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Intelligent Investors*

Best Ideas 2018

Hosted by



Presentation By

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Identifying Excellent Investment Opportunities

Does it possess outstanding business economics?



Does it have honest and capable management?



Can it be purchased at an attractive price?



GREAT BUSINESS

GREAT PEOPLE

GREAT PRICE



Does it possess outstanding business economics?

- High returns on shareholders' equity
- A strong balance sheet with minimal or no debt
- Attractive operating and profit margins
- Significant brand recognition
- Pricing power for its products
- Growing revenue and earnings over time
- Consistent free cash flow generation



Does it have honest and capable management?

- “Skin in the game”
- Reasonable compensation practices
- Measurable pay for performance
- Demonstrated integrity
- Capital allocation record
- Unique corporate culture



Can it be purchased at an attractive price?

“Your goal as an investor should be simply to purchase at a rational price a part interest in an easily understood business whose earnings are virtually certain to be materially higher, five, ten or twenty years from now.”

Warren Buffett



My Best Idea for 2018



CPL Resources plc

What is it?

- CPL is a leading employment services group based in Dublin
- Services include recruitment, workforce management, training, outsourcing and outplacement
- Key business strategy is to avoid overdependence on any one service, sector or geography



CPL Resources plc

Corporate Overview

- Founded in 1989
- IPO in 1999
- 11,504 current and temporary staff headcount
- 547 recruiters
- 21 brands, 41 offices, 11 countries



CPL Resources plc

Market Data

- Current Share Price €6.22 (12/29/17)
- Shares Outstanding 27.2 million
- Market Capitalization €169.2 million

