Rubicor

Full Year Results

30 June 2014

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Financial Summary

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FINANCIAL SUMMARY	FY14	FY13	FY14 vs FY13
Total Revenue ($m)	198.0	237.7	-16.7%
Gain on debt forgiveness ($m)	88.6	0.0	
NDR (Gross Margin)			
Statutory ($m) [1]	125.9	39.7	
Underlying ($m) [2]	37.1	39.7	-6.5%
EBITDA			
Statutory ($m) [1,3]	89.2	(2.2)	
Underlying ($m) [2,4]	1.3	1.6	-18.8%
NPAT attributable to equity holders			
Statutory ($m) [1,3]	84.4	(24.4)	
Underlying ($m) [2,4,5]	(1.0)	(3.4)	70.6%
Earnings per share			
Statutory (cents) [1,3]	77.0	(22.3)	
Underlying (cents) [2,4,5]	(0.9)	(3.1)	70.6%

1. Includes gain on debt forgiveness of $88.6m (FY13: $Nil) and abnormal revenue of $0.2m (FY13: $Nil).
2. Excludes gain on debt forgiveness of $88.6m (FY13: $Nil) and abnormal revenue of $0.2m (FY13: $Nil).
3. Includes restructuring costs of $0.9m - $0.6m onerous lease provision, $0.2m redundancy payments and $0.1m other restructuring expenses (FY13: $3.8m - $1.6m onerous lease provision, $0.6m redundancy payments, $0.9m transaction costs, $0.3m other restructuring expenses and $0.3m foreign exchange losses).
4. Excludes restructuring costs of $0.9m - $0.6m onerous lease provision, $0.2m redundancy payments and $0.1m other restructuring expenses (FY13: $3.8m - $1.6m onerous lease provision, $0.6m redundancy payments, $0.9m transaction costs, $0.3m other restructuring expenses and $0.3m foreign exchange losses).
5. Excludes taxation relating to gain on debt forgiveness of $1.8m (FY13: $Nil), notional interest on vendor liabilities of $0.1m (FY13: $0.2m) and asset impairment of $Nil (FY13: $15.7m), net of tax effect.

Overview of FY14

- Debt forgiveness of $88.6 million (slide 5).
- Underlying stability and an improvement in performance were demonstrated by NDR and underlying EBITDA growing sequentially over each of the last 3 half year periods

FINANCIAL SUMMARY	H2 FY14	H1 FY14	H2 FY13	H1 FY13
Total Revenue ($m)	96.3	101.7	111.2	126.5
NDR (Gross Margin)				
Statutory ($m) [1]	18.8	107.1	18.1	21.6
Underlying ($m) [2]	18.7	18.4	18.1	21.6
EBITDA				
Statutory ($m) [1,3]	0.1	89.1	(2.3)	0.1
Underlying ($m) [2,4]	0.7	0.6	0.3	1.3
NPAT attributable to equity holders				
Statutory ($m) [1,3]	(1.6)	86.0	(12.2)	(12.2)
Underlying ($m) [2,4,5]	(0.5)	(0.5)	(1.9)	(1.5)

- Revenue down 16.7% on FY13. H2 down 5.3% on H1, and down 13.4% on H2 in prior year.
- NDR only reduced by 6.5% year-on-year. H2 up 1.6% on H1, and up 3.3% on H2 in prior year.
- Underlying EBITDA down 18.8% on FY13. H2 up 16.7% on H1, and up 133.3% on H2 in prior year.
- Underlying NPAT improvement of 70.6% over prior year as loss reduced by $2.4m. H2 in line with H1, and up 73.7% on H2 in prior year.

Overview of FY14 (cont.)

- Results driven by improved temp margins, increase in other revenues (including managed services and human capital solutions), an increase in perm recruitment in the second half and cost reduction across all categories.
- Execution of business strategy to deliver medium-term growth strategy
  - Consultant headcount increased by net 6% to address strategic gaps and growth.
  - Ensure Health established to provide recruitment services to the growing healthcare industry.
  - Continued investment in Singapore operation, delivering improved performance.
- Operational restructure streamlined operations, delivering efficiencies and cost savings of $2.7 million
  - Employee benefits expense reduced by $0.9 million (3.5%) despite an increase in headcount.
  - Further co-location and premises optimisation, reducing rental expenses by $0.8 million (20%).
  - Other expenses reduced by $1.0 million (11%).
- Focus on unlocking value
  - Continued emphasis on driving brand collaboration and efficiency improvements.
  - Roll out of enterprise level, common database platform in second half of FY15.

