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Best Ideas 2020

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 2020



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
- 12,493 flexible talent staff headcount
- 567 recruiters
- 23 brands, 47 offices, 11 countries, 19 specialist sectors



CPL Resources plc

Market Data

➤ Current Share Price *	€7.50
➤ Shares Outstanding	27.4 million
➤ Market Capitalization	€206 million

* As of December 19, 2019



CPL Resources plc

The Three Questions

1. Does it possess superior business economics?
2. Does it have honest and capable management?
3. Can it be purchased at an attractive price?

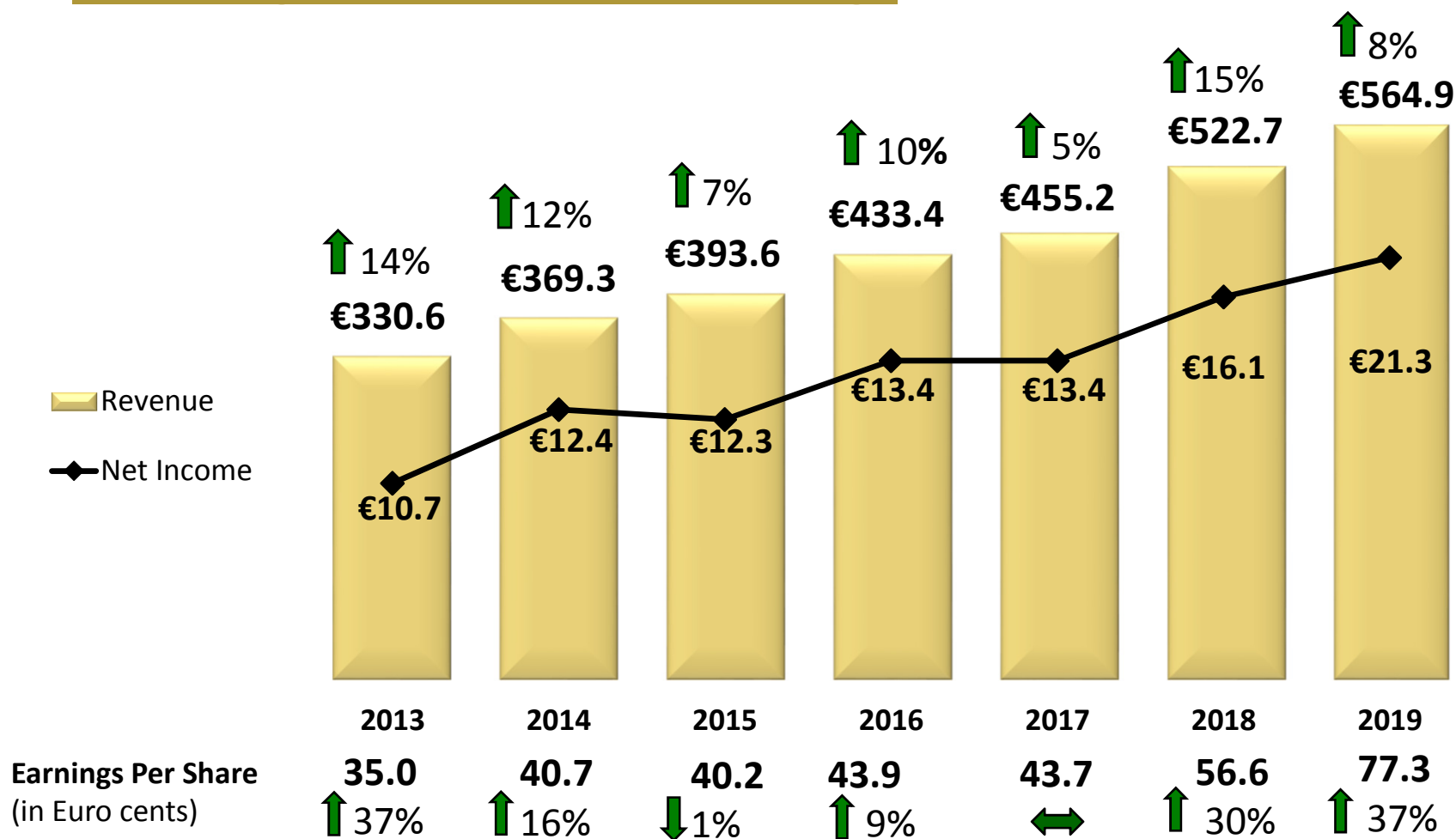


Does it possess superior
business economics?



