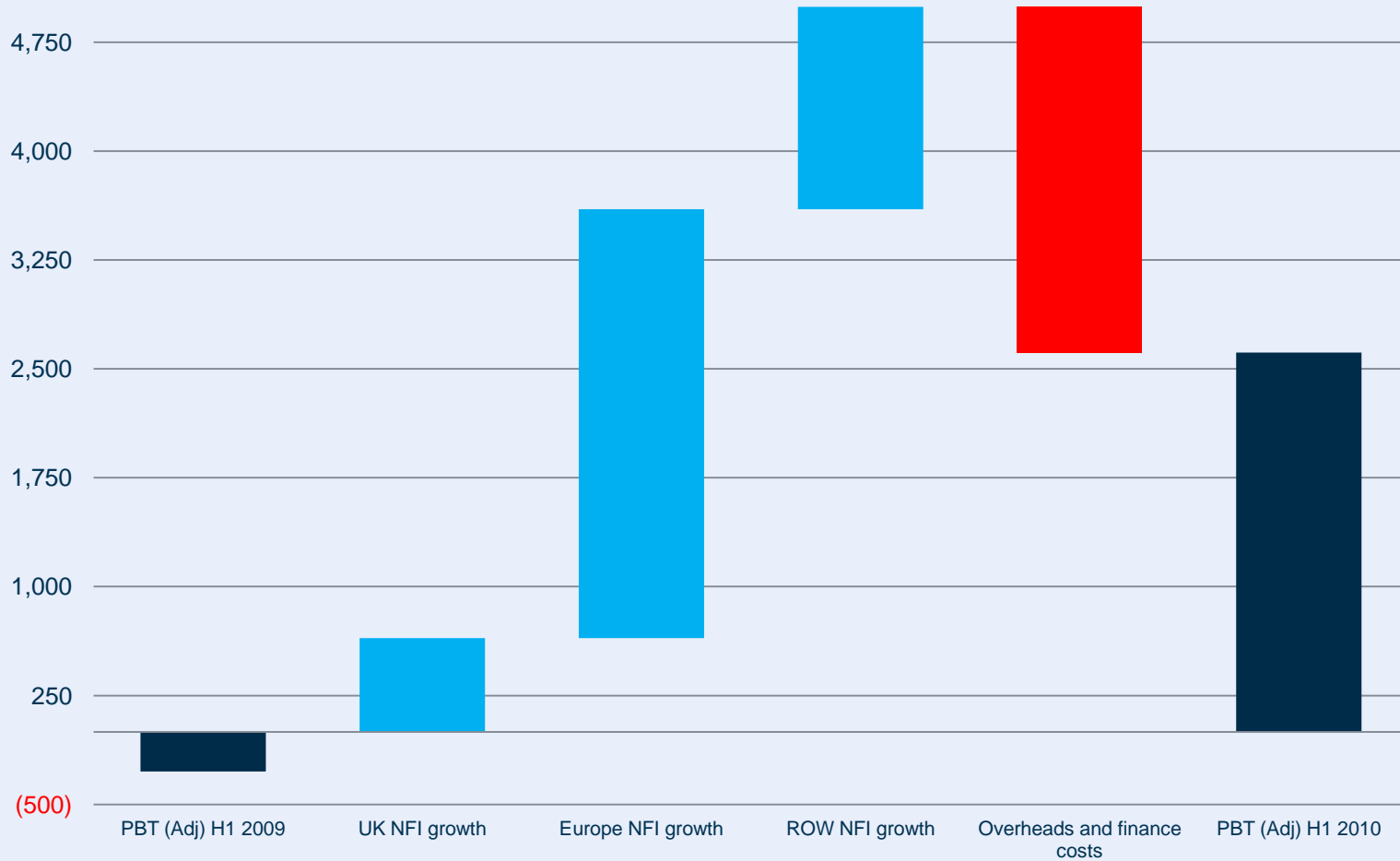
# Income statement – Six months to June 2010

