



Rubicor

Full Year Results
30 June 2011

Financial Summary

<u>Financial Highlights</u>	FY 2011 \$'m	FY 2010 \$'m	Change %
Total Revenue	291.7	280.6	4.0
NDR (Gross Margin)	64.6	62.6	3.1
Underlying EBITDA ¹	11.3	9.2	22.3
Statutory EBITDA	11.3	9.0	25.0
Underlying NPAT ^{1&2}	(0.9)	(1.8)	n/a
Statutory NPAT	(5.8)	(8.4)	n/a
Underlying EPS ^{1&2} (cents)	(0.8)	(1.6)	n/a
Operating cash flow before interest and taxation	9.7	10.8	(10.2)
Operating cash flow	0.8	4.0	(80.0)

¹Before significant items FY11:\$nil FY10: \$0.2m

²Before amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS and impairment of non-current assets

Operational highlights

Growth and performance:

- ◆ FY11 strategic and geographic alignment to capitalise on growth sectors
- ◆ Profit growth momentum continued = EBITDA up 25% after 58% rise in 2010
- ◆ Focus on steady and sustainable growth

Productivity and efficiency:

- ◆ Continued gains from better consultant productivity and efficiency
- ◆ Optimisation of other costs
- ◆ Overall EBITDA to NDR at 17.5% = 3.5 bps improvement on 2010

Capital management

Financing:

- ◆ Compliance with covenants since July 2009
- ◆ \$2.6 million debt repaid during the year
- ◆ Bank facilities extended to 30 September 2012
- ◆ Credit approved term sheet for restructure of debt facilities:
 - ◆ Non interest bearing subordinated debt facility of \$33 million – expiry 31 March 2014
 - ◆ Senior term debt facility of \$56.1 million (amortising at \$650k per quarter), in part to cover vendor payments in November 2011 – expiry 31 March 2014
 - ◆ Working capital facility \$10 million, subject to annual review
- ◆ \$6 million bank debt drawn down to fund \$7.2 million of vendor earn out payments

Capital management:

- ◆ No dividend declared
- ◆ Operating cash flow before interest and taxation at \$9.7 million = good conversion of EBITDA to cash

Acquisition model:

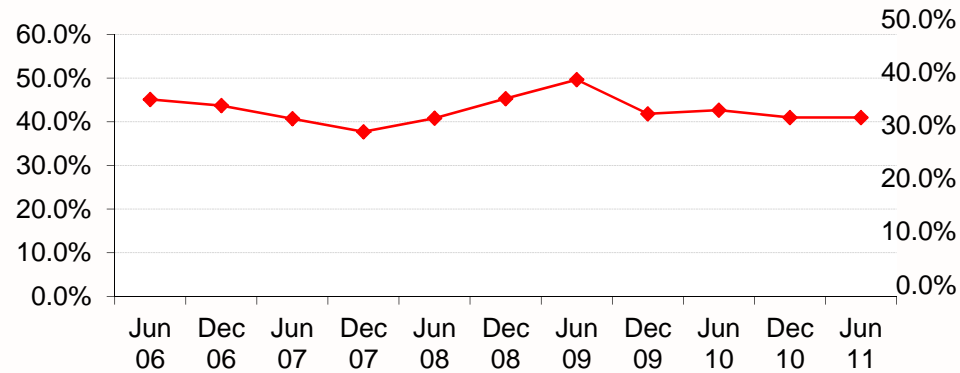
- ◆ Earn-out payments of \$7.2 million paid during the year
- ◆ Balance on track to be extinguished over next 3 years