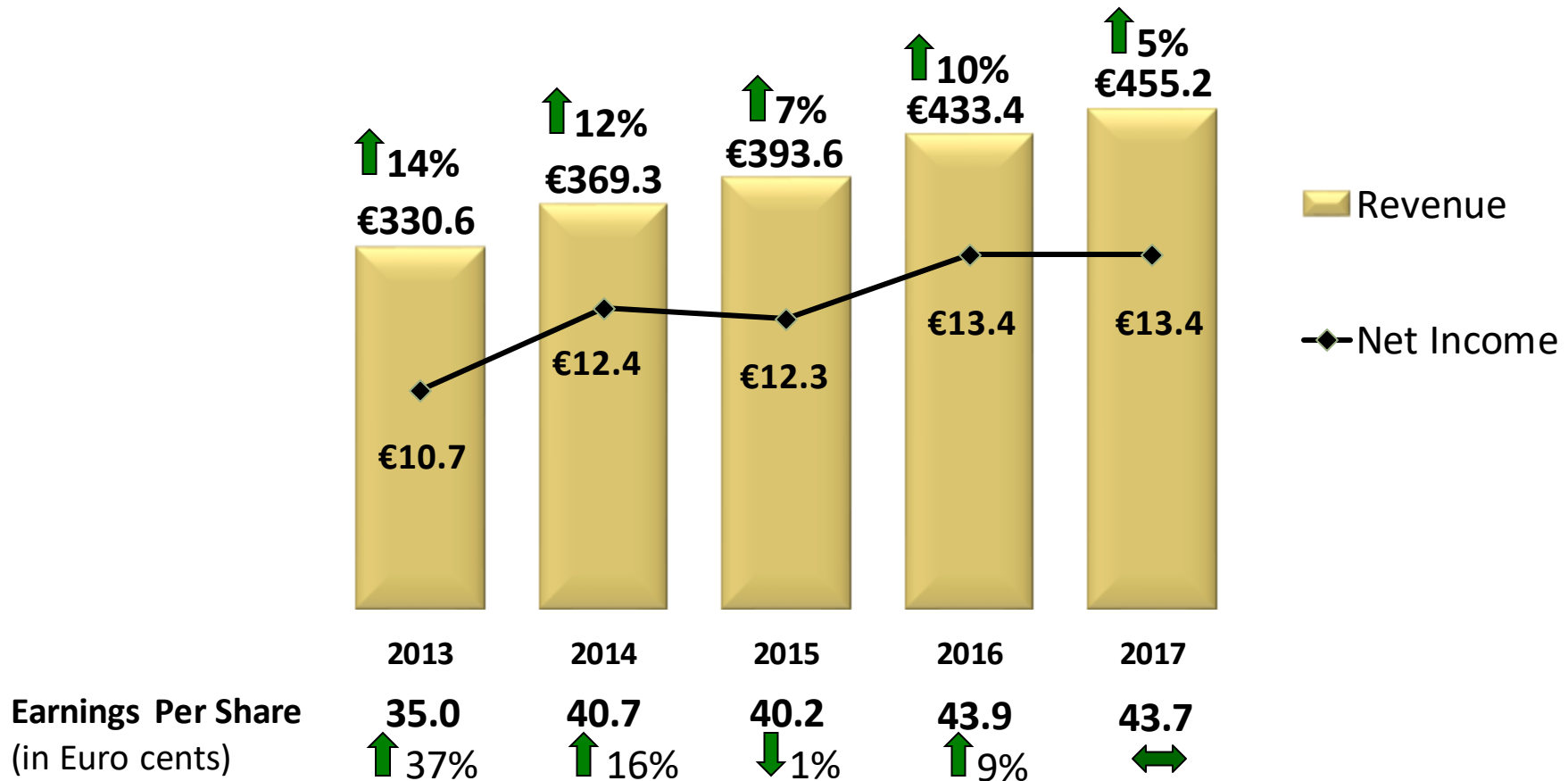


Does it possess superior
business economics?



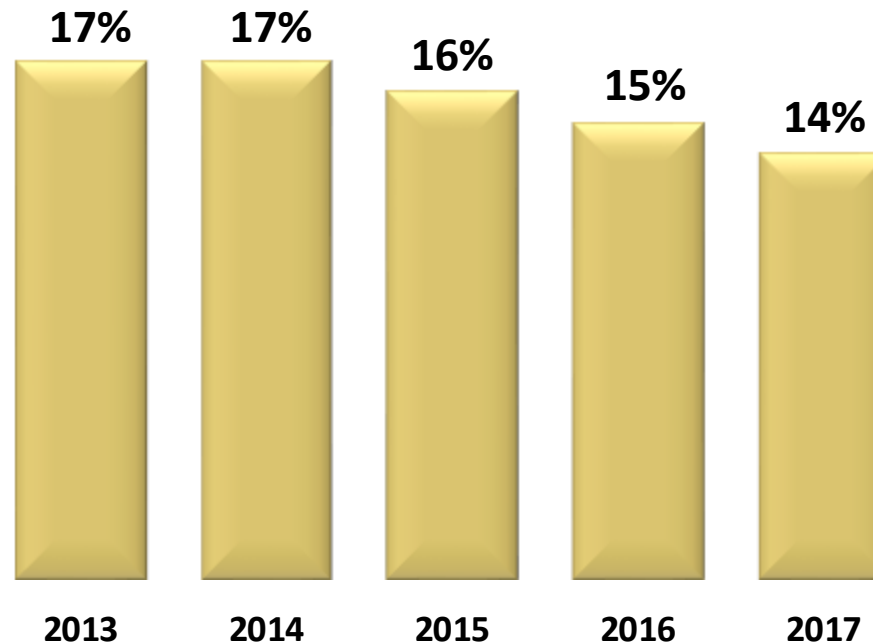
CPL Resources plc.

Growing Revenue and Earnings



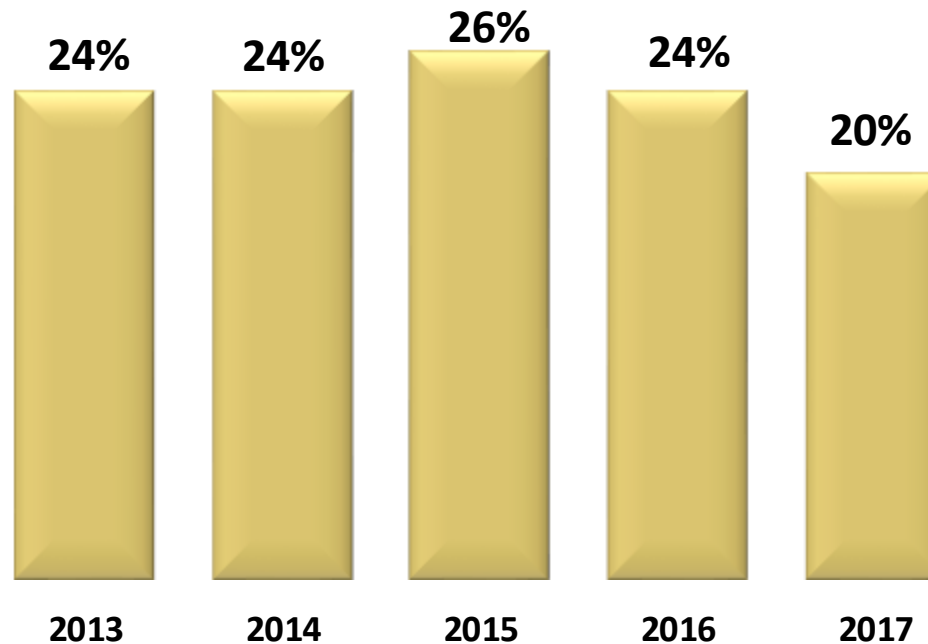
CPL Resources plc

High Returns on Shareholder Equity



CPL Resources plc

High Returns on Shareholder Equity (excluding cash)



