

31 August 2018

ASX RELEASE
UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2018

- FY2018 underlying EBITDA \$0.1 million
- Return to statutory profitability expected in FY2019 following further restructuring

Rubicor Group Limited (ASX:RUB), one of Australasia's largest recruitment and workforce companies, today announced its financial results for the year to 30 June 2018. Revenue was \$189.1, down 5.3% from FY2017 reflecting the divestment of the company's shareholding in Ensure Group. On a like-for-like basis, revenue decreased by 2.3%. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) were \$0.1 million (FY2017: \$2.7 million) and the company reported a statutory after-tax loss of \$13.9 million (FY2017: \$15.5 million profit).

The differences in the underlying EBITDA and statutory loss, of which \$10.4 million were non-cash items, is set out below. The majority of these items were disclosed in the half year results for the period ended 31 December 2017.

	\$M
Statutory NPAT - Equity holders	-13.90
Significant items	
Loss from discontinued operations	2.50
Impairment losses	1.90
Restructuring expense	1.28
New software research & development expenses	0.92
Deferred tax asset reversal	6.20
Depreciation	0.60
Amortisation	0.10
Finance costs - borrowing costs amortisation	0.50
Finance costs - interest & charges	1.70
Tax	-0.80
Other	-0.90
Underlying EBITDA	0.10

Non-cash adjustments commentary

A deferred tax asset in respect of historical tax losses has not been recognised. The directors believe that it should only be recognised when there is a pattern of continuing profits.

As part of the Group's brand consolidation and re-branding at the start of FY2018, all Orange Australia customer contracts in Choice HR (Logistics) Pty Ltd were transferred into Rubicor Workforce Pty Ltd. Due to this restructure, the Directors determined that it was no longer appropriate to separately identify or value these customer relationships due to them being merged into Rubicor Workforce. Accordingly the Customer Relationships intangible asset associated with these contracts has been fully impaired at 30 June 2018, with the recognition of an impairment loss of \$1.9m and an associated deferred tax write back of \$0.7m.

A deferred tax asset (DTA) in respect of historical tax losses has not been recognised as at 30 June 2018. Although the Directors are forecasting improved operating performance and a return to profitability, based on the full-year results and twelve month forecast, the Directors believe it is prudent that the DTA only be recognised when there is a history of utilisation of those losses. Accordingly, the DTA has not been recognised resulting in an income tax expense of \$5.4m in the year ended 30 June 2018.

Operational Activities

Through FY2018 the senior management and board continued to work on refining the market engagement models including specifically:

- Cross selling the various occupation specialists and service skills to our clients
- Clearly articulating our group market approach rather than a historical "silo" brand engagement
- Commenced group sales co-ordination
- Clear articulation of our service and knowledge value proposition
- Move to commercialise legacy candidate data bases including reengaging and reprofiling of candidates
- Commencement of the move to one group wide customer relationship management system with automation of workflows

Capital Management Activities

A decision on further restructuring is at an advanced stage. This would have a significant impact on Rubicor's balance sheet and would reduce future interest costs, and it is expected to return the company to profitability during FY2019.

We will continue to keep the market updated through FY2019.

We look forward to seeing continuing improvement in group sales collaboration and improving return on capital.

About Rubicor Group

Rubicor Group Limited, listed on the ASX in 2007, employs over 164 human resources consultants and administrative staff in 17 offices across Australia, New Zealand, Singapore and Hong Kong. It handles 9,411 placements annually and employs over 2,175 casual and contract staff on a daily basis.

The group's brands are: Rubicor, Xpand, and Gaulter Russell Numero.