For personal use only

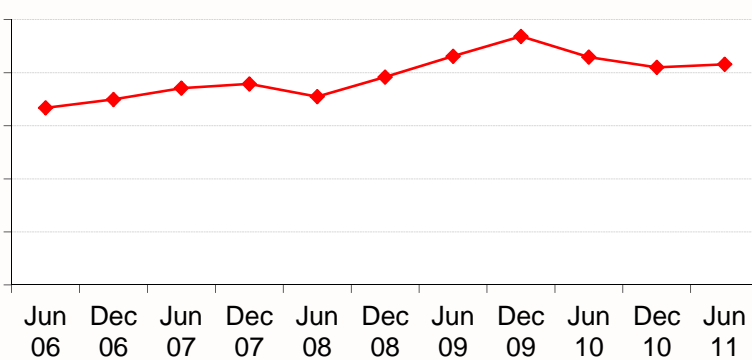
Key operating indicators

- ◆ Improved consultant efficiency
- ◆ EBITDA to NDR moved towards target

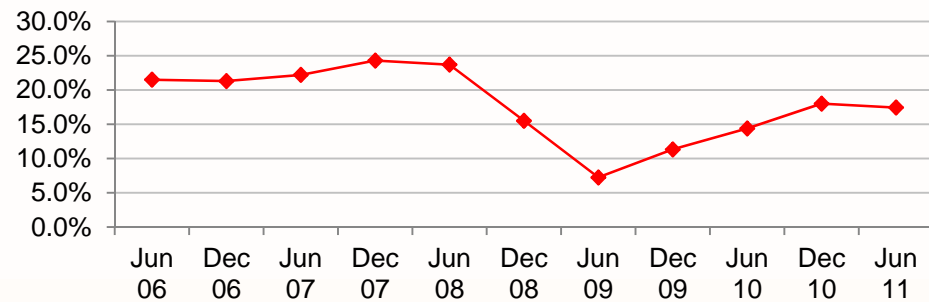
Consultant costs to NDR: Target below 40%



Other costs to NDR



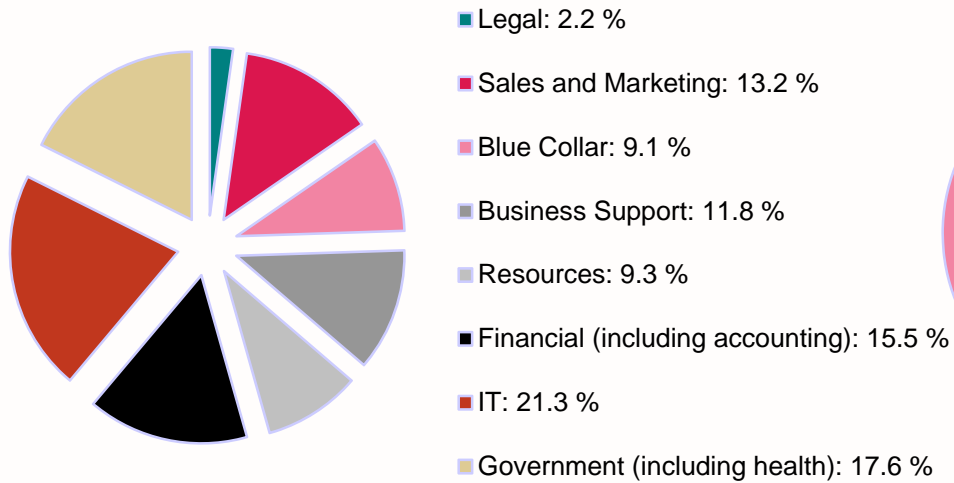
EBITDA to NDR: Target above 23%



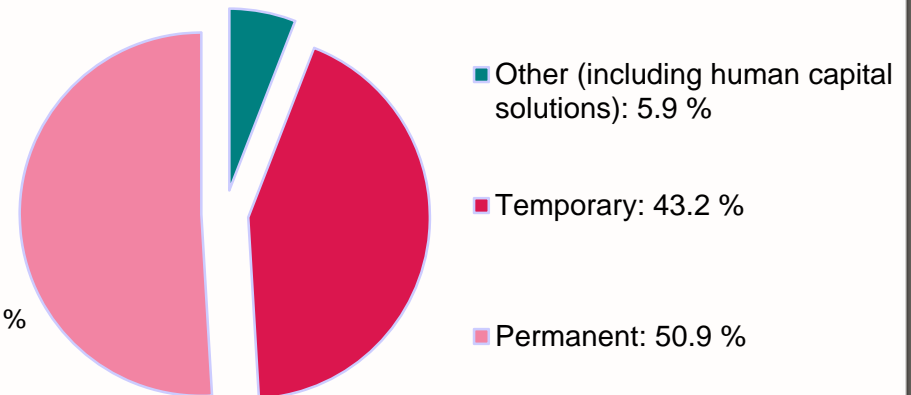
Business profile (NDR)