Income statement				
£m	<u>2010</u>	<u>2009</u>	<u>Change</u>	
Revenue	108.2	89.9	20%	Revenue increased by 20%, with a 19% increase in temporary sales and 54% in permanent sales. There was minimal currency impact (like-for-like revenues were 19% higher)
Net fee Income/ Gross profit	23.8	18.5	29%	
Overheads	<u>(20.7)</u>	<u>(18.4)</u>	13%	Net Fee Income was higher due to the increases in both permanent and temporary sales, and an improved temporary margin. (On a constant currency basis, like-for-like increase is 27% over prior year)
Adjusted operating profit*	3.1	0.1		
Interest	<u>(0.5)</u>	<u>(0.4)</u>		
<b>Adjusted profit before tax*</b>	<b>2.6</b>	<b>(0.3)</b>		Overheads controlled – most of increase in variable costs
Movements in put and call options	(0.1)	0.3		
Exceptional items and amortisation	(0.2)	(1.6)		No exceptional costs in 2010
Profit/(loss) from continued operations	1.5	(1.3)		
Profit/(loss) from discontinued operations	0.2	(0.3)		In April 2010 EAR (Netherlands) was sold
Profit/(loss) for the period	<u><u>1.7</u></u>	<u><u>(1.6)</u></u>		
Adjusted EPS* (p)	1.9	(0.6)		
IFRS EPS (p)	2.2	(3.8)		

\* Adjusted results are before exceptional items, amortisation of intangible assets and movements in put and call options

# Income statement – Profit bridge

Empresaria Group - Adjusted profit before tax bridge (£'000)



# Balance sheet – June 2010

£m	<u>2010</u>	<u>2009</u>	
Property, plant & equipment	1.8	2.0	
Goodwill and intangibles	28.0	32.5	Impact of impairment in H2 09 and forex
Associates	0.0	0.1	
Deferred tax asset	0.5	0.9	
Call option asset	0.6	0.4	
	<u>30.9</u>	<u>35.9</u>	
Trade and other receivables	33.4	28.8	Average debtor days consistent with prior year with debtor book increasing through improved trading
Cash and bank balance	5.5	3.7	
	<u>38.9</u>	<u>32.5</u>	
Trade and other payables	(26.0)	(21.6)	
Current tax liability	(2.0)	(1.7)	
Short-term borrowings	(5.0)	(6.3)	Net debt of £7.6m at end of June
Put option liability	(1.1)	(0.8)	
	<u>(34.1)</u>	<u>(30.4)</u>	
Long-term borrowings	(8.1)	(8.7)	
Deferred tax liabilities	(0.5)	(0.6)	
	<u>(8.6)</u>	<u>(9.3)</u>	
<b>Net assets</b>	<b><u>27.1</u></b>	<b><u>28.7</u></b>	
Equity attributable to equity holders of parent	(24.1)	(26.5)	
Non-controlling interests	(3.0)	(2.2)	
	<u>(27.1)</u>	<u>(28.7)</u>	
<b>Total equity</b>	<b><u>(27.1)</u></b>	<b><u>(28.7)</u></b>	

