

Preliminary results 2012

20 March 2013

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Strategy

Specialist	Value added service Better margins and growth opportunities
People focus	Management equity philosophy
Multi-branded	20 separate brands with own specialism
Operational mix – balance of temporary and permanent revenue	Permanent revenue focus in high growth Asia-Pacific markets, temporary focus in Continental Europe. Temporary bias in UK but still strong permanent sales
Diversified by region & sector	Reduce market volatility and dependence on any one area
Operational performance	Deliver sustainable growth in EPS

What we do

Recruitment focus

Services:

90% of net fee income from staffing services

30% permanent sales
60% temporary sales

Brands:

20 brands operating in 18 countries
Multi-branded approach

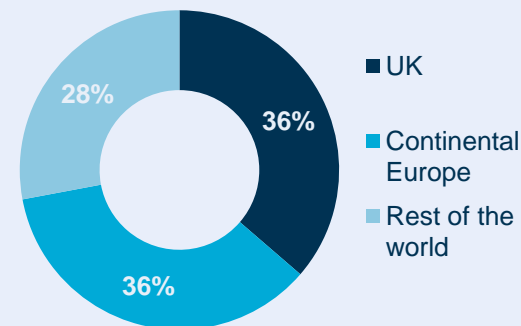
82% of net fee income from top 10 brands

Diversified & balanced approach

Regions:

Balance between mature stable markets and higher growth emerging markets

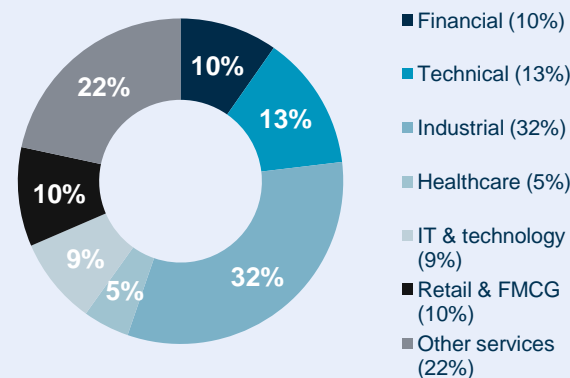
2012 net fee income by region



Sectors:

7 key sectors
Focus on professional & skilled workers

2012 net fee income by sector

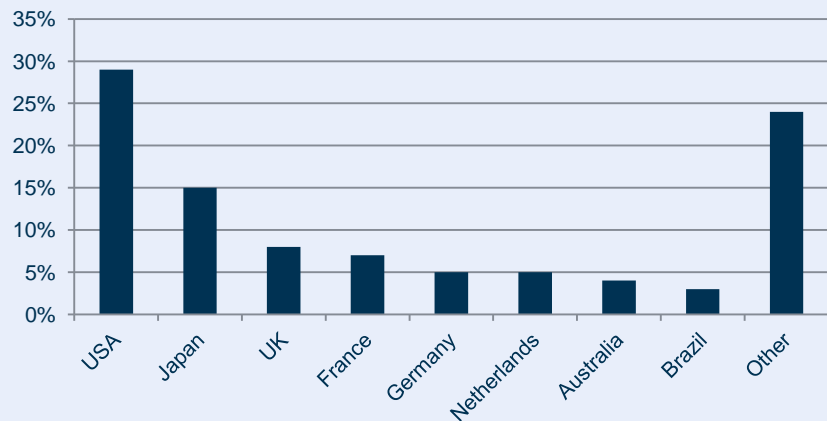


Why we are in our markets

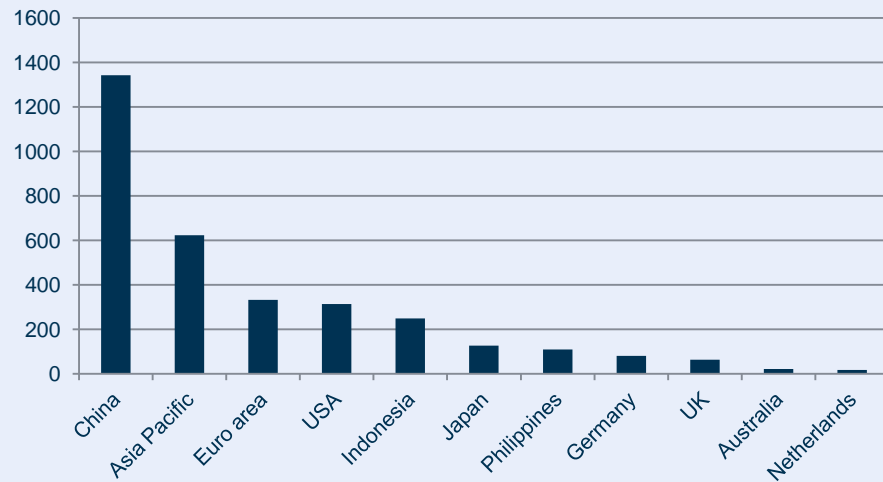
Region	Market size	Temp/Perm focus	Opportunity	GDP growth
UK	3 rd largest staffing market	Temp bias (59% of net fee income) High temp penetration rates	Mature market delivering good returns	Next 5 years on average 1%
Continental Europe	Germany is 5 th largest staffing market (84% of regional net fee income)	Temp bias (96% of net fee income) Growing temp penetration rates (German market deregulated in 2004)	German economy is one of the strongest in Europe German staffing market is relatively immature	Next 5 years on average 1-2%
Rest of the World	Japan is 2 nd largest staffing market Fastest growing region for the Group	Perm bias (64% of net fee income) Low temp penetration rates	Large populations point to future growth prospects	Access to high growth markets (eg Indonesia, Thailand, China, India, Singapore, Philippines, Chile)

Why we are in our markets

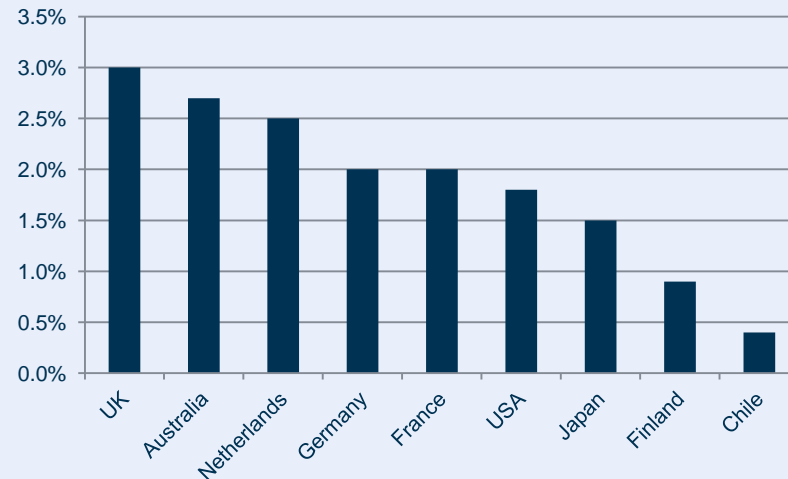
Market size: Source, Staffing Industry Analysts Global Staffing Market Report April 2012



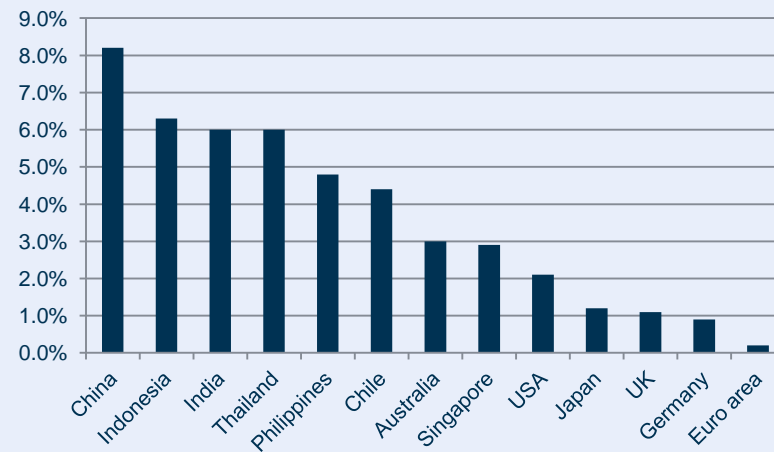
Populations: Sources, CIA World Factbook 2012 estimates, Tradingeconomics.com