- ◆ Diversity: Exploited growth across two speed economy
- ◆ Service mix: Permanent strong in FY11 - Building temporary and contract capability for growth optimisation

Industry



Service

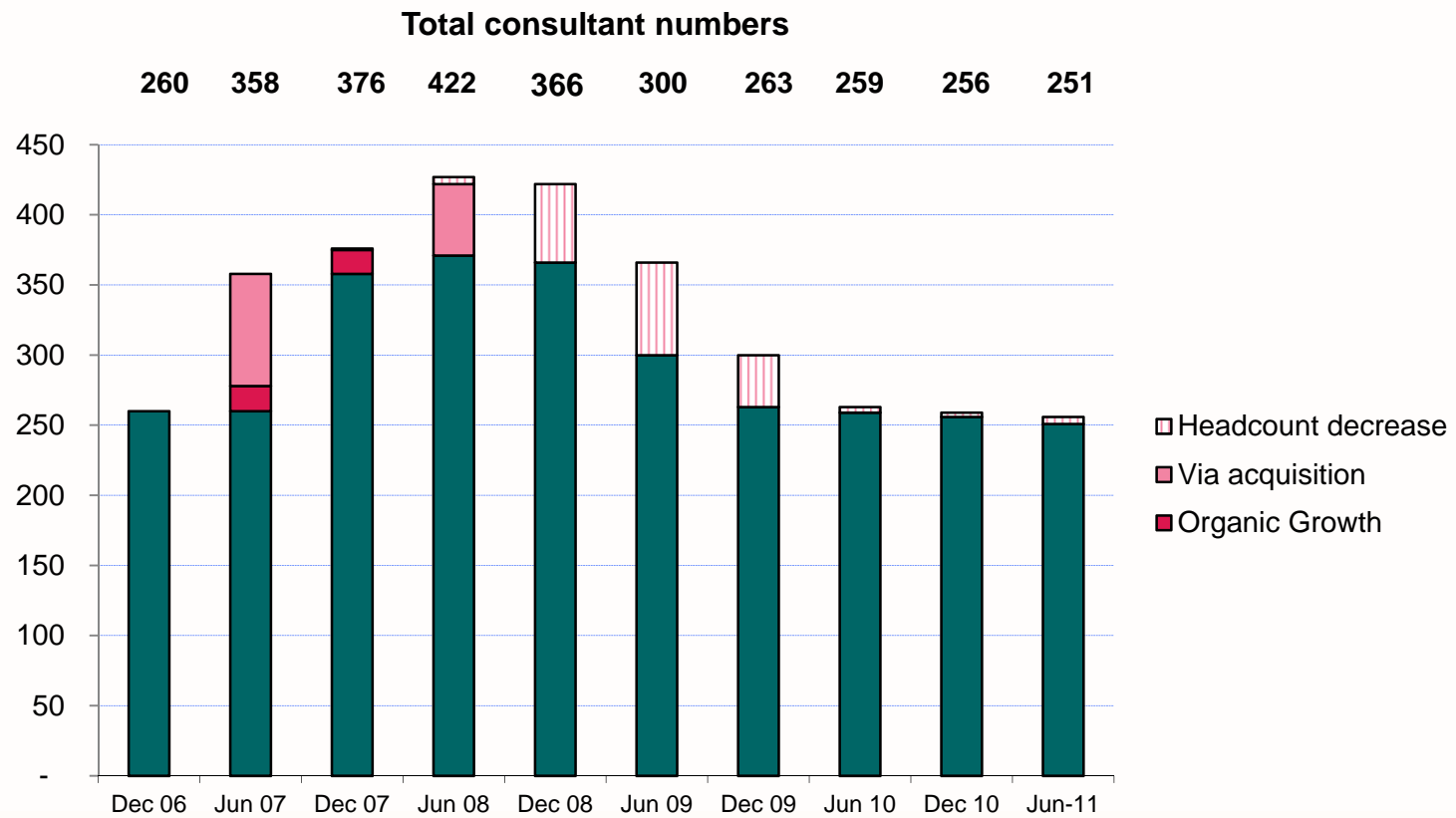


For personal use only

Consultants



- ◆ Overall numbers stable between 250 and 260
- ◆ However added consultants in selected growth markets