Capital management

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Debt Facilities

- Company restructured its debt facilities in July 2013.
- Loan facilities (Term and Subordinated facility) and Bank Overdraft facility extinguished in full in exchange for $7.0 million.
- Gain on debt forgiveness amounted to $88.6 million.
- New Debtor Finance Facility:
  - $15 million limit: to increase in line with increase in value of approved receivables.
  - 3 year facility.
  - No annual review, no covenants, no amortisation.
  - Funding dependant upon purchased receivables remaining approved until collected.
- Other facilities (rental guarantees) in the amount of $2.1 million have been cash backed by funds drawn from the debtor finance facility.
- Debt drawn to $10.2 million as compared to $9.1 million drawn at time of debt restructure.

Capital management (cont'd)

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Cash Flow

- Operating cash outflow of $5.8 million, as a direct result of outstanding payments deferred pending the debt restructure.
- Operating cash flow for the second half was an inflow of $0.7 million.

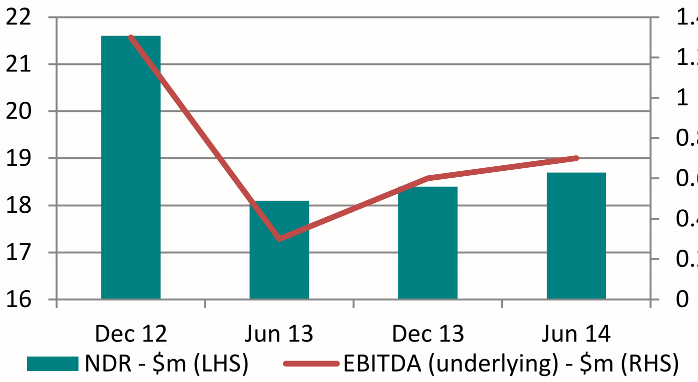
Vendor acquisition model

- Earn-out exit payments of $0.04 million paid in the period, aligned with profitability.
- Estimated remaining earn-out payments of $0.8 million.

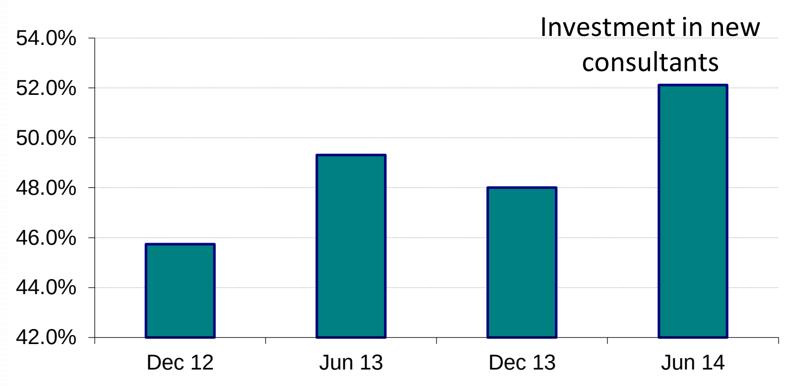
Key operating indicators

- Second half performance stronger than first half.
- Positive improving trends in NDR and underlying EBITDA over the last 18 months.
- NDR and underlying EBITDA growing sequentially over each of the last 3 half year periods.