Temp penetration rates: Source, CIETT estimates for 2010



GDP growth rates: Source: WEO Economic Outlook Projections 2013 (Jan 13) for Real GDP



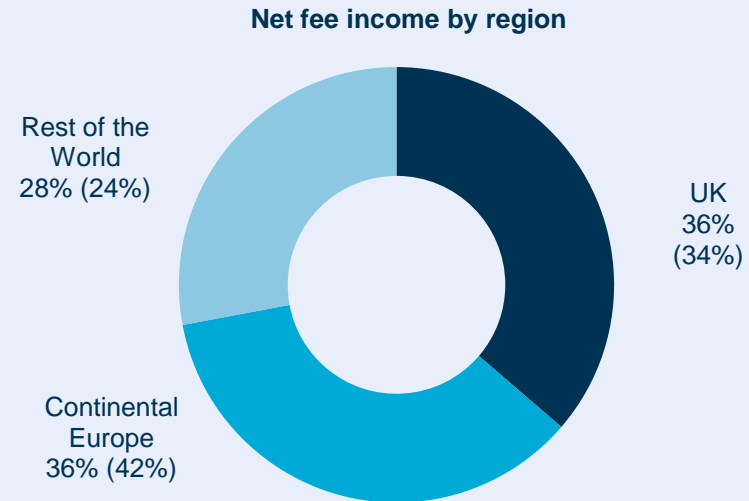
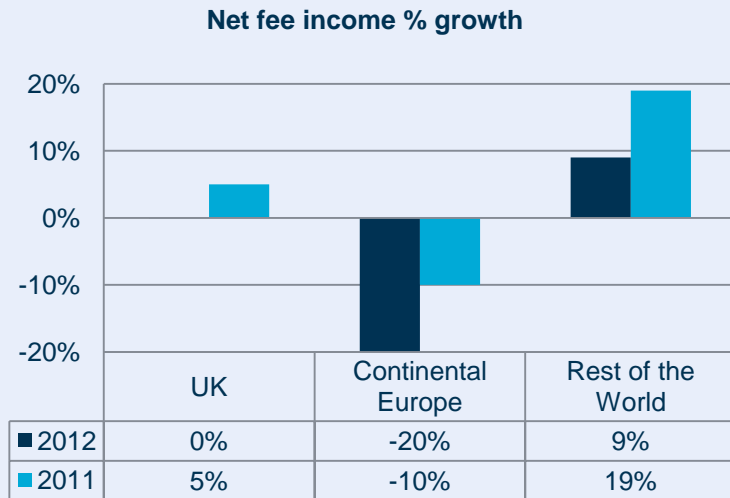
Highlights of 2012

• Revenue	-7% to £194.3m
• Net fee income	-6% to £43.9m
• Conversion ratio	+12% (2011: 11%)
• Operating profit	+57% to £4.4m
• Adjusted operating profit	+2% to £5.4m
• Profit before tax	+89% to £3.6m
• Adjusted profit before tax	+2% to £4.6m
• Earnings per share	3.0p (2011: loss of 0.4p)
• Adjusted earnings per share	+25% to 5.0p
• Reported net debt	Increases to £8.1m following minority share purchases

Note: Adjusted results exclude amortisation of intangible assets, exceptional items and movements on put and call options.

