



Rubicon

HALF YEAR RESULTS

31 December 2016

Submitted:
28 February 2017

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Financial summary

| | H1 FY17 | H1 | H2 | H1 | H2 | H1 | H2 | H1 | H2 | H1 |
|--|-----------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Financial Summary | v H1 FY16 | FY17 | FY16 | FY16 | FY15 | FY15 | FY14 | FY14 | FY13 | FY13 |
| Total Revenue (\$m) | 16.8% | 121.2 | 102.7 | 103.8 | 102.1 | 102.2 | 96.3 | 101.7 | 111.2 | 126.5 |
| Gross Margin | | | | | | | | | | |
| Statutory (\$m) | (10.2%) | 17.6 | 18.9 | 19.6 | 18.8 | 19.3 | 18.8 | 107.1 | 18.1 | 21.6 |
| Underlying (\$m) | (10.2%) | 17.6 | 18.9 | 19.6 | 18.4 | 19.3 | 18.7 | 18.4 | 18.1 | 21.6 |
| EBITDA | | | | | | | | | | |
| Statutory (\$m) | 1775.0% | 15.0 | (4.3) | 0.8 | (2.3) | 0.9 | 0.1 | 89.1 | (2.3) | 0.1 |
| Underlying (\$m) ^{1,2} | 62.5% | 2.6 | 2.1 | 1.6 | 0.4 | 0.9 | 0.7 | 0.6 | 0.3 | 1.3 |
| NPAT attributable to equity holders | | | | | | | | | | |
| Statutory (\$m) | 1800.0% | 11.9 | (6.6) | (0.7) | (3.6) | (0.5) | (1.2) | 86.0 | (12.2) | (12.2) |
| Underlying (\$m) ^{1,2} | (100.0%) | (0.2) | 0.0 | (0.1) | (0.8) | (0.5) | (0.5) | (0.5) | (1.9) | (1.5) |

Overview of H1 FY17

» **Summary of operating performance:**

- » Revenue increased 1.2% on H1 FY16 to \$105.0m
- » Underlying EBITDA increased 53% on H1 FY16 to \$2.6m
- » Underlying Net profit Before Tax increased 195% on H1 FY16 to \$1.5m
- » Cash decreased in H1 mainly due to the costs associated with the voluntary administration and a fall in permanent recruitment activities. In respect of permanent recruitment activities there has been a recovery to expected levels from December 2016.
- » Gross Margin was eroded by 10.7% when compared with H1 FY16. This erosion mainly occurred due to the fall in permanent recruitment.
- » A number of leadership changes have been made in the business to ensure that recruitment consultant productivity is optimised to support operations.

Strategic initiatives

Rubicon - Growth focus

With the strategic restructure and overall review nearing completion, Rubicon is focussed on growth of revenue and margin. During the half year ended 31 December a number of initiatives have been undertaken that focus on growth opportunities:

- Market facing realignment of brands and business units into a functional structure;
- Leveraging the current Rubicon customer platform; a key appointment of General Manager Group sales has been completed;
- The creation of a specialist tender response and execution team;
- The appointment of two high profile General Managers to run key business units that are forecast to grow significantly into FY18; and
- The acquisition of high performing revenue generating talent.

Underlying P&L

| 6 Months ended 31 December | 2017 | 2016 | Change |
|--|--------|-------|----------|
| | \$m | \$m | % |
| Statutory revenue | 121.2 | 103.8 | 16.8% |
| Underlying revenue | 105.0 | 103.8 | 1.2% |
| Gross margin | 17.6 | 19.7 | (10.7%) |
| Other income | 0.0 | 0.0 | |
| Underlying Gross margin | 17.6 | 19.7 | (10.7%) |
| Statutory EBITDA | 15.0 | 0.9 | 1566.7% |
| Gain on debt forgiven | (14.7) | 0.0 | |
| One-off legal fees | 0.1 | 0.1 | |
| Provision for doubtful debts (debtors in receivership) | 0.0 | 0.2 | |
| Restructuring expense | 2.2 | 0.5 | |
| Underlying EBITDA | 2.6 | 1.7 | 52.9% |
| Depreciation | (0.2) | (0.3) | |
| Amortisation | 0.0 | (0.0) | |
| Underlying EBIT | 2.4 | 1.4 | 70.7% |
| Finance costs - borrowing costs amortisation | (0.3) | (0.2) | |
| Finance costs - interest & charges | (0.6) | (0.7) | |
| Underlying Profit Before Tax | 1.5 | 0.5 | 195.4% |
| Tax | (1.7) | (0.2) | |
| Cash interest on vendor liabilities | 0.0 | 0.0 | |
| Underlying NPAT | (0.2) | 0.3 | (165.0%) |
| Underlying NPAT - Equity holders | (0.2) | 0.3 | (166.7%) |
| EPS (cents) | 4.9 | 0.1 | 8731.3% |

BS Underlying

| | 31-Dec-16 | 30-Jun-16 | Change |
|--|-------------|--------------|----------------|
| | \$m | \$m | % |
| Cash | 1.8 | 10.1 | (82.2%) |
| Receivables | 26.3 | 25.4 | 3.5% |
| Intangibles | 3.4 | 1.2 | 183.3% |
| Deferred tax asset | 0.8 | 3.0 | (73.3%) |
| Other Assets | 2.5 | 2.7 | (7.4%) |
| Total Assets | 34.8 | 42.4 | (17.9%) |
| Current Liabilities | | | |
| Trade payables | 14.0 | 36.3 | (61.4%) |
| Tax payable | 0.2 | 0.2 | 0.0% |
| Borrowings | 13.8 | 10.8 | 27.8% |
| Other liabilities | 1.4 | 2.4 | (41.7%) |
| Non Current Liabilities | | | |
| Other liabilities | 0.8 | 0.7 | 14.3% |
| Borrowings | 1.2 | 0.9 | 33.3% |
| Total Liabilities | 31.4 | 51.3 | (38.8%) |
| Net Assets | 3.4 | (8.9) | |
| Net Asset Backing (cents per share) | 1.4 | (3.6) | |

P&L Stat

| 6 Months ended 31 December | 2017 | 2016 | Change |
|------------------------------------|--------------|--------------|----------------|
| | \$m | \$m | % |
| Revenue | 121.2 | 103.8 | 16.8% |
| Gross margin | 33.8 | 19.6 | 72.4% |
| EBITDA | 15.0 | 0.8 | 1772.1% |
| Depreciation | (0.2) | (0.3) | |
| Amortisation | (0.0) | (0.0) | |
| EBIT | 14.7 | 0.5 | 2952.6% |
| Finance costs - amortisation | (0.0) | (0.0) | |
| Finance costs - interest & charges | (0.9) | (0.9) | |
| Profit/(loss) Before Tax | 13.9 | (0.4) | 3367.3% |
| Tax | (1.7) | (0.3) | |
| NPAT | 12.2 | (0.7) | 1783.6% |
| NPAT - Equity holders | 11.9 | 0.9 | |
| EPS (cents) | 4.9 | (0.5) | |

NPAT Recon

| | 2017 | 2016 |
|--|--------------|--------------|
| | \$m | \$m |
| 6 Months ended 31 December | | |
| Stat NPAT - Equity holders | 12.2 | (0.7) |
| Significant items: | | |
| Gain on debt forgiven | (14.7) | - |
| One-off legal fees | 0.1 | 0.1 |
| Provision for doubtful debts (debtors in receivership) | - | 0.2 |
| Restructuring expense | 2.2 | 0.5 |
| Tax effect | - | 0.2 |
| Underlying NPAT - Equity holders | (0.2) | 0.3 |

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

What 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.



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