Underlying profitability



12 months ended 30 June	2011 \$M	2010 \$M	Change %
Revenue	291.7	280.6	4.0
NDR (Gross margin)	64.6	62.6	3.2
EBITDA	11.3	9.2	22.8
Depreciation	(0.8)	(1.0)	
EBIT	10.5	8.2	28.0
Finance costs – amortisation	(2.6)	(1.5)	
Finance costs – interest/charges	(8.1)	(7.9)	
Loss Before Tax	(0.2)	(1.2)	(83.3)
Tax	0.1	0.4	
Cash interest on vendor liabilities	(0.4)	(0.8)	
NPAT	(0.5)	(1.6)	(67.6)
NPAT attributable to equity holders	(0.9)	(1.8)	(50.6)
EPS (cents)	(0.8)	(1.6)	

Financial position



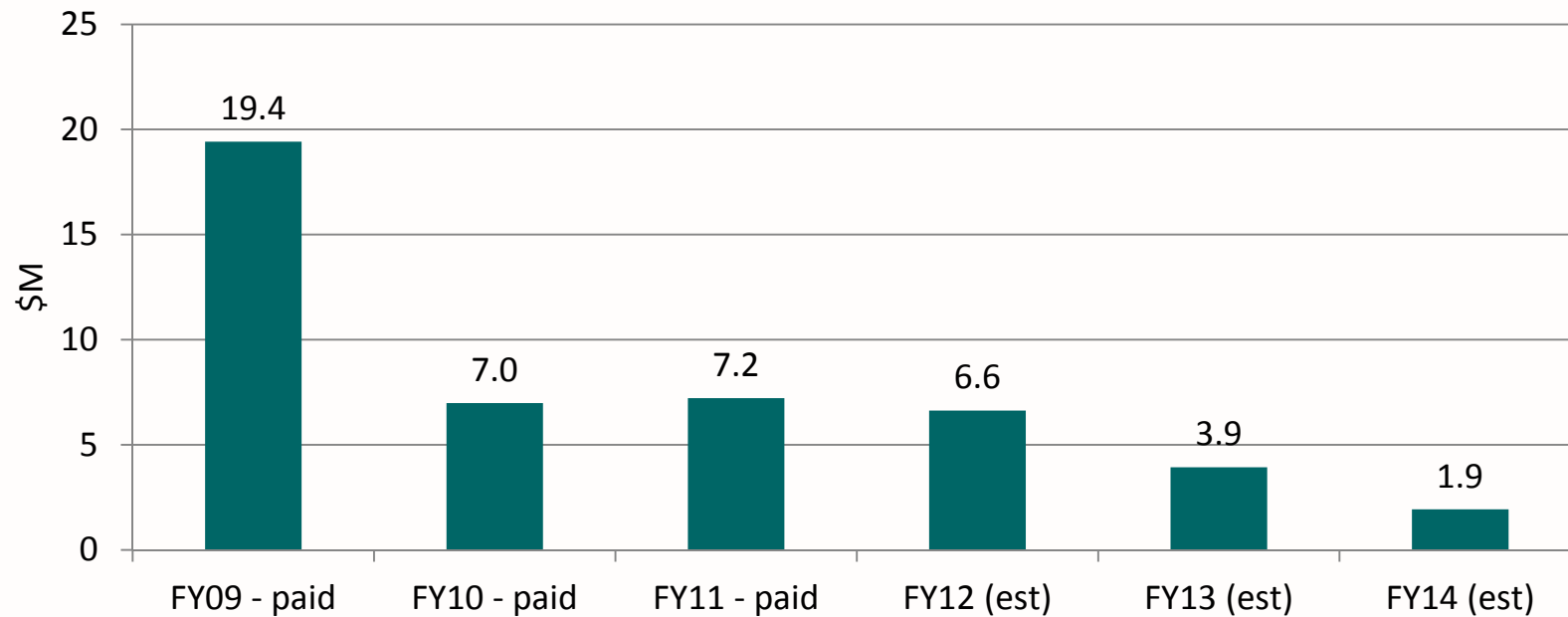
30 June	2011 \$M	2010 \$M	Change %
Cash	2.0	3.6	(44)
Receivables	37.2	38.0	(2)
Goodwill	70.3	71.3	(1)
Identifiable intangibles	3.4	7.3	(53)
Other assets	11.1	10.7	4
Total Assets	124.0	130.9	(5)
Current Liabilities			
Trade payables	23.2	25.9	(10)
Deferred vendor consideration	6.3	7.5	(16)
Borrowings – working capital	32.6	24.0	36
Borrowings – acquisitions debt	50.9	53.8	(5)
Non Current Liabilities			
Deferred vendor consideration	4.6	9.3	(51)
Borrowings – acquisitions debt	2.4	0.0	
Other liabilities	2.9	2.9	(0)
Total Liabilities	122.9	123.4	0
Net Assets	1.1	7.5	(85)
Net Asset backing (cents)	1.0	6.8	