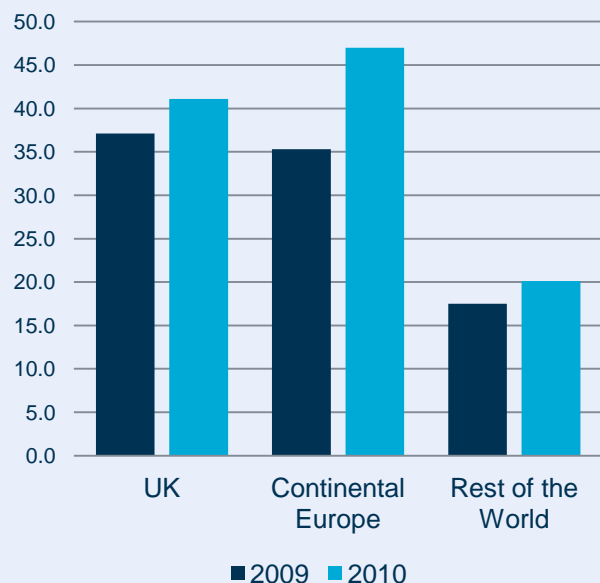


# Cash flow – Six months to June 2010

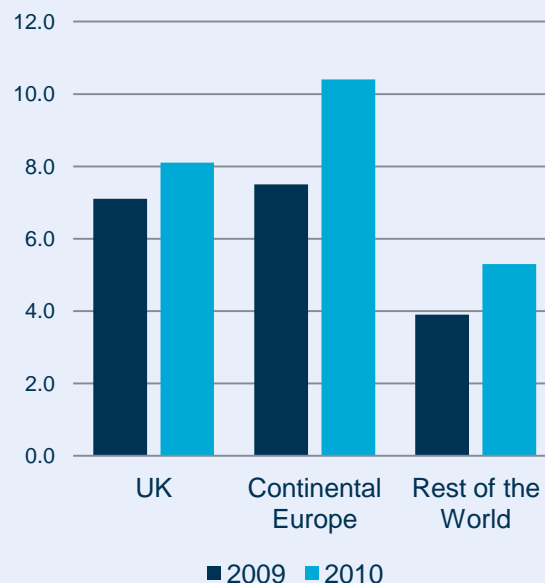
Cash flow statement £m	<u>2010</u>	
Profit for the period	1.7	
Depreciation and amortisation	0.6	
Tax and interest added back	1.4	
Profit on disposal of subsidiary	(0.3)	
Working capital	(1.9)	
<b>Cash generated from operations</b>	<b>1.5</b>	Cash generated from operations was £1.5m
Tax, interest & capex	(1.3)	
Dividends to non-controlling interests	(0.5)	
Investments and disposals	(0.2)	Includes £0.1m on the disposal of EAR and £0.1m on revenue share payments on a business in the UK
Cash inflow from loans and borrowings	1.1	
Increase in cash in the period	0.6	
Net increase in borrowings	(0.2)	
Net debt at 31 December 2009	(8.0)	Net debt reduced by £0.4m over the period
<b>Net debt at 30 June 2010</b>	<b>(7.6)</b>	

# Regional review - Overview

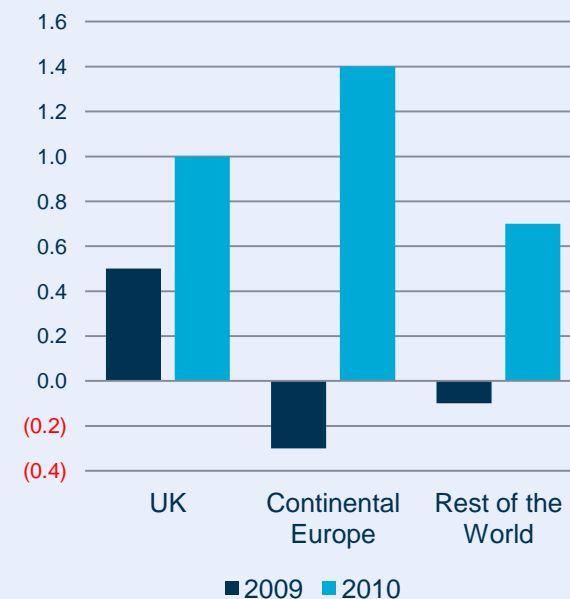
## Revenue (£m)



## NFI (£m)



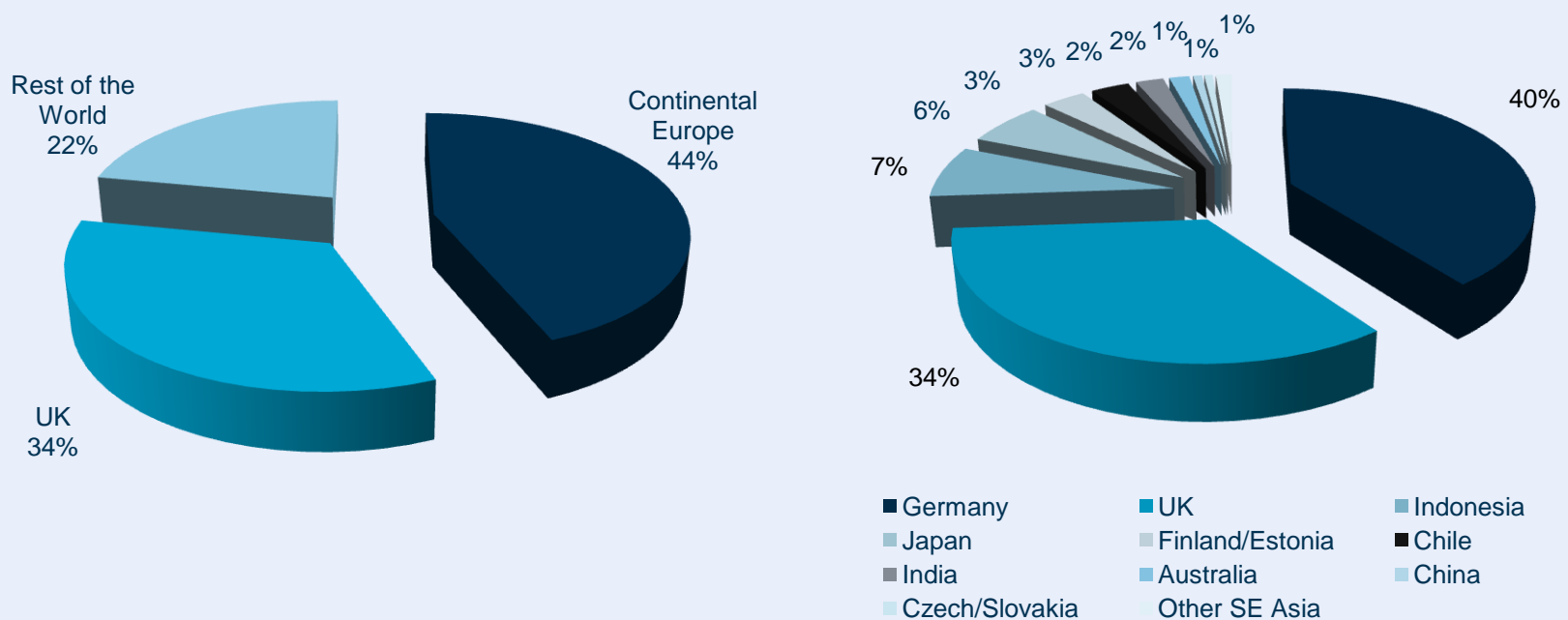
## Adjusted operating profit (£m)