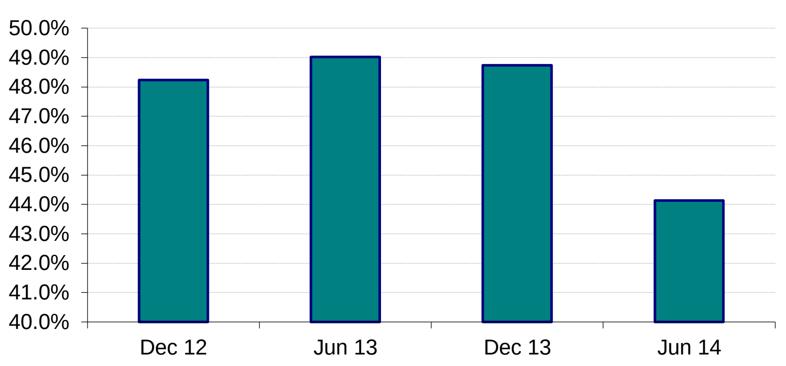
NDR and Underlying EBITDA



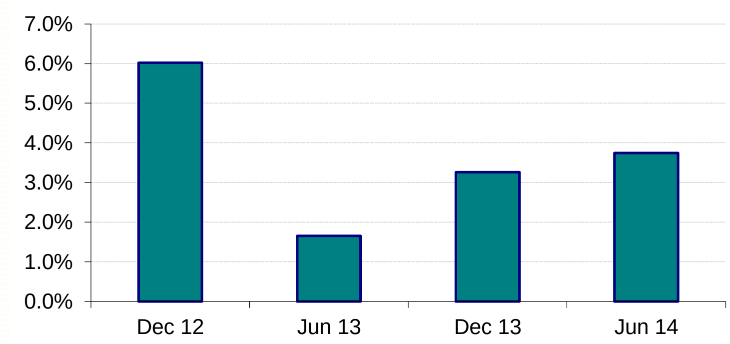
Consultant costs : NDR



Other costs : NDR



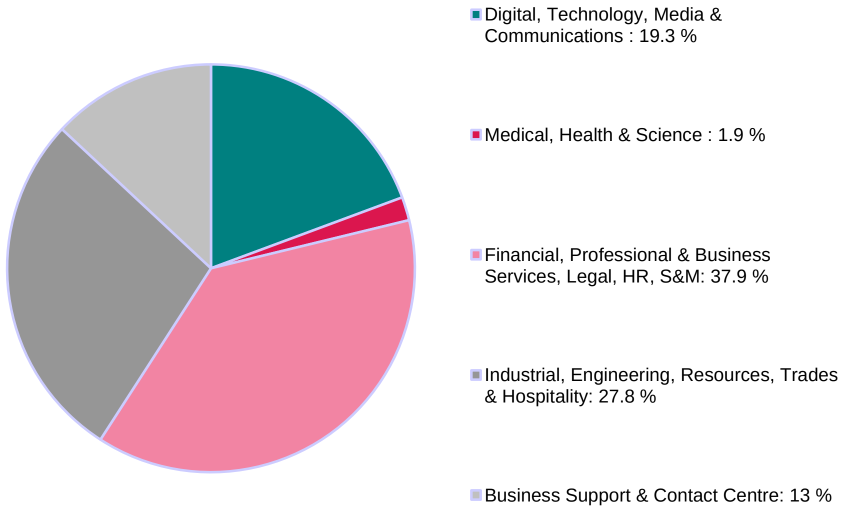
Underlying EBITDA : NDR



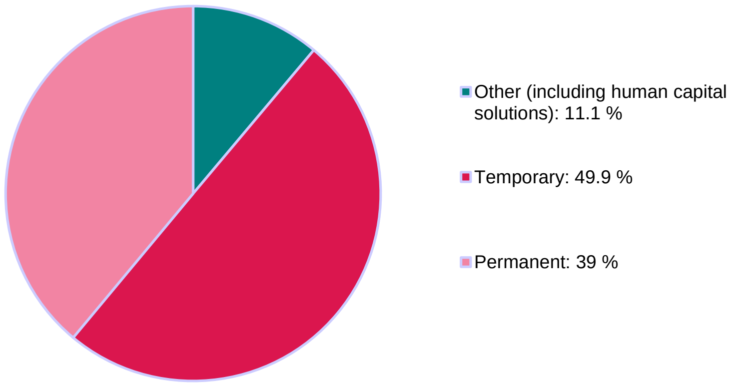
Business profile

- Rubicor's specialist group of businesses have depth and diversity across a growing segment of industry sectors, geographies and placement solutions.
- Perm volumes increased in the second half.

