

## Corporate

 Current price **56.5p**

 Sector **Support Services**

 Code **EMR.L**

 AIM **AIM**

### Share Performance



	1m	3m	12m
EMR.L	-9%	+12%	-15%

Source: Thomson Reuters, Allenby Capital

### Share Data

 Market Cap (£m) **27.7**

 Shares in issue (m) **49.02**

52 weeks High Low

**75.0p 45.5p**

 Financial year end **December**

Source: Company Data, Allenby Capital

### Key Shareholders

Anthony Martin (Chair) 28.41%

Close Bros Asset Management 13.38%

Hendrick Marius van Heijst 10.81%

Hof Hoorneman Fund Mgmt. 10.66%

Beleggingsclub 't Stockpaert 6.13%

The Ramsey Partnership Fund 4.68%

Source: Company Data, Allenby Capital

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## Empresaria Group plc (EMR.L)

### Continued investment to strengthen growth potential

Empresaria confirms that results for FY2019 will be in line with market expectations with NFI of £74.3m (2018: £72.3m) and adjusted PBT of £9.3m (2018: £11.4m) reflecting a challenging year in several businesses and regions. However, the Offshore Recruitment Service segment delivered strong growth (+37% yoy) which helped to mitigate challenges elsewhere. Restructuring of the Group's UK Engineering business is now complete and is expected to return to profit in 2020. Given the current global economic weakness we believe it prudent to scale back expectations for FY2020 from an adjusted PBT of £11.4m to £10m, a result that would still represent yoy growth, while continuing to invest in the business.

- Five of the Group's six sectors reported yoy growth in NFI – with the only reversal being seen in the Property, Construction and Engineering sector which posted a 28% fall and in which the UK Engineering business underwent significant restructuring towards the end of the year. As noted above, this segment is expected to return to profit in FY2020 although much reduced in size. Group NFI for the year was ahead by 2% in constant currency terms at £74.5m and in line with our forecast.

- Adjusted PBT higher was in line with our forecast – coming in at £9.3m compared to our forecast of £9.0m. The reduction reflected material declines in the now restructured UK Engineering business, as well as the impact of Brexit and a slowdown in the German automotive market. Net debt ended the year at £19.1m, reflecting restructuring costs and investment in shares in the UK and US IT business. Empresaria also experienced headwinds in its aviation business and highlighted ongoing operational investments in a number of areas to build a stronger base for future growth.

- Offshore Recruitment Services had an outstanding year – with NFI growth of 37% against a strong comparative for FY2018. This element of the Group's business has been very successful and management expects further investment in the business in FY2020 in order to position it to deliver its full potential.

- We have revised our FY2020 forecasts - to reflect the more difficult global economic environment, a factor highlighted by many of the Group's peers in their most recent period end trading updates. To reflect this and other specific issues noted above, we have reduced adjusted PBT by 12% from £11.4m to £10m and EPS from 12p to 9.7p although still offering 8% yoy growth. Under its new management team Empresaria is being positioned to take full advantage of any improvement in macro trends and we believe the shares represent good value, underlined by share purchases by the CEO and CFO last year.

(£m)

Year End: December	2017	2018	2019E	2020E
NET FEE INCOME	69.4	72.3	74.3	73.0
ADJ. PBT	11.0	11.4	9.3	10.0
ADJ. FD EPS (p)	12.5	12.1	8.5	9.7
DIVIDEND (p)	1.32	2.00	2.20	2.40
NET DEBT (pre pilot bonds)	19.5	17.1	19.1	15.7
PER (x)	4.5	4.7	6.6	5.9
YIELD (%)	2.3%	3.5%	3.9%	4.2%

Source: Empresaria Group; Allenby Capital

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### Research Recommendation Disclosure

Ian Jermin is the author of this research recommendation and is employed by Allenby Capital Limited as an Equity Analyst. Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at [www.allenbycapital.com](http://www.allenbycapital.com). Allenby Capital has been commissioned to write research on Empresaria Group plc.

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