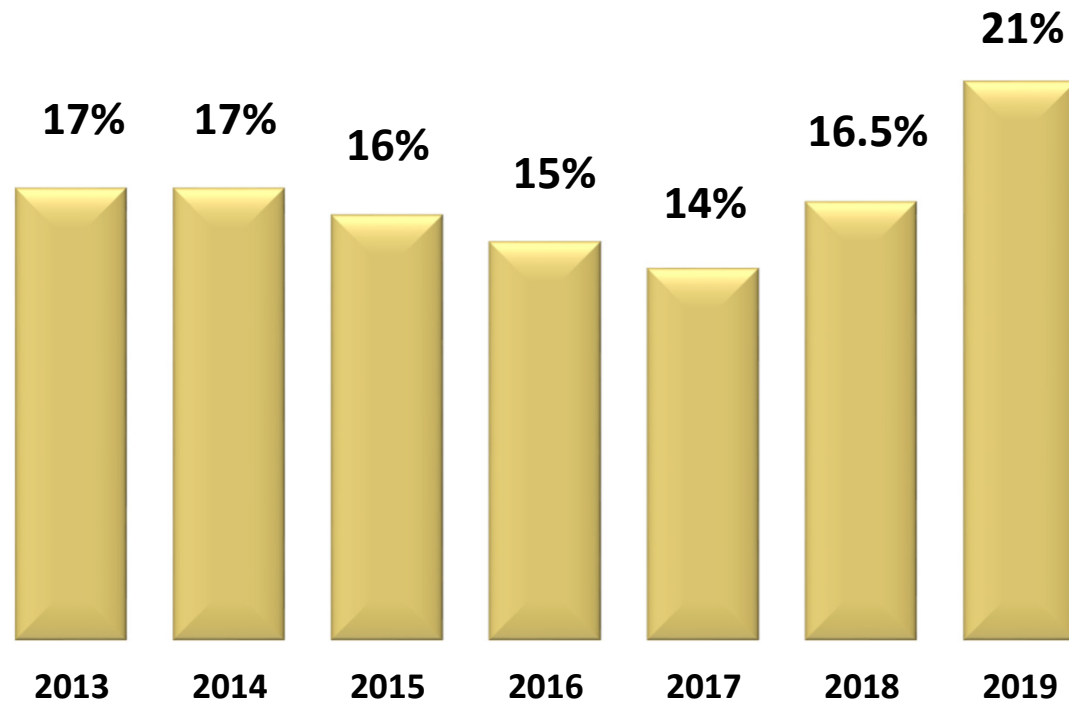
CPL Resources plc

Growing Revenue and Earnings



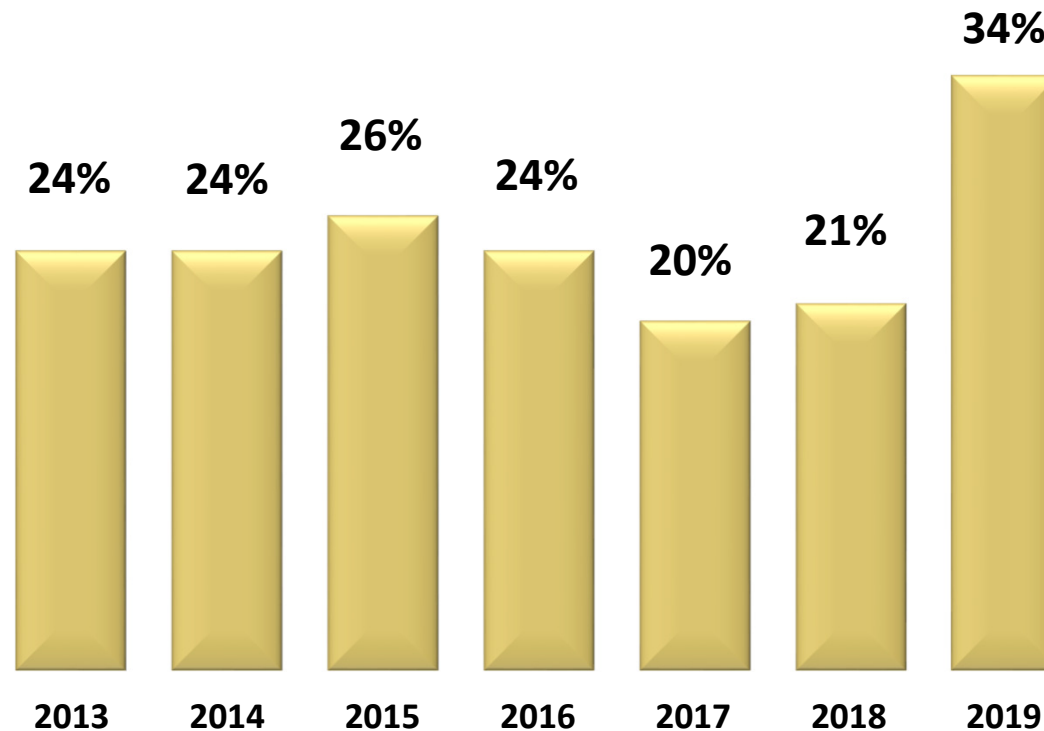
CPL Resources plc

High Returns on Shareholder Equity



CPL Resources plc

High Returns on Shareholder Equity (excluding cash)



CPL Resources plc

Solid Financial Position

As of 06/30/2019

Cash	€40,058
Working Capital	€81,539
Non-Current Liabilities	€0
Total Equity	€110,368