Highlights of 2012

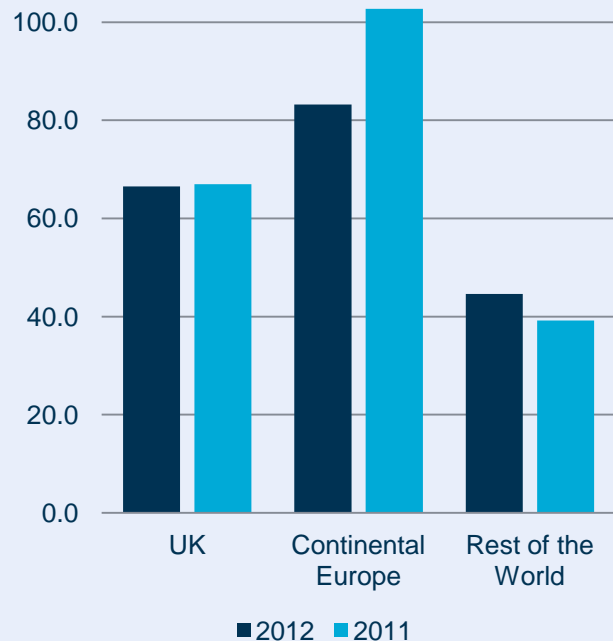
- Net fee income by region



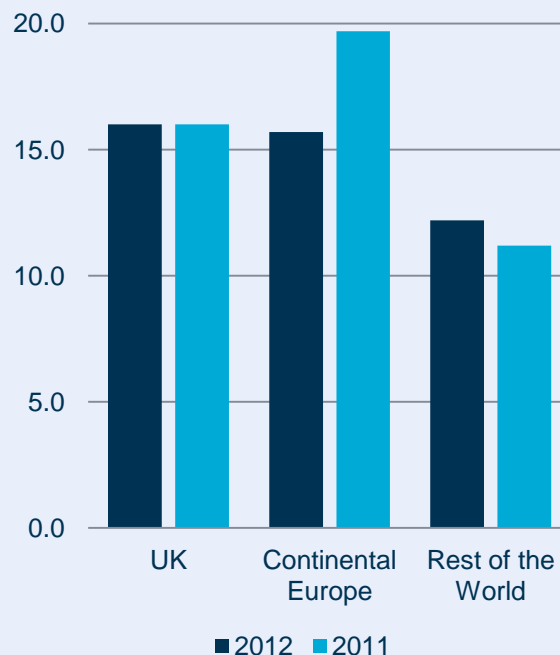
- Action taken in 2011 results in turnaround in profits for India, Philippines, Czech Republic & Slovakia
- New office opened in Hong Kong
- Right sizing of operations in Germany leads to exceptional restructuring cost of £1.1m
- Release of German CGZP provision of £0.4m

Income statement – Regional overview

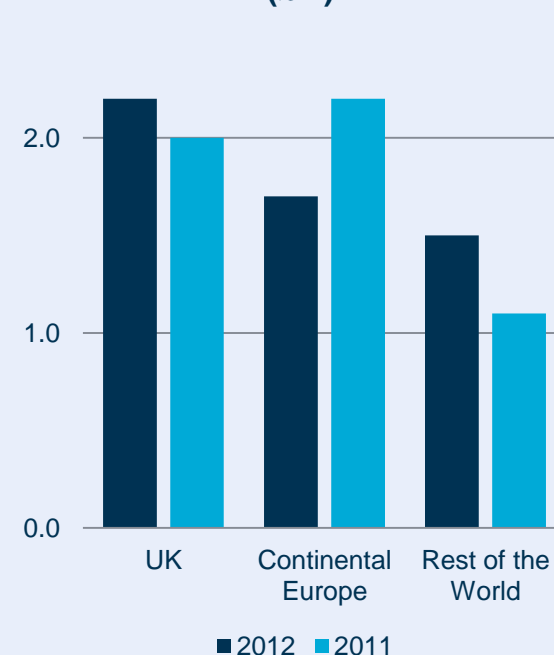
Revenue (£m)



NFI (£m)



Adjusted operating profit (£m)



£m	<u>Revenue</u> 2012	<u>Revenue</u> 2011	<u>% change</u>	<u>NFI</u> 2012	<u>NFI</u> 2011	<u>% change</u>	<u>Adj</u> <u>operating</u> <u>profit</u> 2012	<u>Adj</u> <u>operating</u> <u>profit</u> 2011	<u>% change</u>
UK	66.5	67.0	(1%)	16.0	16.0	0%	2.2	2.0	12%
Continental Europe	83.2	102.7	(19%)	15.7	19.7	(20%)	1.7	2.2	(23%)
Rest of the World	44.6	39.2	14%	12.2	11.2	9%	1.5	1.1	33%
Total	194.3	208.9	(7%)	43.9	46.9	(6%)	5.4	5.3	2%

Current trading and outlook

- Actions taken in 2012 to deal with operational issues in Germany and Chile
- Significant cost reduction in Germany to offset new equal pay surcharges
- CGZP provision – 3 year time bar ends December 2013
- Solid platform in place across the Group from which to deliver growth
- Costs will be controlled to improve conversion ratio
- Strongest growth coming from Asian markets
- Investments in Singapore expected to contribute positively in 2013
- Economic uncertainty continues but cautiously optimistic about 2013
- Q1 trading in line with expectations
- Selective approach to external investments

