31 August 2011

Rubicor: Full year results to 30 June 2011

Financial Highlights	30 June 2011	30 June 2010	Change
Total Revenue	$291.7m	$280.6m	4%
NDR (Gross Margin)	$64.6m	$62.6m	3%
EBITDA	$11.3m	$9.0m	25%
Underlying NPAT[1]	$(0.9)m	$(1.8)m	
Statutory NPAT	$(5.8)m	$(8.4)m	
Underlying EPS [1]	(0.8)c	(1.6)c	
Operating cash flow before interest and tax	$9.7m	$10.8m	(10.2)%
Operating cash flow	$0.8m	$4.0m	(80.0)%

Rubicor Group Limited (ASX:RUB) today announced EBITDA for the year of $11.3 million, a 25 per cent improvement over the prior year and in line with the guidance range announced to the market on 1 June 2011. After interest expense and taxation, an underlying loss of $0.9 million and a statutory loss of $5.8 million (including an impairment charge of $1.3m) were recorded.

Ms Jane Beaumont, CEO of Rubicor, commented on the year, "This financial year has been all about strategic and geographic alignment to take advantage of those sectors that are experiencing growth in our 'two speed economy'. Sectors such as mining and resources, insurance, IT, finance, engineering and government have been strong, driven by increased demand for jobs and resultant skills shortages. Other sectors have been affected by fragile consumer confidence, market uncertainty, the strong Australian dollar and natural disasters that affected Queensland and Christchurch, New Zealand.

"Against this backdrop, Rubicor has maximised leverage from its specialist operating company model adapting quickly to demand, adding consultant numbers in select markets and optimising operating performance.

"Efficiency improvements from stronger consultant productivity and lower costs have translated effectively to the EBITDA line. Profit growth of 25 per cent is encouraging, on the back of a 58 per cent increase in the 2010 financial year. This demonstrates our focus on steady and sustainable growth."

[1] Before significant items (FY11:$nil; FY10:$0.2m), amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS, and impairment of non-current assets

Performance

Revenue increased from $281 million to $292 million, a four per cent increase. Consultant numbers were down slightly from 259 to 251. Importantly, consultant productivity and efficiency continued to show improvement, with key metrics of NDR per consultant and cost per consultant moving in the right direction.

Effective cost optimisation continued in other key areas with a $2 million lift in NDR translating into a $2.3 million increase in EBITDA. The overall measure of performance, EBITDA to NDR, averaged 17.5 per cent, up 3.5 basis points from the prior year.

Capital Management and Debt Refinancing

Prudent capital management, cash generation and debt reduction remain key priorities for Rubicor. Again, the Directors have not declared a dividend for the year.

Operating cash flow before interest and taxation for the year was $9.7 million, reflecting an 86 per cent per cent conversion of EBITDA to cash. Rubicor continues to operate within its banking covenants as it has done since July 2009. During the year additional bank debt of $6 million was drawn down to fund vendor earn out payments of $7.2 million, and $2.6 million of bank debt was repaid.

The Bank has extended the Company's debt facilities to 30 September 2011 and has also supplied Rubicor with a credit approved term sheet outlining terms for restructuring these debt facilities. This restructure provides for non-interest bearing subordinated debt of $33.0 million, and a senior term debt facility of $56.1 million (with quarterly amortisation of $650k) a portion of which, will be used to fund the vendor payments payable in November 2011. Both of these facilities expire on 31 March 2014. In addition, a working capital facility of $10.0 million is proposed which will be subject to annual review. The term sheet is subject to negotiation and execution of legal documentation by all parties.

Vendor earn-out payments of $10.9 million, at present value, remain on the balance sheet to be settled over the next three years, with $6.3 million payable November 2011.

Outlook

Commenting on the near-term outlook, Ms Beaumont said, "Where sectors of the economy are growing, we are investing in front line resources to meet demand and are strongly committed to driving organic growth. This has resulted in good momentum at the EBITDA line to-date. While we acknowledge that the risk profile of the business has increased as a result of recent global and local conditions, we will continue to increase headcount and pursue opportunities in selective growth sectors.

Rubicor
CONNECTED PEOPLE

“We continue to focus on further improvements in both efficiency and productivity, targeting consistent and sustainable performance across our 23 operating businesses.

“While permanent recruitment was strong in this financial year, we are building our capability and candidate pools in temporary and contract recruitment, aiming for a broad skill base in order to optimise opportunities in both the permanent and temporary markets.

“Investment in our people and their development and training is a priority to ensure we attract and retain top talent in a competitive environment and to position us for the future. Supporting these programs with investment in technology, social media and online initiatives to equip our people with the best available tools to attract and manage candidates and clients has been and will continue to be a business priority in financial year 2012.

“The skills shortages being experienced today in specific sectors and skills groups across our markets will continue to present good opportunities for us as specialist recruiters.” Ms Beaumont concluded.

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For more information please visit www.rubicor.com.au.