CPL Resources plc

Solid Financial Position

As of 06/30/2017

Cash	€33,634
Working Capital	€77,068
Non-Current Liabilities	€1,955
Total Equity	€103,695

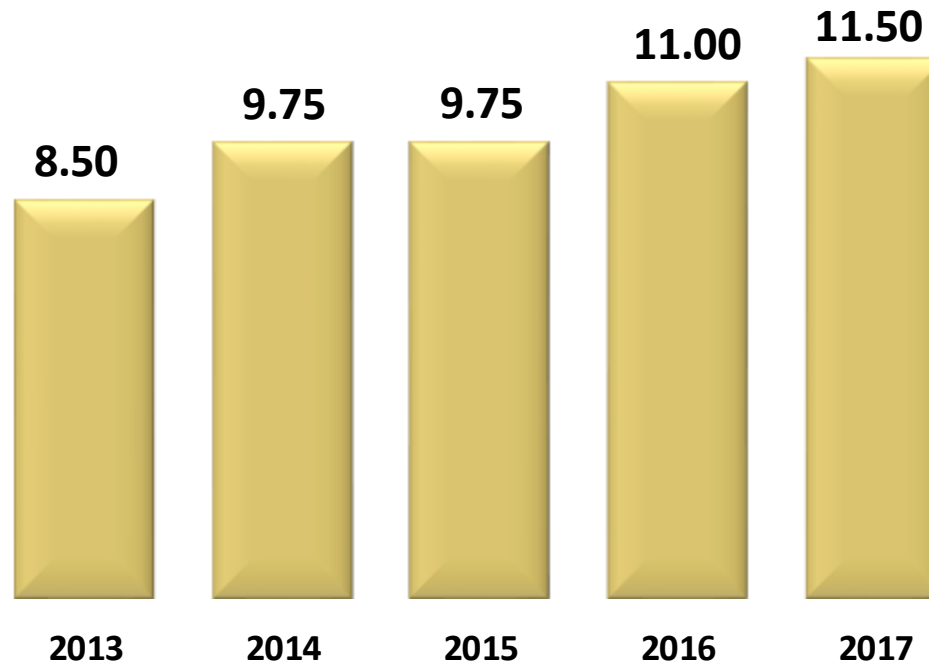


CPL Resources plc



CPL Resources plc

Increasing Dividends Per Share



(in Euro cents)



CPL Resources plc

Share Repurchase History

<u>Year</u>	<u>Amount</u>	<u>Shares Repurchased</u>	<u>Price</u>
2011	€20 million	6,666,666	€3.00
2017	<u>€25 million</u>	<u>3,703,703</u>	€6.75
	<u>€45 million</u>	<u>10,370,369 shs</u>	

CPL spent €16.1 million on acquisitions over the same time period



CPL Resources plc

Does it Possess Superior Business Economics?

- Growing Revenues and Earnings
- High Returns on Shareholder Equity
- Solid Financial Position
- Significant Brand Recognition
- Increasing Dividends Per Share
- Opportunistic Share Repurchases



Does it have honest and
capable management?



CPL Resources plc

- Ann Heraty and Paul Carroll own 9,706,108 shares representing 35.7% of the total shares outstanding
- Unique corporate culture – consistent “Great Places to Work” award winner
- Reasonable, shareholder oriented board
- Consistent return of capital to shareholders
- Anne Heraty – Ernst & Young Entrepreneur of the Year (2006)
– Businesswoman of the Year (2014)



CPL Resources plc

Does it have honest and capable management?

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Can it be purchased at an attractive price?



CPL Resources plc

Current Valuation

Share Price	€6.22
Less: Cash/share (after tender offer)	<u>€0.30</u>
	€5.92
Trailing P/E	13.5 x
Trailing Dividend Yield	2.0%
Return on Shareholder Equity (excluding cash)	20%



CPL Resources plc

“Back of the Envelope” Valuation

Assumptions:

1. No Growth
2. Shares outstanding is ↓12%
3. RIG Healthcare net income at 2017 pro-forma level

Net Share Price	€5.92
EPS Estimate	52.8 cents
PE	11.2 x



CPL Resources plc

Summary

Great Business

Great People

Great Price



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Question and Answer Period

