

## Rubicon: Half year results to 31 December 2014

FINANCIAL SUMMARY	H1 FY15		H2 FY14	H1 FY14	H2 FY13	H1 FY13
	vs H1 FY14	H1 FY15				
Total Revenue (\$m)	+0.5%	102.2	96.3	101.7	111.2	126.5
NDR (Gross Margin)						
Statutory (\$m) <sup>1</sup>		19.3	18.8	107.1	18.1	21.6
Underlying (\$m) <sup>2</sup>	+4.9%	19.3	18.7	18.4	18.1	21.6
EBITDA						
Statutory (\$m) <sup>1,3</sup>		0.9	0.1	89.1	(2.3)	0.1
Underlying (\$m) <sup>2,4</sup>	+50.0%	0.9	0.7	0.6	0.3	1.3
NPAT attributable to equity holders						
Statutory (\$m) <sup>1,3</sup>		(0.6)	(1.6)	86.0	(12.2)	(12.2)
Underlying (\$m) <sup>2,4,5</sup>	0.0%	(0.5)	(0.5)	(0.5)	(1.9)	(1.5)

Rubicon Group Limited (ASX:RUB) is pleased to announce that in line with earlier guidance, Underlying EBITDA of \$0.9m for the half year period ended 31 December, 2014 is up 50% as compared to \$0.6m for the half year ended 31 December 2013. Statutory NPAT (net profit after tax) attributable to equity holders was a loss of \$0.6m, as compared to a profit of \$86.0m in the previous corresponding period (pcp), which included a gain on debt forgiveness of \$88.6m, arising from the restructure of the Group's debt facilities. On an underlying basis, there was a net loss after tax of 0.5m, in line with the pcp.

"The recruitment industry continues to operate within uncertain global and domestic economic conditions, which has contributed significantly to demand for labour and the slowing down or delaying of hiring decisions. However, during this period Rubicon demonstrated growth at the top line and continued growth at the NDR and EBITDA levels, building on the momentum and stability of the previous 18 months." Mr Kevin Levine, CEO of Rubicon, commented.

1. Includes gain on debt forgiveness in H1FY14 of 88.6m and abnormal revenue in H1FY14 of \$0.1m.
2. Excludes gain on debt forgiveness in H1FY14 of 88.6m and abnormal revenue in H1FY14 of \$0.1m.
3. Includes restructuring costs of \$Nil (H1FY14: \$0.2m - \$0.1m onerous lease provision, \$0.1m redundancy payments).
4. Excludes restructuring costs of \$Nil (H1FY14: \$0.2m - \$0.1m onerous lease provision, \$0.1m redundancy payments).
5. Excludes taxation relating to gain on debt forgiveness in H1FY14 of \$1.8m, notional interest on vendor liabilities of \$Nil (H1FY14: \$0.1m) and tax effect of \$0.1m (H1FY14: \$0.1m).

“This impact was offset at the NPAT line as a result of higher interest costs attributed to drawdown of additional funding for re-investment back into the business. During this period we have continued to focus on expanding in markets and sectors signifying growth potential, while adding to consultant headcount to match demand across specific areas. In addition, we have had ongoing contribution towards our transformation technology project, which is nearing completion and will deliver significant efficiencies, and annual cost savings in excess of \$1.0m, post implementation.” Mr Levine stated.

### **Business Performance**

The Group’s total revenues increased 0.5% to \$102.2m, reversing the declining trend of previous periods. Net Disposable Revenue (NDR) or Gross Margin, also increased 4.9% from the same period last year, attributable to an improvement in permanent recruitment volumes and consultant productivity. This flowed through to Underlying EBITDA of \$0.9m, an increase of 50.0% on the first half of FY14 demonstrating the stability and scalability of the Group’s operational platform.

Employee benefits expense increased by \$1.0m or 8.4% as a result of an increase in consultant headcount. Rental expense decreased by \$0.2m or 13.2% and other expenses reduced by \$0.1m or 2.0% compared to the same period last year.

### **Capital Management**

Operating cash flow before interest and taxation was an inflow of \$0.4m compared to an outflow of \$4.1m in the prior year. Operating cash flow after interest and tax was an outflow of \$0.8m compared to an outflow of \$5.1m in the same period last year. The remaining vendor earn-out payments are estimated at \$0.8m.

### **Strategic Initiatives**

The improvement in consultant productivity and investment in consultant headcount alongside entry or expansion in demonstrable growth areas remains a priority for the Group, in order to meet medium-term strategic growth objectives. In the first half there was net growth of 11 consultants

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(5.9% increase on June 2014) while consultant costs as a percentage of NDR reduced to 51.1% from 52.1% for the 6 months ended 30 June, 2014.

Rubicon is now in the closing stages of the implementation of the Group technology and transformation project. This enterprise level, common database, applicant tracking system and back office platform will serve to significantly enhance client and candidate visibility, reduce operating cost and maximise instances of cross-selling across our brand network.

Mr Levine said, "We have spent the last 18 months, positioning the business to deliver on our strategic goals, and our steadily improving performance levels have reaffirmed the direction we have taken. Despite uncertain external conditions, we have continued to pursue our strategic goal of re-investment in the business where opportunities for medium-term growth exist. While we acknowledge we are still some way from achieving critical mass and reaching our own financial expectations and potential, our results are improving. Our board, management team and whole business remain wholly committed to continuing to deliver on these improving trends, and drive positive results and value for our shareholder community."

### **Outlook**

Concentrating on Rubicon's near-term outlook, Mr Levine said, "The weaker global and local economic conditions are expected to continue to have flow on effects on hiring volumes, labour demand and margins. For the remainder of the year, we remain focused on building on the momentum of our improving trends, implementing our technology platform and delivering an increase in shareholder value."

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## About Rubicon

The Rubicon Group is one of Australasia's largest recruitment services companies providing services throughout Australia, New Zealand, and South East Asia. Operating as a network of 18 specialist recruitment brands, the Group offers search, selection, bulk recruitment, professional and support level contracting services and organisational development.

Established in 2005, The Rubicon Group operates from 19 offices and specialists in the provision of permanent and contact recruitment across the Public and Private Sector including Digital, Technology & Media Communications, Medical, Health & Science, Financial, Professional & Business Services, Legal, HR and S&M, Industrial, Engineering, Resources, Trades & Hospitality, Business Support & Contact Centres.

The combined strength of our house of brands further cements Rubicon's position as diverse and widely networked organisation with a consummate ability to match talent with global opportunities. More information is available at [www.rubicon.com.au](http://www.rubicon.com.au)

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