Industry*



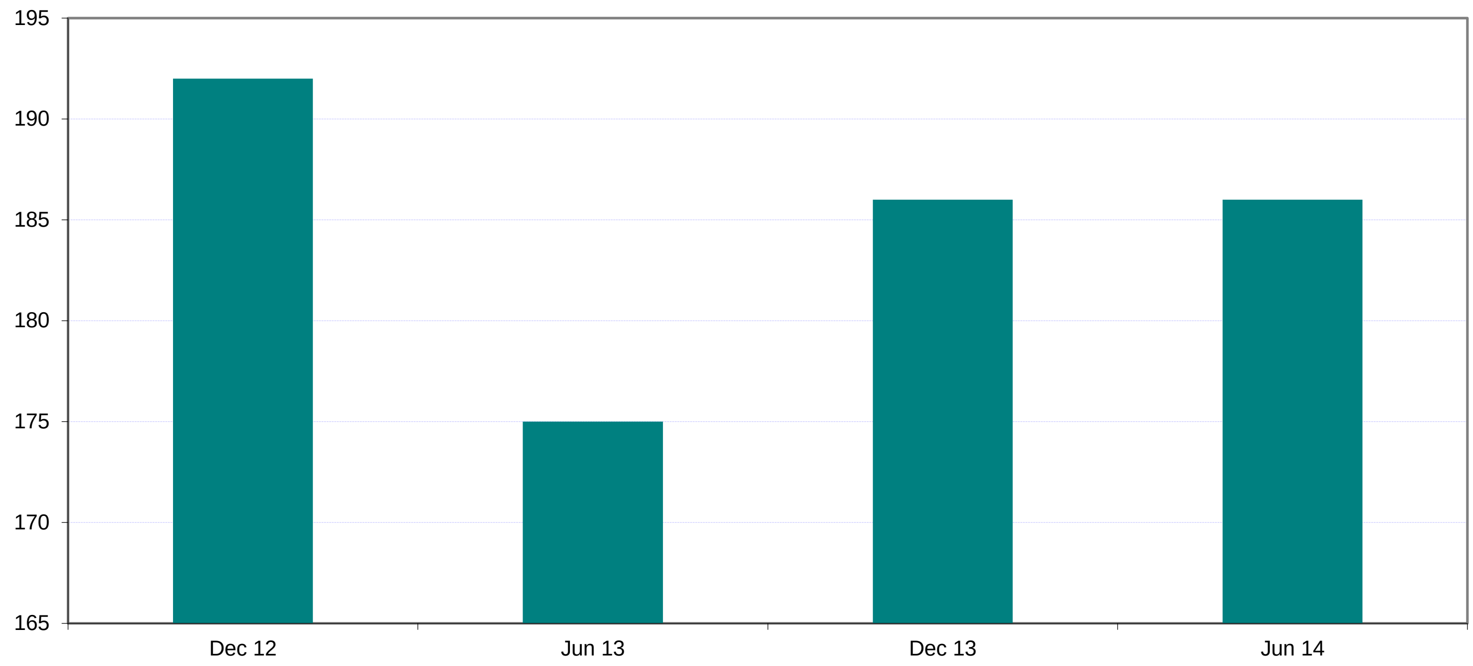
Service*



* Allocation of NDR by Industry and Service type

Consultants

- Consultant numbers increased across the Group, increasing by net 6% (up 11 consultants on June 2013) to fill strategic gaps and address growth areas.