Empresaria Group plc

International Specialist Temporary & Permanent Staffing Group

Appendices

Income statement – Year to 31 December 2012

Income statement

£m	<u>2012</u>	<u>2011</u>	<u>Change</u>
Revenue	194.3	208.9	(7%)
Net fee Income/ Gross profit	43.9	46.9	(6%)
Overheads	<u>(38.5)</u>	<u>(41.6)</u>	(7%)
Adjusted operating profit	5.4	5.3	2%
Interest	<u>(0.8)</u>	<u>(0.8)</u>	
Adjusted profit before tax	4.6	4.5	2%
Movements in put and call options	0.0	(0.1)	
Exceptional items and amortisation	(1.0)	(2.5)	
Tax	(1.7)	(1.1)	
(Loss)/profit from discontinued operations	0.0	(0.4)	
Profit for the period	<u><u>1.9</u></u>	<u><u>0.4</u></u>	
Adjusted EPS (p)	5.0	4.0	25%
IFRS EPS (p)	3.0	(0.4)	

Revenue decreased by 7%, with a 12% increase in permanent sales and an 8% decrease in temporary sales. On a like-for-like currency basis, revenue was down 4% on the prior year.

Net Fee Income was 6% lower than prior year. The increase in permanent sales was offset by the decline in temporary sales, plus the temporary margin reduced from 17.3% to 16.2%. On a like-for-like currency basis the net fee income is down 3.5% on the prior year.

Overheads reduced by 7% with 2/3 of the saving from staff costs. Conversion ratio improved from 11% in 2011 to 12% in 2012.

The put and call options have gone following the share purchase in Headway.

Exceptional costs in Germany for restructuring, offset by CGZP provision release.

Tax rate of 47% in 2012 (39% based on adjusted profit before tax).

EPS benefits from minority share purchases.

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

Balance sheet – December 2012

£m	<u>2012</u>	<u>2011</u>
Property, plant & equipment	1.3	1.7
Goodwill and intangibles	26.6	27.3
Deferred tax asset	1.2	1.5
Call option asset	<u>0.0</u>	<u>0.3</u>
	29.1	30.8
Trade and other receivables	27.4	30.3
Cash and bank balance	<u>6.2</u>	<u>6.0</u>
	33.6	36.3
Trade and other payables	(21.8)	(25.1)
Current tax liability	(1.7)	(2.0)
Short-term borrowings	(6.4)	(3.0)
Put option liability	<u>0.0</u>	<u>0.0</u>
	(29.9)	(30.1)
Long-term borrowings	(7.9)	(8.6)
Deferred tax liabilities	<u>(0.9)</u>	<u>(0.8)</u>
	(8.8)	(9.4)
Net assets	<u>24.0</u>	<u>27.6</u>
Share capital & share premium	(21.6)	(21.6)
Merger reserve	(1.5)	(1.5)
Retranslation reserve	(3.3)	(4.0)
Other reserves	1.3	0.3
Equity reserve	6.1	2.4
Retained earnings	(1.6)	0.3
Non-controlling interests	(3.4)	(3.5)
Total equity	<u>(24.0)</u>	<u>(27.6)</u>
Net debt	(8.1)	(5.6)

Capital expenditure of £0.5m on fixed assets.

Deferred tax asset reduces as losses utilised.

Call option unwound.

Average debtor days 51 (2011: 52).

Reported net debt of £8.1m at end of year, up from £5.6m at end of 2011. Change in non-recourse IF (£1.2m) plus early purchase of Headway shares (£1.4m).

Bank facilities increased in the year:

Overdraft of up to £4.0m renewed in Feb 13

RCF increased from £6.25m to €10.0m (same term to March 2016)

New RCF of €2.2m to cover Headway share purchase (repayable Dec 13)

Term loan 3 of £3.0m amortising over 5 year term (£1.95m at year end)

Existing term loan expires this year (£62k at year end)

Average total debt in 2012 £15.6m (2011: £16.1m)

No movement in share capital.

Equity reserve represents acquisition of minority interests under IFRS 3 (Headway, Bar 2, FastTrack & Mediradix).

