



Rubicor
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Rubicor Group Ltd
ACN 110 913 365

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ASX Announcement

31 August 2016

UNAUDITED RESULTS FOR THE YEAR ENDING 30 JUNE 2016

Rubicor Group Limited (ASX:RUB) ("Rubicor" or "the company"), one of Australasia's largest recruitment services companies, today reported its unaudited financial results for the 2016 financial year.

- Total revenue: increased 1.1% to \$206.5m.
- Underlying gross profit¹: increased 2.1% to \$38.5m.
- Underlying EBITDA^{2,4}: increased 184.6% to \$3.7m.
- Statutory net loss after tax (attributable to equity holders): \$7.5m.
- Underlying net loss after tax^{1,2,3}: \$0.1m
- Cash flow from operations: \$7.3m inflow (FY15 \$1.7m outflow)
- Cash position at 30 June 2016: \$11.5m (FY15: \$3.0m)
- Net asset position at 30 June 2016 prior to debt compromise through the Deed of Company Arrangement agreed on 8 August 2016: (\$7.6m) (FY15: (\$4.0m))

Financial Performance

FINANCIAL SUMMARY (\$'million)	FY16 30 June 2016	FY15 30 June 2015	% Change
Total Revenue (\$m)	206.5	204.3	1.1%
Gain on debt forgiveness (\$m)	0.0	0.0	
NDR (Gross Margin)			
Statutory (\$m) ¹	38.5	38.1	
Underlying (\$m) ²	38.5	37.7	2.1%
EBITDA			
Statutory (\$m) ^{1,3}	(3.5)	(1.4)	
Underlying (\$m) ^{2,4}	3.7	1.3	184.6%
NPAT attributable to equity holders			
Statutory (\$m) ^{1,3}	(7.5)	(4.4)	
Underlying (\$m) ^{2,4,5}	(0.1)	(1.3)	92.3%
Earnings per share			
Statutory (cents) ^{1,3}	(3.1)	(3.4)	
Underlying (cents) ^{2,4,5}	0.0	(1.0)	100.0%

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1. Includes other gains and losses of \$Nil (FY15: \$0.4m).
2. Excludes other gains and losses of \$Nil (FY15: \$0.4m).
3. Includes restructuring costs of \$3.8m - \$0.5m onerous lease provision, \$1.0m redundancy and termination expense, \$0.3m personnel and other costs for new system; and transaction costs of \$0.4m (FY15: \$2.5m - \$0.7m onerous lease provision, \$0.9m redundancy and termination expense, \$0.9m personnel and other costs for new system; and transaction costs of \$0.5m).
4. Excludes restructuring costs of \$3.8m - \$0.5m onerous lease provision, \$1.0m redundancy and termination expense, \$0.3m personnel and other costs for new system; and transaction costs of \$0.4m (FY15: \$2.5m - \$0.7m onerous lease provision, \$0.9m redundancy and termination expense, \$0.9m personnel and other costs for new system; and transaction costs of \$0.5m).
5. Excludes notional interest on vendor liabilities of \$Nil (FY15: \$0.1m), net of tax effect

Gross profit from continuing operations increased 2.1% to \$38.5m. Net loss after tax (attributable to equity holders) was down to \$7.5m (FY15: \$4.4m loss). It should be noted that FY16 includes a number of non-core operational revenue items and expenses, mostly associated with the restructure initiatives undertaken throughout the financial year and as a result of board and management changes announced in June 2015. Notable non-core operational costs included in FY16 are:

- \$1.02m for staff redundancy and termination expenses associated with the restructuring activities;
- \$1.51m for consulting services relating to restructure activities; and
- \$0.54m in onerous lease provisions, associated with leased premises that are surplus to the company's requirements.

Cash and capital management

Cash at the end of FY16 was up 282% to \$11.4m (end of June 2015: \$3.0m). Cash flow from operations was \$7.3m inflow (FY15: \$1.7m outflow).

Remaining vendor earn-out considerations were \$0.9m (FY15: \$0.9m) and employee benefits expense was \$25.9m (FY15: \$26.4m restated).

Events after the reporting period

On the 4th of July 2016, Rubicor announced a further step towards the full corporate restructure of the group. The restructure involved placing three of the Group's operating businesses in voluntary administration.

Christopher Baskerville, Sule Arnautovic, Kimberly Strickland and Glenn Crisp of Jirsch Sutherland were appointed to act as voluntary administrators. Through Jirsch Sutherland, Rubicor proposed a Deed of Company Arrangement (DOCA) to creditors of the three subsidiaries in voluntary administration.

On the 8th of August 2016, the DOCA was put forward by Rubicor and approved by resolution at the second creditors meeting. Following the approval of the DOCA, control of the three subsidiaries was returned to the respective directors.

The key features of the DOCA are as follows:

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- Rubicor's assumption of all employee entitlement and liabilities;
- Rubicor's assumption of all obligations relating to the group finance facility with Scottish Pacific;
- Indemnification of the voluntary administration for their trading liabilities; and
- Payment of an aggregate amount of \$1.8m to settle all unsecured claims.

The estimated net effect of the above on Rubicor's consolidated financial position will be a positive net increase in assets of approximately \$16.2m.

Strategic review and turn around – update

Over the past twelve months there has been significant progress made against the objectives set as part of this essential work. The debt capital structure of the businesses has now been optimised, the system transformation work is materially complete and the operational structure of the businesses is now focussed on functional verticals.

Outlook

Based on the results of the turnaround efforts and the recent Voluntary Administration and DOCA processes; the Directors do not envisage any need for further capital raisings to support operational working capital requirements in the near term.

For further information, please contact:

Rubicor Group

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About Rubicor

The Rubicor Group is one of Australasia's largest recruitment services companies providing services throughout; Australia, New Zealand and South East Asia.

More information is available at www.rubicor.com.au

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