Underlying performance

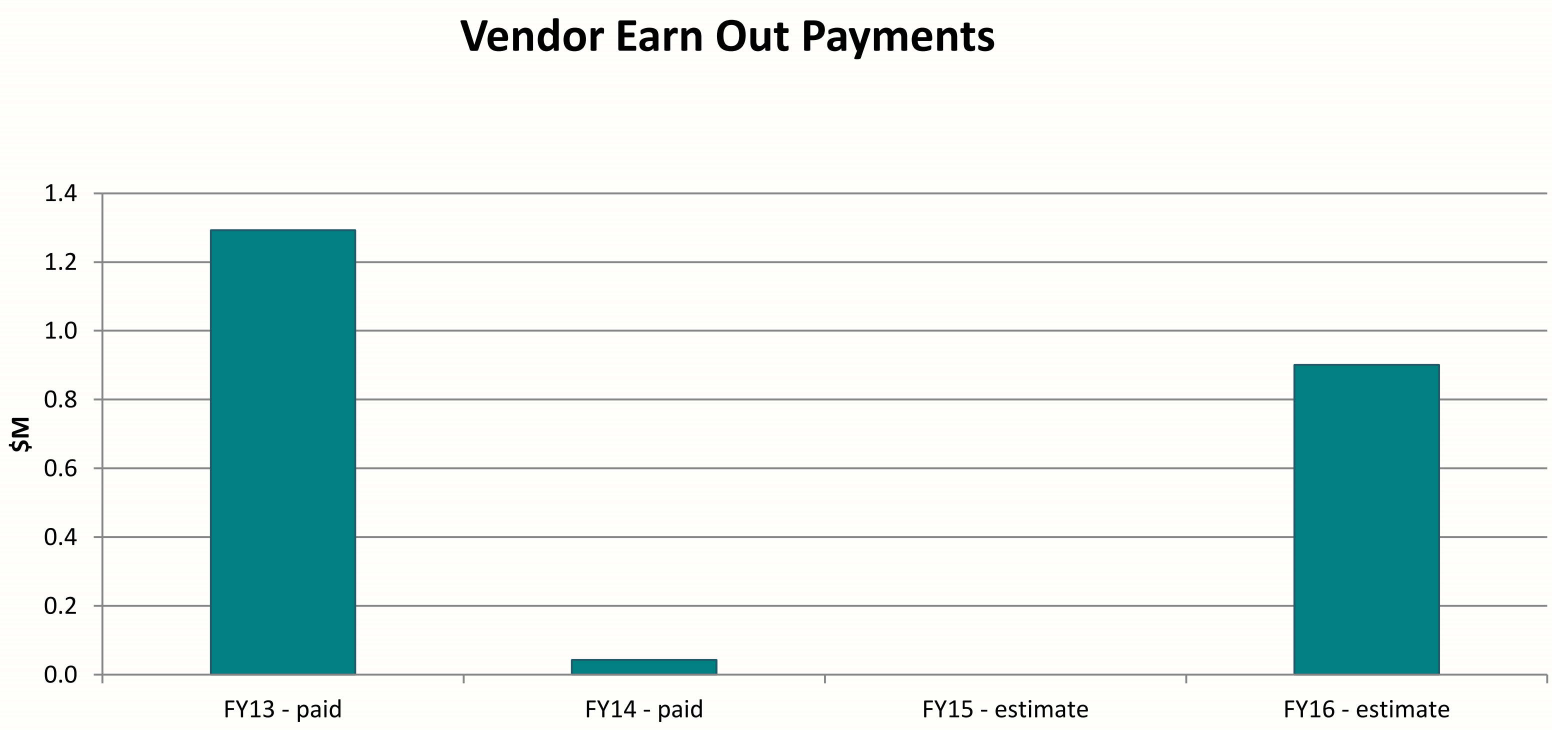
12 Months ended 30 June	2014 $M	2013 $M	Change %
Statutory revenue	**286.6**	**237.7**	**20.6%**
Gain on debt forgiven	-88.6	0.0	
Other income	-0.2	0.0	
Underlying revenue	**197.8**	**237.7**	**-16.8%**
Statutory NDR (Gross margin)	**125.9**	**39.7**	**217.1%**
Gain on debt forgiven	-88.6	0.0	
Other income	-0.2	0.0	
Underlying NDR (Gross margin)	**37.1**	**39.7**	**-6.5%**
Statutory EBITDA	**89.2**	**-2.2**	
Gain on debt forgiven	-88.6	0.0	
Other income	-0.2	0.0	
Unrealised forex losses	0.0	0.3	
Restructuring expense	0.9	3.5	
Underlying EBITDA	**1.3**	**1.6**	**-18.8%**
Depreciation	-0.6	-0.8	
Amortisation	-0.1	-0.1	
EBIT	**0.6**	**0.7**	**-14.3%**
Finance costs - borrowing costs amortisation	-0.4	-0.5	
Finance costs - interest & charges	-1.1	-4.4	
Profit Before Tax	**-0.9**	**-4.2**	**78.6%**
Tax	0.3	1.3	
NPAT	**-0.6**	**-2.9**	**79.3%**
NPAT - Equity holders	**-1.0**	**-3.4**	**70.6%**
EPS (cents)	**-0.9**	**-3.1**	**70.6%**

Financial position

	30 JUN 14 $M	30 JUN 13 $M	Change %
Cash	2.4	0.8	198%
Receivables	24.3	26.5	-8%
Intangibles	0.8	0.2	262%
Deferred tax asset	1.9	3.6	-48%
Other Assets	2.7	2.7	0%
Total Assets	**32.1**	**33.8**	**-5.2%**
Current Liabilities			
Trade payables	16.6	22.7	-27%
Tax payable	0.1	0.3	-68%
Borrowings	10.4	87.6	-88%
Other liabilities	2.2	4.7	-54%
Non Current Liabilities			
Other liabilities	1.7	1.5	12%
Deferred vendor consideration	0.8	1.0	-22%
Total Liabilities	**31.8**	**117.8**	**-73.0%**
Net Assets	**0.3**	**-83.9**	
Net Asset Backing	**0.3**	**-76.6**	

Vendor payment profile

- Estimated remaining payments owing to vendors - $0.8 million.