£m	<u>Revenue</u>		<u>NFI</u>		<u>Adj Operating profit</u>	
	2010	2009	2010	2009	2010	2009
UK	41.1	37.1	8.1	7.1	1.0	0.5
Continental Europe	47.0	35.3	10.4	7.5	1.4	(0.3)
Rest of the World	20.1	17.5	5.3	3.9	0.7	(0.1)
<b>Total</b>	<b>108.2</b>	<b>89.9</b>	<b>23.8</b>	<b>18.5</b>	<b>3.1</b>	<b>0.1</b>

# Regional split

2010 Net Fee Income by region



# Outlook

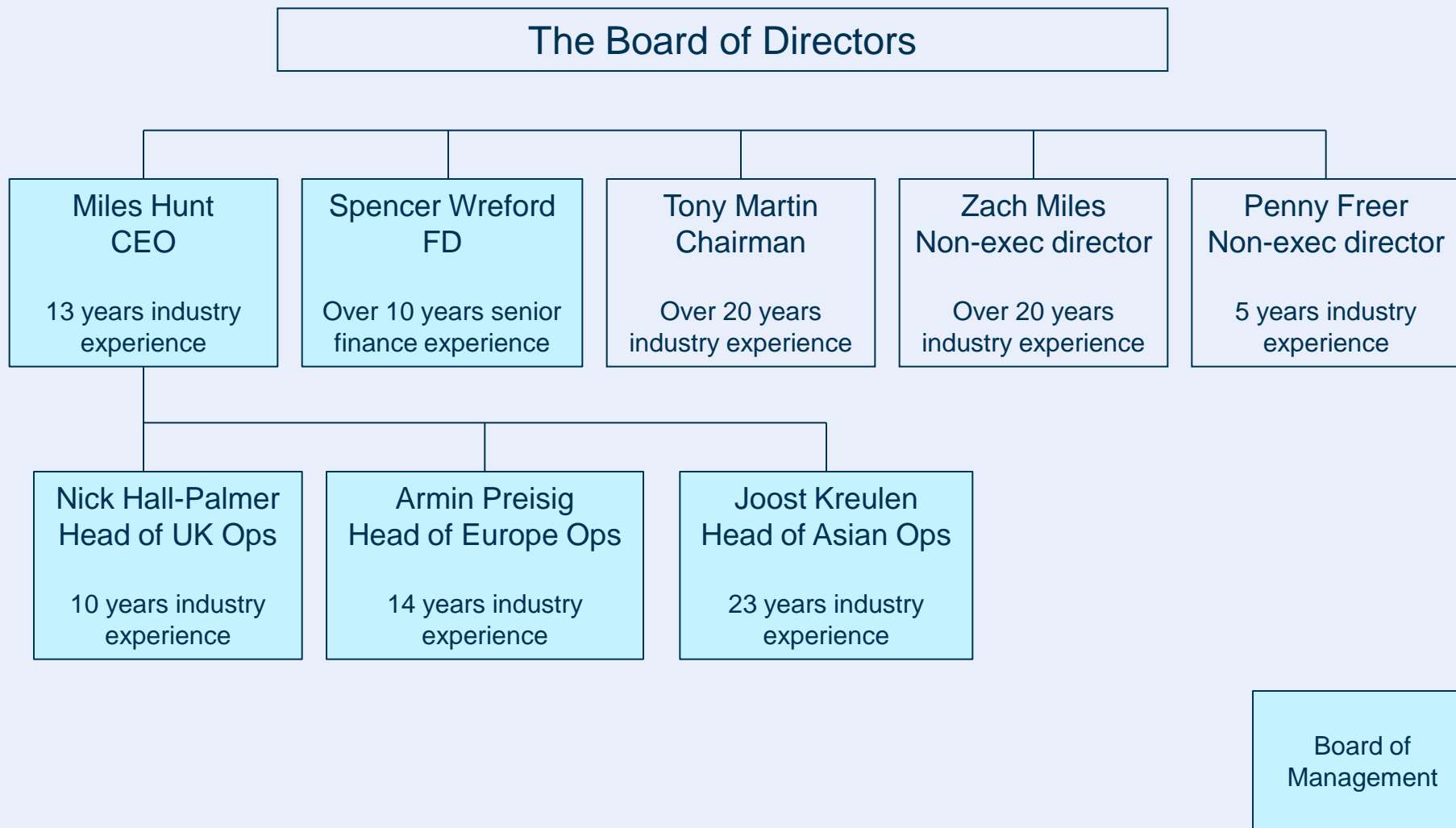
- Positive trading continuing into Q3 with full year results expected to be above current market expectations
- Cautious about strength of economic recovery, with cost control a key focus
- Recovery in Germany supported by underlying structural stimulus with changes to regulatory environment still creating growth driver
- Maturing businesses in growing staffing markets now beginning to make material financial contribution
- Investment in new business models and sectors with high growth potential create opportunities for continued strong performance
- Continue to strengthen existing operations both in terms of management and service capability as well as to identify areas for further expansion