Vendor payment profile



- ◆ Vendor payments on track to be extinguished in 2014

Vendor Earn Out Payments¹



¹ Estimated vendor earn out payments for FY 12 to FY 14 at future value of \$12.4m. Balance sheet (Deferred vendor consideration) at present value of \$10.9m.

For personal use only

Outlook

Short term

- ◆ Continue to target (as announced at half year) :
 - ◆ consistency of performance across businesses
 - ◆ efficiency and productivity
 - ◆ organic expansion
 - ◆ capital discipline and debt refinancing

- ◆ Strategic alignment to capitalise on growth sectors, acknowledging increased risk profile from recent global and local market conditions

- ◆ Investing in:
 - ◆ front line resources, including temporary and contract management capabilities
 - ◆ development and training
 - ◆ technology, social media and online initiatives

Long term

- ◆ Skills shortages will present good opportunities for specialist recruiters

Appendices

Statutory profitability



12 months ended 30 June	2011 \$M	2010 \$M	Change %
Revenue	291.7	280.6	4.0
NDR (Gross margin)	64.6	62.6	3.2
EBITDA	11.3	9.0	25.6
Depreciation	(0.8)	(1.0)	
Amortisation	(3.2)	(5.6)	
EBIT	(7.3)	2.4	204.2
Notional interest on vendor liabilities	(1.4)	(1.9)	
Finance costs – amortisation	(2.6)	(1.5)	
Finance costs – interest/charges	(8.1)	(7.9)	
Impairment charge	<u>(1.3)</u>	<u>(0.2)</u>	
Loss Before Tax	(6.1)	(9.1)	(33.0)
Tax	0.7	0.9	
NPAT	(5.8)	(8.2)	(34.1)
NPAT attributable to equity holders	(5.8)	(8.4)	(31.0)
EPS (cents)	(5.3)	(7.6)	

Reconciliation: statutory to underlying



Rubicon
CONNECTED PEOPLE

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

12 months ended 30 June	2011 \$M	2010 \$M
Statutory NPAT – Equity holders	(5.8)	(8.4)
Significant items	0.0	0.2
Significant non cash items		
Add back: Amortisation of identifiable intangible assets	3.2	5.6
Notional interest on vendor liabilities	1.4	1.9
Impairment of goodwill	1.3	0.2
Deduct: Cash interest on vendor liabilities	(0.4)	(0.8)
Tax effect	(0.6)	(0.5)
Underlying NPAT – Equity holders	<u>(0.9)</u>	<u>(1.8)</u>