Strategic initiatives

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Build sustainable platform to execute on medium-term growth opportunities

- Continuing to pursue growth opportunities in local and overseas markets remain fundamental to strategy:
    - Ensure Health established to service the growing healthcare market.
    - Continued investment in Singapore operation delivering improved results.
    - New regional opportunities with client agreements for supply in Singapore and Hong Kong.
    - Plans to open second Asian office in FY15.
    - Greater demand in human capital solutions section , to drive national presence for Locher OD.
- Increase consultant headcount to meet medium-term strategic objectives.
- Build and implement an enterprise level, collaborative database platform and service delivery process model to facilitate:
    - Enhanced client and candidate visibility
    - Increase cross selling opportunities via out network of specialist brands
    - Expanded service offering for clients
    - Increased job opportunities for candidates
- Ongoing cost optimisation initiatives to re-direct investment into growth opportunities.

Outlook

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- Economic and structural changes continue to have on ongoing effect on our industry, and operations.
- Group continues to refine a niche in specialist markets, enabled and enhanced through trusted relationships and reputation.
- Improved conditions, albeit minimal - coming off a low base, expected to continue.
- Group focused on executing strategic initiatives, improving bottom line results and increasing shareholder value.
- Rubicor is well placed with the necessary stability and depth to pursue opportunities.

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Appendices

Statutory performance

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12 Months ended 30 June	2014 $M	2013 $M	Change %
Revenue	**198.0**	**237.7**	**-16.7%**
Gain on debt forgiveness	88.6	0.0	
NDR (Gross margin)	**125.9**	**39.7**	**217.1%**
EBITDA	**89.2**	**-2.2**	
Depreciation	-0.6	-0.8	
Amortisation	-0.1	-0.1	
EBIT	**88.5**	**-3.2**	
Notional interest on vendor liabilities	-0.1	-0.2	
Finance costs - amortisation	-0.4	-0.5	
Finance costs - interest & charges	-1.1	-4.4	
Impairment charge	0.0	-15.7	
Profit / Loss Before Tax	**86.9**	**-24.0**	
Tax	-2.1	0.0	
NPAT	**84.8**	**-23.9**	
NPAT - Equity holders	**84.4**	**-24.4**	
EPS (cents)	**77.0**	**-22.3**	

Reconciliation: statutory to underlying

Underlying NPAT adjusts for significant items, AIFRS-required amortisation, notional interest on vendor liabilities, goodwill and asset impairment

12 Months ended 30 June	2014 $M	2013 $M
Stat NPAT - Equity holders	**84.4**	**-24.4**
Significant items	**-87.9**	**3.8**
Significant non-cash items:		
Add back: Notional interest on vendor liabilities	0.1	0.2
Add back: Impairment charge	0.0	15.7
Deduct: Cash interest on vendor liabilities	0.0	0.0
Tax effect	2.4	1.4
Underlying NPAT - Equity holders	**-1.0**	**-3.4**

Overview of Rubicor's non-IFRS financial information

What is non-IFRS financial information?

- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example:
  - Profit information calculated on a basis other than under accounting standard definitions or calculated in accordance with accounting standards and then adjusted, e.g. "normalised", "underlying" or "cash basis";
  - Profits that exclude certain transactions, e.g. exclude "one-off" or "non-recurring" items; and
  - Pro forma financial information

Wh*at non-IFRS financial information does Rubicor disclose in its half year and full year results presentations?*

- In Rubicor's investor presentations, we aim to provide equal or greater prominence to IFRS financial information. However, we also present or refer to non-IFRS financial information.
- Non-IFRS financial information is calculated based on underlying IFRS financial information and adjusted to show either a position excluding certain items which have been removed OR included to reflect Rubicor's underlying financial performance.
- Rubicor provides reconciliations on the face of the slides, appendices and in the footnotes of the presentation in order allow the reader of the presentations to clearly reconcile between the IFRS and non-IFRS financial information.

Why does Rubicor disclose non-financial information in its half year and full year results presentations?

- Rubicor management believes that the presentation of additional non-IFRS information in its half year and full year results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial condition or overall performance of Rubicor.
- The Australian Securities and Investments Commission ("ASIC") acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.