**Empresaria** Group plc

**International Specialist Temporary & Permanent Staffing Group**

# Appendices

# Management team



# Directors

## **Tony Martin - Chairman**

Tony was appointed Chairman of Empresaria in July 2004. Prior to joining Empresaria, Tony served as Chairman and Chief Executive of Select Appointments (Holdings) PLC from 1992 to 1999, which he and his team built into a global recruitment business before agreeing to sell the company to Vedior NV, one of the world's largest recruitment companies, for £1.1 billion, in cash, in 1999. Tony became Vice Chairman and member of the Board of Management of Vedior NV and in August 2000 he assumed the role of Chairman and Chief Executive until his retirement in February 2004. He owns approximately 20.7% of Empresaria.

## **Miles Hunt – Chief Executive**

Miles qualified as a solicitor in 1990. After completing an MBA at Warwick Business School, Miles joined F. Bender Limited in 1992 as commercial manager and company secretary. In 1995, he established ProSource Limited, a management consultancy focusing on procurement and in 1996 formed Empresaria. Miles was a non-executive director of Tribal Group plc from January 2000 to September 2004. He currently owns approximately 8.9% of Empresaria.

## **Spencer Wreford - Group Finance Director**

Spencer was appointed Group Finance Director in May 2010 and has over 10 years experience in senior finance roles. He joined Empresaria from BPP Group, where he was the Finance Director of the BPP Professional Education division, a provider of international professional training. Prior to this he spent 8 years at ITE Group Plc, the international conference and exhibition organising group, as Deputy Finance Director, during which time he also spent six months as Acting Group Finance Director. Spencer is a member of the Institute of Chartered Accountants of England & Wales, qualifying with Arthur Andersen.

## **Penny Freer – Non-executive Director**

Penny Freer joined the Board in December 2005. Penny is a director of Capital Markets Group Limited and has been involved in small and mid-cap investment banking for 20 years. She was Head of Equities in London for Robert W Baird, the US investment bank and previously responsible for Credit Lyonnais' small and mid-cap equities activities. Penny currently owns approximately 0.03% of Empresaria and chairs the remuneration committee. Penny is a non-executive director of Advanced Medical Solutions Group plc and Sinclair Pharma plc.

## **Zach Miles - Non-executive Director**

Zach Miles joined the Board on 1st October 2008, having recently held the position of Chairman and Chief Executive Officer of Vedior N.V. He was a member of the Board of Management from 1999, and Chairman since February 2004. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments Plc. His career in the recruitment industry began in 1988. He is a member of the remuneration committee and chairs the audit committee.

# Shareholder information

<u>Shareholder</u>	<u>Number of shares (m)</u>	<u>% of total</u>
Caledonia Investments plc	10.3	23
Tony Martin	9.2	21
Miles Hunt	4	9
Ennismore Fund Management	2.9	7
Liontrust Asset Management	2.8	6
T J D Sheffield	2	5

Notes: Other directors hold 30,000 shares  
Total number of shares in issue is 44.6m