Cash flow – Year to December 2012

£m	<u>2012</u>	<u>2011</u>
Profit for the period	1.9	0.4
Depreciation, amortisation & share based payments	1.3	1.1
Tax and interest added back	2.5	1.9
Loss on disposals	0.0	0.4
Exceptional items	(0.3)	2.2
Working capital	(0.2)	(2.1)
Cash generated from operations	5.2	3.9
Tax, interest & capex	(2.9)	(3.3)
Dividends to non-controlling interests	(0.4)	(0.1)
Dividends to shareholders	(0.2)	(0.2)
Investments and disposals	(3.0)	(0.3)
Cash inflow from loans and borrowings	1.8	(1.0)
Increase in cash in the period	0.5	(1.0)
Foreign exchange	(0.3)	(0.1)
Net increase in borrowings	(2.7)	1.6
Net debt brought forward	(5.6)	(6.1)
Net debt carried forward	(8.1)	(5.6)
Non-recourse invoice financing	(6.4)	(10.1)
Total net debt	<u>(14.5)</u>	<u>(15.7)</u>

Cash generated from operations was £5.2m, up on the prior year after £0.2m working capital investment and £1.0m cash spend on restructuring in Germany.

Cash outflow on tax was £0.2m lower at £1.6m and capex of £0.5m was also £0.2m down on prior year.

Investments include £3.2m of minority share purchases (£2.5m on Headway, £0.3m on Bar 2, £0.3m on FastTrack and £0.1m on Mediradix) and £0.2m of cash from the sale in 2011 of ACI & Supply chain.

Non-recourse invoice financing decreased by £3.7m, due to £1.2m being treated as with-recourse and a decrease in debtors.

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 21% of Empresaria.

Joost Kreulen – Chief Executive Officer

Joost was appointed Chief Executive Officer effective from 1 January 2012. Joost has been with Empresaria since 2009. He was initially responsible for its Asian operations and more recently also for a number of its UK based businesses. He was appointed Chief Operating Officer and Chief Executive designate on 7 September 2011. Prior to joining Empresaria, Joost had spent 20 years working in various roles for businesses which now form part of Randstad N.V., most recently as head of specialist staffing operations in the Netherlands. He currently owns approximately 0.1% 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. He currently owns approximately 0.03% of Empresaria.

Penny Freer – Non-Executive Director

Penny Freer joined the Board in December 2005. Penny is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2004 she was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chairman of Robert W Baird Limited. Previously she was responsible for Credit Lyonnais' small and mid-cap equities activities. Penny currently owns approximately 0.03% of Empresaria. She is a member of the audit committee and chairs the remuneration committee. Penny is also a non-executive director of Advanced Medical Solutions 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

Shares in issue: 44,562,847 ordinary shares

Market capitalisation: £14.7million

Free float: 52.5%

Outstanding options: 1.22m (2.7% of fully diluted)

Significant shareholders:

Caledonia Investments	10,149,264	22.8%
A V Martin	9,690,546	21.8%
M W R Hunt	3,988,092	9.0%
Liontrust	3,573,468	8.0%
Ennismore	3,266,396	7.3%
T J D Sheffield	2,049,307	4.6%
Ashcourt Asset Management	1,465,053	3.3%

Management equity philosophy

- ❑ Management capacity and structure established for ongoing growth
- ❑ Committed to incentivising operational management through equity participation in their businesses
- ❑ Helps drive long-term growth and retain/attract key management
- ❑ Only executive directors have options over Empresaria shares

	First generation	Second generation
Minority shareholder	Held by the business founder	Provided to next tier of management (normally when first generation shares have been acquired by Empresaria) to incentivise next growth phase
Profits	Interest in full profits of the business	Threshold profit limit exists. Minority shareholder only benefits from growth in profits above the threshold limit
Valuation basis	Typically 10x multiple on average of last three years profit after tax (lower multiple applies if Empresaria current multiple is below 10x)	
Requirement to acquire minority shares	Minority shareholder typically holds shares for 5 years before being able to offer them to Empresaria to acquire, with the valuation based on the agreed methodology. There is no obligation on Empresaria to purchase any shares.	
Level of minority shares	Typical range is between 49% and 5%, with an average Empresaria holding of approximately 75%	