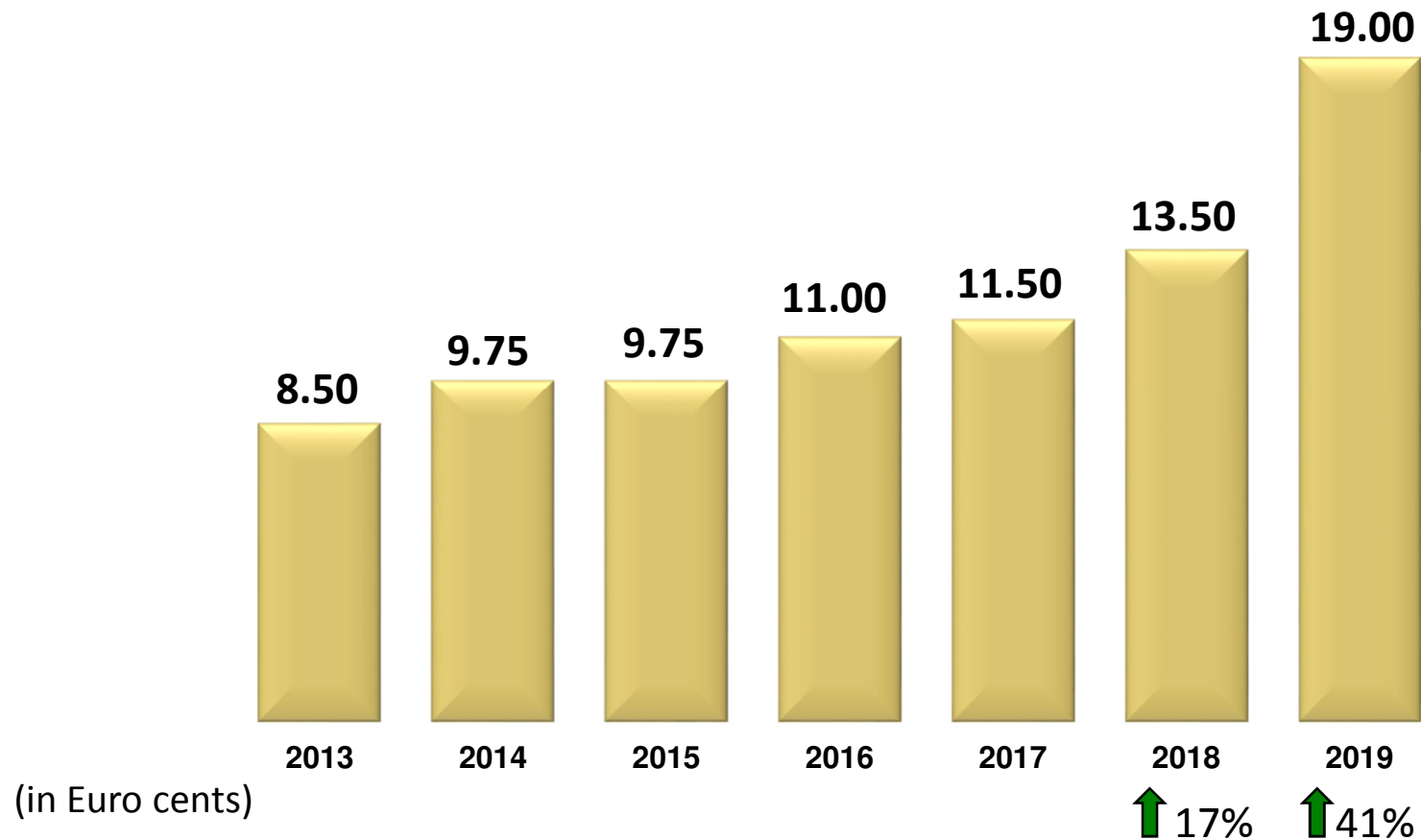


CPL Resources plc



CPL Resources plc

Increasing Dividends Per Share



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 €22.9 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

- Anne Heraty and Paul Carroll own 9,706,108 shares representing 35.4% 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?

- “Skin in the Game”
- Reasonable compensation practices
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CPL Resources plc

Can it be purchased at an attractive price?



CPL Resources plc

Current Valuation

	Best Ideas <u>2018</u>	Best Ideas <u>2020</u>
Share Price	€6.22	€7.50*
Less: Cash/Share	<u>€0.30</u>	<u>€1.46</u>
	€5.92	€6.04
Trailing P/E (excluding cash)	13.5x	7.8x
Trailing Dividend Yield	2.0%	2.5%
Return on Shareholder Equity (excluding cash)	25%	34%

* As of December 19, 2019



CPL Resources plc

Outlook for the Future



↑ 10% +

Compounded growth of all key metrics over
19 years since IPO!!!!



CPL Resources plc

What price “could” CPL trade at?

➤ Current Market Price Per Share	€7.50
➤ Current Earnings Per Share (TTM)	€0.77
➤ Annual Compounded Growth Rate	10%
➤ Earnings Per Share in 5 Years	€1.24
➤ Earnings Multiple	15x
➤ Market Price in 5 Years	€18.60
➤ Annual Compounded Rate of Return (excluding dividends)	19.9%



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Summary

Great Business

Great People

Great Price



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Question and Answer Period

